ZAMBIA - GENERAL

1996 - 1997
Chiluba battles for survival

By Peter Sullivan

LUKUSA - It is easy to associate smooth-talking with a rascal. And President Frederick Chiluba is certainly smooth-talking. Some opponents call him worse than a rascal.

Yet he convincingly proclaims his innocence with reasoned argument. On a wide range of issues, he has some good points. On Press freedom we agree to differ.

Why is the international world getting their collective undergarments in a knot over what appears to be a minor provision in the constitution which bars non-Zambians from standing for President?

That is, of course, apart from the corruption issue. Oh, and then there is drug trafficking.

Ye, there is also the sudden gratuity to members of parliament. And an increase in crime.

And the question of whether the country should have been declared Christian in its new constitution, offending all those who aren’t. So many issues, each given a smooth answer and a plausible explanation.

But, taken altogether, something does not gel. The international community simply does not gang up on a country whimsically or because, as Chiluba will have me believe, the British want to justify the absurdity of putting Kenneth Kaunda’s name on the original constitution.

The big debate is why Chiluba and his Movement for Multiparty Democracy (MMD) decided to prevent Kaunda from running in the coming October elections.

According to the prosecution, the
ed a rich country.

Chiluba’s defence is that he is not only carrying out the people’s wishes, but he has gone extra mile already.

Various commissions suggested future presidents had to be Zambian citizens, or second-generation citizens, or even third-generation.

Parliament carried out the various commissions’ wishes, he argues. (His party has 80 percent of the seats in Parliament.)

To appease countries like the United States and Britain, he proposed an amendment to allow Kaunda to stand. He spoke to his ministers and instructed them to support him.

He then spoke to his caucus; but by the time it came to a vote, Kaunda’s opposition party had walked out of parliament and he had to withdraw the amendment.

What more could anyone want, he asks convincingly.

Could he not drop the silly clause?

No, says he, it is the will of the Zambian people.

"You do not understand the depth of feeling against Kaunda. They would be angry, even riot, if I tried that. It would be breaking the law or at least going against Parliament," he replied.

Not convinced

Somehow I am not convinced. Perhaps I instinctively distrust the leader of a country where the major newspapers are owned by the government.

In Lusaka only The Post has an independent line - a line virulently anti-Chiluba although the editor, Fred M’membe, was a founding member of MMD.

We move to other topics. He stresses the transformation of the economy,
There is a feeling that Zambia set its own high standards in 1991 as a leader of democracy in Africa.

'You do not understand the depth of feeling against Kaunda. They would be angry, even riot if I had tried that. It would be breaking the law.'

‘Perhaps if we work in a fraternal way we can coax Zambia back to the high moral ground it occupied in 1991.’

‘Because they were told in advance, they appreciated it. They had a sense of self-esteem, of self-reliance.”

Back to the central issue: why did he not hold a constitutional assembly as the commission recommended? Because his country already had a sovereign Parliament.

Only war-torn countries or new democracies can have constituent assemblies, he claims. We disagree again.

What about the gratuity MPs voted themselves? (About R120,000 for 150 MPs, a lot of money in this economy).

'It is not my creation, it has happened since 1964. I admit the figures look a little awkward.’

He hastens to point out he earns about R1,500 a month, less than some
ZAMBIA’s reported demand for a preferential trade agreement with South Africa will be referred to the Southern African Customs Union, says the Department of Trade and Industry.

Department spokesman Ismail Lategan said negotiations with Zambia would take place within the union, but could not provide any further details.

The Zambian demand follows the preferential trade agreement reached between South Africa and Zimbabwe, its largest trading partner in the region.

The agreement, described as a breakthrough by both countries, will see South Africa slash existing clothing and textile tariffs to 30% and 20% respectively by 2006.

Duties applicable to cotton yarn and woven cotton fabric will drop from 14% and 19.5% to 7.5% and 11% respectively by 2002. Instead of the 75% local content requirement, the Lomé Convention’s local content conditions will apply.

In order to meet the requirements, two processing stages will have to take place in Zimbabwe. Alternatively, one stage may take place within a customs union member country and the final stage inside Zimbabwe.

Trade ministers of the 12-member Southern African Development Community met in Tanzania on Thursday in a bid to “finalize a framework agreement for a protocol” ahead of the heads of state summit in Lesotho later this month.
Eight leaders deny hiring saboteurs

LUSAKA - Eight opposition leaders charged with treason pleaded innocent yesterday, denying they hired saboteurs to plant bombs that damaged government buildings and killed a police officer.

Judge Peter Chitemi adjourned the hearing to Thursday, when he said trial is scheduled to open in the sabotage case against top officials of former President Kenneth Kaunda's opposition United National Independence Party.

Kaunda told hundreds of supporters outside the court to disperse peacefully without provoking armed riot police who had surrounded the building after he attended the hearing. There were no reports of clashes as the supporters dispersed.

State prosecutors allege deputy party leader Intumbo Yetu and senior aides recruited one saboteur, identified as Winfred Mwale, and other unknown people to detonate bombs in Lusaka and the central Copperbelt province in May and June.

Defuse a parcel bomb

Four of the eight, three of them former army officers, are charged with the murder of Ottón Banda, a member of the police bomb disposal unit, who died while trying to defuse a parcel bomb at the main Lusaka airport on June 6.

Two other bombs in May damaged a wall at President Frederick Chiluba's official residence and a state newspaper office in the Copperbelt town of Ndola, and a third incondtimentary device found in a Lusaka hotel failed to ignite.

A little known underground group - Black Mamba, after a venomous snake - claimed responsibility for the first three sabotage attempts.

No one claimed the fatal airport bomb or later bomb threats.

Documents filed by the state yesterday alleged the opposition leaders also tried to hire agitators to write "offensive graffiti" and threats against politicians and reporters in the state controlled media on government buildings. - Sipa-AFP.
No political strife in Zambia - envoy

By Themba Molefe

THERE is no political crisis in Zambia, and President Frederick Chiluba's government is in control of the security situation, a special envoy said yesterday.

Addressing the Press in Johannesburg on the political crisis and claims of human rights violations in Zambia, Chiluba’s special assistant, Mr Richard Sakala, said the country’s security profile was as good as it was in most Southern African states.

Sakala spoke against the background of growing world attention over claims that Chiluba was suppressing dissent and the opposition United Independent Democratic Party of former president Kenneth Kaunda.

...Also, the present government, which ended Kaunda's 27-year one-party rule, is accused of muzzling Press freedom which is particularly vehement on upholding the principles of multiparty democracy.

Owner and editor of the Zambian Post, Fred M’bembe, is currently being held in detention without trial.

However, Sakala said the government was supportive of Press freedom which was enshrined in Zambia’s constitution and under a section dealing with fundamental rights.
Delisting Rainbow Chicken a long-term alternative — MD

Nicola Jenvey

DURBAN — The delisting of poultry producer Rainbow Chicken was not an option at present but remained a long-term alternative, Hunt Louchers & Hepburn CEO and acting Rainbow MD Neil Morris said yesterday.

Rainbow, which earlier this month had said it could sustain losses of more than R110m for the six months to September, said last month it would raise R626.8m in a rights issue to refinance the company.

The exercise would cut borrowings which stood at R640m, giving a gearing of 94% in the past financial year. The refinancing would also cut borrowing costs — R76m in the last financial year — by about R80m.

The Stanley Mathew Trust will not follow its rights which will leave H&L with a 67% stake after the offer.

Both H&L and parent Huntcor have proposed rights offers to allow them to follow their rights in Rainbow.

Rainbow had said that in its bid to re-establish itself as the industry leader, it would have to offer a superior product at the lowest prices possible.

Rainbow sustained a R159.8m loss for the year to March 1996, knocked by oversupply, labour problems and illegal imports.

During Monday's annual general meeting, Morris said the producer required time to bring its costs into line, but it was expected to move into profit during the next financial year.

The rights offer would eliminate financing costs.

Rainbow gained 10c on the JSE yesterday to close at 80c.

Production down 20%

PRODUCTION at Zambia Consolidated Copper Mines dropped nearly 20% last month from the previous month, following the fire which closed one of its smelters.

The company — in which Anglo American has an indirect stake — said yesterday production stood at 23 965 tons from June’s 29 819 tons, while cobalt production had dropped 43% on the month to 289 tons.

The Mufumbwe smelter — which produces between 460 and 500 tons of copper a day — was now fully operational, a spokesman said.

During the rehabilitation of the smelter, the company registered a shortfall in primary copper production of 5 062 tons from the Mufumbwe smelter.

He said the company expected to make up the shortfall during the current financial year.

Production of copper and cobalt had been steadily rising since September last year, when production reached a trough of 19 554 tons and 168 tons.

Interim report for the six months ended 30 June 1996

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Zambia lashes out at 'dumped' SA exports

By ROSS HERBERT

Lusaka - Zambia had become a "dumping place" for South African goods and it would impose retaliatory tariffs if progress on trade wasn't made urgently, Zambian President Frederick Chiluba said at the Southern African Development Community summit here yesterday.

Zambia and South Africa are expected to sign an SADC trade protocol today which would commit members to a phased reduction of trade tariffs over the next eight years.

However, Chiluba said the protocol would not address Zambia-South Africa trade imbalances fast enough.

"We are in a hurry," said Chiluba, who stressed that Zambia had been pressing South Africa for two years to rectify its trade imbalances. Currently, trade imbalances are running 15 to one in SA's favour.

Moving too fast

"If we make two, four, five, seven stops and nothing is forthcoming (from SA) we might have to use the yellow card," Chiluba said.

Alec Erwin, Minister of Trade and Industry, acknowledged the problem but said free trade alone wouldn't necessarily help SADC countries. "The International Monetary Fund advice is wrong on this. The region is de-industrialising (as a result of lowering its tariffs). The fact is that South Africa is moving into all these economies much too fast."

He said rushing into a free trade environment could make the trade imbalances worse for SA's neighbours.

Trade talks between Zambia and the South African Customs Union are scheduled to begin at the end of September. Chiluba said his country had paid a price for moving faster than any of its neighbours towards free trade.

Erwin said all countries in the region had benefited but SA had exploited Zambia's low tariffs more than the others. - Independent Foreign Service
Zambia threatens trade war

ZAMBIA'S president Frederick Chiluba has warned of retaliatory trade measures against South Africa if bilateral negotiations fail to address his concerns.

Chiluba was speaking to journalists at the annual meeting of the Southern African Development Community in Maputo on Friday. Zambia will soon meet the Southern African Customs Union, to which South Africa has referred its request for bilateral trade talks.

The Zambian premier said "time was running out" for South Africa to address his country's concerns. "Our first move is to encourage dialogue to resolve the dispute, but if that fails we may consider retaliatory trade measures."

He said Zambia's trade priority was to secure improved SA access for its textile industry. His comments follow a South Africa-Zimbabwe agreement which reduces trade tariffs from 90% to 20%.

Chiluba indicated that Zambia wanted a similar deal, saying the trade surplus was becoming skewed in South Africa's favour. Pretoria's exports to Zambia were 15 times greater than its imports of Zambian goods. Zambia had become "a dumping ground" for SA products.
Tanzam rail seeks life in new corridor

By Victor Zaza

Lusaka — For more than a decade in the 1960s and 1970s the Tanzania-Zambia Railway (Tazara) held an iron-clad monopoly while it carried Zambian cargo to the Tanzanian port of Dar es Salaam.

Now in the doldrums, it is trying to pick itself up.

Tazara was constructed following the unilateral declaration of independence by then Rhodesia and the subsequent closure of the border between the two countries, a move which nearly crippled the Zambian economy.

Completed in 1976, Tazara sought to protect Zambia from political blackmail from her then hostile neighbours.

With the liberation of southern Africa and as South Africa attained majority rule, which coincided with Zambia's adoption of liberal economic policies, many Zambian importers and exporters switched to the South African ports of Durban, Port Elizabeth and Namibia's Walvis Bay which are efficient and reliable, their tariffs are fair and goods are handled speedily.

Consequently, the use of Tazara has dwindled and led to a huge loss of revenue which has caused liquidity problems.

Rather than sit and watch it become a White Elephant, Zambian authorities, with the Tanzania Harbours Authority, have mapped out joint strategies to weather the competition. They have introduced the Dar es Salaam corridor.

To implement the corridor, incentives have been offered to Zambians to use Tazara.

Zambian clients will no longer be quoted on the basis of laid down tariffs. Tazara will negotiate its rates with clients.

Tazara and its partners plan to offer complete packages from the source to the port and vice versa; transit times will be reduced from 10 days to four; and Zambian importers and exporters will be charged lower port fees. Meanwhile, Zambia Railways, which has experienced two major passenger train disasters in the past six months, has embarked on refurbishing and modernizing old passenger coaches in an attempt to revitalise the passenger service. — Independent Foreign Service.
Labour woes far from over, despite the return of skilled workers

Zimbabwe government firm as strike continues

By Cris Chinaiya

Harare — Thousands of sacked Zimbabwean civil servants pressed their demands for higher pay yesterday, but President Robert Mugabe's government vowed it would not compromise. The government faces mounting political and economic costs over their strike.

The strikers, including doctors, nurses, mortuary attendants, magistrates and firefighters, were on the streets for the seventh consecutive day. The government said it would ignore them.

Apart from Ziana, the official news agency, the state media imposed a news blackout on the crisis and only carried government statements.

Florence Chiitauro, the public service minister, said yesterday that the striking workers were being dismissed for defying orders to return to work last Friday.

She said the government was hiring new civil servants.

‘That is the position and there will be no change. I fully briefed His Excellency (Mugabe) and he fully endorsed cabinet's decision to fire those who did not return to work,’ she said.

Public Service Association officials estimate that 70 to 90 per cent of the 180,000 civil servants are on the streets striking.

The strikers are challenging the government dismissals and demanding salary increases of between 30 and 60 percent.

The government says it has no money and restricted pay increases for civil servants to 9 percent. They rejected that offer.

Thousands of the dismissed workers milled in a Harare city park yesterday, but there were fewer armed police watching them than on Monday.

Their strike has paralysed many essential social services, including hospitals. The government is relying on army and Red Cross personnel to help senior doctors treat emergencies.

Air traffic controllers have warned that the strike compromised airport safety. Some airports have drafted the services of military and city council firefighters.

John Robertson, an economic consultant, and other independent analysts said the economic costs of the strike were rising as the collection of tax and customs duty fell behind.

The government said it would take weeks to calculate the cost of sub-contracting jobs to the private sector.

Politically, the costs include growing divisions in Mugabe's government on how to handle the strike. Some senior officials from his ruling Zanu-PF party privately support those who have backed the strikers' demand for decent salaries.

The civil servants, who earn an average of Z$1,000 (about $4,000) a month, say their wages have not matched inflation, which has averaged 22 percent in the past two years.

The strike also renewed public focus on Mugabe, who has been accused of economic mismanagement, arrogance and sometimes being out of touch with the public mood during his 16-year rule.

Mugabe left last week for a honeymoon with Grace Marufu, his former presidential secretary, after a lavish wedding ceremony. On his return, he said he was unaware of the strikers' grievances. — Reuters

Economic cost is rising as the collection of tax and customs duty falls behind

Brain drain backwash as Africans come home

By Busani Bafana

Harare — Qualified people are returning to Zimbabwe, thanks to a programme to return skilled African nationals to their homelands started 14 years ago by the commission of the European Community.

They would otherwise have remained overseas permanently and become part of Zimbabwe's brain-drain statistics.

Better education facilities and attractive job opportunities in developed countries have enticed Zimbabweans to greener pastures overseas and to South Africa.

The African Regional Labour Administration Centre says about 25,000 qualified people leave Africa every year to work abroad because of their governments' indifference to professionals.

More than 459 Africans have returned home, among them 14 qualified Zimbabweans since January last year, courtesy of the International Organisation for Migration (IOM).

The Zimbabwean returnees include four lecturers, a pharmacist and six doctors. Three of the doctors are in private practice, the rest work for the government.

The programme to return and re-integrate qualified African nationals is run by the IOM. Founded in 1951, it assists in programmes for refugees, humanitarian migration and technical cooperation all over the world.

The IOM's re-integration programme in Africa runs in four-year phases and covers 15 countries. It was started in response to official concerns over the seriousness of the continent's brain drain.

Recruiting is done through the IOM's offices in London and Washington.

The IOM offers up to Z$607,000 ($4,600) to help with the return and reintegration process. Follow-up visits monitor how the returnees are settling in.

Zimbabwe's health services were particularly badly hit by the brain drain because of unattractive salaries and conditions of service. The IOM has concentrated on bringing back doctors and associated professionals.

Officials still resist the return of skilled nationals, though the IOM programme increases the pool of professionals in Zimbabwe and lessens dependence on expatriates.

Parliamentarians have questioned the return of former citizens. Dumiso Dabengwa, the home affairs minister, has established a committee to monitor all applications for work and residence permits.

But Florence Chiitauro, the labour minister, appreciates the value of the returnees. Her ministry is compiling a register so that expatriate contracts can be terminated as soon as local people become available.

The government is not the only one concerned about recruitment. The private sector is involved, along with institutions such as universities.

Lecturers have been brought back for art, commerce, engineering, law and veterinary faculties. The private sector is gaining in management, textiles, leather and shoe manufacture.

Most of the Zimbabweans have come back from Britain, with the US, Canada and Australia following in numbers.

“The returning Zimbabweans have not been attracted by huge financial benefits, but had a desire to come back for family and other reasons,” says Vincent Keane, the IOM chief in Zimbabwe.

In the remaining three years of the current programme, about 100 more Zimbabweans will have returned to take up jobs, many of which are now filled by expatriates.

— Independent Foreign Service-AIA.
Bidding for ZCCM starts in February

LUSAKA — The bidding for Zambia Consolidated Copper Mines (ZCCM) assets would start in February next year, the Zambia Privatisation Agency said yesterday.

The agency will start advertising the assets, locally and internationally, next week for six months and bidding is to start on February 28, agency head Valentine Chitalu said.

Negotiations on the acquisition of the assets with successful bidders were expected to start in the third quarter of next year, Chitalu said.

The Zambian government intends selling ZCCM’s assets in four tranches, with the Konkola mine and concentrator, and the Mfuura mine, smelter and refinery forming one package.

The Nchanga mines, tailings leach plant and concentrator, the Nkana mines, smelter, concentrator and cobalt plant would make up a second package. The Baluba and Lumushya mines smelter and concentrator, Ndola refinery and the Chambishi cobalt plant would make up a third package.

ZCCM’s electricity assets would make up the fourth package.

The Zambian government is negotiating with a consortium led by Anglo American on the acquisition of the Konkola mine package. — Reuters.
LUSAKA — There will be a distinct difference to the style of Zambia's election campaign later this year — the number of women running for parliamentary and local government office, mostly as independent candidates.

More than 200 have registered with the Women's Lobby Group (WLG), an organisation that seeks a greater participation of women in politics and has carried out a civic education campaign in rural areas to get women more involved in issues that affect them and to vote for other women.

Nelly Mwafuilla, WLG chairman, says women are generally fed up with being left out of decision making and are disillusioned with men who have reneged on their election promises.

Of 150 MPs, only eight are women. Of 23 ministers, two are women, but they hold the "soft" portfolios of energy and community development.

There has been only one female advisor to the president since independence.

Of a total of 99 ambassadors, high commissioners and consuls, only three have been women. There are none in the police force and they account for only 4% of the army.

WLG trains the candidates in identifying election issues, public speaking, dealing with hecklers and campaign management. It has also set up a committee to raise a minimum of 50m kwacha needed for training and campaigns.

Traditionally, women were discouraged from political activity by their spouses, or were scared of being perceived as "loose" or hard-core feminists.

But out of the national political and economic crisis, a new will has emerged and Mwafuilla says it says 11 countries of much coaxing to involve women, because they were always ready to tackle the challenges.

Says nutritionist Margaret Mwase, who is running for parliament as an independent: "How can it be that not a single woman is in a powerful decision-making position and yet it is women who bear the brunt of any decision?"

She assumed she lacked the qualifications to participate in politics until she attended parliament as an observer. "The MPs did not seem to have even the native intelligence inherent in us villagers. I can articulate much better than they can."

Martha Mtonga, a housewife and candidate for a local council, says men in government have given politics a bad name.

"They steal, lie and do not take pride in their work. I reached only grade two but I know the difference between right and wrong. I know what is good for the community and what is not. I can do more for people in two years than has been done in the last 30 years," says Mtonga, speaking in Nsenga, her native language.

The women's campaign focuses on track records and "double issues".

"We are not talking about pipe dreams, but programmes we can fulfill with our own resources, not only through donors," says Mwane Shingandu, a housewife and candidate. Her campaign strategy is to provide five water points for villages where there were none.

With the help of UNICEF one well has been dug south of the capital city of Lusaka and another is nearly ready.

Deeds such as these make an impression, and Shingandu is confident of victory.

There are signs that voters are considering that a woman president might make a difference. Dean Jolly, a road transport operator, is one: "There is no credible opposition so far. The only thing we can try now is to have a woman lead us, maybe then things will change."

The MMD (Movement for Multiparty Democracy) government has been continually tarnished by allegations of corruption, drug dealing and sex scandals.

Women politicians are seen as less corrupt, but Princess Nakatindi, head of women's affairs in the MMD, faces a drug-related charge.

Nkandu Luo, chairman of the MMD's Lusaka province women's affairs, says the few women who have been in politics have left clean records.

Political parties are wising up. The opposition Zambia Democratic Congress recently fielded 30 women candidates and the MMD is encouraging women members to run.

Even drug-tainted Princess Nakatindi has urged her supporters to support WLG-sponsored candidates, arguing that WLG wants women to be given positions on a silver platter instead of fighting on equal terms with men.

A blow that has dashed the hopes of several women wishing to run for president has been the Constitutional Amendment Bill, passed recently amid controversy, which bars independents from contesting the presidency.

It is widely believed that President Frederick Chiluba, increasingly nervous about the growing popularity of women in politics, has found it prudent to bar independent candidates from opposing him.

"Chiluba does not want surprises in the form of independent candidates," says candidate Mwense.

A woman with a chance of success is Inonge Mwikusita-Lewanika, founder of the National party and a very popular leader who has consistently challenged government inadequacies since she led the MMD in 1993.

Mwikusita-Lewanika is on record as willing to run as an independent presidential candidate, encouraging women activists to seek the nullification of the Amendment bill.

"Even if Chiluba wins the elections, we want more women in leadership so that policies do not stay man-oriented," says Mwense. — AIA.
Rascal' who claims people power

WHAT IS GOING on in Zambia? Invited by the public relations company employed by Zambia's ruling party, The Star's editor PETER SULLIVAN this week spent two-and-a-half hours with President Frederick Chiluba in Lusaka questioning him about declining international respect for his country.

It is easy to associate smooth-talking with rascal. And President Chiluba is certainly smooth-talking. Some opponents call him worse than rascal. Yet he convincingly proclaims his innocence with reasoned argument.

On a wide range of issues discussed, he has some good points. On press freedom we agree to differ. Why is the world getting its collective undergradaments in a knot over what appears to be a minor provision of a lengthy new constitution, a provision which disenfranchises non-Zambians from standing for president? That is, of course, apart from the corruption issue. On, and then there is drug trafficking. Yes, there is also the sudden gravity to MP's. An increase in crime. And the question of whether the country should have been declared Christian in its new constitution, thereby offending all those who aren't.

So many issues, each given a smooth answer and a plausible explanation by the smiling president. But taken all together, something does not gel. The international community, that useful phrase, simply does not hang up on a country whimsically or

because, as Frederick Chiluba will have me believe, the British want to justify the absurdity of putting Dr Kenneth Kaunda's name on the original constitution.

The big debate is why Chiluba and his MMD (Movement for Multi-party Democracy) decided to prevent Kaunda from running in the coming October elections. According to the prosecution, the MMD introduced a clause in the new constitution preventing anyone from becoming president for more than two terms (thereby eliminating Kaunda on count one) or becoming president if their parents were born outside of Zambia (strike two against Kaunda, whose parents were Malawian).

On the surface it seems Chiluba is afraid of running against Kaunda. But many political observers believe he should easily beat the 72-year-old former president who virtually bankrupted a rich country.

Chiluba defended that he is not only carrying out the people's wishes, he has gone the extra mile already. Various commissions suggested future presidents had to be Zambian citizens, second-generation citizens, or even third generation. Parliament carried out the various commissions' wishes, he argues. His party has 80% of the seats in parliament.

To appease countries such as the US and Britain, he proposed an amendment to allow Kaunda to stand. He spoke to his ministers and instructed them to support him; he then spoke to his caucus but by the time it came to a vote, the opposition party - Kaunda's - had walked out of parliament and he had to withdraw the amendment. What more could anyone ask, he asks convincingly.

Chiluba is not a tall man, but full of energy, with a broad smile which repeatedly lights his face. He eases trust and openness and conviviality.

He has, he says, nothing to hide. Sitting in a comfortable white leather chair at State House, he does indeed have an answer for everything. He stresses how well Zambia is doing, how things have changed in the five years he has been in power, what a transformation of the economy there has been. How food riots have gone away and what an evil ruler Kaunda really was. This gets a bit repetitive. I ask if there is not some way we can help. The Star, the donor nations, South Africa, Southern African nations, in getting him out of the unfortunate pickle. Could he not drop the silly clause? No, says he, it is the will of the Zambian people.

"You do not understand the depth of feeling against Kaunda. They would be angry, even riot, if I tried that. It would be breaking the law or at least going against parliament," he replied. Somehow I am not convinced.

Perhaps I instinctively distrust the leader of a country where the major newspapers are owned by the government. In Lusaka only the Post has an independent line - a line virulently anti-Chiluba although the editor, Fred Kennedy, is a founding member of the MMD. He has been arrested and harassed.

Even on this issue Chiluba is plausible: "That newspaper attacked me personally. But I did not jail anyone, I am taking him to court. It is parliament who has him arrested for refusing to appear before the bar of parliament. Surely that is reasonable?"

He also banned an edition of the Post. "Because they published secret documents from the cabinet. You cannot allow that."

We disagree. The documents simply showed a referendum was proposed, Journalism is at its best, in my opinion.

We move to other topics. He stresses the transformation of the economy, the fact - indeed laudable - that there are no exchange controls. This did entail hardships, he admits, but says the people were willing to sacrifice. "Because they were told in advance, they appreciated it. They had a sense of self-esteem, of self-reliance."

Back to the central issue: why did he not hold a constitutional assembly as the commission recommended? Because his country already had a sovereign parliament. Only war-torn countries or new democracies can have constituent assemblies, he claims. We disagree.

What about the gratitude MP's voted themselves? (About $130 000 for 150 MP's, a lot of money in this economy.) "It is not my creation, it has happened since 1964. I admit the figures look a little awkward."

He hastens to point out he earns about $1 800 a month, less than some presidents' clerks.

South African acting high commissioner Sam Stanley says diplomats in Lusaka are disappointed. "There is a feeling that Zambia set its own high standards in 1991 as a leader of democracy in Africa - freedom of the press, civil rights, a multiparty democracy, of those kinds of things."

"We are partners with Zambia in SADC (Southern African Development Community) and instability in the region is a concern. Perhaps if we work in a fraternal way we can coax Zambia back to the high moral ground it occupied in 1991," he says.

Perhaps that is the best suggestion. Presidents Mandela, Sam Nujoma, Joachim Chissano, Robert Mugabe, Dos Santos and Quett Masire would do Zambia a favour if a way could be found to allow Kaunda to lose the next election in a fair fight.
AFRICA

Political uncertainty keeps Zambia’s potential at bay

LUSAKA — The theory in itself, was simple. Reorganise the mines, put them up for sale and — voila! — international finance will immediately follow, trailing economic relief in its wake.

For years, the Western donor institutions lent on Zambia to sell its main asset — Zambia Consolidated Copper Mines, the institution responsible for 90% of the country’s foreign receipts.

This year, reluctantly, the Frederick Chiluba government agreed to put up the mines for sale. In January, it opened talks with Anglo American Corporation of SA on the development of Konkola Deep, the mine on which the future of ZCCM hinges. Anglo hoped to lead a consortium that would include fellow SA mining house Gencor and Australia’s Western Mining.

At the same time, government started exploratory talks with other companies on the privatisation of other ZCCM operations including the Konkola North ore body. Among them was Canada’s African Minerals Corporation which said it was ready to spend $1bn on a large-scale copper and cobalt operation at Konkola North. Meanwhile, another company, Colossal Resources Corporation, reached an agreement with ZCCM to process 3.6 million tons of slag left over from ZCCM production. Processing was scheduled to start in April.

Then came the dawn. The Anglo consortium inexplicably began to hedge. The group was expected to have signed a memorandum of understanding with government by March. Instead of signing, it said it wanted to conduct its own feasibility study into the project.

The consortium is due to begin a nine-month study later this year, which means that an agreement on Konkola Deep will not be reached until the middle of next year at the earliest.

Meanwhile, Western Mining of Australia pulled out of the consortium. Colossal did not start cobalt production from slag in April as scheduled, and negotiations on the privatisation of other ZCCM assets seemed to stall.

“Most companies are not confident about investing in the Third World,” says mines permanent secretary Joseph Phiri. Other observers, however, attribute the lack of investor zeal to the increasingly uncertain political climate.

Zambia is scheduled to hold parliamentary and presidential elections by the end of October. The run-up to the elections has been marked by increasing political tension, thanks to new electoral laws that ban some candidates, including former president Kenneth Kaunda, from standing.

The political uncertainty has already had dire consequences on the economy. The kwacha fell 28% in the first four months of the year, against a projection of a 10% devaluation throughout the year.

“There has been a growing lack of confidence in the economy, excited by signs of impending political violence,” says Finance Minister Ronald Penza.

Meanwhile, British High Commissioner Patrick Nixon recently warned British business against investing in Zambia for as long as the political climate remains uncertain. Most western donors, led by the US, have cut aid in protest against the constitutional reforms they say will derail the transition to democracy. — AIA.
Free press under siege in Chiluba's Zambia

WITH official paranoia running high, independent journalism is under siege in Zambia, writes PETER SULLIVAN

LUSAKA: Discussing freedom of the press with President Frederick Chiluba is a little like discussing contraception with the Pope. You may think you are talking about the same thing, but your views come from very different paradigms.

He sees state-owned newspapers as mere competitors in the marketplace. Yet he, and his entire staff, are angered, frightened and furious by a small newspaper which constantly harries them. There is a level of paranoia about independent newspapers which would be curious were it not for deeper and more sinister implications.

At least one editor fears for his life. I think he is right to be scared because the Chiluba government is irrational and vindictive about criticism.

The standard of English, use of language and curious punctuation in Zambia’s press may be open to criticism, but it is certainly not bland.

Fred M'membe runs the Post, a daily thorn in the government’s side. His newspaper pays a high price for paper and its journalists a high price for the criticism they enjoy heaping on President Chiluba’s government.

The former weekly’s success has also incensed the two opposition newspapers in Lusaka, both owned and run by the government.

An article appeared in the Times of Zambia on Tuesday, across all 10 columns under a banner headline: "Visiting Aussie cleric shocked by irresponsible tabloids".

One needs to note the “visiting Aussie” is one Leonard Fawri, a Zambian clergyman residing currently in Australia. He is upset, the Times records, "over the yellow journalism found in practice in Zambia by newly-established newspaper (sic) — the so-called tabloids".

The report goes on: "Flipping a copy of one of the tabloids, tear-shredding Fawri cried: This is not only hard to believe, but a kind of insane journalism far beyond the dreaded yellow journalism...

"Zambian journalism in his own words has been bedevilled in the third republic by journalistic rough-diamons wanting to emerge as Zambian versions of Carl Bernstein and Bob Woodward."

"But there is a marked difference: while the Washing Post (sic) legendary writers wrote solid and concrete truths to topple Richard Nixon from office; Fred M'membe (The Post) and his cohorts for instance are applying despicable falsehoods to vituperate president chiluba and topple his government."

(Why they misspell M’membe’s name is a mystery, as is the reason for putting the president’s name in lower case. When the Bible is mentioned, it is in bold and with an initial capital.)

The sub-headline of the story says: "Quacks in journalism no matter how many awards they get from an infirmed clique of unworthy so-called international news organisations, remain quacks."

In the middle of the story is a little block, highlighted: "Zambian journalism has gone to dogs... what the likes of Mmembe hardly makes a difference from a street bully. Editor-in-Chief."

Another quote highlighted says: "At the Post paper, reporters are made to work not as news gatherers, but as newsmakers themselves. Your written story is turned and twisted-sensationally for achieving one end — the paper to sell."

Inside the story the newspaper puffs out its own chest: "Of course, under the MMD government, Zambia has become a country where thought is free, speech is free, press is free in a free democracy — products of a liberal society."

"In practice when these freedoms get perverted — as the press freedom is — the society is invited to stop the rot."

"But, as luck would have it, we have two respectable papers — Times of Zambia and Daily Mail — unfl ingly serving the Zambian society with professional integrity. Never faltering, year in, year out."

Yes, well. Government propaganda organs the world over carry similar trash.

The same newspaper carries a report that President Chiluba dismissed four youths from the party for tearing a Bible in church. The youths were jailed for two to five years after a fight in the church resulted in the Bible being destroyed.

President Chiluba has been criticised for taking encouragement overseas to church services, and for a clause in the new constitution declaring Zambia a Christian country. Diplomats estimate 70% of Zambians are Christian, although President Chiluba said he believed about 95% of the country was Christian.

On Wednesday the Post did not react to this criticism, but did carry a stinging attack in an editorial condemning Chiluba for using a public relations firm to bring in journalists and editors to interview him for the elections.

It concludes: "The best cure for President Chiluba’s political illness, like with Aids, may lie in total abstinence from all forms of bad governance and making peace with his own people and the country's co-operating partners by resolving the constitutional and electoral process differences."

"All other forms of treatment for his political illness is a waste of time and money. It won’t work."

In a rather strange twist, underneath the editorial is one labelled “Opposing View” — which is also mildly critical — but this time critical of the Post.

In Lusaka everyone’s face lights up when you mention the Post. Clearly they love its puerile journalism and with a circulation of about 15,000, the little newspaper of 12 tabloid pages is the biggest seller. It costs 500 Kwacha, about R2 a copy.

When I went to see the editor, he had a gun on his desk. For security, he said. I think he is going to need it, as the political temperature is a boiling point — yet elections are only due in October.

PETER SULLIVAN is the Editor of the Star.
Zambian crisis really only SA media ‘misperception’

Drew Forrest

THE media — and in particular the SA media — were responsible for the false perception that there was a political crisis in Zambia, said Zambian presidential aide Richard Sakala at a Johannesburg media briefing yesterday.

Sakala, special assistant to Zambia’s premier Frederick Chiluba, was defending the Chiluba government’s record on constitutional issues, human rights and press freedom.

The run-up to Zambia’s presidential and parliamentary elections, scheduled to take place by end-October, have reportedly been marked by mounting tensions and violence, including bomb attacks.

Sakala said reports implying that Chiluba had amended the constitution to prevent his archrival, former president Kenneth Kaunda, from standing in the elections were “misinformation”.

The amendments disqualify Kaunda on two grounds: that his parents are not Zambian, and that he had already been president for 27 years.

Sakala said the constitutional changes had been recommended by a review commission which included representatives from Kaunda’s party, Unip, and had also sounded out Zambia’s people.

Zambians had made their feelings known as long ago as 1972, when an earlier commission had made similar recommendations.

In 1991 Kaunda had accepted another review commission’s proposal that the president should be limited to two terms in office, but his party had served for a sixth term after insisting that the provision should not apply retroactively.

Benefits

Sakala stressed that Kaunda had announced his retirement from politics after his defeat in the 1991 elections. On the strength of this, parliament had voted pension and other retirement benefits, including a furnished house and three vehicles, for former Zambian presidents.

The constitution, Sakala said, was designed to suit the needs of a country which had just emerged from years of dictatorial rule. Under Kaunda, there had been detention without trial for five years or more, while political expression had been seen as an act of treason.

Sakala found it “strange” that Zambia should be criticised for constitutional provisions which existed elsewhere.

Zambia’s amended constitution also provided for a standing human rights commission, an independent electoral commission and a judicial commission to try to ensure an autonomous judiciary.

No Zambian journalist had been jailed or harassed for “what he has written”, Sakala said. The recent arrest of two pressmen was because they had unlawfully shown disrespect for parliament.

Asked why most Western donors, led by the US, had cut aid in protest against the constitutional changes, Sakala said that they did not appreciate the strong feelings of Zambians.

As Zambia spent more than half its revenue on servicing a $3.2bn debt, “we withdraw all aid is going to affect us quite severely”. However, this might be the price the country had to pay for upholding its principles.

 Asked why Zambian MPs proposed to vote themselves a gratuity of 30-million kwacha — equivalent to five years’ salary — ahead of the elections, Sakala said he did not know whether or not the measure had been adopted.

On recent bombings in Zambia, Sakala said government believed in rule by the ballot not the bullet and expected civilised countries to support its stand.
Zambia wants trade deal with SA

By Shirley Jones

DURBAN — Zambia is set to demand a preferential trade agreement with South Africa after last week’s preferential trade pact with Zimbabwe that forced the local clothing and textile industries to compromise on tariffs and local-content provisions.

Brian Brink, the executive director of the Textile Federation, said the Zambians were about to approach the trade and industry department.

Bernard Richards, the president of the Clothing Federation, said though nothing could be confirmed at this point, the clothing industry had made it clear to the government that a “one plus one plus one” approach to trade agreements was unacceptable because a plethora of trade agreements would be chaotic.

He said all future negotiations should be handled in terms of a wider Southern African Development Community (SADC) trade-protocol agreement.

He said the clothing industry had only compromised on the Zimbabwean trade pact, which was agreed to in principle with the understanding that it would dissolve into an SADC trade protocol within three years.

Tariffs on clothing imported from Zimbabwe would drop to 30 percent for three years and to 20 percent by 2000.

Brink said the Zimbabwean agreement was not a train smash — the stipulated quotas amounted to just 1 percent of South African domestic production — but industry leaders would have to “watch the truck ahead as it had set a dangerous precedent”.

He said the market penetration of imported goods would increase as more countries jumped on the bandwagon.

Brink said the industry still had the right to review the process whereby Zimbabwean authorities issued permits and the South African customs and excise department monitored them.

Both industries were comfortable with the much-debated local-content specifications.

From the clothing industry’s point of view, Richards admitted that trade deals such as the one concluded with Zimbabwe would make it easier for South African operations to relocate across the border.

Clothing manufacturers have hinted that this could be an attractive option after the recent clothing strike and in view of the wage gap between Zimbabwe and South Africa.

Alec Erwin, the trade and industry minister, and Nathan Shamuyarira, his Zimbabwean counterpart, described the agreement as a step forward in trading relations between the countries.
Zambia flounders, its reputation as champion of African reform failing

A spokesman tried to convince journalists in Johannesburg this week that the country's new constitution is not undemocratic.

By Ross Henkert
Star Foreign Service

Zamibia, one-time darling of free market and democracy advocates, stands on the edge of economic crisis.

The danger comes not through economic mismanagement but through the steady self-destruction of a reputation as the champion of African reform.

It is a sign of how far Zambia has fallen in foreign eyes that yesterday the country's presidential spokesman, Richard Sekala, gathered journalists and diplomats in Johannesburg to try to prove that the country is not in crisis.

Sekala's chief mission was to convince the world the country's new constitution is not undemocratic in barring former president Kenneth Kaunda from standing for the country's October presidential elections.

But donor countries do not believe the constitution, which bars from the presidency anyone whose parents were not born in Zambia, is a reflection of popular will, as Sekala claims.

Sekala said constitutional commissions in 1971, 1991 and 1993 suggested limiting a president to two terms in office and limiting the office to native Zambians.

"There is nothing strange about taking this position," he said.

However, donors, who pay roughly three-quarters of Zambia's national budget, see the constitution as a sign that the ruling Movement for Multiparty Democracy is showing increasing intolerance of dissent and its president, Frederick Chiluba, is afraid to contest Kaunda's party in a free and fair election.

Adding to suspicions are charges that the government is harassing the independent press, which Sekala and Chiluba vehemently deny.

"There is not a single journalist who has been arrested, imprisoned or harassed for what they have written," Sekala said.

Yet three independent journalists

Diplomats express concern over corruption

United Kingdom and US have cut aid, and may oppose further restructuring of Zambia's $6.2 billion (about R27 billion) foreign debt.

"If this aid is reduced further it will definitely affect us very severely," said Sekala, who said later he was personally disappointed with the negative questioning by the media at the press conference.

Behind the scenes, diplomats expressed concern over allegations of corruption by top Zambian officials. The country's parliament has also voted itself a "gratuity" equivalent to more than five years parliamentary pay.

Sekala said he did not know whether the gratuities had been approved, but the Zambia Post reported that the gratuities were passed by parliament the same day as the new constitution.
‘Crown jewel’ in Zambia’s rapid privatisation policy up for sale

By DONALD G MCKEEL, JR
Lusaka, Zambia

It’s easy to tell where the real money in Zambia is. Just look underfoot.

The carpet runners in the dingy halls of the Ministry of Finance are made of scuffed plastic. But in the lovely open-airium headquarters of Zambia Consolidated Copper Mines, the runners are custom woven with the company logo: the roan antelope that back in 1902 was shot by a prospector who found it lying atop a rich vein of green ore.

The national copper company produces 90% of Zambia’s foreign exchange. It employs nearly 50,000 people. It owns guest houses where visitors gaze across lakes into Zaire while dining off ivy-patterned china.

Its hospital in Kitwe has the country’s only CAT scanner. Its Mplembwe High School for miners’ children has a pass rate on national exams of nearly 100%.

And it is all up for sale.

The company (universally referred to by its initials, ZCCM) is the crown jewel of Zambia’s aggressive privatisation programme, which is converting 27 years of command-economy socialism under former president Kenneth Kaunda into what may be Africa’s freest economy.

Since Frederick Chiluba came to power in 1991 in Zambia’s first multiparty elections, he has moved to reverse Kaunda’s policies and to Westernise the economy with a combination of help and arm-twisting from the World Bank and the International Monetary Fund, the lead lenders for the $6.3 trillion ($28 billion) in external debt the country is carrying.

All exchange controls, tariff barriers and food subsidies have been dropped in the shock treatment switch-over to capitalism.

Virtually everything the state owns is for sale, from the national concrete industry to corner grocery stores to antique steam trains to leases on camps in the national parks. In the last two years, 140 enterprises have been sold, said Valentine Chitalu, chief executive of the Zambian Privatisation Agency.

“We had to liberalise quickly,” Chitalu said. “For years, Zambia was 80% state-owned, and the worst-run country in Africa. There were no goods in the shops, and you could wait five hours for a bus. So the political outrage that could create a climate for privatisation was there.”

Chitalu (34) commands enormous respect from the Western bankers and diplomats with whom he works. Last year, in a study of Zambia’s work so far the private research institute SRI International, in Menlo Park, California, praised the privatisation programme, saying that if it kept up its momentum, it would be “a model for the African continent”.

Its momentum has since increased.

Foreign buyers, particularly South African and British ones, are snapping up the economy. Tate & Lyle, the British food company, bought the national sugar industry. “Now it’s their lowest-cost producer,” Chitalu said.

Lombo, another British conglomerate, bought the cotton industry. South African Breweries bought one of two national breweries; Shoprite of South Africa absorbed state stores into its chain.

Last month, it was announced that the biggest prize, the copper company, would be offered for sale, probably in four packages: three mine-steller combinations; a “power company. Its lesser assets, from its private airline to cobalt-rich furnace slag, may be sold separately.

As in all its other sales, the Zambian government has outside help. The privatisation agency has five Wall Street investment bankers on staff, their salaries paid by the US Agency for International Development. The copper deal is so big that the World Bank brought in the investment bank Mr Rothschild & Sons and the London law firm, Clifford Chance, as consultants.

One of this is to say that the copper company is thriving. For 20 years, Kaunda’s government drained off the foreign exchange it earned, refusing to put back enough to buy new machinery. Annual production fell from a peak of 700,000 tons in 1969 to fewer than 300,000 last year. And copper prices have been in a slump since the 1970s.

Huge investments are needed. But, despite the problems, mining companies like South Africa’s Anglovaal and America’s Phelps Dodge are showing interest.

The company is setting up an office at each mine where geological, metallurgical and financial information will be concentrated for the stream of investors it hopes are coming.

—New York Times
Zambian copper privatisation ready to go ahead

By THABO KOBOKOANE

Zambian copper privatisation is on track following the Zambia Privatisation Agency's invitation for pre-qualification bids on Friday. According to newspaper advertisements by ZCCM's privatisation adviser, UK-based merchant bank Rothschild, bids for most of the nine packages on offer are expected before February 26, 1997, but potential bidders have to submit "expressions of interest" by September 30. Bidders must state which packages they are interested in.

ZCCM, which produced about 850,000 tons of copper last year, is setting the world's seventh-largest producer, expects copper output to treble following privatisation.

The Zambian government is already negotiating with an Anglo American-led consortium, which includes Gencor and Australian miners Western Mining Group, for the 350-million tons Konkola Deep ore body. Konkola is seen as crucial to the future of Zambia's copper mining industry.

Privatisation of ZCCM was given impetus by the Zambian government's acceptance of the Rothschild privatisation report in June after years of uncertainty.

Zambia's mining industry was nationalised and consolidated under ZCCM in the 1970s after independence but Anglo retained a minority 27.3% interest.

The nine packages subject to tender are:
- The Nchanga and Nkana division (excluding the Kansanshi and Chambishi mines, the Chingola refractory ore dumps and the Chambishi cobalt plant). This package includes five underground mines and one open-pit mine, associated concentrator facilities, a tailings leach plant, a copper smelter and refinery, an acid plant and a cobalt plant.
- In 1995/96, Nchanga/Nkana produced about 11,1-million tons of ore, 175,000 tons of copper cathode and 1,639 tons of cobalt.
- The Luanshya division (excluding the Ndola precious metals plant). In 1995/96, ore output was 2.3-million tons, copper 47,000 tons and cobalt production was about 1,016 tons.
- The Mufulira underground mine, which produced 32,000 tons of copper in concentrate
- The Chambishi copper mine, with, (currently non-operational), which has proven reserves of 33.5-million tons at a yield of 2.5% copper.
- The Kansanshi copper mine (currently small-scale operation only), with estimated reserves of 24,4 million tons at 2.3% copper.
- The Nampundwe pyrite mine with an output of 240,000 tons.
- The Chambishi cobalt plant, which has a nominal capacity of 2,400 tons per annum, but produced only 1,639 tons last year.
- The Ndola precious metals plant which produces gold, silver and selenium from refinery slimes; and
- The electricity transmission, distribution and generation divison.

(360) ST (BT) 8/9/96
Chiluba refuses to let Kaunda run in polls

Lusaka - Zambian President Frederick Chiluba has rejected opposition demands that the government allow his predecessor, Kenneth Kaunda, to run in this year's elections.

Kaunda (72) is doubly barred by a revision of the constitution this year which stated that only second-generation Zambians can be president, and excluded anyone who had already served two terms in office.

Kaunda's parents came from neighbouring Malawi at the turn of the century to settle in northern Zambia. Kaunda himself ruled Zambia for 27 years until he lost power to Chiluba in historic multiparty elections.

He insists that he is the sole presidential candidate for his United National Independence Party (Unip), the country's largest opposition group.

On Monday Kaunda snubbed Chiluba by refusing to meet him for talks aimed at resolving political differences.

Speaking on radio and television yesterday, Chiluba said the constitution had been amended and was now the supreme law of the land.

He announced a number of concessions, including a reduction from two weeks to one week in the notice required to obtain a permit for public meetings.

He also said the national elections commission would become an autonomous body.

But Chiluba rejected opposition demands for the scrapping of voters' cards prepared by an Israeli firm, Nikuv, which has been accused of being an extension of the Israeli intelligence organisation Mossad.

In another development yesterday, two of eight members of Unip on trial for treason were discharged by a high court judge for lack of evidence, but warned they could be re-arrested if the police.

Prosecutor Gregory Phiri said he was not proceeding further against former finance minister Rabson Chongo and Kaunda's press and public relations assistant Muhabi Lungu.

The six still on trial are Unip vice-president Chief Ingombe Yetu, former intelligence officer Patrick Goma, former air force captain Selemani Mpangula Banda, retired brigadier-general Nicolas Zulu and Joseph Chitongwe, and Kaunda's personal security chief Maurice Kaulungombo.

Their alleged offences include planting bombs at the state-owned Times of Zambia newspaper, at a hotel near the presidential palace, and at Livingstone international airport, where a policeman was killed. - AFP
Zambians suffer amid WTO praise

ZAMBIA, a loyal convert to neo-liberal policies, has won praise from international institutions that champion economic liberalisation, but economists in the country view its performance with caution.

Twice in the last 15 years, Zambia has implemented structural adjustment programmes patterned on the neo-liberal ideals pushed by the International Monetary Fund (IMF).

An adjustment plan in 1983-1987, was followed by a second one that has been carried out since 1991 which has included the usual measures to free interest and exchange rates, fight inflation through fiscal policies, liberalise trade, reform the public sector and sell off state companies.

The World Trade Organisation (WTO) has good words for Zambia’s adjustment efforts.

In a report discussed by its Trade Policy Review Body and released this week, the WTO says the reforms have begun to bear fruit. It expects them to strengthen the confidence of foreign investors and help attract investment.

The WTO found that Zambia’s adjustment efforts have stimulated the rapid growth of non-traditional exports, which are beginning to reduce the country’s dependence on copper.

**Non-traditional exports**

Non-traditional exports doubled from 1990 to 1994 and rose by another 35 percent last year. The report cites another plus. Inflation fell by 100 percent a year in 1992 and 1993, to around 35 percent in 1995.

But some Zambian economists see things in a different light.

“It is very true that Zambia is on course with its IMF/World Bank-sponsored adjustment programme and the picture from the lofty heights of the WTO may look rosy,” said Economic Association of Zambia (EAZ) chief executive Muntu Nakalanga.

“But it is all from a distance. What the WTO has not done in its report is to outline the social costs of adjustment.

To achieve the tremendous feat that has been done by the Zambian government, there have been a lot of casualties and great pain.”

The casualties include the 70,000 public servants and about 60,000 private sector employees who lost their jobs between 1991 and 1995. The pain is felt by the families who grapple with the effect on prices of devaluations that sent the kwacha plunging from 700 to the American dollar in early 1995 to 1,265 to the dollar last month.

When you are among the seven million Zambians (out of a population of 10 million) under the poverty line, the fact that a 25kg bag of the staple mealie meal went from 215 kwacha in 1980 to 15,000 kwacha in February 1995, overshadows the macro-economic improvements.

**Quality of life**

With two adjustment programmes under its belt, Zambia is still placed 136th out of the 174 countries ranked in the 1996 Human Development Report – released by the UN Development Programme – according to the quality of life they offer their nationals.

However, it is other aspects of the Zambian experience that the WTO stressed in its report, which predicted that the country’s new agricultural policies, financial and fiscal reforms and privatisation, should help boost its exports and growth.

“Zambia is among the world’s top five nations in copper production, refinement and reserves. Copper accounts for 70 percent of its total export income. Cobalt sales contribute another 10 percent.

Japan, which buys a large part of Zambia’s copper, is its main export market, followed by the European Union.

However, Zambia is still not benefiting enough from trade liberalisation, according to another economist Chola Muntamba. “Zambia is too open and other trading partners have used us as a dumping ground for their heavily subsidised exports.”

Zambian goods, on the other hand, face high import tariffs in South Africa.

South Africa is the country’s main source of imports, accounting for 30 percent of the goods it purchases abroad – mainly mining equipment, oil, fertilisers and maize. Zambia also buys heavily from the EU, Zimbabwe, Japan and the United States. — Sap-JPS.
Chiluba in trouble over land

Anger at new Zambian law spills over into resentment against SA settler farmers

Zambia will soon hold presidential and parliamentary elections, but the ruling Movement for Multiparty Democracy (MMD) may be in trouble over its controversial Lands Act.

One of the bones of contention is South African farmers who have been accused of evicting Zambians “like dogs from their motherland”.

Passed in September, the Lands Act gives the president authority over all the land in the country. About two-thirds of Zambia’s 750,000 square kilometres is affected by the act. The rest of the country is marshlands, plains or game parks. Until now, chiefs controlled most of the land, which is farmed by peasants who grow 70% of Zambia’s maize, the staple food.

There is strong dissent in the rural areas, with criticism from civic associations, political parties and traditional rulers.

Chiefs in Eastern Province as well as the Copperbelt denounced the act, claiming they were not consulted before it became law. In Western Province, where the government is caught in a dispute over the 1964 Barotseland Agreement which gave the area limited autonomy at independence, the entire electorate is urged to have nothing to do with the MMD because of the act.

Last week, 41 Southern Province chiefs met in Monze and resolved to summon their 19 members of parliament to explain why the act was never explained to the people before it became law. They feel a popular referendum should have been held on the land issue.

Zambia Civic Education Association (ZCEA) leader Lucy Bandu Sichone has toured six provinces, explaining the disadvantages of the act. The response has been overwhelming.

“I’ve gone round the rural areas and people are complaining about the act. They have already heard of the so-called Boer investors from the south who are evicting them,” says Sichone.

She warns that Zambia’s future generations could find themselves landless. “In our view as an association, customary land should never be tampered with because it has always belonged to the people through the chief. We shall fight this law even if President (Frederick) Chiluba is threatening us with treason charges for allegedly urging the people to rise against the government.”

The MMD government has sent three teams of land experts, led by Commissioner of Lands, Mark Zulu, to the rural areas to explain the advantages of the act to the chiefs. Zulu’s encounter has met mixed reactions.

The government has begun implementing the act by establishing the Lands Tribunal to deal with land disputes and the Lands Development Fund Committee. Peasant farmers will apply to the committee for loans to develop their land.

The government explains that the act will allow peasant farmers to own their land. To secure title deeds, peasants will apply to the District Council which will in turn apply to the Commission of Lands. With their land as security, they will be able to obtain loans from commercial banks.

As election time nears, it is very likely that the opposition parties will make the act a major campaign issue. The MMD has made sure all aspiring candidates are well informed about the act. They have run newspaper advertisements instructing candidates to carry the act with them when they are interviewed.

Only the elections will determine the final decision and the chiefs are likely to influence the vote. If a party opposed to the act wins the elections, the Land Act is likely to be amended.
Zambian editor faces jail

EDITOR Mr Fred M'membe has survived numerous prosecutions by Zambia's government and returns to face another next week. Political Writer BARRY STREEK reports.

ZAMBIA newspaper editor Mr Fred M'membe, 37 — whose contribution to press freedom brought him the Commonwealth Press Union's prestigious Astor award yesterday — possibly faces a 25-year jail term when he returns to Lusaka.

He is to appear before Zambia's High Court next Tuesday to face charges under the State Secrets Act for publishing a report in The Post that the government was considering holding a referendum on the country's new constitution.

M'membe told delegates to the CPU conference in Cape Town that he might see them again only in 2021 because, if convicted, he could be sentenced to 25 years' imprisonment.

"However, I am convinced I am not going to be convicted," he said after receiving the award from Irene, Lady Astor of Hever, widow of Lord Astor, who was the publisher of The Times and, for a number of years, president of the CPU.

The Post, Zambia's largest daily newspaper, has a circulation of 18 000 to 19 000. Since it was founded in 1991 M'membe, its editor-in-chief, has clashed with President Frederick Chiluba and senior government members.

The CPU said in a press release that M'membe and members of his staff had been detained without trial and had faced numerous unsuccessful prosecutions. One of these had been for allegedly libelling Chiluba by publishing the comments of a woman who claimed to be his mistress.

In February, M'membe and two staff members were ordered by Zambia's Speaker to be detained indefinitely for contempt of parliament. They were released after 24 days in jail when a court found that the methods used to arrest them had been unlawful.

Their alleged offence had been to comment on vice-president Mr Godfrey Miyanda's criticism in parliament of a High Court finding that legislation requiring public gatherings to be authorised by the police was unconstitutional.

M'membe and the two staff members still face charges under the Protection of Parliamentary Privileges Act.

After M'membe received his award yesterday, veteran human rights activist and former MP Mrs Helen Suzman said she was honoured to have the opportunity to pay tribute to a man who had upheld democratic principles fearlessly in the face of severe persecution.

"How very gratifying it was to hear Mr M'membe speak approvingly about the liberal traditions so dear to my heart — and so politically incorrect in South Africa these days," Suzman said.
World Bank to reward Zambia for austerity moves

FROM SAPA-DPA

Lusaka — The World Bank has decided to award Zambia an 80 percent relief for pursuing stringent economic adjustment programmes, Ronald Penza, the finance minister, said yesterday.

The effect on the external debt would ease Zambia's economic burdens and direct sources to other vital development sectors, said Penza on his return from the International Monetary Fund and World Bank yearly meeting in Washington.

Zambia is one of 12 African countries to have benefited from the debt relief. The multilateral donors resolved in Washington to reduce the economic strains of countries that had made efforts to improve their ravaged economies through austerity measures.

Zambia's external debt stands at $6.4 billion. The present Movement for Multi-Party Democracy administration inherited an external debt of $7.4 billion from the previous government of Kenneth Kaunda.

Bilateral donors have either cut or suspended aid to Zambia, which adversely affected its balance of payments position.
That position might change if the donors deem the impending presidential and parliamentary elections to be free and fair.

The withdrawn donor aid has triggered high bank interest rates, high inflation and unstable foreign exchange rates as aid cash inflows into state coffers dwindled.
No SA bids for Zambian colliery

David McKay

SA's major coal companies have shown little enthusiasm for an offer to bid for a controlling stake in Zambia's only coal producer, Maamba Collieries, citing its remote inland position as a reason.

The situation of the mines has resulted in high export costs, making exports unviable.

The company, which supplies Zambia Consolidated Copper Mines (ZCCM), has been put up for privatisation by the Zambia Privatisation Agency.

The Zambian Privatisation Agency said it hoped to enter into talks with a leading bidder by the end of this year, with the aim of concluding a deal for a minimum 70% shareholding in Maamba.

Apart from Anglo American Coal Corporation (Amcoal) which would not comment, SA coal companies believed Maamba's position in southern Zambia was unattractive. High transport costs made it difficult to export its coal, they said. Maamba is more than 600km from the nearest port.

Gencor-owned Ingwa, which recently announced an R800m acquisition in Australia, said that Maamba also had infrastructure problems.

The group would instead concentrate on developing coal markets in Australasia, it said.

Lomho's Duker Exploration MD Hugh Stoyell said the company had considered buying a stake in Zimbabwe's Wankie Colliery, but withdrew as it had limited market appeal. The same could be said of Maamba, he said.

Gold Fields of SA which manages the coal operation in Namibia, Gold Fields Coal, said it was focusing on developing its African precious metals portfolio in preference to coal. Sased coal division was similarly lacklustre.

Only JCI Ltd said it was interested. Coal and base metals CE Mike Rogers said JCI Ltd was "looking at the colliery", but gave no details. It was involved in rehabilitating the mine in the past.

Maamba has 78.2-million tons of coal reserves of which 50.2-million tons were proven and 18-million tons were probable.

There are two opencast mines operating at Maamba with a combined annual capacity of 600 000 and 800 000 tons of saleable coal.

The closing date for submitting bids has been set for December 13 as the potential bidders are required to independently explore the property, ZPA said.
Zambian govt warned over threat to editor

CT 18/10/96

POLITICAL WRITER

PRIZE-WINNING Zambian editor Mr Fred M'membe could be arrested again when he returns home on Sunday, but Commonwealth journalists said yesterday they would use their combined power against the country's government if action was taken against him.

M'membe said he had had unconfirmed information he would be searched and possibly arrested on his return.

But, he said at a press conference yesterday: "Once you fear going to jail, you will never stand up for liberty."

"I am not scared of going to jail. I have been to jail before."

The Commonwealth Press Union issued a statement in support of M'membe after Zambia's Minister of Information, Mr Amusa Mwanamwambwa, had effectively accused him of treason, called him a liar and alleged he advocated violence.

"Some Zambian journalists want to turn press freedom into anarchy of the press," Mwanamwambwa said.

M'membe, who is editor of Zambia's only independent newspaper, The Post — the rest of the country's media is owned by the government — received the CPU's Astor award on Monday for his outstanding contribution to press freedom.

He and his colleagues have been imprisoned, intimidated and repeatedly attacked by the government for investigations and campaigns against corruption and maladministration.

CPU president Sir David English said the Zambian government's statement went beyond acceptable standards of criticism.

"The attack on M'membe is a gross example of government intimidation."

"We will closely monitor the situation. If the Zambian government's attack on

FIRM STAND: Editor Fred M'membe

M’membe goes beyond words, we will react against press power throughout the Commonwealth," Sir David said.

CPU spokesperson Mr Michael Stent said the union could muster considerable support in defence of press freedom.

Mwanamwambwa was also criticized by the Commonwealth secretariat for "a blatant misrepresentation" of what its secretary-general, Chief Emeka Anyaoku, had said at the CPU conference.

Commonwealth spokesperson Mr Michael Fairthens denied the validity of the comments that Mwanamwambwa attributed to Anyaoku to support his attack on M'membe and said they were "dishonest".
CPU warns Zambian government

Attack on journalist ‘far beyond acceptable standards’

ANDREW SMITH

The Commonwealth Press Union has threatened to use the power of a united Commonwealth press against the Zambian government if its attacks on award-winning journalist Fred M'membe extend beyond words.

Mr M'membe, who has exposed corruption in the Zambian government, criticised it further when he received the Lady Astor Award in Cape Town this week for his contribution to Commonwealth press freedom.

In reply, the Zambian government issued a statement to the press union conference taking place in Cape Town in which the Minister of Information, Amuusa Mwanamwambwa, accused Mr M'membe of fabricating allegations of the government’s increasing intolerance of criticism and allegations of corruption in public life and maladministration.

Mr M'membe, publisher and editor of The Post, Zambia’s only independent newspaper, was also accused of showing a lack of patriotism in his acceptance speech, which members of the union said was tantamount to an accusation of treason.

Mr M'membe said that in spite of the Zambian government’s accusations, he stood by his speech, which could result in a jail sentence.

“I was accurate on all the issues I have raised which have been supported by documents,” he said.

He expected to be imprisoned when he returned to Zambia on Sunday.

If he feared prison he would not be able to stand up for what he believed was right.

“I have been to prison and I know what it is like,” he said.

Union president David English said the Zambian government’s statement went far beyond acceptable standards of criticism.

“If the Zambian government’s attack on Mr M’membe goes beyond words, we will react using press power throughout the Commonwealth,” he said.

Defiant: Fred M’membe, editor of Zambia’s only independent newspaper, The Post, addresses a press conference.
Honouring the man who published and was damned

The six-day Commonwealth Press Union Conference ended in Cape Town with a stern warning to the Chiluba government in Lusaka to stop harassing defiant Zambian journalist Fred M'menbe — or face the wrath of the Commonwealth countries' media.

Mr M'menbe, editor of the Zambian independent daily The Post, has throughout the week been a focal point and an example of how journalists in some countries are endangered.

The courageous journalist, who has experienced harassment and detention by President Frederick Chiluba's government for criticising it and exposing corruption among some of its officials, is determined to return to Zambia and face the consequences.

"If convicted the next time you may see me will be in the year 2021."

Mr M'menbe also said amid cheering from the delegates that his conviction would bring an increasingly oppressive government.

He said everyday more and more repressive laws were being passed by the Zambian government, and various tribunals had been set up to intimidate the media.

"We have made it clear to the Zambian government that they will persecute Fred M'menbe at considerable risk to themselves."

"We must marshal public opinion. We must alert our MPs, and we must galvanise our governments."

Sir David said this was no time for mincing words and Zambia could not afford to persecute journalists, especially when the country was in a desperate situation to repay its huge foreign debt.

"I promise that this conference, this union, will not tolerate what is happening to its members."

Sir David and the CPU president said amid cheering from the delegates that the CPU president's condemnation of Zambian authorities was the second in two days. In a strongly worded letter faxed to President Chiluba on Thursday, Sir David said the Zambian government had failed to protect its journalists and its statement was a "crass" example of government intimidation that went far beyond acceptable standards of criticism.

In his acceptance speech earlier in the week when the CPU Astor Award was awarded for his courage to "publish and be damned", Mr M'menbe had said the Zambian people deserved his greatest gratitude because of their strength to survive under an increasingly oppressive government.

"If convicted," he said, "the next time you may be able to see me will be in the year 2021."

The conference, attended by more than 200 journalists from Commonwealth countries, was the first to be held in South Africa.
Africa since 1994. It provided the delegates with rare opportunities to exchange experiences and ideas on how best to safeguard democracy in their countries, particularly within the Commonwealth.

South Africa's fledgling democracy and its constitution, adopted by the Constitutional Assembly while most of the delegates were in the country, were applauded as a move in the right direction.

The principles that strengthen this democracy were highlighted by special adviser in Deputy President Thabo Mbeki's office, Frank Chikane, who said the media had the democratic right to "take whatever side it chooses to take".
Zambia leads Africa in privatisation

ZAMBIA has the most successful privatisation programme in sub-Saharan Africa, according to the World Bank.

A recent report says Zambia has become one of the most attractive countries in Africa to investors, demonstrated by the arrival of several international companies which have used privatisation as an entry point. These include Peppor, Lomro, Anglo American and the Commonwealth Development Corporation.

After what it perceives to have been a slow start, largely attributed to the country's narrow financial markets, the World Bank says Zambia's programme has really taken off in the last 12 months.

To date 130 of the 150 state-owned enterprises have been sold off, raising $145 million, which is considerably less than what government expected. The big fish, however, are yet to come.

The ZPA, the independent body set up in 1992 to oversee privatisation, hopes 70% of the economy will be in private hands by the end of next year. Last year the state dominated 90% of productive capacity. The future of only two state-owned companies has not been decided — railways and power utility.

In the next two years the process moves into high gear with the privatisation of mining giant Zambia Consolidated Copper Mines, telecommunication company Zamtel, Zambia State Insurance and coal company Mumaiba Collieries. The privatisation of ZCCM, with an annual copper output of 300,000 metric, is expected to fetch about $2 billion.

Privatisation accelerated sharply after the Lusaka Stock Exchange was established in 1994.

The World Bank attributes the success of the privatisation programme to the government's commitment to completely remove itself from equity ownership.

"In no other country in the African region has a government had the confidence to place complete responsibility for privatisation in the hands of one entity," the World Bank says.

The World Bank argues that this is shown by the composition of the 15-member ZPA board, which is private sector led. Of the 12 members, only three are government appointments. "In this way, not only is the private sector heavily involved, the government is twice removed from the deals," says the World Bank.

There have been pitfalls. Some companies were in such a poor state they had to be liquidated. Altogether 13 companies were liquidated, including Zambian Airways and United Bus Company.
Chiluba sets date for General elections

The opposition on Tuesday launched its campaign for the presidential election, which is scheduled for next year. The campaign is expected to be intense, with candidates vying for the support of the electorate.

The government has announced that the election will take place on August 11. The campaign period is expected to be 30 days, with candidates allowed to campaign intensively during this period.

In a statement, the government said the election is a national exercise that will determine the future of the country. The government has also urged the public to participate actively in the election process, ensuring that the election is free and fair.

The opposition has also launched its campaign, with candidates vying for the support of the electorate. The campaign is expected to be intense, with candidates vying for the support of the electorate.

Chiluba has been in power for five years, and the opposition has been calling for a change of leadership. The opposition has accused the government of corruption and mismanagement of the economy.

The government, on the other hand, has defended its record, saying that it has been working hard to improve the economy and reduce poverty.

The election is expected to be a close contest, with both the opposition and the government mobilizing their base to ensure victory.

In conclusion, the country is gearing up for a crucial election that will determine the future of the nation. The government and the opposition are expected to campaign intensively to win the support of the electorate.

The election is expected to be a close contest, with both the opposition and the government mobilizing their base to ensure victory.
Tazara goes commercial

STIFF competition in the transport industry has forced the Tanzania-Zambia Railway Authority (Tazara) to commercialise its activities in order to make profits.

Tazara is faced with stiff competition from truckers on the Tanzania-Zambia route and an alternative railway corridor in Mozambique and South Africa (Maputo Corridor).

Tazara, built 20 years ago to haul a maximum of five million tons a year, has handled freight of less than one million tons in the last three years.

Since 1992, its annual freight has been between 0.6 million tons and 0.88 million tons last year, a drop of about 34 percent from 1.2 million tons in 1978.

According to Tazara public relations manager Charles Nzo-Mbhaga, the commercialisation measures involve reduction of operational costs by streamlining the administration, reducing the workforce and limiting various activities to enable the authority to serve customers' interests and safety.

He says: "The changes to Tazara's mode of operation will obviously guarantee and attract investment from the marketplace."

The 20-year-old railway service plans to reduce its workforce from 6 400 to 4 100 in both Tanzania and Zambia.

It will set strict safety standards and introduce performance-based remuneration for the staff in a bid to raise efficiency and productivity.

Need for review

The company felt the need to review its performance because of revenue lost to other carriers. Tazara has a $500 million (about R2.3 billion) interest-free loan from the People's Republic of China, obtained through friendship between the then leaders Mao Tse Tung, Mwalimu Nyerere of Tanzania and Kenneth Kaunda of Zambia.

"The commercialisation exercise has exposed a number of hidden costs which were not known before," says a highly placed Tazara official, adding that Tazara's new philosophy is based on customer orientation, profitability, workers' account-ability and clear demarcation of responsibilities.

Tazara board chairman Salim Msoma says under the commercialisation programme, Tazara's total market share of traffic is expected to shoot up to 77 percent annually by the year 1999-2000, from 69 percent last year.

"The target will bring the authority to a minimum level of an annual average of 880 000 to 1 000 000 tons of traditional traffic per year," says Msoma.

Tazara's passenger service has fared better because it offers southern Tanzania and northern Zambia cheaper transport. The line carried some 826 000 passengers in 1976-77, rising to 1 024 000 in 1980-81. — Africa Information Afrique.
Tanzania and Zambia’s rail authority puts profits on the line

LUCY TISHA

Dar es Salaam — Faced with stiff competition from truckers on the Tanzania-Zambia route and an alternative railway corridor in Mozambique and South Africa, Tanzania Zambia Railways Authority (Tazara) has resolved to commercialise its activities to make a profit.

Tazara, built 20 years ago to haul a maximum of 5 million tons a year, has handled freight of less than 1 million tons in each of the past three years. Since 1992 its annual freight has been between 600,000 tons and 880,000 tons last year, a drop of about 34 percent from the 1.2 million tons in 1978.

According to Charles Nzo-Mbaga, the Tazara public relations manager, the commercialisation measures involve reducing operational costs by streamlining the administration, cutting the workforce and limiting various activities to enable the authority to serve customers’ interests and safety.

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The 20-year-old railway service plans to reduce its workforce from 6,000 to 4,000 in both Tanzania and Zambia. It will set strict safety standards and introduce performance-based remuneration for the staff in a bid to raise efficiency and productivity.

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A highly placed Tazara official says: “The commercialisation exercise has exposed a number of hidden costs which were not known before.” He added that the railway service’s new philosophy is based on customer orientation, profitability, workers accountability and clear demarcation of responsibilities.

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“The target will bring the authority to a minimum level of an annual average of 880,000 to 1 million tons of traditional traffic,” says Msoma.

The railway’s passenger service has fared better because it offers southern Tanzania and northern Zambia cheaper transport. The line carried some 686,000 passengers in 1976-77, rising to 1,024,000 in 1980-81. Two years later, the number of passengers dropped dramatically to 564,000 because the service was slow and unreliable.

The Chinese engines were not powered to scale the southern highlands terrain. They were replaced by powerful DB German engines, and the line carried 2,031,000 passengers in 1992-93.

Tazara showed operational losses from the mid-1970s until 1989-90, when it turned a profit of 62.7 million Tanzania shillings (about R1.6 billion), rising to 3.4 billion shillings in 1991-92.

The company projects earning 10 billion shillings by next year.

Researcher Peter Simmonds, who has studied Tazara, attributes the reported rise in revenue to fare and traffic rates increases and depreciation of local currencies.

The railway serves mainly Tanzania and Zambia, and is looking to expand its market to Zaire, Zimbabwe and Malawi. Already Malawi has built a railway transit terminal at Mbaya, where road cargo can be transferred to and from trains. Malawi exports tea and tobacco, and imports fertiliser and machinery.

However, the future of the Tanzania-Zambia railway line is still in doubt. An official said the authority “needs at least $500 million to strengthen the rail operation, (while it) owes clients more than 300 million shillings” — Independent Foreign Service.
Zambia to privatise fertiliser company

Zambia has put Nitrogen Chemicals of Zambia, a fertiliser producer, up for sale under a continuing privatisation programme, the Zambia Privatisation Agency said yesterday. The agency said it was inviting offers to buy a shareholding of 70 percent or more in the company, which makes explosive grade ammonium nitrate, chemical fertilisers and industrial chemicals. It commands a 50 percent market share for fertilisers in Zambia. Fertilisers constitute 90 percent of its sales volume. It supplies these ammonium nitrate and sulphuric acid to Zambian Consolidated Copper Mines and exports other chemicals to Zimbabwe, South Africa and Zaire. It has a turnover of about $8 million a year, but is operating below its full potential. The agency said tenders for the shareholding could be submitted until December 13. - Reuters, Lusaka (320)
Kaunda boycott casts doubt on party’s future

LUZAKA — A boycott of next month’s elections by former president Kenneth Kaunda’s opposition group has cast doubt on the future of the nation’s oldest political party.

Two of the 26 legislators in Kaunda’s party defied the boycott and registered for the November 18 election by the close of party nominations late on Monday, election officials said.

The rest automatically lose their seats in the 158-seat Parliament in Lusaka and leave Kaunda’s United National Independence Party, known as Unip, out of mainstream political life for the first time since he founded it in 1969.

Joseph Chaambwa, one of the rebels, denounced the boycott as cowardice and said he would fight for re-election to his southern Namwala seat for a small farmers’ lobbying group founded by former agriculture minister Guy Scott.

The second, Johnstone Jere, from Kaunda’s Eastern Province stronghold, nominated himself as an independent candidate.

Of Unip’s 26 parliamentary seats, 23 were in the Eastern Province, Kaunda’s home district.

The boycott effectively hands over control of Kaunda’s stronghold to President Frederick Chiluba’s ruling party.

Chaambwa said the withdrawal of Unip would likely see the party collapse over the next five-year parliamentary term and accused Kaunda, 73, of misjudgment.

“Imagine waiting another five years to contest, and by then the man will have nothing to do with politics. You wonder who is on the losing side,” he told reporters.

Kaunda, who led the nation to independence in 1964 and ruled for 27 years, was ousted by Chiluba in the first multiparty elections held in 1991.

In May, the ruling party used its majority to adopt a reworked constitution limiting presidential office to second-generation Zambians who have not served two five-year terms.

Kaunda, classified a first-generation Zambian as the son of immigrants from neighbouring Malawi, ordered the boycott to protest his disqualification.

Four opposition candidates have nominated themselves to run against Chiluba but none was expected to unseat him.

Their nominations, accepted as valid by Chief Justice Mathew Ngulube, gave a degree of credibility to polls described by Kaunda as a sham.

After his ouster in 1991, Kaunda retired from public life but last year regained control of his party to stage a comeback.

Election officials said that Chiluba’s Movement for Multiparty Democracy, will contest all the 150 elected seats on November 18. — Sapa-AP.
Cairo — The Zambian stock exchange wants to tap the savings of the country's football fans to attract interest in a market which has only three listed shares.

Mumba Kapumpa, the head of the Lusaka Stock Exchange, told the African Stock Exchanges Association meeting in Cairo on Tuesday that: "We are trying to encourage various football clubs to float themselves on the exchange.

"Zambians are football fanatics. They will spend their last penny on watching their national team. Club members could buy shares."

Kapumpa, who is the chief executive of the Securities and Exchange Commission of Zambia, said the exchange hoped to persuade Lusaka Football Club to float early next year.
Zambian church offers marriage ... with AIDS test and 'prudent counsel'

Lusaka – The Seventh Day Adventist (SDA) church in Zambia has slapped a mandatory HIV/AIDS test on couples intending to marry in the church.

The compulsory test has been received with mixed feelings but the majority of members of the church welcomed the regulation as an insulated safety measure against a dreaded and stigmatised disease.

The SDA church has distributed a pastoral letter to all congregations nationwide for perusal.

The imperative need to undertake compulsory tests before couples contract marriage in the church has been instituted within the peremptory canon law.

"Unless AIDS is contained and nipped in the bud, Zambia is faced with an invisible disaster due to the rapid spread of the HIV/AIDS affliction as a result of society's moral decay," says senior pastor Weby Mukoma in the letter.

Infected HIV/AIDS patients often exhibit symptoms such as crippling emaciation compounded by chronic diarrhoea leading to death.

"It is in this context that we want to save lives in the church," Mukoma says.

Mukoma exhorts church members to observe and undertake the pre-marital HIV/AIDS tests but points out: "We shall be very candid with the couples. In case one of the partners tests positive, we shall give affected couples prudent counsel - and shall not stand in their way if they still want to marry."

Inevitably, the church would emphasise the inherent dangers if such couples opt for marriage despite the inherent adverse consequences, Mukoma said.

Since Zambia is identified as one of the countries south of the Sahara plagued with the high incidence of HIV/AIDS affliction, the mandatory HIV tests have become imperative.

Official statistics indicate that one in five Zambians is infected with the HIV virus.

"There is no need to play games with the AIDS pandemic. The danger looms above Zambia's skies of the HIV/AIDS plague wiping out the entire population if precautionary and preventative measures are not instituted," says Mukoma.

The church had an obligation to preach good health to the flock, therefore it had become necessary and imperative to evoke the maxim of prevention is better than cure, a senior church elder Charles Yamba said.

"It is vital for the SDA church to plan and implement the idea with a series of seminars in both rural and urban areas in the offing to create awareness and dangers of this pandemic," he said.

HIV/AIDS affliction in Zambia is spreading at an alarming rate. According to the official estimate, more than 200,000 are afflicted with an approximate 4,000 full-blown AIDS cases.

But Moses Sichone, the World Health Organisation's (WHO) HIV/AIDS control manager in Zambia doubts these official estimated figures.

"Most estimated figures are based on information obtained from hospitals, particularly the antenatal attendance by pregnant mothers at hospitals," Dr Sichone says.

Other estimates slot the HIV/AIDS pandemic at more than 500,000 cases since deaths in rural areas are not adequately ascertained nor reported for accurate diagnosis and statistical documentation.

Commending the church for coming up with a prudent approach, Sichone said:

"HIV/AIDS is a critical issue that needs combined multi-sectoral approach and efforts for effective control and maximum results."

He said awareness in Zambia had picked up momentum with most socialites avoiding or shunning casual sex, which was rampant in the 1970s and 1980s when signs of the disease were first diagnosed. – Sapa-DPA
Aids patients populate hospital space

By Alexis Phiri

ZAMBIA, Lusaka - Aids patients take up most hospital space in Zambia. The country has about forty-three percent of all hospital beds occupied by Acquired Immune Deficiency Syndrome (AIDS) patients.

A Danish aid project, MS - Zambia, document, recently launched, has revealed that Aids is a major deterrent to both economic and social development in Zambia, one of Africa's poorest states.

Commenting on the expenditure of the growing demand for health care and medical services for those suffering from Aids, MS-Zambia estimates the levels of infection to have reached 33 percent of urban dwellers while the figure from the rural areas is set at 15 to 20 percent of the population.

Hospital beds

"About a third of all people calling at health institutions are HIV positive and about 43 percent of all hospital beds in the country are occupied by AIDS patients," the MS-Zambia report reads in part.

Since the advent of HIV/AIDS in the mid-1980s, Zambias economy has not been the same.

Aids is blamed for loss of vast working hours which has reduced the already dwindling country's productivity.

Lost hours

"There is a marked loss of hours as Zambian nationals are away from work looking after the sick, being sick themselves or being absent as they are dead," the report said.

A ministry of health spokesman confirmed the report, saying it is true and that they were aware of the situation.

"Yes, what the report says is nothing but the truth. In fact, these figures were compiled in conjunction with the ministry of health, though the situation on the ground could even be worse," the spokesman said.
Kaunda's followers defy his election boycott

Lusaka – More than half the former members of parliament for Kenneth Kaunda's opposition United National Independence Party (Unip) have defied his order to boycott coming parliamentary polls, election officials said.

Fifteen of the total 26 Unip MPs opted to go solo and successfully filed their nomination papers before the deadline for the November 18 ballot.

Unip leader and ex-Zambian president Kaunda announced that his party would boycott the elections nearly two weeks ago due to major political differences with the ruling Movement for Multi-Party Democracy (MMD) of President Frederick Chiluba.

He threatened to expel any party member standing as an independent.

The state-owned Times of Zambia yesterday quoted a senior MMD official as saying Mr Kaunda now wanted elections to be postponed to a later date when he would be prepared to let his members take part.

Mr Kaunda, who launched a “no vote” campaign for this year’s elections, has been urging people to surrender voters’ cards to electoral offices.

So far Unip, which had 26 seats in parliament before it was dissolved two weeks ago, claims it has collected over 4,000 cards.

– Sapa-AFP

Zambian court acquits senior opposition leaders

Lusaka – A judge has acquitted six senior members of Zambia’s opposition United National Independence Party (Unip) of charges of treason and murder.

In a lengthy judgment Mr Justice Peter Chitenge said the state prosecution had failed to build a strong case or prove beyond reasonable doubt on which grounds to try the suspects in court.

The six, Unip’s vice-president Inyambo Yeta, retired army officers Joseph Chitomfwa and Nicholas Zulu, former intelligence director Patrick Goma, retired police officer Moses Maulung’ombe and a retired air force officer Selman Mphengula had pleaded not guilty to the charges.

Judge Chitenge said not enough evidence had been presented by the prosecution to link the six accused to bomb explosions at State House and the Lusaka airport, nor the graffiti writing on public buildings, nor to the death threat letters to cabinet ministers and diplomats in Lusaka earlier this year.

The six Unip members were defended by 16 lawyers. Their acquittal comes at a time when Unip had decided to boycott the November 18 general and presidential elections and was now involved in a civil disobedience campaign.

They were arrested on June 12 this year.

– Sapa-DPA
SA miners to bid for Zambian copper mines

JAMES LAMONT

Kitwe, Zambia – South African mining companies are queuing up to bid for stakes in the forthcoming privatisation of Zambia’s run-down copper mines, the Zambian Privatisation Agency (ZPA) said last week.

Zambia Consolidated Copper Mines (ZCCM), nationalised under former president Kenneth Kaunda, is expected to be sold next year to international investors.

The copper mines account for up to 70 percent of Zambia’s export earnings, but production under state control has fallen from an annual peak in the late 1970s of 700,000 tons to 300,000 tons last year because of the lack of investment and poor management.

A list of companies that have pre-qualified for the sale by international tender of ZCCM, published last week ahead of this month’s national elections, showed strong interest from South African and North American companies. Among them are Anglovaal, Gencor, Iscor, Zambia Copper Investments and Eskom.

The Zambian government, advised by Rothschilds, a British merchant bank, decided to sell asset packages to entice private capital to exploit the still considerable copper reserves on the copper belt and revive the depressed area.

Pre-qualified companies have four months to conduct due diligence investigations before submitting bids by February 28 next year.
FREE TRADE ZONE MOOTED FOR ZIMBABWE-MOZAMBIQUE BORDER

A new free trade enterprise zone straddling the border between Zimbabwe and Mozambique near Manica could house the reduction plant for the planned R2.8 billion Beira iron project, in which JCI and Arco, the US oil and gas company, are the largest partners.

The project will use natural gas from Mozambique's Temane gas field south of Beira and iron ore from the Kwekwe area in Zimbabwe to produce hot briquetted iron. "There were disputes as to which country would have the reduction plant so it was decided to put it on the border," a source close to the project said at its launch on Friday.

A new 180km rail line will be built through Mutare, at times running next to the existing line from the Zimbabwe midlands to the plant on the border, said Hugh Brown, JCI's project manager. A 498km gas pipeline will also be built from Temane to the border for the plant and other industrial facilities that can take the excess energy. A fertiliser plant and other gas-related products are under consideration. — Andi Spicer, Maputo
SA in race for Zambian spoils

John Dludlu

A NUMBER of leading SA companies have joined the world’s best corporations in the race to share in the spoils of privatisation in Zambia, figures from the country’s privatisation authority have shown.

Information recently provided by Zambian Privatisation Agency CEO Valentine Chitalu show that the country’s privatisation programme has attracted investments from SA-based corporations, including Anglo American, Premier Group, Anglovaal and Shoprite. Premier’s investments were made in food and dairy companies, while Shoprite’s money was poured into retail trading, Chitalu said.

A Premier spokesman said at the weekend the group had bought one company and were looking at further opportunities.

Anglo’s mining involvement in Zambia is via Zambia Copper Investments, which has a 27.3% stake in Zambia Consolidated Copper Mines. Anglo and De Beers have a 59.6% interest in the mines.

Anglo and De Beers also own Erabas, through which they have a 57.96% interest in Ridgeway Hotels, trading as Holiday Inn Garden Court Ridgeway in Lusaka. Anglo holds a further 29.78% stake through Zamic, a wholly owned Zambian industrial company, and 3.66% through Zambia Copper Investments. Zamic also has a 45% interest in Zambia Breweries.

Companies based in SA, the UK, US, India and Germany have invested in Zambia since the state embarked on a programme in 1991 to loosen its grip on the economy.

Sources said last week that SA companies had shown interest in planned privatisation programmes in neighbouring countries such as Zimbabwe and Botswana.

The Southern Africa Business Intelligence reports Botswana Development Corporation is negotiating the privatisation of seven more parastatals, as it tries to fulfil promises to dispose of 41 of the 114 remaining state-owned enterprises in five years.

Zambia was cited recently by the World Bank as a having had a successful privatisation programme and is one of the few nations which have completed the implementation of economic reforms by multilateral institutions.

A Johannesburg-based research agency recently disclosed that SA firms invested about R6bn in southern Africa between 1994 and last May. This had followed the relaxation of exchange controls for firms wishing to invest in southern Africa.
LUSAKA — A group of former Zambia Consolidated Copper Mines (ZCCM) workers have signed a contract to buy the Kabwe lead and zinc mine, which was closed in June 1994.

A ZCCM spokesman said Kabwe Power and Metal (KPM) would acquire 88% of the mine’s assets for 1.1-billion kwacha. The group then planned to pump in more than 80-billion kwacha to resuscitate operations.

KPM chairman Kizito Mumbi said the former mine employees had used their retrenchment benefits to procure the mine’s assets and were now seeking international finance to develop the mine.

“We have approached a number of international financial institutions, and three are interested in the project. Two are European and one is American,” he said.

“They have not yet committed themselves to financing the project, but are keen to conduct their own feasibility studies.”

The mine’s new owners plan to go into the production of lead and zinc, as well as offering engineering products and services.

KPM would process waste material at the rate of 240,000 tons of slag a year, producing 54,000 tons of oxide material a year for between 25 and 30 years. It expected to export about 70% of its products.

KPM was formed by about 300 miners who were laid off when the loss-making mine was closed. “Immediately the closure of the mine was announced, a team of Kabwe employees saw an opportunity staring them in the face,” ZCCM human resources director Urban Chishimba said. “We are confident KPM will marshal individual and collective expertise to make this venture a success story.” — Reuter.
BA crew members tell of nightmare attack

It was like a war zone, say injured Britons pelted with bricks during University of Zambia student riot

BY SASHA JENSEN

British Airways crew members, flown to Johannesburg from Lusaka for medical treatment, described last night how they were pelted with bricks and stones by rioting Zambian students.

Seventeen crew members were injured, three seriously, during the attack by University of Zambia students on Saturday night.

The three seriously injured crew members were flown to South Africa from Lusaka on Sunday for expert medical care.

Air stewardess Heather Spencer said: "It was terrifying. One minute we were on our way back from the airport chatting on the bus, and the next a brick shattered the windows and hit me on the head. All I know is that I went down on the floor and it was totally dark. I was in the hotel foyer with blood everywhere.

"The next thing I knew, I was taken to hospital to have stitches, but because they could not evaluate my condition, they flew us to Johannesburg."

Spencer, who has two swollen cheeks and a wounded forehead, said her eyes were filled with glass after the rioters smashed the bus.

Crew member Mike Nunn was knocked unconscious by a brick. He said he was covered in blood when he awoke in his hotel room.

"It was very scary. I thought I was going to die. When I looked out of the window, all I saw was people throwing things and it sounded like there were bullets raining down on us. My head is very sore now, but BA has been brilliant about looking after us."

"This experience will not put me off flying at all. We just got caught up in a war that has nothing to do with us."

Catherine Bogasse, also a stewardess, said the worst part of it was telling her family.

"They were very worried about me, but when I phoned they were overjoyed to hear from me. I feel okay now, but it was a terrible shock at first. There was glass everywhere and everyone had small cuts and bruises all over them as the windows of the bus caved in around us," she said.

Student leaders, dispelling speculation that the violence was politically motivated, say the rioting was sparked by a hit-and-run road accident in which a student sustained a broken leg.

BA said yesterday the three crew members would be released from hospital soon to return home. "The safety of our staff is paramount to British Airways and we have been talking to the local authorities about increasing security for our crew. They have assured us that this was not a targeted attack - they were simply in the wrong place at the wrong time."

Reuters reports from Lusaka that the government closed the university yesterday after riot police moved in to quell political unrest ahead of next week's general election. Police used teargas and batons to disperse students protesting against a ban on a planned march to the presidential residence.
Zambia closes university

LUSAKA: The Zambian government ordered the closure of the university here yesterday after student riots in which 17 British Airways crew members were among those injured.

Police used teargas and batons yesterday to disperse students demonstrating against the blocking of a planned march to the presidential residence in opposition to plans for general elections scheduled for November 18.

A student leader was arrested and several others slightly injured as police dispersed the demonstrators, who had planned to call on President Frederick Chiluba to reopen talks with the opposition.

On Saturday 17 BA crew members were injured when students attacked their bus with stones. Police said four BA staff were flown to South Africa for specialist treatment.
Zambia shuts down university campus after anti-poll riots

Livingstone — The government closed Zambia’s largest university after riot police moved in to quell political unrest ahead of next week’s general election.

Police used teargas and batons yesterday to disperse students demonstrating against a ban on a planned march to the presidential residence. They wanted to protest against the election on November 18 which many opposition parties plan to boycott.

Closure of the campus yesterday followed two days of unrest in which 16 students were arrested and several people injured.

The closure came as students armed with stones fought pitched battles with police. Student leaders said they wanted President Frederick Chiluba to reopen dialogue with his political opponents and possibly suspend polls until all political parties reached consensus on the rules governing the elections. — Reuters
Zambia shuts down university campus after anti-poll riots

Lusaka - The government closed Zambia's largest university after riot police moved in to quell political unrest ahead of next week's general election.

Police used teargas and batons yesterday to disperse students demonstrating against a ban on a planned march to the presidential residence. They wanted to protest against the election on November 18 which many opposition parties plan to boycott.

Closure of the campus yesterday followed two days of unrest in which 10 students were arrested and several people injured.

The closure came as students armed with stones fought pitched battles with police. Student leaders said they wanted President Frederick Chiluba to reopen dialogue with his political opponents and possibly suspend polls until all political parties reached consensus on the rules governing the elections. - Reuters

National strike call by Zimbabwean trade unions

Harare - The Zimbabwe Congress of Trade Unions has called for a two-day national strike from next Tuesday.

A spokesman said the union was calling for a strike to protest against the government's intransigent handling of the three-week-old strike by state medical staff in Harare.

"We have decided to go for a national strike as planned," ZCTU secretary-general Morgan Tsvangirai said soon after he was released from police custody for defying a ban on a planned demonstration.

"It will run for two days initially, then we will see how it develops," he said. "Our concern is that if we don't do something to bring sense to these people (the government), they will never act to relieve the (health services) strike."

President Robert Mugabe was still in Harare yesterday after apparently delaying his departure for the World Food Conference in Rome. He was due to leave on Sunday.

The government is facing rising public anger over its failure to resolve the crisis in Harare's health services, caused by the strike of junior doctors and nurses.

State hospitals in the capital have offered emergency services only since the beginning of the strike, and some patients are reported to have died from a lack of hospital care.

Trade unions, church organisations and concerned Zimbabweans yesterday petitioned the government to end the strike by reinstating dismissed nurses and junior doctors, and addressing their grievances.

"The government should restore normality to the health services and should allow professionals to run them, and stop political interference. It should also address the nation and give the facts rather than continue lying," the petition read. - Sapa
Zambia's bosses count costs of AIDS pandemic

Anthony Muswita
Lusaka

Publisher of an independent weekly newspaper, John Lubinda stops suddenly on his way out of the newsroom. He turns around and screams for the office messenger: "Where is the box of condoms that is supposed to be hanging on this door?"

The frightened messenger says the condoms ran out three days ago. Lubinda angrily tells him to "quickly get some petty cash and replenish the supply." "I am getting sick and tired of buying collins for you fellows after you die from unexplained long illnesses. Replacing you and hiring stringers in your absence is proving just as costly."

Like other Zambian employers, Lubinda has seen productivity drop dramatically because of the AIDS pandemic. He encourages his workers to practise safe sex and use condoms.

Employers also find themselves saddled with staff who cannot go abroad for training, because countries like the United States insist on HIV tests before sponsoring someone for studies.

Several Zambian journalists have turned down internship opportunities in the US this year because they were afraid compulsory testing would prove positive.

A subeditor with a local newspaper said: "I would rather remain in Zambia and keep working with a free mind than subject myself to the knowledge of being positive... That would affect both my social and work life. I am married with children - who needs the States?"

But now some local employers require prospective employees to take HIV tests.

Local businessman Emment Muchangwa says: "I demand the tests because I do not want to start paying out funeral grants and to pick up hefty medical bills from employees... a year after signing them on. AIDS is real in this country and it's having a telling effect on our yearly turnover, which unfortunately is on a downward trend."

Danish group MS-Zambia recently conducted a survey and released the findings in their latest policy paper for 1996.

According to their statistics "43% of all the [hospital] beds in the country are occupied by AIDS patients and heterogeneous sexual activities account for most of the infections. Rough estimates indicate that more than 33% of urban and about 15-20% of rural populations are HIV positive."

Efforts to control the spread of HIV has mainly concentrated on AIDS awareness education and the distribution of free condoms. It is estimated that 60 to 80% of Zambians are aware of the disease.

The MS-Zambia report also states: "On a national level, there is marked loss of work hours as nationals are away from work because they are looking after the sick, are sick themselves or are absent because they are dead."

Labour leader Japheth Moonde says: "Because of the low productivity as a result of the epidemic, the union has established a productivity department to specifically address the issue."

He says the labour movement has focused on AIDS awareness, but it's often too late.

"The fact that most union members are under-remunerated has also contributed to the loss of work hours, because people are unable to afford food that could at least prolong their working lives while they are sick."

In 1990, the life expectancy for Zambians was 51 years, but it has dropped to 46. It is predicted to fall to 42.6 by the turn of the century, according to a United Nations Development Programme Report on the socio-economic impact of AIDS in Zambia.

More and more families have lost one or both parents and more are being burdened to look after orphaned children. The capacity of the families to provide for themselves is dropping because of illness and the death of breadwinners. - Star Foreign Service / AIA.
Zambian election may be postponed after Mandela intervention

BY PETER FARMHOUSE
Star Foreign Service

After intervention by President Mandela, Zambian President Frederick Chiluba is expected to postpone next Monday’s troubled Zambian presidential and parliamentary elections and rescind an effective ban on former president Kenneth Kaunda’s standing for president, sources said last night.

Following a four-hour meeting with the Zambian president in Pretoria yesterday, Mandela said Chiluba had made a “very important suggestion” which Mandela said he was confident would resolve the crisis in Zambia where seven parties have boycotted the election and violence has erupted.

Both Mandela and Chiluba refused to divulge details of the plan which Chiluba would first have to discuss with his colleagues on his return to Lusaka. Mandela said: “This is a matter of great concern to all of us (in South Africa) as it involves Zambia ... which gave us asylum during the anti-apartheid era,” he added.

Kaunda, who ruled Zambia from independence until he was ousted by Chiluba in multiparty elections in 1991, was one of the closest allies of Mandela’s ANC. The elections are facing collapse after the ban on Kaunda led to a boycott by Kaunda’s and six other parties. Rotating students demanding a postponement have stoned civilians and clashed with police, prompting Chiluba’s government to close the university and科技大学 have torches and gutted two markets in the northern cities of Ndola and Kitwe.

After yesterday’s meeting with Mandela in the SA president’s capacity as chairman of the Southern African Development Community (SADC), Chiluba left open the possibility of postponing the elections, telling reporters that “for now it looks like it will take place ... I would like to say yes but we continue to look for solutions. When you have people complaining, you listen.”

Although these remarks have been interpreted by some journalists as an assurance that Monday’s election would go ahead as planned, it is understood that the election will probably be postponed.

That will give Chiluba and the Zambian parliament time to rescind the controversial constitutional amendment which Chiluba introduced and parliament approved this year, that effectively barred Kaunda from standing.

Chiluba’s amendment stipulated that presidential candidates had to be born of Zambian parents, cutting out Kaunda whose parents were Malawian.

In Lusaka meanwhile the Supreme Court of Zambia yesterday deferred until today a hearing into an injunction application by four Zambian opposition parties seeking to postpone the vote.

Kaunda’s Unip, (the United National Independence Party), the Liberal Progressive Front (LPF), Agenda for Zambia Party and National Congress all say they have made contradictory statements about his own birthplace and parentage.

Other allegations have suggested that Chiluba himself was born of Zambian parents at Chirumomo mission in Shaba province, and is therefore debarred by his own amendment.

The Zambian Police Service has put its 10,000-man force on a 24-hour alert during the run-up to elections due to fears of violent disruptions, officials said.

Police officers are to be deployed at more than 4,000 polling stations countrywide on election day to stave off any violent threats.

Unip has vowed to disrupt the polls through civil disobedience by coercing people not to vote, or by forcing them to surrender their voter’s cards.
Chiluba finds 'solution' to Zambian election boycott

PRETORIA: Zambian President Frederick Chiluba has come up with a new suggestion to end the boycott of his country's upcoming general election by several opposition parties, President Nelson Mandela said yesterday.

"I am satisfied that we have made good progress, which can bring about a solution in Zambia with regard to this election," said Mandela.

Chiluba said it stood to reason that one had to listen to the parties complaining: "I believe that we will resolve the problem, one way or the other."

But both leaders declined to give details of the suggestion, saying Chiluba first had to canvas the idea with his own party members.

Seven opposition parties, including former president Kenneth Kaunda's United National Independence Party, are refusing to take part in the Zambian poll, scheduled for Monday.

They claim that the rules governing the election have been drawn up to ensure that the ruling Movement for Multiparty Democracy remains in power. Unrest erupted in Lusaka on Monday when protesting students demanded the postponement of the poll.

Mandela said Chiluba had briefed him on the upcoming elections.

"As you know there are differences between the governing party and the opposition led by Kenneth Kaunda," said Mandela. "This of course is a matter of great concern to all of us, especially because it involves Zambia."

South Africa had an obligation to Zambia because it had given asylum to those fighting against apartheid, Mandela said.

Describing the Zambian president as one of the most outstanding leaders in Africa, he said the proposal by Chiluba to address the problem was a very important one.

Asked whether it related to a settlement opening the way for Kaunda to take part in the elections, Mandela said that would be one of the aims.

Chiluba said he was concerned about the position of all political parties in his country.

Mandela said he and Chiluba had also exchanged views on problems faced by the Southern African Development Community. — Sapa
Zambian elections may be postponed

Mandela ‘confident’ of solution

ARGUS CORRESPONDENT

Pretoria – After intervention by President Mandela, Zambian President Frederick Chiluba is expected to postpone Monday’s presidential and parliamentary elections and rescind a ban on former president Kenneth Kaunda from standing for president.

Following an hour-long meeting with the Zambian president in Pretoria yesterday, Mr. Mandela said Mr. Chiluba had made a “very important suggestion” which Mr. Mandela was confident would resolve the crisis in Zambia where there have been violent clashes and seven opposition parties have boycotted the election.

Mr. Mandela and Mr. Chiluba refused to divulge details of the plan which Mr. Chiluba would discuss with his colleagues in Lusaka before making it public, Mr. Mandela said.

“This is a matter of great concern to all of us (in South Africa) as it involves Zambia... which gave us asylum during the anti-apartheid era,” he said.

Dr Kaunda, who ruled Zambia from independence until he was ousted by Mr Chiluba in multi-party elections in 1991, was a close ally of the African National Congress when it was outlawed by the National Party government.

The elections are facing collapse after the ban on Dr Kaunda led to a boycott by his United National Independence Party and six other parties.

Rioting students demanding a postponement of the elections have stoned civilians and clashed with police, prompting Mr Chiluba’s governemnt to close the university. Arsonists have torched and gutted two markets in the cities of Ndola and Kitwe.

After yesterday’s meeting with Mr Mandela who acted in his capacity as chairman of the Southern African Development Community, Mr. Chiluba left open the possibility of postponing the elections, telling reporters: “For now it looks like it will take place, but we continue to look for solutions. When you have people complaining, you listen.”

Although these remarks have been interpreted by some journalists as an insistence that Monday’s election will go ahead, it is understood that the election will probably be postponed.

That will give Mr. Chiluba and the Zambian parliament time to rescind the controversial constitutional amendment that effectively barred Dr Kaunda from standing in the presidential elections.

Mr. Chiluba’s amendment stipulated that presidential candidates had to be born of Zambian parents. Dr Kaunda’s parents were Malawian.
Zambian poll goes ahead, says Chiluba

By Kevin O'Grady

PRETORIA — Zambia's general election would go ahead as planned on Monday despite a boycott threat by presidential candidate Kenneth Kaunda, Zambia's President Frederick Chiluba said yesterday.

Speaking after a meeting with President Nelson Mandela in Pretoria, Chiluba said: "It looks like it will go ahead (but) we will continue to find solutions to the outstanding problems.

Mandela said after the meeting that Chiluba had come up with a possible way of averting the boycott by Kaunda's United National Independence Party, but neither head of state would disclose details.

Mandela said: "What we are interested in is a settlement ... I am satisfied we have made good progress."

Meanwhile, Sapa-AFP reports that Zambia's Supreme Court yesterday deferred until today an application by four Zambian opposition parties seeking to postpone the vote.

The Liberal Progressive Front, Agenda for Zambia Party, National Congress and Kaunda's party asked for the postponement until the issue of Chiluba's contradictory birth records had been resolved. The parties called for a judicial probe before Chiluba could be allowed to stand.
Zambian court rejects challenge to Chiluba's candidacy

Lusaka - A Zambian court threw out a challenge to President Frederick Chiluba's candidacy yesterday, clearing the way for disputed elections on Monday which seven opposition parties have pledged to boycott.

The November 18 poll has already been dismissed by critics who say a government ban on opposition figures, the rival parties' boycott and the fact that no more than half the eligible voters are registered will make it invalid.

But despite appeals for a delay, the government appears bent on conducting the presidential and parliamentary elections, Zambia's first in five years.

President Mandela yesterday urged Chiluba to postpone the ballot, and Zimbabwe's President Robert Mugabe voiced his concern over the recent law banning Chiluba's main opponent from taking part.

The opposition's legal challenge to the candidacy of Zambia's president, mounted by four parties, was quickly rejected.

"The law is clear. A petition against the election of a president can only be made after the winning candidate is sworn into office," Supreme Court Chief Justice Mathew Ngolube said.

Mandela told reporters in Durban he had sent a fax to Chiluba asking him to "postpone the elections in the interests of peace, in the country."

Speaking, in Rome, Mugabe said: "Although Chiluba assured us that things are not getting out of hand, it is a matter of concern... there could be violence which could spill to other countries."

A law passed by Chiluba's government bars some opposition leaders, particularly former President Kenneth Kaunda, from contesting the presidential elections, on the grounds that they are not native Zambians.

The opposition challenged Chiluba with his own legislation, asserting that he lied about his nationality and parentage on his electoral nomination papers.

The new law, seen as aimed at Kaunda whose parents were Malawian, has been criticised by Western donor countries, which have cut or frozen aid to Zambia in protest. - Reuters.
Mandela asks Chiluba to delay election

Farouk Chhotia

DURBAN — President Nelson Mandela sent an urgent fax to Zambian President Frederick Chiluba yesterday asking him to postpone next week’s poll — even if it meant declaring a state of emergency — to enable former president Kenneth Kaunda to contest the election.

Mandela’s decision came after Constitutional Court member Judge Richard Goldstone went on a one-day trip to Zambia on Wednesday, where he met election commission chairman Judge Bobby Bwalya in a bid to persuade him to postpone the elections.

Mandela said that after a report-back from Goldstone, he sent an urgent fax to Chiluba requesting that he exercise one of two options available to him to bring about a postponement.

He could either exercise his prerogative to postpone the election, or declare a state of emergency resulting in an “automatic” postponement.

Goldstone’s visit followed a meeting earlier in the week between Mandela and Chiluba.

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Zambia

Continued from Page 1

and Chiluba.

On criticism emanating from Zambia that Mandela was interfering in the country’s internal affairs, presidential spokesman Parke Mankahlana said Mandela was acting in his capacity as Southern African Development Community (SADC) chairman.

SADC leaders decided at their summit in August to help resolve security-related conflict in Zambia because it had the potential to spill over into the entire subcontinent, Mankahlana said.

The SADC wanted Chiluba to amend legislation to ensure that all aspirant candidates were allowed to contest the elections.

Chiluba passed legislation which barred Kaunda from taking part in the elections on the grounds that he was born to non-Zambian citizens.

Comment: Page 13
Lusaka - Zambia's ruling party has rejected a call by President Nelson Mandela to postpone next week's elections and accused him of treating them like children.

"Mandela has no right to tell us to postpone an election," said Vernon Mwaanga, campaign chairman of President Frederick Chiluba's Movement for Multi-party Democracy, which is set to win the poll.

"We cannot be given instructions like schoolchildren." Chiluba's office said that Mwaanga's remarks, made at a news conference late on Thursday, reflected the president's view.

Mandela, in an unprecedented public intervention over the disputed poll, urged Chiluba on Thursday to call it off in the face of mounting accusations it would be a sham.

Chiluba's rival and veteran predecessor, Kenneth Kaunda, has been barred from standing and his United National Independence Party (Unip), the main opposition, is boycotting the poll in which voter cards have reached only a quarter of the 4.6 million electorate.

Disobedience

Rioting students in the capital Lusaka joined calls on Chiluba to reopen political dialogue with his opponents. Kaunda has called for a campaign of civil disobedience and pledged it would be peaceful.

After quiet diplomacy failed, including private talks with Chiluba in Pretoria on Tuesday, Mandela told a news conference he had faced Chiluba urging that the presidential and parliamentary vote be put off.

Pretoria's acting high commissioner in Lusaka, Willem Swanepeel, said no reply had been received.

Unip and six other opposition parties have mounted the boycott, saying the elections have been arranged to ensure Chiluba and his party secure another term of office after winning Zambia's first free elections in 1991 that put an end to three decades of one-party rule under Kaunda.

Their main complaint, as well as voter registration irregularities, is over a new constitution passed by Chiluba supporters in May that bars Kaunda and other opposition figures from standing for president.

The new law ruled Kaunda out because his parents, from Malawi, were not Zambian born and because he had ruled for more than two terms. - Reuters
Poll in Zambia under threat

BY BRIGHT MWAPE

The significance of tomorrow’s elections in Zambia will not be in who emerges as president, but in how the new leader will reconcile his isolated government with its antagonised people and international financial partners.

The election, which is likely to be won by President Frederick Chiluba, has been made less-than-convincing by the withdrawal of the main rival, former president Kenneth Kaunda, and by both local and international calls for a postponement until the electoral process has been reformed and the controversial 1996 constitution rewritten.

The constitution has been widely criticised for discriminating against a single individual — Kaunda.

However, claims of major electoral irregularities will be of most concern to Zambians tomorrow — and violence seems likely.

There are at least 16,000 cases in one province alone where one voter shares particulars — such as his voter’s card and date and place of birth — with four other voters. The figures may vary but the pattern is the same, in Zambia’s eight other provinces.

And the opposition Zambia Democratic Congress, which is participating in the elections, has ordered its cadres to close polling stations. This was announced after the party discovered that many voters in its strongest constituencies had been moved to remote or nonexistent wards.

“We are ready for war come Monday,” said a ZDC spokesman.

Only 1.3 million of Zambia’s 2.3 million registered voters collected their cards. Add to this the boycott by Kaunda’s Unip party, and less than a million of Zambia’s 10 million people are likely to vote.
Few problems expected at today's Zambian poll

Former president Kenneth Kaunda is 'de-campaigning' in the parliamentary elections for which he is not allowed to stand.

Results announced. "My colleagues and I will meet the Chief Justice on November 20 when all voting is finished," he said. "We will ask the court to nullify the sham elections and form an interim government. As acting president, I will call an immediate election and if I lose and Chiluba wins, well, then I will accept the result - but not before that."

The former president claims the elections cannot be free because Chiluba's constitutional changes prevent Kaunda from taking part, primarily because his parents were Malawian. "But others, too, are banned from entering the race," said Kaunda. "Even chiefs are banned from standing, including my deputy senior chief Inyambo Yetwa, who was detained for five months."

On Mandela's attempt to have the elections postponed, Kaunda was efficacious in his gratitude. "I thank Mandela for what he tried to do, and Mugabe and Masire. Unfortunately they are now being criticised by Zambians, even though what is happening is undemocratic. For trying to postpone the elections they have been insulted - the US, the UK, South Africa and Zimbabwe," said Kaunda.

Chiluba argues that the constitutional changes were demanded by the people and his cabinet, and that they were implemented as a result of democratic change and the people's wishes. Few donors agreed and aid was suspended by many of Zambia's greatest supporters.

For his part, Kaunda would like SADC states to follow the donor countries' example and apply pressure on Chiluba's government to re-vert to the 1991 constitution. But whether this happens or not, Kaunda says he will not accept the results.
course, with studied indifference to the events unfurling around him. "I will not legitimise the sham," said Kaunda in an interview yesterday. Despite his snub, Kaunda has said he will not let the matter lie once the elections are over and the crisis, Zambia's thorny constitutional crisis, is resolved. - Star Foreign Service.

This election is a sham. Kaunda, who promises to make Zambia ungovernable through what he describes as a "Ghandian course of action," has promised strikes and peaceful demonstrations against the MMD government, should Chiluba's party go ahead with the elections.

His first action has been to persuade people to hand in their voter cards to Unip offices. Estimates of 30,000 to 45,000 cards are bandied about, but Kaunda claims he has far more. "Those figures are a joke," he said. Zambia has 2.3 million registered voters. Nevertheless, most civil servants privately admit they expect a low voter turnout today. Polling stations will open at 6 am, with Chiluba flying north to cast his vote in his Broken Hills constituency.

But veteran African politician Kaunda, KK to most Zambians, will not be voting. Instead, he will be playing golf at the Chirungu golf club.
LUSAKA: Zambia's President Frederick Chiluba has ensured a second term in office after today's elections, but may pay dearly for his method, diplomats say.

Chiluba's Movement for Multiparty Democracy (MMD) has pushed through constitutional changes this year that bar his main rival and predecessor, Mr Kenneth Kaunda, from challenging him.

Four presidential rivals still in the race have little hope of defeating the former trade unionist who ended 27 years of Kaunda rule in 1991 with 76% of the vote.

Barring Kaunda on the grounds that his parents were born abroad has sown the seeds for political strife and — as Western donors have frozen aid in protest — of economic decay in the impoverished and debt-ridden state.

Chiluba, 53, has alienated South Africa, the regional superpower, by rejecting President Nelson Mandela's last-minute plea for a postponement of the vote and dialogue with Kaunda.

Most political analysts believe that even if Kaunda had stood, Chiluba, a born-again Christian, would have won. It seems he or a powerful MMD circle did not want the risk.

Frosty relations with Zambia's neighbours in a now-peaceful region trying to show the way forward for Africa will be bad enough, but the block on aid to help the balance of payments could cause Chiluba serious trouble.

His free-market policies, abolishing of exchange controls and privatisation drive have won the praise of the World Bank, but austerity measures have made life tougher for many Zambians.

Servicing a $6.4-billion (R29.8bn) debt alone will be hard.

Chiluba rose through trade union ranks to defeat Kaunda with a call for democracy, economic reform and clean government.

Western diplomats said the rot had set in a couple of years ago, when attacks on the opposition press increased and the MMD's commitment to democracy began to look less firm.

Chiluba has also had to fend off persistent claims by the opposition, police sources and foreign media that senior party members are involved in drug-trafficking in the region.

Chiluba, an energetic and charismatic politician, left school early but continued his studies on his own. He worked as an accountant before devoting himself to politics. His trade union career began in 1967 as a shop steward.

He became chairman of the Zambian Confederation of Trade Unions in 1974.
Zambians queue to vote amid poll-rigging claims

Opposition boycott call boosts Chiluba

Lusaka – Zambians queued up to vote today in presidential and parliamentary elections boycotted by the main opposition.

Opponents say that President Frederick Chiluba, who ousted Kenneth Kaunda in 1991 on a free-market and democracy platform, has rigged the polls so that his bid for a second term cannot fail.

Mr Chiluba, set for a clear victory after shutting Mr Kaunda, his main rival, out of the race, called for calm in the election, which has raised political tension in usually tranquil Zambia.

“Let me take this opportunity to appeal to all Zambians to be peaceful during the forthcoming elections,” he said. There were no early reports of any repetition of last week’s anti-Chiluba riots by students.

Polls opened at dawn and were due to close at 5pm. Final results were expected tomorrow or on Wednesday.

The lines at polling stations in the rain-soaked capital of Lusaka were due more to the creeping pace of voting than to the weight of people trying to cast their ballots.

Mr Kaunda’s United National Independence Party (UNIP) and six smaller opposition groups have urged voters to stay away from the polls, in which Mr Chiluba faces four lesser-known rivals. None is seen as having any chance.

The boycott came after Mr Chiluba’s Movement for Multiparty Democracy (MMD), which won 125 of the 150 seats in parliament in the 1991 elections, changed the constitution to bar presidential candidates whose parents were born abroad. Mr Kaunda’s came from Malawi.

The opposition, which depicts the election as a farce, was hoping for the lowest possible turnout and was aided by the downpours in addition to a flawed voter registration system which left three-quarters of the 4.6 million adult population without voting cards.

Several UNIP officials were arrested at the weekend for collecting cards from potential voters as part of the campaign to ensure a boycott.

The polls, the second since socialist-oriented Mr Kaunda abandoned one-party rule, were meant to cement democracy, but showed instead how optimism can fade.

Foreign donors froze vital aid to the debt-ridden country in protest at the constitutional change. They said it was clearly aimed at 72-year-old Mr Kaunda, one of Africa’s fathers of independence and Cold War era giants who fell from grace as the economy, potentially rich from copper and agriculture, imploded under 27 years of his rule.

The donors face a dilemma. If they block aid, they will bring new hardship to people already reeling from austerity measures as Mr Chiluba pursues free-market policies and privatisation that have impressed the World Bank. If they quietly resume it, admitting Mr Chiluba could defy them and win, it will be seen as a blow to democracy.

Political analysts said Mr Chiluba, 53, would have won even if he had let Mr Kaunda stand.

The latter has called for civil disobedience and hopes a low turnout will lead to fresh and fairer elections, but analysts said he had little hope of a re-run. – Reuter
Kaunda campaign: former Zambian president Kenneth Kaunda collects voters' cards from supporters
Postponement of Zambian poll 'impossible'

Retoria — Zambian President Frederick Chiluba said postponing today's elections in Zambia, as requested by President Nelson Mandela, was "totally impossible" and the main parties had said such a step would be unacceptable.

In a letter to Mandela, Chiluba said the "astronomical" cost to the parties in the case of a postponement in a country with limited resources was another reason for going ahead with the elections.

Mandela's office on Saturday night released the text of Chiluba's missive saying why he could not postpone the general and presidential elections.

Mandela sent Judge Richard Goldstone to Lusaka last week to meet the chairman of the Zambian electoral commission, Judge Bobby Bwalya, to discuss a possible postponement. The move came after a meeting between the two presidents in Pretoria last Tuesday where Mandela urged a postponement of the election in the interest of peace in Zambia.

Chiluba had indicated he was in favour of a postponement.

Chiluba's despatch to Mandela, dated Thursday, said there was no threat to security and stability in Zambia which would warrant a "draconian move" such as a state of emergency. This would in any case have to be approved by Parliament.

He assured Mandela of his government's commitment to democracy and good governance, and undertook to brief Mandela further this week. An attempt to challenge Chiluba's candidacy by four opposition parties earlier in the week was thrown out by the Zambian Supreme Court.

A law passed by Chiluba's government bars certain candidates from participating in the presidential election, including former President Kenneth Kaunda, on the grounds that they are not native Zambians. Zimbabwean President Robert Mugabe expressed concern on this score on Wednesday.

Earlier on Saturday, Chiluba denied that Mandela was interfering in the country's internal affairs as alleged by one of his top party members. He said he would apologize to Mandela and had banned senior members of his party and cabinet from commenting on the issue.

"President Mandela has never at any one time sought to interfere in our internal affairs... if anything he has tremendous attachment to Zambia," Chiluba said. "He has been instrumental in trying to bring dialogue between me and Kenneth Kaunda to ensure that there is peace in the country and that's no interference." — Sapa.
Chiluba set for second term after poll boycott

Lusaka - Zambians awaited the results today of presidential and parliamentary elections, but the outcome, after an opposition boycott, was a foregone conclusion.

President Frederick Chiluba was looking forward to a second five-year term. Having barred his main rival, Kenneth Kaunda, from standing, he faced only four minor challengers who, political analysts said, stood no chance.

Former president Kaunda's United National Independence Party, refusing to recognize the election, was looking at different figures – the size of the voter turnout and the number of disfranchised voters' cards it collected.

Unip officials said they were convinced that masses of voters had stayed away. To make sure, they had launched a campaign to get people to hand in their voter cards and planned to tally how many they amassed in a rival anti-election count.

The Zambian Democratic Congress and others contesting the election hoped to mop up support among people alienated by Mr Chiluba's Movement for Multiparty Democracy (MMD) but still keen to vote.

The MMD, formed as a broad opposition front to break 27 years of one-party Unip rule, won 125 of 150 seats in 1991, leaving Mr Kaunda's shattered monolith a humiliating 25.

Only about a quarter of the 4.6 million eligible voters were given cards for yesterday's poll because of a flawed system which, with press intimidation, was another opposition cause for complaint.

Western donors who share some of Unip's worries about Mr Chiluba made their protest by freezing vital aid to the debt-ridden, copper-producing country. – Reuters

ART 19/11/1996
Canadian company joins Zambian copper project

David McKay

CANADIAN minerals company Falconbridge had joined the consortium of Zambian government, Anglo American and Gencor to develop the $600m Konkola Deep Mine copper project in Zambia, the company said yesterday.

Falconbridge said it had agreed to join the consortium, but was negotiating an “entry agreement” with the Zambian government.

Falconbridge is one of Canada’s largest firms with assets totalling about C$6.4bn and about 177-million shares in issue.

London based brokers T Hoare & Co said the company intended to increase its copper output 90% to 800,000 tons a year by 1999.

A large part of this output would be sourced from the $1bn Collahuasi project in Chile in which Falconbridge had a joint 44% stake with Anglo’s offshore arm Minorco, the brokers said.

Anglo yesterday confirmed the deal with Falconbridge, but declined to comment further.

The consortium has been seeking the participation of an offshore partner since Australian company Western Mining withdrew from the project in June.

The corporation did not provide any explanations for its withdrawal, but it is believed that it required a guaranteed output of 100,000 tons a year from the project, which could not be assured by the consortium.

An output of this size would have required the consortium to forge an agreement with the Zambian government to pool Konkola Deep with the nearby Konkola North project in one resource, with a total of about 1.4-billion tons of copper.

Anglovaal has since won the licence to explore the $500m Konkola North licence area with a view to developing its copper resource if it is commercially viable.

Anglo American signed a letter of understanding with the Zambian government earlier in the year which proposed the possibility of leading a consortium of potential investors in developing the Konkola project.

At that stage, Anglo director Jack Holmes said an offshore investor could be brought in to provide equity or technology.

In its latest annual report, Zambia Copper Investments, the company in which Anglo has a 53.9% stake, said the identified ore resource in the project contained about 340-million ounces at 3.8% copper, which was sufficient to continue mining operations for about 30 years.

The project would access ore at a depth of about 1,470m, mining at a rate of 6-million tons a year and producing about 180,000 tons of finished copper a year, the Zambian company said.
Ex-President wants to form new government

Good turnout in Zambian election despite Kaunda boycott

but Chiluba-Election looks assured
Chiluba poised for landslide re-election

While early poll results predict an easy win for Zambian president and ruling party, Kaunda wants elections declared null and void

Zambian incumbent head of state Frederick Chiluba was heading for a landslide victory in the presidential poll yesterday, while his party had done well in general elections, according to early returns.

Results of the poll, from which Chiluba effectively excluded his predecessor and main rival Kenneth Kaunda indicated an easy win for the former trade unionist.

Chiluba has ruled since the historic 1991 multiparty elections.

Dean Mungomba of the Zambia Democratic Congress was trailing way behind in most of the constituencies, as were National Party president Humphrey Mulenga and Chama Chakomboka of the Movement for Democratic Process. Results indicated that the ruling Movement for Multiparty Democracy (MMD) was also leading.

National MMD chairman Sikota Wina retained his seat in Chililababowe in the Copperbelt region and controversial former foreign affairs minister Vernon Mwaanga kept his seat in Luanshya in the same province.

Mwaanga last week attacked President Nelson Mandela, accusing him of interfering in Zambian internal affairs after the latter tried to defuse a political impasse by suggesting a postponement of the polls.

Agriculture Minister Suresh Desai won his seat in Monze convincingly.

Political observers say the MMD might scoop around 80% of the 159 contested seats. After resigning from the MMD government as commerce and industry minister, Dipak Patel, who stood as an independent in Lusaka's central constituency, scooped up the seat, beating former deputy mayor Sylvia Masebo.

Zambians voted peacefully despite widespread fears of violence from Kaunda's opposition United National Independence Party (Unip), which boycotted the polls. Large numbers turned out to vote in most parts of the country.

Kaunda was barred by the amended 1996 constitution which did not recognise him because he is not a second-generation citizen.

On election day, Kaunda played golf with senior Unip members. Still commanding support and admiration from many Zambians, Kaunda has vowed to have the elections declared null and void in the courts.
Chiluba heads for landslide victory

LUSAKA – Zambian incumbent head of state President Frederick Chiluba was yesterday heading for a landslide victory in the presidential poll, while his party had done well in the general elections, according to early results.

Results of Monday’s poll, from which Chiluba effectively excluded his predecessor and main rival, former President Kenneth Kaunda, released by the electoral office in Lusaka yesterday indicated an easy win for the former trade unionist.

Chiluba has ruled Zambia since the historic multiparty elections in 1991.

Deon Mungomba of the Zambia Democratic Congress (ZDC) was trailing way behind in most of the constituencies, as were National Party president Humphrey Mulemba, Agenda for Zambia’s Akashambatwa Lewanika and Chama Chakambuka of the Movement for Democratic Process (MDP).

The parliamentary results indicated that the ruling Movement for Multiparty Democracy (MMD) was also leading.

National MMD chairman Sikota Wina retained his seat in Chilimbwe in the Copperbelt region and controversial former foreign affairs minister and chairman of the MMD campaign committee Vernon Mwanga kept his in Luanshya in the same province.

Mwanga last week attacked Nelson Mandela, accusing him of interfering in Zambian internal affairs after the latter tried to intervene to defuse a political impasse by suggesting a postponement of the polls.

In southern Zambia, agriculture minister Sihab Moza, won his Monge seat convincingly. According to political observers, the MMD might scoop around 80 per cent of the 120 contested seats.

Resigning his postiction from the MMD government as commerce and industry minister, Dipak Patel, who stood as an independent for the Lusaka central constituency, scooped up the seat, beating a former deputy mayor, Sylvia Masebo.

Zambians voted, peacefully, in the elections despite widespread fears of violence from the opposition (UNIP), which boycotted the polls. – Sapa-AFP.
New Zambia party licks its wounds

Humiliating defeat for ZDC as Chiluba sweeps boards

Lusaka — The fledgling Zambia Democratic Congress (ZDC) is licking its wounds after a humiliating defeat in elections boycotted by the main opposition party.

The ZDC, formed only last year, was the only party with any promise against the ruling Movement for Multi-party Democracy (MMD) in the parliamentary and presidential contests on Monday, but has not yet won a single seat, according to results from all corners of the country.

Commentators had expected the ZDC to pick up as many as 30 of the 160 seats contested. One ZDC supporter claimed the polls were rigged by the MMD government.

The main opposition United National Independence Party (Unip), led by former president Kenneth Kaunda, boycotted the elections and claimed they were rigged through the computer system installed for the exercise by the Israeli company Nikuv.

Mr Kaunda was barred from the presidential race by the amended 1996 constitution, which requires candidates to be at least second-generation Zambian citizens. His parents immigrated from Malawi.

The independent Post newspaper quoted a ZDC member as saying that the UNIP was right to have boycotted the elections.

The ZDC's stunning defeat after an impressive debut in Zambian politics has left many people questioning the election result.

By yesterday results showed that the MMD had swept almost all the seats. One constituency was won by the month-old Agenda for Zambia party (AZ) of Akashambatwa Lewanika.

In the presidential race, veteran politician Humphrey Mulemba of the National Party made history by garnering more votes than President Frederick Chiluba in one northwestern constituency. His party also scooped a parliamentary seat in the same area.

Another two seats were won by independents. Dipak Patel, a former minister of commerce and industry, won the Lusaka central seat while a prominent businessman beat MMD deputy national chairman Paul Tembo in the Kabwe central constituency in the country's midlands.

ZDC chief Dean Mungomba, the leader among the four candidates trailing behind Mr Chiluba, has had equally bad results. The 43-year-old American-trained economist and banker served as deputy national treasurer of the MMD and later as deputy-minister in charge of aid donor money before resigning after protracted differences with Mr Chiluba.

But Observers suggest Mr Mungomba may take over the reins of power after Mr Chiluba retires in 2001. The constitution allows only two five-year presidential terms of office. — Sapa-AFP
Zambia polling result today, ‘but was it fair’?

BY BRAN LATHAM
Star Foreign Service

Lusaka - Chief Justice Mathew Ngulube promised that the final election results would be read at Lusaka’s Supreme Court today. But by mid-afternoon yesterday, chaos still reigned at the capital’s beleaguered election centre.

And following the attack by the Committee for a Clean Campaign (CCC) on the lack of free and fair elections in Zambia, other monitoring groups were readying themselves for their announcements. The CCC is a coalition of local organisations funded by foreign donors.

Monitors alleged to be aligned with Zambia’s ruling party, the Movement for Multi-Party Democracy (MMD), have already pronounced the elections free and fair. And Mr Justice Bobby Bwalya, chairman of the Zambia Electoral Commission, said results were “so far” valid: “If people disagree, they can take their cases to court.”

But Judge Bwalya added a surprising proviso: “This is Africa. Conditions are different here.”

Many Zambians feel cheated. After the mayhem of voting and counting in the country’s second democratic elections in decades, it saddened them to learn that the election had been so badly criticised by reliable monitoring groups such as the CCC.

Problems were obvious from the start. Ballot boxes were delivered late, some with no visible seals. And on the end, voting hours had to be extended, with people peering at ballot papers by candlelight to make their mark. Counting was done on unmarked scrap paper.

The CCC also criticised President Frederick Chiluba’s party for fully using state resources during his campaign in contrast to the total absence of the state-owned electronic media at a rally held by ex-president Kenneth Kaunda.
Zambian poll's fairness queried

LUSAKA: A Zambian watchdog group said yesterday that the elections this week were rigged, although a group of international monitors found the poll generally free and fair.

Monday's voting in presidential and parliamentary polls went ahead without the "Father of the Nation" and former president—Mr Kenneth Kaunda—who led an opposition boycott of the campaign and called for economic sanctions on Zambia.

The Committee for a Clean Campaign, an umbrella group of 19 non-governmental and civic organisations which monitored the ballot, said that while the voting itself had been correct, the run-up to the elections was designed to give the ruling party an unfair advantage.

The committee said in a statement that flawed voter registration, abuses of government resources, and partisan state-run media had favoured President Frederick Chiluba's Movement for Multi-party Democracy (MMD).

Half of Zambia's 4.6 million eligible voters were excluded from the rolls because of flawed registration.

An international observer group, however, said the election was "generally free and fair.

"We did not see any evidence of rigging or intimidation," the international group said.

Chiluba and his party look set for a landslide victory in the poll,

VICTOR: Zambia's President Frederick Chiluba

CT 21/1196

which took place on Monday. The MMD has won 82 of 96 parliamentary seats in which results have been announced.

Counting officials expected to have the final tally by late yesterday.

Most opposition parties, including Kaunda's United National Independence Party, have boycotted the voting and said they would not recognise the results.

The opposition boycott was sparked by the government's decision to bar some candidates, including Kaunda, from challenging for the presidency.

Chiluba, who came to power in Zambia's first multi-party polls in 1991, rejected a call from President Nelson Mandela to delay the election, saying this would be legally impossible. — Reuters
Policing the polls: An officer guards a voting station near Lusaka this week

Photograph: ADL Bradlow/AP

Furore over election results in Zambia

Kenneth Kaunda won't be alone in contesting this week's poll outcome.

Anthony Kunda reports from Lusaka

Zambia President Frederick Chiluba bagged a hollow victory in this week's presidential elections: only 26% of those who voted cast ballots in his favour.

He drew support from fewer than 600,000 voters — or just 13% of the total 4.6 million Zambians eligible to vote.

Only 2.3 million people registered as voters, according to the elections office press liaison officer, Joel Sikazwe. Slightly fewer than one million actually voted, he said.

In the light of these figures, Law Association of Zambia chairman Sakwiba Sikota charged that the Chiluba government lacked legitimacy: "This is something like a coup, only the instruments used are legal," he said.

Claims that the elections were not free and fair have come from Ngande Mwanjili, chairman of the National Committee for Clean Campaigns — an umbrella body encompassing several monitoring groups. Chiluba's Movement for Multi-party Democracy (MMD) had engaged in blatant vote-buying, disinformation and manipulation of the government-owned media in the run-up to the elections, he said this week.

But even before the polls closed on Monday, Sydney Chellah, chairman of the monitoring group Patriotic Rescue Monitors (Paremo), said on state-run television: "We think the elections have been free and fair."

However, secretary general of the Zambia Independent Monitoring Team, which is sponsored by international donors, Geoffrey Musonda, said it was not possible for Paremo, formed barely three weeks ago, to monitor national elections effectively.

Pressed to disclose Paremo's sources of funding, Chellah said the donors included several top members of the ruling MMD. "But there is nothing wrong with that because we still maintain our independence," he said.

The Christian Monitoring Group, led by the Christian Council of Zambia, also declared the elections free and fair. But the group's spokesperson admitted that the group only monitored Lusaka.

The Zambia Democratic Congress (ZDP), the biggest opposition party to have taken part in the elections, has condemned the election outcome.

According to its president, Dean Mungomba: "This election is fraudulent. MMD has rigged the result. We therefore do not recognize the elected government. The electoral registers were deeply flawed, and this has been proved beyond all doubt."

Mungomba said the wide margins of defeat called the whole election into question. In most of the constituencies, Chiluba's MMD scraped more than 90% of the votes cast. "The margins of defeat announced do not make sense," he said.

National Lima Party chairman Dr Guy Scott similarly said his party will not recognise the outcome. "The results are not a true reflection of the party's performance. We will therefore not recognise Chiluba's and MMD's victory."

But Labour Party general secretary Paul Kapongo, whose party, like Kenneth Kaunda's United National Independence Party, boycotted the elections, said: "It seems that there is very little that will change until 2001, apart from lobbying the donor community to squeeze MMD to back down.

Kaunda, on the other hand, plans a civil disobedience campaign. He told the press after meeting with donor community officials: "We shall make this country ungovernable. But we will do it peacefully. I believe in non-violence. I fought the colonialists peacefully, I am going to do the same."

Chiluba, meanwhile, said that the MMD will continue to engage in dialogue with the opposition parties. "We will continue to talk, because that is the essence of democracy," he said.

Others say he is bluffing. Dr Jotham Moomba, associate professor of political science at the University of Zambia, said: "It's naïve for anyone to think that Chiluba will engage in any meaningful dialogue after this. He has got what he wanted. It was even naïve of opposition parties like ZDC to expect Chiluba to prepare an election that would see him out of office."

And Lusaka lawyer Sakeza Sakeza commented: "An electoral process is like a computer. If the system is fraudulent, the outcome will be fraudulent. Garbage in is garbage out."
Chiluba starts new term amid poll fraud claims

BY BRIAN LATHAM
SFR Foreign Service

Lusaka - President Frederick Chiluba was sworn in for his second term of office yesterday in a ceremony that marked the end of Zambia's controversial elections.

Diplomats sat sour-faced under the blazing sun while Chief Justice Matthew Ngulube conducted the inauguration. There was no doubt as to whose side the chief justice was on.

After pausing for an unscheduled musical interlude during which a traditional choir and the military band struck up different tunes simultaneously, Ngulube said he was waiting for a "certain hour".

This referred not so much to the scheduled swearing-in, as to the Movement for Multiparty Democracy's (MMD) election slogan, "The hour has come".

In his speech Chiluba alluded to monitors' reports that the elections had been neither free nor fair. "I shall not say whether these elections have been free or fair," he said, "They have been transparent."

But both the Committee for a Clean Campaign and the Foundation for Democratic Process (Fodep) condemned the elections.

Fodep's acting president Dr Alfred Chanda said yesterday: "The outcome of the elections was determined before voting even began."

With reports coming in of irregularities during both the voting and the counting, Lusaka is awash with speculation. Fodep reports that in one case a ballot box was taken home by an electoral officer "for safekeeping".

Chiluba was sworn-in before all the results were available.

Most monitors agree that the elections were neither free nor fair in the light of constitutional changes rushed through by Chiluba earlier this year.

Former president Kenneth Kaunda said yesterday he hoped the Southern African Development Community would not take the outcome of the elections for granted.

"I think they have realised that these people (MMD) are wild political animals," he said.
Lusaka - Zambian police yesterday took into custody the heads of two election watchdog groups which failed to call the country's November 18 general election free and fair.

Ngande Mwanajiti, head of the Committee for a Clean Campaign (CCC), a Zambian umbrella group of 19 non-governmental and civic groups which monitored the ballot, was arrested at his home yesterday morning.

Alfred Zulu, head of the donor-funded non-governmental organisation Zambia Independent Monitoring Team, was also taken into custody.

Earlier police scaled off the offices of the two groups in the capital Lusaka. The two men were being kept in separate offices at the central police station. Neither was charged.

Mwanajiti said in a brief interview at the police station that he had no idea why he was being held in custody, apparently pending questioning.

"They say they want to search our offices. I don't know why," he said.

Police refused to talk to reporters about the action against the men, which followed sharp government attacks last week on those monitoring groups which failed to declare the presidential and parliamentary elections free and fair.

The CCC had said that while the voting itself had been correct, flawed voter registration and abuses of government resources had favoured President Frederick Chiluba's ruling Movement for Multiparty Democracy.

Half of Zambia's 4.6 million eligible voters were excluded from the polls because of flawed registration.

Chiluba was sworn in for a second term on Thursday after a landslide win and warned disgruntled opposition parties that the security forces were on alert for any political unrest. - Reuters.
LUSAKA: The heads of two election watchdog groups that did not consider Zambia's November 18 polls free and fair are being held in custody by police.

Mr Ngande Mwanajiti — head of the Committee for a Clean Campaign, a Zambian umbrella group of 19 non-governmental and civic groups that monitored the ballot — was picked up at his home yesterday morning.

Mr Alfred Zulu, head of the donor-funded and non-governmental Zambia Independent Monitoring Team, was also taken into custody.

Neither man has been charged, they are being detained in separate offices at the central police station here.

Police earlier sealed off the two groups' offices.

In a brief interview at the police station, Mwanajiti said he had no idea why he was being held in custody, but apparently he was to be questioned.

"They say they want to search our offices. I don't know why," he said.

Police refused to talk to reporters. The action followed sharp government attacks last week on those monitoring groups that failed to declare the presidential and parliamentary elections free and fair.

The Committee for a Clean Campaign had said that although the voting itself had been in order, flawed voter registration and abuses of government resources had favoured President Frederick Chiluba's ruling Movement for a Multiparty Democracy.

Flawed registration excluded half of Zambia's 4.6 million eligible voters from the rolls.

Chiluba was re-elected in a landslide victory that served to warn disgruntled opposition parties that the security forces were on the alert for political unrest.

Former union leader Chiluba was sworn in on Thursday for a second term. — Reuters
Zambian state journalists suspended

LUSAKA: The Zambian government suspended six state journalists yesterday, accusing them of having links to an election watch-dog group that rejected the results of the previous elections last week, union officials said.

The suspensions followed a government crackdown on groups that rejected the results of the November 18 polls.

President Frederick Chiluba and his ruling Movement for Multi-party Democracy won a landslide in the elections, which were marred by a flawed registration process and an opposition boycott.

The journalists, five from the Zambian National Broadcasting Corporation and one from the Zambia Information Services, were accused of misleading for Zambia's Independent Monitoring Team (ZIMT), the civil service union said.

Conditions of employment forbid civil servants from doing outside jobs.—Reuter
Zambian poll monitors’ bank accounts frozen

LUSAKA — A coalition of independent election monitors that declared Zambian national polls on November 16 were not free and fair said yesterday the government had frozen its bank accounts, evidently to identify foreign donors who funded monitoring.

The Committee for a Clean Campaign, a group of 18 monitoring and rights organisations, said that police continued searching its offices on Monday and ordered that its accounts be suspended.

On Sunday, two committee leaders were arrested and held for several hours while police removed documents, computer disks and other equipment from their Lusaka offices.

The government has accused the committee of involvement in a conspiracy with western donors to discredit the November 18 presidential and parliamentary elections.

These elections gave President Frederick Chiluba and his ruling Movement for Multiparty Democracy a second five-year term with an overwhelming majority.

The polls were boycotted by the only serious challengers, former president Kenneth Kaunda and his United National Independence Party, the main opposition group, to protest at a controversial constitutional amendment barring Kaunda from the race.

A former official in the coalition, Isaac Zimba, alleged on Sunday that the committee plotted with Kaunda and donors supporting him to "take a negative stance" over the polls.

Earlier this year, the US, Britain, Japan and Sweden froze $100m in aid to Zambia after describing the Kaunda ban as undemocratic.

Japan described Zimba's charges as "groundless" yesterday. Sweden said it gave money to the monitors, but all donations were made openly. Britain denied funding the monitors.

Barrie Jones, spokesman for the British high commission in Lusaka, said Britain challenged the government to substantiate "bizarre accusations" of a donor-orchestrated plot.

Last week, the coalition said it found no evidence of rigging on voting day but said flawed registration of voters, extensive vote-buying by President Chiluba's ruling party and unfair treatment of the opposition in the state media had widely influenced the outcome. — Sapa-AP.
The ethnic divide

After years of one-party rule, Zambia’s fragile democratic process is threatened by rising regional and ethnic loyalties. Farayi Chimbindi explains why recent elections have exacerbated this trend...

President Frederick Chiluba ... whose approval of a new constitution barring Kenneth Kaunda from contesting this month’s election because of his Malawian parentage added fire to the ethnic debate in Zambia.

for Zambia’s stability. “Polarisation of society along regional lines – tribal lines, if you like – threatens to remove Zambia from being a trendsetter of African governance, social harmony and correctness in development,” he said.

The regional and ethnic division started coming to the fore even before the election. “With the ascendency of Chiluba, Bemba has become a second language even in Lusaka, a southern city where the Nyanja language dominated before,” said Lusaka resident Alice Phiri.

“Even academics and university students are now all bound to their ethnic grouping more than ever before,” he added.

Difficult to govern

The apparent ethnic division is just one of the issues that the MMD government will have to deal with in the next five years. Analysts fear that the country could be difficult to govern unless a concerted effort is made to overcome social problems such as poverty.

“Poverty affects almost 76 percent of Zambians who are without enough food, shelter and access to health and education,” noted Musukuma.

The poverty is visible on the streets of Lusaka, where beggars abound and vendors sell cooking oil in 100-ml containers so that people can afford to buy it. It is also evident when you visit homes. In Matero, a township in southwest Lusaka, Sapa-IPS saw a mother and her six children eating the staple nsima, a stiff maize-meal porridge, doused with salt water added to give it some taste. It was their main meal for the day, she said.

Development agency workers cite worse cases of deprivation in parts of the countryside.

Poverty in Zambia has been on the increase since 1991, when the introduction of structural adjustment was accompanied by the removal of subsidies on essential goods and services which, along with the devaluation of the national currency, led to sharp price increases.

Today two million employable Zambians are out of work, the highest unemployment rate since independence, according to Musukuma. – Sapa-IPS.
Chiluba clamps down on critics

Anthony Kunda in Lusaka

An alliance of seven opposition parties — led by former president Kenneth Kaunda — has vehemently vowed never to recognise or respect the new Zambian government because "it was elected fraudulently." Dr Rodger Chongwe, chairman of the Liberal Progressive Front, said this week: "We will hold demonstrations, rallies, and marches right across the country to make it clear to Mr Frederick Chiluba that his government has no legitimacy whatsoever."

Chilewa Mfuni, leader of the Labour Party, said: "The alliance will not apply for police permits, as required by the law, to hold meetings. We will not recognize the police or army because they are operating under an illegitimate government."

Chiluba last week put the army and the air force on full alert.

Chongwe said at a meeting of the alliance this week in Lusaka: "There has been an increase in the militarisation of the nation. There are so many soldiers everywhere. On election day there were heavily armed policemen and soldiers at polling stations. But Chiluba should know that you cannot force people to respect a government." He added: "One cannot rule out the possibility of a military takeover ... But we don't want that to happen."

Meanwhile, Chiluba has declared a political war of attrition on the election monitoring groups that have denounced his Movement for Multi-party Democracy's (MMD) win.

After his swearing-in ceremony, Chiluba said he would deal harshly with non-governmental organisations (NGOs) that "meddled" in politics.

"We will not tolerate any invitation from NGOs to discuss bygones," he said, referring to the elections. "My resolve is to be firm but fair. If a government is not firm, its legitimacy is brought into question."

At the weekend, armed Zambia Police Service (ZPS) officers sealed off the offices of the National Committee for Clean Campaign (NCCC), the Zambia Independent Monitoring Team (ZIMT) and Afrenet, a human rights organisation, and detained leaders "for routine questioning" at Lusaka Central Police station.

Those who were briefly held are Ngande Mwanajiti, chairman of the NCCC, and ZIMT president, Alfred Zulu. Police searched their offices, and carted away several documents.

The police also obtained a court order to freeze the bank accounts of the ZIMT and the NCCC. Zulu said: "They have effectively paralysed our work, because they have taken our key documents, chequebooks, and accounting books."

But leader of the police search team, Albertina Mununga, did not even know what her officers were looking for. "We are going to look for what we want, and return the rest," she said.

Mwanajiti said the clampdown was aimed at nothing the NCCC and the ZIMT into silence. "This is plain harassment because we have declared the elections as not being free and fair. The question is if the elections were free and fair, why should there be so much controversy? Why all this harassment? But they will never destroy the spirit of truth."

At a press conference early this week, Isaac Zamba, who resigned as vice president of the ZIMT in June to enter politics, was again presented to the media as vice president of the ZIMT. He used the occasion to try to discredit Zulu and Mwanajiti.

Zamba told the conference, packed with MMD cadres, and state security officers, that the ZIMT and the NCCC had been influenced into declaring the elections as fraudulent by the British high commission and the Japanese, United States, and Swedish embassies.

Zima said journalists in the state-owned Zambia National Broadcasting Corporation (ZNBC) had accepted bribes to provide positive coverage of ZIMT and NCCC activities. Following his statement, five journalists — Domitace Chipanganya, Charles Bandu, Gershon Musonda, Abass Moyo, and Mundia Nalishebo — were suspended by the Ministry of Information's permanent secretary Laura Harrison.

Foreign missions promptly denied such involvement. Swedish Chargé d'affaires Christer Agren said: "Linking Sweden to any kind of political plot or indeed accusing her of doctoring monitors' reports is absurd."

British deputy high commissioner Barrie Jones said: "The British high commission has not provided any financial funding for NGOs monitoring elections in Zambia. These accusations are bizarre."

Japanese embassy counsellor Takayuki Miyahata said there was "no truth in Zambia's fabrications."

Derrick Chiluta, general secretary of the Zambia Democratic Congress (ZDC), said: "It's clear that Chiluba will crush anyone who says that the elections were not free and fair. Some of our leaders have gone underground."

ZDC president Dean Lungu has gone into hiding following reports that police are looking for him for "routine questioning."

Zulu and Mwanajiti are expected to appear in court this Friday. But police are still sifting through ZIMT and NCCC documents for an offence. "They are basically fishing for changes," said Salewa Sikota, the lawyer representing Zulu and Mwanajiti.
Claims mount over Zambian poll-rigging

Frederick Chiluba's new government is increasingly embroiled in controversy, reports Anthony Kunda in Lusaka.

Evidence has emerged from election results released by the government-constituted Zambian Electoral Commission that the outcome of the polls on November 18 may well have been fixed before the polling day.

There are several instances of strange and inexplicable uniformity in election results in many constituencies. In some constituencies, the number of people who voted was more than the number of registered voters.

Eastern Province, Chiluba gained 3,323 votes, compared to 3,322 in Serenje in the Central Province—a discrepancy of just one vote. In Dundumwezi in the Southern Province, he got a suspiciously similar 3,326 votes.

In Magaya in the Southern Province, Chiluba received 6,068 votes, compared to 6,066 in Matapula in the Central Province, while in Malole and Lukashe, Chiluba got 8,953, and 8,950 respectively—just three votes difference.

Officials from several local election monitoring groups, who spoke on condition of anonymity for fear of victimisation, said ghost voters may have boosted Chiluba's vote count by as much as 500,000 votes.

Alfred Zulu, chairman of the Zambia Independent Monitoring Team reaction to those who have published the election as fraudulent. Sichone said Chiluba's government was working at crushing dissenters...to "escape the consequences of their actions. But it will not work. The MMD is an illegal government."

Dr Simon Mwewa, the elections chairman in the opposition United National Independent Party (Unip), said his party had known about the election...
voters, giving credence to the opposition's claims that "ghost voters" had been used by the ruling Movement for Multiparty Democracy (MMD) to manipulate the election results.

In Chipata and Luangwa constituencies, both in the Eastern Province, President Frederick Chiluba and his rival, Dean Mungomba of the Zambia Democratic Congress, Humphrey Mulomba of the National Party, and Aka Lewanika of Agenda for Zambia and Chama Chakomba of the Movement for Democratic Process got exactly the same number of votes.

Chiluba won 7,720 votes in both constituencies. Mungomba got 2,169, Mulomba won 386, Lewanika 363, and Chakomba 214.

In Mwimila constituency in the North-Western Province, Chiluba won 5,647, and in Mplika constituency in the Northern Province, he got 5,649—a difference of only two votes.

In the constituency of Chibangu, [ZMI], who is already facing trial on unspecified charges, nevertheless ventured to say: "This is not normal. It shows that there has been some manipulation going on. This pattern of voting is not normal; three constituencies is abnormal." Ngandu Mwanafiti, executive chairman of the Zambia branch of Afronet, an international human rights organization, said: "These revelations give credence to what we have been saying all along. All things will have to be examined to determine who has been lying."

Mwanafiti, who is also chairman for the National Committee for Clean Campaign (NCCC), is also facing trial on unspecified charges. He and three others are on bail.

But Justice Bobby Bwalya, the chairman of the Zambian Electoral Commission, outrightly dismissed any possibility of rigging, in the face of the suspect figures uncovered by his own organisation.

Earlier this week he became hysterical when independent journalists tried to interview Joel Sikazive, election press liaison officer for the commission. He angrily threatened to beat anyone who tried to gain entry into his office.

However, Bwalya was agreeable to talking to state-media journalists. He told them: "There were no ghost voters anywhere. Those stories are pure imagination."

The election officers now being guarded by heavily armed soldiers and paramilitary police, 24 hours a day.

**Early last week, Chiluba accused non-government organizations involved in election monitoring of receiving funds from the Swedish, United States, British and Japanese embassies for aiding their work.**

He ordered searches of their offices, froze their bank accounts, and arrested several of their officials after they had declared the elections fraudulent.

Chiluba this week again justified this clampdown, and the charging of Sikazive under Chapter 100, Section Four of a Zambian law which states: "No organisation shall, except with the prior approval of the president in writing, accept assistance from any foreign government."

But George Runda, spokesperson for the Law Association of Zambia, said the law had been deliberately twisted. "ZIMT and NCCC do not pursue political agendas of any sort," he said. "This Act talks about organisations involved explicitly in politics."

Chiluba's newly appointed Cabinet has been labelled by independent commentators as tribalist. Twenty-two of the 25 Cabinet ministers are drawn from the Bemba-speaking Northern and Luapula provinces. Chiluba himself is a Bemba from Luapula Province.

Analysts have said the Cabinet rejig is nothing more than a game of political chairs — the reconstituted Cabinet still includes the same people, for the most part — and that this won't do much to improve the country's declining economy.
Identity crunch for Chiluba

Frederick Chiluba is facing fresh claims in Zambia's supreme court that he has no right to be the country's president, reports Anthony Kunda in LUSAKA.

The lawyers representing former president Kenneth Kaunda's United National Independence Party (UNIP) and the Liberal Progressive Front (L PF) led by  Dr  Roger Chiragwe have petitioned that Chiluba's re-election is illegal.

The petitioners are challenging the election on the grounds that Chiluba, who is of Mbundu origin, did not meet the constitutional requirement of being a Chokwe to stand in the presidential elections.

Chiluba, who is a member of the Chibembo tribe, was elected in 1991 and was re-elected in 1996.

The petitioners argued that Chiluba, who is a member of the Chibembo tribe, was elected in 1991 and was re-elected in 1996.

The petitioners also want the supreme court to declare that Chiluba had "sworn falsely as to the citizenship of his parents and his being a descendent of members of the Chokwe tribe as required by section 9 of the Electoral Act."

There have been recent rumour, yet unconfirmed, that he was actually born at Chibembo Mission in neighbouring Zaire.

On his presidential nomination papers, Chiluba signed his father's name as one Titus Chiluba Nkonde - Zambia - who died several years ago. That a presider of the Zambian origin named Lukula Chibembo Kasapagi had chosen that he is Chiluba's real father.

Chiluba has denied these claims, and some of his ministers and relatives have accused a vicious campaign to discredit Kasapagi. Although Chiluba has been challenged to take a DNA test, he has so far refused.

The petition reads: "Although the Respondent (Frederick Chiluba) has sworn for the petition that his father is Titus Chiluba Nkonde, a gentleman by the name of Lukula Chibembo Kasapagi claims that he is the biological father of the respondent."

Said Kasapagi, one of the lawyers who drew up the petition, "The petition will bring evidence that will show that Chiluba has, on different occasions, given conflicting names for his place of birth."

Chiluba has given his homestead as Wusakile and Chamboli in Kitwe in the Copperbelt province. At another time, he has named his birth place as Musungu Village in Luapula province.

Another lawyer for the opposition groups, Sebastian Zulu, said in Zambia, like in many Commonwealth countries, a court is convinced that only a scientific test will settle the matter for ever. "The court will be obliged to order a DNA test. Chiluba could be ordered to undergo such a test."

Chiragwe said, until the time of the hearing of the petition in the supreme court, Kasapagi will remain at a secret location for fear of retaliation from the state. "We cannot leave things to chance," he said.

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Chiluba sitting pretty as opposition parties squabble

BY ANTHONY MUKWITA

President Frederick Chiluba still has a firm grip on the reins of power in Zambia, despite widespread condemnation of some of his government's policies. And he only has his opposition to thank.

Opposition leaders, divided by petty squabbling and unrealistic demands, are reported to be rapidly losing ground with their sympathisers and, in so doing, strengthening Chiluba's hold.

After some of the leaders called for fresh elections in early 1997, or possibly an armed insurrection, many of their sympathisers, believing they had backed the wrong horse, withdrew their support.

Chiluba's position has been further strengthened by the attitude of the parties that boycotted the November 18 polls.

The boycott alliance - including the United National Independence Party, the National Democratic Party (NDP), the Grassroots Welfare Party, the Labour Party, the Socialist Revolutionary Party, the National Democratic Alliance and the Liberal Progressive Party - are now refusing to work with the opposition parties that did participate in the elections.

NDP leader Tenthani Mwanza has denounced them as "traitors".

The Zambia Democratic Congress (ZDC), the Agenda for Zambia and the National Lima Party, all of which contested the polls, plan to form their own coalition.

Political analysts say the situation has been further aggravated by the fact that the opposition appears to have run out of ideas.

Talk of staging "massive" peaceful demonstrations appears to have fizzled out despite the opposition's earlier assertion that protests would be held without police permits.

Opposition leaders, however, deny their toothless status.

"Things take time to organise and even if the delays strengthen Chiluba's position it is only temporary. He won't sit pretty for long," says Roger Chongwe, leader of the Liberal Progressive Front.

Azwell Banda, the deputy secretary-general of the ZDC, says the opposition has not given up the fight. "We are not sitting idle, we are working, but we are doing it silently ... it would be naive for us to give our blueprint to the press," he says.

Muhabi Lunga, press aide to former president Kenneth Kaunda, says: "Actually, we plan to do more outside parliament than we could have done inside. I cannot tell you what we are going to do, but what you should know is that a good general does not only rely on one strategy."

But analysts say given the opposition's weak presence in parliament, with only 20 of the 150 seats it may have no choice but to fade into the background. — Star Foreign Service/AFA.
Chiluba suspends top judge

Zambia's president is moving from controversy to controversy, reports Anthony Kunda in Lusaka

ZAMBIA'S President Frederick Chiluba has suspended a distinguished high court judge, Kabazo Chanda, who has a history of criticising the president and the country's poor human rights record. Chiluba has refused to disclose reasons for the suspension.

According to Article 98 Section 5 of the Constitution, the president is empowered to suspend a high court or supreme court judge whose performance or conduct he deems unacceptable.

Presidential spokesman Richard Sakala said Judge Chanda will have his conduct as a judge probed by a three-person tribunal. The tribunal will be composed of supreme court judge Robert Kapembwa, who is also chairman of Zambia's Anti-Corruption Commission, and another supreme court judge, Brian Gardner. The third member of the tribunal is Judge Leonard Onyolo of Malawi's supreme court.

The tribunal, which will start investigations in two weeks' time, is expected to recommend whether Judge Chanda should be relieved of his duties permanently.

Reliable sources in the judiciary say the suspension may have something to do with the petitions pending in the supreme court which have been filed by opposition groups challenging Zambia's recent elections and Chiluba's legitimacy as president. The petitions were filed last week by former president Kenneth Kaunda's United National Independence Party and the Liberal Progressive Front (LPF), but the court has postponed hearing them until later this month.

Chiluba, the groups say, has a Zairian father, which would preclude him from being president according to a constitutional amendment which he personally oversaw.

The Magistrates' and Judges' Association of Zambia has denounced Judge Chanda's suspension, calling it intimidation by Chiluba. Timothy Katamukwa, the association's chairman, said the suspension has sent shivers down the spines of several judges in the high and supreme courts.

Katamukwa, who is a high court commissioner, said: "Judges are not above the law, but the use of a tribunal, if not properly done, might be a tool which can undermine the independence of the judiciary."

He added that the practice of meting out discipline to judges, through a tribunal, is a rare practice in Commonwealth countries.

Some opposition parties have similarly criticised Judge Chanda's suspension, saying it undermined the independence of the judiciary.

Dean Mung'omba, president of the opposition Zambia Democratic Congress (ZDC), said: "This cannot be in the interest of justice. The aim is to control the judiciary so that they (Chiluba's party, the Movement for Multiparty Democracy) can be stealing cases in the same way they stole the vote."

LPF chairman Dr Rodger Chongwe similarly said the suspension was a blow to the independence of the judiciary. He said the suspension was a signal that Chiluba and his ruling party would not stand judges who frustrate their interests.

"The action was political. It has nothing to do with his performance. It's a warning to other judges. If they don't toe the line of Chiluba's politics, they will suffer the same fate."

Judge Chanda drew considerable attention to himself in the middle of last year when he overruled the speaker of the Zambian Parliament. Dr Robinson Nabuyato, who had sentenced Fred M'membe, the editor of The Post newspaper, and his assistant, Bright Mwape, to indefinite prison terms for contempt of Parliament.

Judge Chanda argued that the speaker and Parliament had no right to imprison people. The Post has persistently exposed corruption in Chiluba's government.

 Barely three weeks ago, Judge Chanda sparked a separate controversy by releasing 53 suspects who were awaiting trial, because of failure by prosecutors to bring them to court speedily, arguing that justice delayed was justice denied. Some of the released suspects had been awaiting trial since as far back as 1992.

Judge Chanda, so far, has not said anything about the suspension, except that he would speak when the right time came.
Zambia has privatised 164 firms

LUSAKA — The Zambian government had privatised 164 formerly state-owned companies since the privatisation programme started almost five years ago, Zambia Privatisation Agency OE Valentine Chitalu said yesterday.

In one of the most successful privatisation programmes in Africa, Chitalu said his organisation had privatised 164 state-owned companies out of a total of 275 in just five years.

More companies were earmarked for sale in the near future, he said.

When former president Kenneth Kaunda was ousted from power by Frederick Chiluba through the ballot in 1991, nearly every industry was state-owned with experts estimating that 80% of the economy had been nationalised.

When Chiluba came to power he adopted a western-backed austeri-

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Zambian parents to help with school upgrade costs

FRED CHELA

LUSAKA: The Zambian government has released a 15-year education blueprint which includes plans to make parents pay school fees for older children as part of a $720-million upgrade (R3.3-billion) of the country’s free, but overcrowded, public school system.

The restructured education system would enable every child of school-going age to obtain education up to Grade 9 by the year 2015.

This ambition is set out in a national education policy document released in Lusaka by Education Minister Syamuyambwa Syamuyaye.

Zambian primary, secondary and tertiary education institutions cannot keep up with demand at present.

According to the minister, only 1,000 students would be funded by the government this year to enter university.

That leaves 11,000 qualified university entrants unable to get the education they want.

Only about 62,000 pupils out of 189,000 have been chosen to progress to secondary education this year.

Zambia currently has lower-basic schools offering grades one to seven and middle-basic offering grades one to nine.

Under the new policy, the government will upgrade all primary schools to middle-basic level.

This will require rehabilitating shabby school buildings and building new schools, especially in squatter areas around the main cities.

The 15-year programme would be jointly funded by foreign donor nations, the government and the community through a cost-sharing system, says the document.

Syamuyaye said the government would spend $193-million (R884-million) to make sure every child in Zambia is schooled from grades one to seven.

Another $351-million (R1.5-billion) will be put into the middle-basic education system to expand grades eight and nine.

The government will further spend $204-million (R934-million) to achieve a 50% progression rate to high school, which will cover grades 10 to 12.

The permanent secretary of the Ministry of Education, Sichalwe Kasanda, outlined the new policy approach guidelines.

"The first element of the approach will be to ensure that every child can enter school at an appropriate age and receive at least seven years of good-quality education.

"The second element would ensure that every pupil who completed grade seven could enter grades eight and nine without difficulty.

"Cost sharing means education boards would be legally empowered to charge fees to meet some of their costs.

"Even the poor will have to pay something, but primary education will remain free.

"While boards may impose tuition fees at high-school level, they will not be authorised to do so for basic schools," Kasanda said.

Zambians have been upset for a long time at the poor standard of education their children are given.

There is a chaotic shortage of school textbooks, classrooms are overcrowded and there is extensive use of unqualified teachers.

The policy document also complains that the present examination system stresses too much rote learning of facts instead of pupils’ skills of critical assessment of language, mathematics and other learning areas.

Zambian academics have described the new education policy as a milestone to matching global standards, since Zambia became independent from Britain. — Sapa-DPA
Earnings belie mines' production rise

LUSAKA—Zambia Consolidated Copper Mines' (ZCCM's) copper and cobalt production rose last year, but the company's earnings dropped compared with 1995 due to reduced exports and falling metal prices, Finance Minister Ronald Penza said.

Copper production increased to 313,003 tons last year from 307,558 tons previously. Cobalt production rose to 4,829 tons from 2,866 tons.

ZCCM's earnings, however, declined to a loss of $677.7m, largely due to reduced copper exports, which dropped to 327,478 tons from 341,443 tons in 1995.

Penza said falling metal prices between June and October last year also contributed to the reduced earnings. However, cobalt exports rose 6% to 3,866 tons, boosting export earnings 42% to $192.5m.

Penza said multinational mining houses spent between $25m and $30m in exploration work during the year and privatisation would gather momentum during the year with bids in for other packages and sales expected to be "substantially completed" during the third quarter of this year.

A memorandum of understanding was expected to be signed with an Anglo American-led consortium on development of Konkola Deep mine this month. — Reuters.
Zambia affirms commitment to privatisation

CAPE TOWN — The Zambian government reiterated yesterday its commitment to the speedy privatisation of state assets and said it hoped all sale agreements would be concluded by end-year.

Addressing an African mining conference, Zambia's Mines and Mineral Development Minister Christon Tembo said that the deadline for bids for Zambia Consolidated Copper Mines (ZCCM) — the jewel in the state's asset crown — was the end of February.

“We remain hopeful that during the course of 1997 all agreements within the whole process of privatisation will be concluded,” Tembo said.

He said Zambia had, since the start of the privatisation programme four years ago, successfully concluded the sale of 165 parastatals.

Zambia's privatisation programme is regarded by some economic analysts as the most successful in Africa.

The privatisation of ZCCM, the biggest state-owned company, began last month with the sale of an 80% stake in Kansashi copper mine to the US-based Cyprus Amex Minerals Company for $28m.

“This process is going on smoothly and it has reached an advanced stage,” Tembo said.

The privatisation of ZCCM, which earns about 90% of Zambia's foreign exchange earnings, is seen as crucial to the survival of the nation's mining industry.

Tembo said ZCCM — in which the government holds a 60% stake, SA's Anglo American Corporation a 27% holding, and private investors the balance — saw production peak at 700,000 tons during the 1970s.

Since then, however, production had declined steadily, and had reached 310,000 tons in 1996/97.

“It was quite clear to government that once capital was injected, production would improve,” Tembo said.

He said that the privatisation had drawn interest from companies in SA, North America, India, Japan, Europe and Canada.

Other state mining and gem-stone operations would also be privatised, Tembo said.

Late in January, the Zambia Privatisation Agency said it had sold the Mindeco Small Mines as a going concern for $160,000.

A deal on the development of another ZCCM mine, Konkola Deep, is expected this month, when a final memorandum of understanding is signed between the government and a consortium led by Anglo.

The consortium is expected to invest about $600m to develop the project.

Another ZCCM asset, Konkola North, has been offered for development to SA's Anglovaal.

An option agreement is scheduled to be signed with Anglovaal soon. — Reuters.
Zambian government clamps down on timber exports

LUSAKA — Worried about the rate of deforestation, the Zambian government has clamped down on timber and charcoal exports.

A statutory instrument recently signed by Zambian Environment Minister William Harrington bans the export of charcoal. Offenders will have all their wares — including motor vehicles and equipment — used during illegal operations seized by the state.

The document goes on to state that only value-added and processed timber products which comply with Zambia Bureau of Standards specifications will be eligible for export. Moreover, only individuals and organisations engaged in timber processing and holders of valid concession licences will be allowed to export indigenous timber.

Zambia has been a major supplier of timber and timber products, such as charcoal, to countries in the southern African region, especially Botswana, Namibia and SA. This might change.

Timber exporters will now be required to obtain clearance certificates from the government while all timber that has been legally exported will be marked.

Harrington said the absence of a policy and proper rules governing the export of timber in the past meant offenders were going scot-free. However, with the new regulations, there would be tighter control on the situation.

He said the government had been losing millions of kwacha and foreign exchange through the uncontrolled exports, especially through Chirundu on the Zambian border with Zimbabwe and Katima Mulilo, on the border with Namibia, all under the pretext of a liberalised economy. — AIA.
Clampdown on press freedom in Zambia

**FRED M'MEMBHE, EDITOR-IN-CHIEF OF THE POST, IN A HARD-HITTING EDITORIAL CONDEMNED THE TRIAL AND SENTENCE AS HYPOCRITICAL, SAYING: "PHIRI IS A POLITICAL VICTIM OF OUR JUDGES. IT IS CLEARLY POLITICS AT WORK AND NOT LAW."**

Several clerics have agreed the action was a travesty of justice. Archbishop John Mambo of the Church of God, said: "You cannot have your accusers sitting in judgment. It's against the rules of natural justice."

Meanwhile, Lovened Hamusanka, editor of The Chronicle, an independent weekly, was arrested last weekend with two of his reporters George Jambwa and Boyd Phiri, and charged with publishing "information like to endanger the security of the nation."

The Chronicle published a story saying a Zambian army armoury outside Lusaka had been broken into, and guns and ammunition had been stolen. When an opposition politician raised the issue in Parliament, deputy speaker Simon Mwila ordered the Defence Ministry to probe the matter. But police thought it more prudent to arrest The Chronicle journalists.

The trio were granted bail on Wednesday. Trial has been fixed for March 20.

Fred M'membe, editor-in-chief of The Post, in a hard-hitting editorial condemned the trial and sentence as hypocritical, saying: "Phiri is a political victim of our judges. It is clearly politics at work and not law."

M'membe noted that some people had, previously, accused the judges of worse crimes and got away with it. He said: "Stewart Mwila accused Chief Justice Matthew Ngulube of rape; he got away with not even a night in a police cell ... This is the hypocrisy we are opposed to."

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The trio were granted bail on Wednesday. Trial has been fixed for March 20.
Zambia’s reform bounds ahead

Tony Hawkins

Lusaka — 24/1/97

The Konkola memorandum of understanding between the Zambian government and the Consortium of mining multinational companies, spearheaded by South Africa’s Anglo American, is the second significant development in the saga to revive Zambia’s copper mining sector.

The first instalment was the sale in January for $38 million of the 51% share of the Konkola Copper mine, a marginal property producing only 1,000 tons of copper a year, to the US company Cyprus Amax. Thirty years ago, as Roan Selection Trust, Amax was one of the two leading Zambia copperbelt companies. (Anglo American was the other.)

The Konkola development, if it goes ahead, will increase production capacity on the copperbelt by 180,000 tons, nearly 60 percent of the output level at present of 314,000 tons.

A recent World Bank study of Zambia’s medium-term growth prospects (to 2000) argues that while Zambia needs to diversify away from mining exports, the health of the mining industry must be maintained during the transition.

Investment in the industry is urgently needed to avoid a precipitous fall in mining exports early in the next century and the operating efficiency of the state-owned Zambia Consolidated Copper Mines must be improved to keep production from collapsing before new mines are developed.

Essential and urgent though it is, privatisation of the copper mines is not a quick fix solution for the Zambian economy. A second World Bank study of Zambia warns that “the deterioration in Zambia’s infrastructure after years of neglected maintenance and under-investment, skill deficiencies and the slow pace of institutional change, will all militate against quick recovery.”

Since the first three years of the programme, the pace has radically accelerated.

Such warnings are all the more necessary for those ideologists in the world business who continue to believe that economic policy reform on its own will transform Africa’s sick economies.

Bank assistance, says the Zambia Country Assistance Review, which is prepared by World Bank staff, has not helped Zambia to establish a trend of positive gross domestic product growth, much less per capita income growth.

A country that has to rely on donors to fund a third of its yearly budget ($800 million during this year), and whose balance of payments on current account before aid was in the red to the tune of $305 million or 18 percent of gross domestic product last year, has precious little scope for manoeuvre.

Zambia’s economic policy environment is far more appropriate than that of some of its neighbours, but infrastructural and institutional weaknesses are so pervasive that recovery will take decades rather than years.

Without privatisation, the prognosis would be extremely gloomy, but the recent vigour and commitment with which Lusaka has embraced the free market philosophy holds out hope of better days ahead.

Tony Hawkins is a professor of business studies at the University of Zimbabwe
Privatisation focus is shifting now to Zambia

Tony Hawkins

HARARE — Hopes that 1997 would be sub-Saharan Africa's year of privatisation received a sharp setback last month when Nigerian leader Gen Sani Abacha appeared to back off from last year’s promise to sell the state’s oil and gas investments.

With the extremely attractive Nigerian energy sector off the table, at least for the time being, the focus has shifted to Zambia where, after a sluggish start, privatisation is bounding ahead.

In the first three years of Zambia’s privatisation programme (1992-94), just 20 state-owned enterprises were sold or liquidated, but the pace has since accelerated dramatically to 48 in 1995 and 78 last year. By the end of January more than 69% of the Zambia Privatisation Agency’s working portfolio of 280 parastatals had been privatised.

Although the cash inflow has been less than impressive — no more that $25m — the post-privatisation performance, including fresh investment, of some of the businesses ranging from Cairo Road’s Shoprite retail outlet in Lusaka to Zambia Breweries (controlled by SA Breweries) and Chibanga Cement, illustrates the longer-run benefits of the programme.

Two announcements last week — the sale of Zambia Oxygen to SA’s African Oxygen, a BOC subsidiary, and the signing of an agreement for the development of the $700m to $800m Konkola Deep copper mining project — illustrate the quickening tempo of restructuring in one of southern Africa’s weakest economies. The Konkola memorandum of understanding between the Zambian government and the consortium of mining multinationals, spearheaded by SA’s Anglo American Corporation, is the second major development in the long-running saga to revive Zambia’s copper mining sector.

The first instalment in January was the sale for $28m of the Kansanshi copper mine, a marginal property producing only 1 000 tons of copper a year, to the US company Cyprus Amax. Thirty years ago, as Roan Selection Trust, Amax was one of the two Zambian copper belt giants (Anglo American was the other).

The Kansanshi development — if it goes ahead, which depends on the outcome of a feasibility study — will increase production capacity on the copper belt by 180 000 tons, nearly 60% of the current output level of 314 000 tons.

Precipitous fall

A recent World Bank study of Zambia’s medium-term growth prospects (to the year 2000) argues that while Zambia needs to diversify away from mining exports as quickly as possible, the health of the mining industry must be sustained during the transition.

Investment in the industry is needed urgently to avoid a precipitous fall in the next century, while the operating efficiency of the state-owned Zambia Consolidated Copper Mines’ existing operations must be improved to keep production from collapsing before new projects come on line.

Essential and urgent though it is, privatisation of the copper mines is not a quick fix solution for Zambia’s economy. A second World Bank study of the Zambian economy warns that “the deterioration in Zambia’s infrastructure after years of neglected maintenance and under-investment, skill deficiencies and the slow pace of institutional change will all militate against quick recovery.” Such warnings are all the more necessary for those ideologues in the aid community who, against all the evidence, continue to believe that economic policy reform on its own will transform Africa’s sick economies.

“Bank assistance,” says the Zambia Country Assistance Review prepared by World Bank staff, has not helped Zambia to establish a trend of positive gross domestic product (GDP) growth, much less per capita income growth. Poverty has increased and social indicators have deteriorated.

A country that has to rely on donors to fund a third of its annual budget ($380m this year), and whose balance of payments on current account before aid was in the red to the tune of $635m or 18% of GDP last year, has precious little scope for manoeuvre.

Since taking office at the end of 1991, President Frederick Chiluba’s government has swallowed most of the often unpalatable medicine dispensed by the donor community.

Thus far, at least, it has little to show for it, though Bank of Zambia numbers show foreign investment on the increase — $132m last year — while the return of the multinationals, via the privatisation programme, is beginning to pay dividends in the form of new investment and enhanced productivity.

Certainly, Zambia’s economic policy environment is far more appropriate than that of some of its neighbours, notably Zimbabwe, but infrastructural and institutional weaknesses are so pervasive that recovery will take decades rather than years. Without privatisation, the prognosis would be extremely gloomy. But the recent vigour and commitment with which Lusaka has embraced the free market philosophy holds out hope of better days ahead, though probably not until the early years of the 21st century. — Reuters.

Hawkins is professor of business studies at Zimbabwe University.
LONG AND WINDING ROAD

The fate of Zambia's 1997 budget lies with the donor community and President Frederic Chiluba's willingness to go at least halfway towards meeting donor concerns.

Last year's donor freeze on balance of payments support was provoked by the government's constitutional amendment that — on spurious grounds — banned ex-President Kenneth Kaunda from contesting the October presidential poll.

More than a third of Finance Minister Ronald Penza's planned budget spending of 1.43bn kwacha (US$11m) is to be financed by donors, who are expected to provide K130bn ($101m) to pay interest on foreign debt, along with K334bn ($260m) to finance investment projects.

Penza has budgeted for an overall surplus of 1% of GDP. But, if foreign funding is excluded, the budget is in the red to the tune of at least 7% of GDP.

But Zambia should scrape through without a budgetary crisis. The World Bank is committed to pumping in more than $120m and Germany and Japan have outstanding commitments that are also likely to be disbursed.

Penza believes he is short only $30m of

the $200m balance of payments (not budgetary) financing needed in 1997. He can take comfort from Zambia having attracted $132m of foreign direct investment, along with short-term capital inflows of $300m, in 1996.

Aid dependence is just one facet of Zambia's difficulties. The government is underspending on infrastructure, especially roads, and on education and skills development.

Balancing the books — by dint of donor aid — is all very well but the country's growth potential is threatened by a ramshackle road network and a dire shortage of skills.

Last year, GDP rose 6.4% and Penza expects a further 5.5% in 1997, though recent heavy rains may dent this forecast. Agricultural output jumped by a third in 1996 and should grow 15% in 1997. Manufacturing, which started to recover last year, after 15 years of decline, is expected to grow more strongly.

Nontraditional exports, which have been growing at more than 20% a year in recent years, will increase again this year, which is just as well given the dismal outlook for copper. Copper production recovered slightly last year — to 314,000 t from 307,000 t in 1995. But a broad-based recovery in copper mining, and for the economy, is unlikely until the privatisation of the State-owned Zambia Consolidated Copper Mines (ZCCM) starts to pay off.

Privatisation is the best news in the economy. The Zambia Privatisation Agency has dealt with more than 170 of the 280 firms in its "working portfolio."

Bids close on February 26 for the assets and properties of the unbundled ZCCM. And, in mid-February, an Anglo-American-led consortium signed a memorandum of understanding for the development of the $700m-$800m Konkola Deep project.

Anglo has a 40% stake in the consortium, with Falconbridge of Canada and Gencor holding 30% each. A second, similar memorandum is to be signed soon for the development of Konkola North, by Anglovaal and the Commonwealth Development Corp.

ZCCM privatisation is already on the road with the sale of the marginal Kansanshi copper mine that produces only 1,000 t a year to Cyprus Amex of the US for $28m. Other transactions are likely to be announced around midyear or in the third quarter.

Privatisation of the manufacturing sector is also proceeding smoothly. In February, Afrom bought a 70% stake in Zamox, which before its nationalisation in the mid-Eighties had been a wholly owned subsidiary of British Oxygen, the majority shareholder in Afrom. This pattern of buyback has been the norm for many Zambian privatisations — with SA Breweries, Unilever, Tate & Lyle and the CDC treading the same path.

Privatisation will strengthen the economy considerably, though the main impact, especially in the copper sector, is not going to be felt until early in the 21st Century. Meanwhile, Zambia faces a long-haul recovery — which is not being made easier by squabbling with the donors over governance issues.

That the donors will drift grudgingly back to Zambia's support during the year is widely accepted. But it is also obvious aid budgets will be cut and disbursement terms will tighten, leaving Zambia at the mercy of private capital flows.

Though Chiluba can thumb his nose at the donors, he dare not do the same to foreign investors without whom Zambia will be in dire straits. Special correspondent.
Zambian state insurance company put up for sale

LUSAKA — The Zambian government had put the state-run Zambia State Insurance Corporation up for sale in a continued exercise to privatise state-run enterprises, the privatisation agency said yesterday.

"Offers are invited for the acquisition of the 70% shareholding in Zambia State Insurance Corp. However, bids for the acquisition of separate divisions of the corporation will be considered," a spokesman said. The government would retain 30% of the shareholding to allow for public ownership in the company.

The company is the largest insurance business in the country, commanding about 60% of the market with annual premiums of over $30m.

It has a workforce of 905 and has branches with underwriting authority in five major towns, sub-branches in seven others and franchised agents in four more.

"The prospective bidders are invited to use their own expertise to carry out due diligence (investigations) for a period of four months, and prepare the approach and business plan which will meet the privatisation objectives," the spokesman said.

Negotiations with the lead bidder would be concluded by the end of August this year. — Reuters.
Zambia opens bids to buy copper mines

Lusaka - The Zambia Privatisation Agency (ZPA) is now weighing up the public tenders submitted by 43 international mining giants to buy Zambia Consolidated Copper Mines (ZCCM).

“ZPA experts will as from today start the thorough evaluation of the bids to choose the best from the pool of international mining companies which prequalified to buy the ZCCM’s assets,” ZPA chief executive Valentine Chitalu said on Friday after the tenders were opened.

Mr Chitalu described the event as a a milestone in Zambia’s progress towards placing management of the lucrative mining industry in the hands of the private sector.

“It is accepted worldwide that the private sector is the engine of economic development and Zambia is just a few miles away from obtaining this objective,” he said.

The value of ZCCM’s assets was estimated at more than $5-billion (R9-billion).

Representatives of several international mining companies watched the opening of the ZPA reception hall.

Successful bidders would be announced within the next four months, Mr Chitalu said. Some bidders would pool resources to buy shares of each of about eight ZCCM divisions and its subsidiaries.

The international mining giants bidding include Anglo American Corporation, Anglovaal, Gencor, Caledonian Mining Corporation, Amex Cyprus, Phelps Dodge, the Commonwealth Development Corporation and several others spanning all the continents.

Copper mining accounts for 90 percent of Zambia’s foreign exchange earnings, but production has declined in the past 25 years from about 140 000 tons in 1974 to 301 000 tons last year, due to a lack of plant capitalisation.

The privatisation of the ZCCM has generated great interest and enthusiasm in the local and international business community, with many forecasting a resurgent Zambia and an unprecedented economic boom for the country. — Sapa/DPA
Chiluba, Kaunda in 'secret deal'

Frederick Chiluba and Kenneth Kaunda are allegedly involved in a deal to quash court cases involving their nationality.

Anthony Kunda reports

ZAMBIAN President Frederick Chiluba and former president Kenneth Kaunda are allegedly involved in secret negotiations which could result in the petition against Chiluba's nationality and re-election being withdrawn from the supreme court.

The petition was brought shortly after Zambia's elections last November by a coalition of opposition parties, including Kaunda's United National Independence Party (Unip).

Kaunda, who also has a petition pending against him in the court in a few weeks, could have the case withdrawn.

Remmy Mushota, former legal minister in Chiluba's government, and Patrick Katyoka, a prominent member of the ruling Movement for Multiparty Democracy (MMD), have petitioned the supreme court contending that Kaunda is a Malawian citizen because his parents originally came from Malawi, and that he has never renounced his Malawian citizenship properly.

According to a constitutional amendment instituted by Chiluba, no one with parents who are not Zambian is allowed to become president.

Revelations of the clandestine political-cum-legale trade-off first came to light this week in the government-owned Sunday Mail newspaper. Representatives of Chiluba and Kaunda have reportedly been meeting in secret locations to hammer out the deal.

But when confronted with the revelations, both camps denied such talks taking place. Kaunda's press secretary Muhabi Lungu said he was not aware of such talks. Lungu said Kaunda would not agree to such a trade-off because, in his view, the two cases would have different outcomes. He said Kaunda is not afraid of the petition against him because he is "a Zambian through and through".

Besides, Lungu pointed out that the trade-off would be untenable because the petition against Chiluba involves other parties apart from Unip.

Chiluba's press relations assistant, Richard Sakala, said: "State House has never made any manoeuvres to try to have a settlement with anybody on the matter. This matter is in court."

Sakala said the petition against Kaunda was instituted by private individuals, and Chiluba's government had nothing to do with it. But some political analysts have said it is noteworthy that both Mushota and Katyoka, until late last year, were among Chiluba's close lieutenants.

A few days before the revelations of the trade-off came to light, close aides of Chiluba's reportedly visited Kaunda's house on an undisclosed mission. When one of them was asked, he said: "Ask the people who were visited."

Jailed special projects editor of The Post newspaper, Masautso Phiri, has appealed to the Zambian Supreme Court to have his three months' imprisonment reviewed, arguing, among other things, that his incarceration is unlawful.

Phiri, who has chosen to represent himself rather than hire a professional lawyer, has filed a 27-point affidavit in the supreme court. He contends that his case merits review because the criminal procedure code was not followed in sentencing him to prison, and that he has differences with three of the seven supreme court judges who sat in judgment over his case two weeks ago.
Zambia cuts down on timber and charcoal exports to save its forests

Lusaka — The Zambian government has clamped down on timber and charcoal exports because of concern about the rate of deforestation in the country.

A statutory instrument recently signed by William Harrington, the country’s environment minister, bans the export of charcoal.

Offenders will have all their wares, including motor vehicles and equipment used during illegal operations, seized by the state.

Only value-added and processed timber products which comply with the Zambia Bureau of Standards specifications will be eligible for export.

Only individuals and organisations engaged in timber processing and bonafide holders of valid concession licences will be allowed to export indigenous timber.

Zambia has been a main supplier of timber and timber products, such as charcoal, to countries in the southern African region, especially Botswana, Namibia and South Africa.

But under the new regulations, this might change because of the new state controls.

Timber exporters will now be required to obtain clearance certificates from the government while all timber that has been legally exported will be hammer marked.

Harrington says the absence of a policy and proper rules governing the export of timber in the past meant offenders were getting off scot-free. However, the new regulations bring in tighter control of timber exports.

Harrington says the government has been losing millions of kwacha and foreign exchange through the uncontrolled export of timber from the country, especially through Chirundu, on the Zambian border with Zimbabwe, and Katima Mulilo, on the border with Namibia. This was all done under the pretext of a liberalised economy.

In 1987, the Zambian government issued a presidential decree banning the export of indigenous timber.

The move was an attempt to arrest the rampant over-exploitation of forests and the resultant loss of foreign exchange.

The ban did not produce any meaningful results. But the new regulations effectively provide legal bonding to timber exports regarding policy, rules and regulations.

According to official statistics, Zambia’s indigenous timber species such as the mukwa, muwapa and mutanga have been disappearing from the country’s forests at an alarming rate because of uncontrolled felling.

Environmentalists have long warned that if nothing tangible was done, the country’s forests would be totally depleted by the turn of the century. — (Independent Foreign Service/Africa Information Africa)
State of the country's roads scandalises Zambia

RICHARD KAMIDEZA

Lusaka — When you ask for a word to describe Zambia, most visitors will refer to it as an “eyesore”.

In many parts of the country and especially Lusaka, mounds of piled-up garbage and disintegrating roads became landmarks.

Local authorities are under fire from residents and government officials, who say the state of the cities is hindering efforts to attract foreign investment.

Council employees went on strike recently demanding a 56 percent salary increase and the removal from office of Bennie Mwlinga, the local government and housing minister, whom they accused of being insensitive to their plight.

The industrial stoppage affected Lusaka, the Copperbelt, Livingston, Kabwe, Chingola, Kalulushi and Chililabombwe. As a result, garbage piled up to a considerable height, and the fact that no road repairs were carried out left numerous potholes on the roads.

"Lusaka is choked with garbage, potholes and flooded roads. Investors laugh when you drive them along Lumumba or Cairo roads, and their attitude is that we must be crazy to expect them to place their companies in such unpleasant, unhealthy and badly serviced surroundings," said Mark O'Donnell, the head of the Zambia Association of Manufacturers.

Unhygienic conditions have resulted in outbreaks of waterborne diseases such as cholera and typhoid.

Businessmen say this has scared domestic and foreign investors and is retarding the country's newly adopted economic liberalisation process.

Cash-strapped councils have lost revenue to the central government, and this is compounded by the lack of transparency reflected by their failure to present a budget to ratepayers.

"The council should close down. We have not seen their budget for the past 10 to 15 years," O'Donnell said of the Lusaka council. — Independent Foreign Service/Africa Information Afrique
Storm in a pothole over corruption

Anthony Kunda in Lusaka

An embarrassingly theatrical turn of events, Zambian President Frederick Chiluba has admitted that his government is corrupt. The head-turning admission came about during a recent inspection tour of the nightmarishly potholed roads of Lusaka.

At one point, the visibly perturbed Chiluba, gesticulating angrily, said: "There is something fishy here. Every year you have the same contractors with the same specifications repairing the same roads which don't last. What is the relationship between those contractors and yourselves?"

But all the officials in his entourage — among them Keli Walshita, Works and Supply Minister, and Bennie Mwanga, Local Government Minister — were silent as statues.

It was hard to tell whether the silence was born of guilt or mortification, or both.

This seemed to incense Chiluba even more. He railed at them: "Go to South Africa or Zimbabwe! They don't repair roads every year. They make a road, it lasts 10 or 15 years. But here you repair the same roads every year. This is unacceptable. Why do you hire the same contractors who do a bad job?"

Chiluba then theatrically started jumping in and out of a particularly large and deep pothole on one of the city centre roads to demonstrate for television cameras how bad the situation is.

There were titters on the edge of the entourage as the diminutive president struggled to keep balance. He turned to Lusaka Mayor Fumbo Mwade, and, astonishingly, said: "Do you know that this can cost the ruling party a good mayor like you?" Mwade failed to answer.

The city is much drier than it was two years ago, when he took up his post as mayor. All the pavements in the city's commercial centre have the shabby look of a windswept shanty town with several vendors erecting crude kiosks with planks, plastic sheets, cardboard and iron sheets wherever they can find space.

Failing to get an answer from the seemingly puzzled Lusaka mayor, Chiluba sighed frustratedly. He pumped up his cheeks, screwed up his eyes, gesticulated despondently at the muddy potholed road, then shot at the immaculately attired and richly perfumed officials again: "When people talk about corruption, this is what they are referring to. This is corruption!"

Hitherto, Chiluba has been vehemently denying the prevalence of corruption in his government, and challenged opposition parties and the independent press to provide evidence.

Frederick Chiluba: In a rage over potholed roads in Lusaka

"Corruption in my government? Give me evidence and I act. I act on the basis of fact, not rumours," he once told a press conference.

This time around, he has provided the evidence himself. But strangely, he declined to dismiss any of the government officials responsible for the messy roads.

There isn't even news of the Anti-Corruption Commission investigating the corruption Chiluba has unearthed from the potholed roads of the city.

Several political observers have cynically pointed out that that is just about where the theatrics end — with a clip on the state-owned television to show that the president is concerned.
Zambia rejects ‘racist’ EU aid

A R60-million European Union aid package to Zambia has been rejected by the government on grounds of racism, reports Anthony Kunda in Lusaka.

The Zambian government has rejected a European Union aid package of R60-million earmarked for its Agricultural Sector Investment Programme (Asip) as it would benefit the Zambia National Farmers Union (ZNFU).

Minister of Agriculture Edith Nawakwi said the government turned down the package because it was racially calculated to benefit the "non-indigenous, big white farmers", at the expense of indigenous farmers, most of whom are small-scale operators.

Nawakwi said: "We don't want something which will only benefit one group. This is why we turned down the package, and asked for modifications that will be satisfactory to the government."

The EU's initial plan had been to inject the money directly into private sector-driven projects, and then to ask the government to repay the loan.

According to the document accompanying the R60-million loan package, R45-million had been earmarked for projects that would benefit mainly white farmers, many of whom are of European origin.

Another R10-million was meant to help them improve seed production technology and capacities to be sold to peasant farmers.

Less than R5-million was to trickle down to small-scale farmers. There are 800,000 small operators, against fewer than 1,000 "big, non-indigenous and commercial farmers."

However, Sichinga insisted: "We have no problems with the EU, except our friends in the farmers' union who drafted the document and specified which individuals must benefit from the money, when it is the government that will have to pay this money back."

Brian Kelly, EU Zambia desk officer in Brussels, said donor countries will allow the Zambian government to draw up its own document. "We will work to examine it before we release the money to them."

In the wake of the controversy, the Asip national committee has been dissolved, albeit somewhat unofficially. There has been no official announcement. But Gray, who used to represent the farmers' union on the committee, has received a letter informing him of the dissolution. Last week, one government official said one of the members of the Asip national committee was behaving in a manner that "benefited one who had no interest in the activities of local farmers."

Ben Kapita, chair of the agro-based opposition National Lima Party, said: "The Ministry of Agriculture must be grateful that donors have not withdrawn the money when the agreed conditions have not been met."

"The channeling of R60-million through the private sector is meant to ensure proper utilisation, accountability and repayment. Why should Sichinga insult those who told to improve our economy and create employment?"

But Sichinga said EU donor countries were now "willing to put money directly into the ministry's financial management unit."
Zambia gets R63-m from IMF

Lusaka - The International Monetary Fund has approved the release of SDR 10 million (about R63 million) to Zambia under a three-year Enhanced Structural Adjustment Facility (ESAF), an IMF representative said.

"On February 28, the IMF approved the release of SDR 10 million to Zambia following the completion of the mid-term review of the first annual arrangement under ESAF," Elwaleed Taha said yesterday.

ESAF is a concessional IMF facility aimed at assisting eligible members undertaking economic reforms to strengthen their balance of payments and improve their growth prospects. - Reuter
Zambians feel pinch of ‘structural adjustment’

By Zamination Geho
Lusaka

The fun and sparkle have gone out of daily lives of Zambians, who are struggling to survive. Rapidly rising prices and static salaries have meant that families go without luxuries.

The government has undertaken structural adjustment to qualify for a resumption of support from the International Monetary Fund. The idea is that short-term hardship will lead to long-term gain, with the government cutting spending and international borrowing.

One noticeable effect on disposable income has been the much greater popularity of repackaged household items sold by street hawkers and small traders.

Goods such as washing powder and cooking oil are sold in small amounts. As they have no brand names and are often damaged or inferior, they are much cheaper than similar products in the shops. It is estimated that as much as 60% of Lusaka’s business is accounted for by this trade.

The government’s food and health survey notes that most families have been hard hit by structural adjustment. “People skip lunch, do not buy food in bulk and are growing vegetables at home in order to cope,” the report says.

People have changed their transport habits and now walk or take minibuses rather than taxis.

Householders do not buy in bulk any more because they cannot afford a large outlay on consumer items because prices of all goods have shot up by at least 150% since 1991, the report said.

Says Margaret Chunga, secretary in a local council: “Since my fridge broke down last year we have had no money to repair it so I buy perishables in small quantities. It works out more cumbersome and expensive in the long term, but there is little I can do.”

Chunga is the sole earner in her home of five children.

The survey reveals that 75% of households have cut out meat and reserve it only for special occasions. Meat costs R25 a kilo. An average salary is R440 per month.

Joelina Mulenga, whose four children once used to eat cornflakes and other cereals for breakfast, says there are times when the family does not even have milk to put on mealie meal porridge, or bread for school lunch. “It’s incredible how poor we have become,” she lamented.

Once, only government and council houses were derelict, but these days even middle income earners find it difficult to give their walls a fresh coat of paint.

The professions are also hard hit. Says architect Martha Nkonde: “We have reached a stage where a professional is unable to save to buy a home or own a car.”

The latest statistics say inflation has stabilised at 25%. Zambian Finance Minister Ronald Penza said government hoped to bring down this figure by 15% by the end of the year.

In this year’s budget, Penza told the nation that Zambia had cut out almost all foreign aid and hoped to source alternative revenue from higher taxes.

Out of a total workforce of 438,000, 30% are unemployed. This means the tax will be heavier.

- Star Foreign Service, Africa Information Afrilique.
Zambia to privatise Scaw Ltd

The Zambia Privatisation Agency (ZPA) has invited tenders for a controlling stake in foundry business Scaw Ltd, the enterprise sold to the Zambian government by SA’s Scaw Metals, about eight years ago.

Scaw Ltd is the largest foundry in Zambia with a production capacity of 18,000 tons a year and a core business in the supply of steel balls to the local mining industry. The facility is also a producer of steel and iron castings, the privatisation agency said. The castings facilities are backed up by a heat treatment plant and machine shop for the further refinement of castings, it said. Analysts said the facility suffered from a steel scrap shortage and did not have a strong skills base.

A spokesman for Scaw Metals said the company was not interested in making a bid for Scaw Ltd.

A shareholding of 96.47% is being offered. Zambia Consolidated Copper Mines owns 96.62% of the current share capital.
Avmin vies for share of Zambian mine

LUSAKA — Avmin, the mining and exploration arm of Anglovauld, edged closer to taking a large stake in Zambia Consolidated Copper Mines (ZCCM) yesterday after being short-listed as part of the Kafue consortium.

A joint announcement by Zambia's privatisation agency and ZCCM said final negotiations on the sale of ZCCM's assets were under way.

ZCCM management said they had short-listed AUR Resources, the Kafue consortium — led by Avmin and including Noranda Mining, Phelps Dodge and the Commonwealth Development Corporation — and the Binani group to make further bids for the assets of the debt-ridden state copper producer.

Other shortlisted bidders were First Quantum Minerals, SA's Metorex in a consortium with Randex and Crew and India's Sterlite Industries.

The successful bidders would enter into talks in relation to one or more of the asset packages.

The agency said when bids opened on February 28 the Kafue consortium, Metorex, the Binani group and Sterlite Industries had all bid for parts of a package of assets which comprised the Nkana and Nchanga divisions. Together they account for half of ZCCM's copper production.

The Binani group also bid for parts of Luanshya division and the Chambishi cobalt plant, which has a nominal capacity of 2,400 ton a year.

AUR Resources and Sterlite Industries also put in bids for parts of Luanshya, as well as the Mufulira underground mine and concentrator, which produced 52,000 tons of copper concentrate in 1995/96.

Along with First Quantum, they also bid for the nonoperational Chambishi copper mine, which has shown reserves of around 33.5-million tons grading 2.55% copper.

First Quantum also put in bids for part of Luanshya and Chambishi cobalt and was the only bidder for the Ndola precious metals plant. The Kafue consortium also bid for the Chambishi cobalt plant.

The agency said yesterday negotiations on the sale of the ZCCM power division would be on hold until agreements on the sale of the mining and metallurgical assets had been reached.

"The main market for 15% (the power division's) services will be the businesses resulting from the privatisation of the other eight packages."

"Under these circumstances, it is considered appropriate to have the new customer base finalised before negotiations on the final condition for the division," the statement said.

The three bids for the power division came from Tractebel, Midlands Power and Eskom.

Earlier, ZCCM signed an agreement to dispose of the majority stake in the Kansanshi copper mine to Cyprus Amax. It also signed a memorandum of understanding with a consortium led by Anglo American detailing the development of the Konkola deep mining project. — Reuters.
More press curbs for Zambia

If a new Bill passes in Zambia, the government will have more control over the press than ever before, reports Anthony Kunda in Lusaka.

The Zambian government is gearing itself to gag journalists through the establishment of a media council which will have the power to license or bar from practice any journalists floating set standards — much to the anger of journalists and human rights activists.

Information and Broadcasting Minister David Mпamba and his permanent secretary, Laura Harrison, recently launched a Media Council Bill for public debate through the press and other forums.

Mпamba said the Zambian government is only trying to "ensure professionalism. We have made an undertaking to foreign donors that this Bill will be subjected to public debate. This is purely a discussion paper. It is not yet law."

But most of Zambia’s media organisations — among them the Zambia Independent Media Association, the Press Association of Zambia, the Media Resource Centre, the Zambia Union of Journalists and the Zambia branch of the Commonwealth Press Union — have variously criticised the Media Council Bill as being draconian, obnoxious and irrelevant.

President Frederick Chiluba’s government, nonetheless, seems insistent. Harrison told a group of journalists who attended one of her press conferences: "Why are you afraid of the Bill? ... As a ministry we have no apologies to make because it is our duty. Just give us your views. We do not want to undermine your freedom."

According to the draft Bill, written by the attorney general’s office, all journalists will have to be licensed by the council. To qualify, journalists must be 18 or older, must have a bachelor of Arts degree in mass communication or journalism from a university or college recognised by the council, or should have completed, at least, a two-year course in journalism.

Among other punitive measures the Bill contains is three months’ imprisonment for practising without a license.

Edwin Musuula, chairman of the Zambia Union of Journalists, said the curtailment of press freedom “will affect the public at large. Journalists are mere purveyors of ideas and information. When you restrict them, that will be an infringement of the right of information to the people of Zambia. A free press exemplifies the freedom of expression of every citizen.” Musuula said.

Alfred Zulu, a prominent human rights activist, said: "If the Media Council Bill is enacted, that will symbolise the emergence of a proper dictatorial government."

The media organisations have since formed a Media Liaison Committee to spearhead the struggle which has presented a petition to the Ministry of Information.

Among other things, the petition states that journalists will only agree to a "self-regulatory body which is in line with the practices in democracies like Sweden, United States and Britain. The agenda seems to be one of criminalising the journalism profession.”

"There has been no response from the government to the petition."

Fred Mmembe, editor of The Post, said: "We have no doubt that the Bill is not targeted at journalists in state-owned media. The target is The Post and other independent media. We won’t be fooled by the government’s stupid machinations."

Mmembe said he would do whatever it takes to have the Bill dropped. "We will oppose this Bill up to the International Court of Justice, unless we are assassinated. It is the actions of these fools that is tarnishing the image of our country internationally and when we launch a world campaign against their inhuman Bill they will accuse us of being unpatriotic."

Robby Makayi, principal consultant of the Media Resource Centre, said: "Politicians are not the right people to define what press freedom and responsible journalism are."

Makayi said, aside from that, there are already "enough punitive laws and we certainly don’t need others." He cited the Penal Code which, among other things, empowers the president to ban any publication at his pleasure, without necessarily giving reasons.
It's back to basics for the everyday working Zambian family as daily costs soar

The fun and sparkle have gone out of the daily lives of Zambians, who are struggling to survive under the hardships of economic structural adjustment. Rapidly rising prices and static salaries have meant that families go without luxuries, making do with bare necessities.

The government has undertaken structural adjustment to qualify for a resumption of support from the International Monetary Fund. The idea is that short-term hardship will lead to long-term gain, with the government cutting spending and international borrowing.

One noticeable effect on disposable income has been the much greater popularity of repackaged household items sold by street hawkers and small traders. Goods such as washing powder and cooking oil are sold in small amounts. It is estimated that as much as 60 percent of Lusaka's business is accounted for by this trade.

People have changed their transport habits and now walk or take minibuses rather than taxis. Households do not buy in bulk any more because they cannot afford a large outlay on consumer items because prices of all goods have shot up by at least 150 percent since 1991.

Margaret Chinga, a secretary in a local council, said: 'Since my fridge broke down last year, we have had no money to repair it, so I buy perishables in small quantities. It works out more expensive in the long-term, but there is little I can do.'

She is the sole earner in her home of five children and is one of the 80 percent who find lunch a luxury.

The survey reveals that 75 percent of households have completely cut out meat and reserve it only for special occasions.

Jordina Mulenga, whose four children used to eat cornflakes and other cereals for breakfast, says there are times when the family does not even have milk to put on mealie meal porridge, or bread for school lunch. 'It's incredible how poor we have become,' she lamented.

Once only government and council houses were derelict, these days even middle-income earners find it difficult to give their walls a fresh coat of paint, or repair a broken fence or replace broken furniture.

The professions also are hard hit. Architect Marsha Nkomo said: 'We have reached a stage where a professional is unable to save to buy a home or own a car. If you didn't make money in the past, there is no way you are going to do well now.'

The latest statistics say inflation has stabilised at 25 percent.

Zambian Finance Minister Ronald Penza said government hoped to bring down this figure by 15 percent by the end of the year.

In this year's budget, Mr Penza told the nation Zambia had cut almost all foreign aid and hoped to source alternative revenue from charging people higher taxes.

Out of a total workforce of 438,000, 30 percent are unemployed.

This means the tax will be heavier on the existing labour force.

With privatisation and retrenchments, unemployment will rise.

People have had to come up with strategies. Nearly every working woman makes cakes or curtains or grows potted plants to sell for a few kwacha. - Independent Foreign Service
Zambian Breweries opens share offer

Zambian Breweries opened its offer of 13 million ordinary shares yesterday ahead of its planned listing on the Lusaka Stock Exchange on June 6. "The Zambian Privatisation Trust Fund is offering 13 million shares, representing 30 percent of Zambian Breweries issued share capital, for sale at a price of 150 kwacha (32c) per share," a company official said.

"The offer is open to all Zambian citizens and eligible institutions, and is intended to result in a broad distribution of Zambian Breweries shares among Zambian citizens," the official added. The offer closes on May 9 ahead of the proposed listing. — Reuters, Lusaka
LUSAKA — Zambia’s old, abandoned mines are slowly being stirred back to life by private companies.

The mining sector, already boosted by the privatisation of Zambia Consolidated Copper Mines, is expected to grow considerably as foreign mining companies revive operations closed as unprofitable years ago.

These include British-owned Reunion Mining, Canada’s Coallas Resource and First Quantum Minerals, as well as locally owned Kabwe Power & Metal Company.

The old Bwana Mubwana Mine has been reopened by First Quantum; it was closed by Zambia Consolidated in 1984.

Feasibility studies of the mine by SA firm Bateman Minerals & Industrial determined that it had a tailings reserve of 8.4 million tons at 0.78% copper.

First Quantum will begin site preparations next month under a Zambian subsidiary, Bwana Mukubwa Mining.

Bwana Mukubwa director Kwalela Lamaswala said the project was viable at a production rate of 9,954 tons of copper a year. “Bwana Mukubwa is expected to start production by April next year,” he said.

Reunion Mining, meanwhile, expects to start gold production in May at the recently reopened Dunrobin mine in Mumbwa.

“We should have started production earlier but we have had to reschedule due to the bad wet season,” said Reunion subsidiary Dunrobin Mining MD Neil Moloney.

“We are hoping to process 720,000 tons of material in the first year, 50% of that being ore,” Moloney said. The gold content in the ore was approximately 2.5 g/t.

Colossol started cobalt production from Zambia Consolidated slag in the central town of Kabwe last year, making its first sale of cobalt material in November.

The Colassal-owned Qasim Mining Enterprises processes slag with an average cobalt content of 0.8% to 8%, which is then granulated in SA to 15% content.

The company will soon install an induction-melting furnace to enable it to granulate the cobalt material locally.

It expects to process between 4,000 and 6,000 tons of slag a month in its first year, producing approximately 50 tons of cobalt material a month.

Meanwhile, former employees of the Zambia Consolidated lead and zinc mine in Kabwe, which closed in 1994, have reopened it and are already producing limited amounts of ore. Kabwe Power & Metal Company produced about 400 tons of lead in the past three months, exporting most of it to neighbouring Zimbabwe.

“Afier a rehabilitation exercise, we hope by next year, the plant will produce 1,000 tons of zinc and 800 tons of lead per month,” company spokesman Kazito Mumbi said.

Exploration and prospecting activity in Zambia’s mining sector is also increasing.

Minister Christon Tambo said 20 foreign companies spent approximately $320m in search of new minerals last year, compared with approximately $25m annually before 1991.

The privatisation of Zambia Consolidated has meanwhile gathered momentum, with the government inviting bidders for final negotiations on the sale of eight of the company’s nine privatisation packages.

Earlier this year, Avmin signed an option agreement on the development of the Konkola North mine, aiming to delineate ore resources there of approximately 100-million tons. A consortium led by Anglo American has agreed to develop the Konkola Deep mine.

The Konkola development is seen as crucial to the future of Zambia’s mining sector as reserves at the main Nchanga open pit are likely to run out by the end of the century. Mining is the heart of the Zambian economy, earning almost 90% of the country’s foreign receipts.

Mining sector output increased last year, with copper production rising to 313,900 tons from 307,800 tons in 1995. Cobalt production increased to 4,830 tons from 2,934 tons in 1995. — Reuters.
Foreigners breathing life back into Zambia's mines

Lusaka — Zambia's old, abandoned mines are slowly being stirred back to life by private companies.

The mining sector, already boosted by the privatisation of Zambia Consolidated Copper Mines (ZCCM), is expected to grow considerably as foreign mining companies revive mining operations closed as unprofitable years ago.

These include the British-owned Reunion Mining, Canada's Colossal Resource and First Quantum Minerals, and the locally owned Kafwe Power and Metal.

The old Bwana Mukwaba Mine has been reopened by First Quantum Minerals after being closed by ZCCM in 1994. Feasibility studies of the mine by Bateman Minerals and Industrial determined it had a tailings reserve of 8.4 million tons at 0.73 percent copper.

First Quantum will begin site preparations next month under a Zambian subsidiary, Bwana Mukwaba Mining.

Kwalela Lamaswala, a director of Bwana Mukwaba, said that the project was viable at a production rate of 9564 tons of copper a year.

Reunion Mining, meanwhile, expects to start gold production in May at the recently reopened Durobin mine in central Mumbwa.

"We should have started production earlier but we have had to reschedule it due to the bad wet season," said Neil Moloney, the managing director of Reunion subsidiary Durobin Mining.

And Colossal started cobalt production from ZCCM slag in the central town of Kabwe last year, making its first sale of 12 tons of cobalt material in November. — Reuters
Donors say aid for Zambia may be renewed

Lusaka – Western donors say they are willing to discuss renewed aid to Zambia after what they called successful preliminary talks with the government of Frederick Chiluba on April 25.

"Most delegates said they were prepared to have a Consultative Group meeting. The meeting is likely to be held in early July," deputy German ambassador to Zambia Axel Ziedler said.

The Consultative Group meeting, initially to be held last year, was deferred indefinitely after Western governments cut aid to the impoverished southern African country in protest against the way in which general elections held in November were organised.

Seven opposition parties boycotted the polls, which Mr Chiluba’s Movement for Multi-party Democracy (MMD) won by a landslide.

While conceding that the April 25 meeting was an important first step to the normalising of relations with Zambia, Western diplomats said their governments were still concerned about a number of important issues.

Among their concerns were plans by the government to effect controversial media reforms to regulate the media, and the under-funding of the Anti-Corruption Commission, the Drug Enforcement Commission and the Human Rights Commission — institutions seen as crucial to good governance.

The planned media reforms would empower a government council to imprison journalists or prevent them from working.

"Most donors expressed concern about the (media reform) bill. Some asked the government to withdraw it completely," a Japanese diplomat said.

"The government assured the meeting that it had no intentions of controlling the media."

The Chiluba government suspended introduction of the planned media bill after protest demonstrations by journalists across the country last month. It said it would re-introduce the bill after the public had adequately debated it.

Journalists in the capital plan another demonstration on Saturday, Press Freedom Day, in an attempt to persuade the government to withdraw the proposed bill completely.

The resumption of normal aid flows is seen as crucial to the Zambian government, which is banking on donors to fund one-third of its $1.1-billion ($1.1-billion) budget for 1997.

A Standard Chartered Bank (Zambia) bulletin released this week said Zambia would face a budget deficit if aid flows did not return to normal. The government has projected a budget surplus of one percent of Gross Domestic Product (GDP) this year.

"While much has been made of the projected budget surplus... this will be attainable only if the donor community resumes assistance at the levels included in the budget," the bank said in a bi-annual report.

"Indeed, if donor finance is excluded, the real budget deficit approximates some seven percent of GDP," it said. — Reuters
African fund loans Zambia $20.8m

The African Development Fund, an affiliate of the African Development Bank, has loaned Zambia $20.8 million for agricultural investment in the country's eastern province, the fund said on Friday. The agricultural project is aimed at increasing the gross domestic product, eradicating poverty, improving household income, and providing greater mobility and access to information on markets and prices.

The loan will enable Zambia to pay for all foreign exchange costs of the programme, estimated at $38 million.

So far, the African Development Bank group has approved 36 loans and 11 grants (six including three multinational operations) to Zambia, representing total commitments of about $51.2 million. — Bloomberg Dakar
Mine privatisation talks suspended

David McKay

TALKS between the Avmim-led Kafue Consortium, which stands to clinch about a third of the assets in the privatisation of Zambia Consolidated Copper Mines (ZCCM), and the mine have been suspended temporarily, a source said yesterday.

The source said discussions with ZCCM had faltered over the method of payment for the assets.

The Kafue Consortium consisted of Avmim, the SA mining and exploration venture, US firm Phelps Dodge and Canada's Noranda Incorporated, and Commonwealth Development Corp, a London-based funding organisation.

The consortium was formed in February to make a bid for ZCCM assets from which about half of the mine's copper was produced last year.

According to the source, ZCCM wanted to increase the proportion of up-front cash it would receive for the assets while reducing the proportion of debt the consortium was prepared to shoulder.

This would allow ZCCM to service its creditors and lower its overall debt, which stood at about $700m. At current estimates, ZCCM would raise only $300m in cash from the privatisation.

The matter came to a head last week when the two parties sat down to refine the terms of the consortium's bid, tipped as a hot favourite to win.

The meeting ended with the Kafue Consortium walking out, leaving ZCCM to mull over its latest demands, the source said.

ZCCM's latest move was not restricted to the Kafue Consortium only, as it has asked a number of other tenderers to increase the level of up-front cash while reducing the debt burden.

Analysts said that ZCCM was entitled to change its criteria, but this latest move served only to strain relationships. The move probably would not be successful because ZCCM was in a debt crisis and needed the privatisation to move ahead, a source said.

The least that could happen was that the completion of the privatisation would be delayed and that the June 30 deadline would not be met. This would result in further deterioration of ZCCM's debt situation, the source said.

The Kafue Consortium was bidding for the Nchanga and Nkana divisions of ZCCM, which included several open-pit and underground mines, a copper tailings re-treatment plant, and a copper smelter and refinery. The two divisions produced 225 000 tons of copper in the last financial year, about half of ZCCM's output.
Zambia ‘wants more talks on ZCCM sale’

FROM REUTER

LUSAKA - Zambia’s government might seek to revise terms for the planned sale of assets of Zambia Consolidated Copper Mines (ZCCM), the monthly bulletin of the state-owned miner has said.

The Mining Mirror quoted Christon Tembo, the mines minister, as saying the government “was revisiting its negotiations approach to ensure that Zambia realised the full benefits of the privatisation of ZCCM”.

Mining Mirror said: “He stated that he was not happy with the way some of the packages had been offered in the bids and had pressed for renegotiations.”

Tembo was not available for comment and an official for the Zambia Privatisation Agency told Reuters it was not aware of any renegotiation plans.

The government grouped ZCCM’s assets into packages for privatisation purposes, but some of the bids received grouped the assets in a different way.

“The Mining Mirror gave as an example proposals to divide smelting and mining operations at Konkola and Mfufulira. “The split (at Mfufulira) would spell doom for the mine as well as the town, with serious social, economic and political consequences,” it said.

Last month the privatisation agency announced that the government had invited six bidders for final negotiations.

Pius Mambo, ZCCM’s corporate affairs manager, said the privatisation talks would not be delayed. “The renegotiations are a normal process of selling anything. The seller and the vendor must haggle,” Mambo said. “It does not mean the privatisation of ZCCM will be delayed.”
The ‘time bomb’ of Zambian unemployment worries ILO

CT (Br.) 13/5/97 (360)

Lusaka — The International Labour Organisation (ILO) has expressed concern at Zambia’s high unemployment rate, which stands at 3.4 million of the country’s 9 million people.

Adam Simbeya, ILO’s regional director, told the Zambia Federation of Employers the organisation was perturbed by the "lack of seriousness" on the part of the Zambian government, and called the situation "a time bomb".

He said the federation could assist by working out a programme to retrain those who were being retrenched.

The president of the federation, Francis Simenda, has blamed the unemployment problem on the Zambian government’s economic reform programme.

Simenda said only 10 percent of those with jobs were in formal employment. — Independent Foreign Service/AIA
Zambian mining industry ‘promising’

Claire Pickard-Cambridge

LUSAKA — The future of the mining industry in Zambia looked more promising than it had for several decades, with the likelihood of new mines being discovered. First Quantum Minerals president Clive Newall said yesterday.

Newall, whose Canadian-based mining company has considerable interests in Zambia, said prospects had been greatly enhanced by the government’s commitment to providing an attractive investment environment.

Newall told an investment opportunities conference that as a result of the improving investment climate, prospects for new discoveries and enabling expenditure had increased dramatically: government indicated recently that 30 foreign companies spent $20m last year against only $2m in 1991. While most of these funds were spent on the Copper Belt, exploration elsewhere was growing steadily.

The extent of emerald mining in Zambia was masked by incomplete reporting and extensive smuggling, but Newall said that Zambia could contain 25% of world gem emeralds and that the value of output was nearly $200m annually.

Exploration had been superficial outside the Copper Belt and there was great potential for new discoveries. More than 600 mineral occurrences involving 45 different minerals were already known throughout the country.

Newall also believes that adequate provision of Zambia Consolidated Copper Mine was complete new exploration targets would be identified on the mines’ licensed areas. He said a new legal framework ensured mining title was secure, there were no restrictions on repatriating profits and foreign and local companies were treated equally. To reduce foreign exchange risks, nonresident firms were allowed to maintain foreign currency accounts.

Zambia’s fiscal environment was also competitive, Newall said. Mining companies were taxed at 35% or 50% if listed in Lusaka. There were accelerated depreciation provisions and withholding tax on payments abroad was a maximum of 15%. Copper and cobalt sales were zero rated for VAT.

Addressing the same conference yesterday, President Frederick Chiluba said his government had taken over a country which was the “private sector’s nightmare”. Sensible economic policies had now been put in place and Zambians would not return to the past.

The country had privatized in record time and government believed that no parastatal should be exempt from the process, Chiluba said.

Finance Minister Ronald Penza said government had achieved macroeconomic stability and Zambia had been put on the path of export-led growth. Inflation, which had peaked at 400% several years ago, had dropped to 7%. Interest rates had fallen by a half since early this year to less than 30% and a budget surplus had been achieved. Annual economic growth was expected to be maintained at 5%-6% and the exchange rate had stabilized.

With the privatization of the mines, copper was expected once again to contribute to the economy through increased production and tax revenues. Claiming Zambia was the “Switzerland of Africa”, Penza said government had started reducing the size of the public service and had, for the first time in 20 years, successfully completed International Monetary Fund-supported programmes.
Chiluba vows to support private sector

JOWIE MWINGA

Lusaka — Zambian President Frederick Chiluba said yesterday that economic reforms undertaken by his government since 1991 to encourage the private sector were irreversible.

"You can put your money in this country with the full knowledge that this government is fully committed to the role of the private sector and to sensible economic policies which give synergy to private sector effort," he told an investment conference.

The Chiluba government, which ended 17 years of one-party rule under Kenneth Kaunda in 1991, has reversed policies that put 80 percent of the economy in state hands and discouraged private investment. The government has repealed monopolistic laws that protected some state-run enterprises, scrapped exchange controls and embarked on sub-Saharan Africa's most far-reaching privatisation programme.

Chiluba said the speed and scope of privatisation, including the sale of the giant Zambia Consolidated Copper Mines — the company responsible for about 90 percent of the country's foreign exchange receipts — was proof of the commitment to reform.

"We took the view that, as far as privatisation was concerned, no parasatal company would be a sacred cow," he said.

The minister of finance, Ronald Penza, told the conference attended by potential investors from Africa, Europe, Asia, and North America, that the government planned to free more resources for the private sector by reducing its own spending.

"The burden of the government on the economy has been reduced. Current expenditures have come down from 29 percent of gross domestic product (GDP) in 1981 to 25 percent in 1986," Penza said.

He said the economic reforms had seen a measure of economic recovery, with the country recording a 6.4 percent growth rate in 1996.

"The foundations for higher growth have been laid by liberalising markets, broad tax and tariff reform and financial sector reform, and by privatising state enterprises," he said. — Reuters
Finality on complicated sale of ZCCM is expected within weeks

THE sale of Zambian assets has been forging ahead with the disposal of 204 business ventures, which are expected to pull about $200m into state coffers and will result in the take-over of liabilities estimated at $300m, says Zambian Privatisation Agency head Valentine Chitalu.

These estimates exclude proceeds from the sale of the country’s largest asset, Zambia Consolidated Copper Mines (ZCCM), aspects of which are still being negotiated.

The man regarded as the “face of privatisation” in the country said in an interview this week that about 3 more state ventures were still to be privatised. The most complicated sale would involve ZCCM, expected to be finalised within weeks, while about 25 companies had already been liquidated.

Cash earned from the initial sales would, among other things, help to fund the remainder of the privatisation process.

More than 80% of the economy was in state hands when Frederick Chiluba’s government came to power in 1991, and the agency was established nine months later to drive privatisation. Chitalu, a Zambian chartered accountant with a Cambridge University masters degree in development economics, took over the agency in April 1996.

Privatisation had begun slowly amid controversy over how it should be done, and opposition from managers of some state companies. However, reforms were introduced to underpin the process and liberalise the economy. Reforms included an end to government control of interest rates and prices, and the abolition of exchange controls.

Chitalu said South Africans were among the front runners in acquiring Zambian companies, with the sale of Zambia Breweries to SA Breweries in 1994. Parts of the state milk processing industry were sold to Bonnita and certain retail outlets to Shoprite and Pepkor. Anglo American raised its stake in the mining industry, Premier’s Clark Colton tackled mining, and other large companies such as Foodcorp and Afrox moved in.

However, Britain had become the largest foreign investor in Zambia in total money terms, with key investors including the UK government’s finance arm, the Commonwealth Development Corporation, Lonrho and Tate & Lyle. Other buyers included Indian companies which had opted for tea estates and a hotel, Phelps Dodge of the US and Fliema of Germany.

Key agreements in the mining sector concluded so far were the purchase of ZCCM’s Konkola North copper mine by Avmin, while a memorandum of understanding had been signed with an Anglo American-led consortium involving ZCCM’s Konkola Deep. Negotiations were still in progress with the Avmin-led Kafue consortium to sell the bulk of the assets of ZCCM’s Nchanga and Nkana divisions, which formed the core of ZCCM.

As a result of the agreements in the negotiations for the Nchanga and Nkana divisions, Chitalu said: “The sale is very complex, but it is not about an auction of assets, it is about the development of Zambia.

A lot of non-monetary things are being negotiated, including the training of manpower and the recognition of trade unions.” Future investment commit-
Copper Belt 'to be rejuvenated'

Claire Pickard-Cambridge

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LUSAKA — The infusion of funds for projects such as Kansanshi, Konkola Deep and Konkola North mines on the Zambian Copper Belt will provide life for the region long after the turn of the century, and after existing reserves have been exhausted.

This was said at the investment opportunities conference yesterday by Cyprus Amex Minerals director Todd Andersen. The company was successful in its recent bid for the Kansanshi deposit as the first asset tendered in the privatisation of Zambian Consolidated Copper Mines.

Cyprus Amex plans to use Kansanshi as a springboard to find additional reserves.

Apart from increasing copper production, new investment would boost employment in the long term and provide additional tax revenue for government. It would also have a multiplier effect on businesses that would spring up to support the rejuvenated industry.

Andersen said the state of politics in the region was worrying and although Zambia was peaceful, it was unclear what effect there would be from events in Zaire. The Kansanshi mine, for example, lay minutes from the Zairean border and the region had seen significant refugee activity.

Events in Angola also affected Zambia, and it was hoped peace would be maintained.

Andersen said health issues, primarily the effect of HIV on Zambian society, were a source of concern. It was unclear what effect the epidemic would have on maintaining a viable workforce, or what the ultimate cost would be.

He expected a diminished pool of trained Zambians to be available by the time many new projects came on stream. Although power and rail were fairly well developed in the Copper Belt, there was no rail link with Solwezi, the site of the Kansanshi project, and many roads required upgrading.

The power grid needed to be strengthened because shortfalls were possible based on increasing demand. This raised concerns about availability and cost. The lack of rail capacity would ultimately lead to a need for more working capital, Andersen said.
Zambia to establish export processing zones

Claire Pickard-Cambridge

LUSAKA — The Zambian government would be establishing export processing zones soon, Commerce, Trade and Industry Minister Alex Hambai said yesterday.

Addressing the Financial Times investment opportunities conference, he said government would promote production for the export market.

One of the areas under consideration for such status was Livingstone, near the Zambian border. Zambia had seen a rise in private sector entrants, most of whom needed offices, factory space and warehouses. A severe shortage of space was expected, owing to the dearth of property development in the country over the past years. This would offer opportunities for property developers, real estate agents, and construction materials producers.

Government policy had shifted to encouraging economic activities that added value to agricultural and mineral primary products. Thus opportunities would emerge in manufacturing, as well as in the business of cutting and polishing semi-precious stones and gems.

Government would discourage the export of unprocessed timber and would back the production of timber-based products.

Liberalising financial services meant other players could enter the insurance, banking and capital market as dealers and brokers.

Opportunities could also follow from the expansion in the mining industry after the privatisation of Zambia Consolidated Copper Mines and improvements to infrastructure.

The private sector was being invited to take part in developing the Kafue Lower Gorge Hydroelectric Project, marking the start of greater private participation in big infrastructural programmes.

Investec emerging markets finance manager Michael Smith said his bank expected more than $1bn to be committed to the Copperbelt in the next 18 months. Positive spin-offs would include service industries growth. He said the Zambian capital market was small and, although trade volumes on the Lusaka Stock Exchange had taken off in December, Zambia's ability to attract investment was being hampered by a shortage of scrip. There were far more investors than available scrip, and he thus urged companies investing in Zambia to list on the exchange.
Zambia tackles its ailing health system

LUSAKA — Zambia, reeling from years of economic chaos, is nevertheless scoring first in sub-Saharan Africa with a radical and self-motivated reform of its dilapidated health system.

"It works like this: instead of waiting for donors to tell him what to do as a condition of loans or grants, Health Minister Katele Kalumbu has drawn up his own plans for reconstructing the health system, and asked donors to fund them," they pay into what Kalumbu calls a "basket," from which the health ministry distributes the "bread" in the way that it thinks will most efficiently rebuild the health system and implement the national health plan.

"We don't want individual projects 'made in Japan', 'made in the USA'. We don't want project funding, but sector funding. I call it basket funding," Kalumbu said.

For example, many countries have found that donors for child immunisation often create projects which are quite separate from a country's health system, ignoring it, and coming in direct to the children, they may save lives — but do nothing to build up the health infrastructure, and may even end up demoralising health professionals.

In Kalumbu's scheme the immunisation donors pay into his basket and he uses the money to immunise children through the Zambia health system, thus helping it grow.

"I've told a team from the World Bank that came here: Learn from us. We will make mistakes; but we will learn from our mistakes. The process of social learning requires that you embrace error," he said.

"One error may be that patients who cannot afford it are being asked to pay."

This was evident in a research project commissioned by the Swedish development agency Sida in the early days of the implementation of a project: "On 13 July 1994 in Lewanika Hospital, Mongu, a member of the research team engaged in interviewing staff witnessed the arrival of an acute malaria case, a boy of about 14. His penniless parents were turned away by registry staff, as they had not have 300 kwacha ($2.25) for registration or 500 kwacha to see a clinical officer. They left to seek help from relatives in the town, but within two hours the boy was brought back dead," the report said.

The problems remain today — one needs look no further than the congested Lusanga township of Lusaka, where talk of health reforms means little.

Here, Joyce Phiri, unemployed mother of four, and her husband, also unemployed, scrape a living by street vending. The couple have managed to build a two-roomed house in the shanty town, but it lies close to the main sewerage plant of Lusaka. They have a shallow pit latrine. Tap water is rarely available — a borehole sunk close to the sewerage outfall is their main source of drinking water.

"For our health, we have been told that we should get a prepayment insurance scheme, but some of us just can't afford to pay the 800 kwacha every month — so we just stay at home when we fall ill," Joyce said.

"Most of us suffer a lot from malaria," Ruth Chiku, a neighbour, said, pointing at the sewerage pond.

"We are always sick here. And as for me, it's even worse because our house is rented. We pay 18 000 kwacha a month and sometimes we have to go to bed without eating. So when it comes to paying for medical treatment, it is indeed a luxury, even though it is a matter of life and death."

Another neighbour, 51-year-old Aafeta Sakala, said there were not enough doctors or medicines in the shanty town. "We are often given prescriptions to go to town to buy medicines — but are these reforms? Reform to be told to buy in town? That's why we have a lot of private clinics mushrooming," she said.

But Kalumbu vigorously defends his reforms, saying his government, on assuming power in 1991, was faced with such problems of infrastructure and inadequacy of resources. "Very little was trickling down to the basic health problems of our people."

"We were losing most of our manpower to SA, Botswana and on because of very poor conditions of work," Kalumbu said.

"At the same time we were faced with epidemics of cholera, virulent forms of malaria, and the collapse of local government."

"On top of that our national debt per capita was the worst in the world, and our relationship with donors was poor. That's the environment in which we had to try to improve the health status of our people. Starting from there, we set the goal of a health system that was sustainable, cost-effective, quality-assured, and as close to the family as possible. That's the vision we still have."

Kalumbu said he was reviewing a wide range of "financing mechanisms" for payment of medical care, including user fees, prepayment schemes and payment in kind.

"For example, the Jerusalem community in Chipata said they wanted a maternity block, and with our technical advice they paid it in maize and paid for it themselves with a community charge in maize, sold at the market."

"Poverty is the greatest pressure on our community. The people have to contribute. But user fees should not just be in terms of money."

User fees or not, many problems remain — there have been a rash of cholera cases and a recent outbreak of suspected bubonic and pneumonic plague in the Southern Province shows much work still needs to be done.

But Kalumbu claims the policy is working — doctors have been lured back and morale in the health system is rising; HIV incidence in the 15-19 age group is beginning to fall; family planning coverage has increased significantly; and immunisation coverage is the highest ever (polio coverage is 85% now, compared to only 40% in 1991)."

Privatisation of ZCCM will boost declining copper production levels

The privatisation of Zambia Consolidated Copper Mines, the state-owned mining conglomerate, would significantly boost production of copper and cobalt, said Bekart Hilmer, a consultant to the Zambian agency in charge of privatisation.

Negotiations have begun with bidders for the mine's assets, and the sale of the seven mining packages and the power transmission package should be concluded during the third quarter of this year. "Once these are completed, we expect copper production to surge from the current 300,000 tons a year to around 1 million tons in another five to seven years," Hilmer told The Metal Bulletin's 10th International Copper Conference yesterday.

Copper production has declined in Zambia in recent years, as has output of cobalt. Cobalt production is about 320 tons a year, down from previous levels of 450 tons. But privatisation should boost production of this metal also, as there are high cobalt values in Konkola North and Konkola Deep that can be exploited. "When it is in full swing, cobalt production will go up to around 6,000 or 7,000 tons a year," Hilmer said. — Reuters, Lusaka
Chiluba calls for privatisation

By Sharon Chetty

HARARE – Zambian President Frederick Chiluba urged regional governments to privatise state assets to improve efficiency in their economies and bring in fresh investments.

Speaking during a discussion on whether or not privatisation would benefit most interest groups during the World Economic Forum Southern Africa Development Community Economic Summit – Harare yesterday, the former trade unionist said that consumers were freed once there was competition.

"Consumers are held captive in a seller's market ... there is no choice of what to buy."

A major benefit to governments was that loss-making state enterprises did not need to be subsidised from the public purse.

Referring to plans to sell off Zambia's largest asset, the copper mines, Chiluba said he did not care who bought them as long as they made a profit and the buyer fired the criteria set by his government.

Panelists – including representatives of British Rail and HSBC Investment Bank, which is advising the South African Government – agreed that privatisation was necessary for the regional economies.

Describing the success of British privatisation, John Walsby, chairman and chief executive of the British Rail board, said governments, because of the multiplicity of their functions, were not suited to be owners of corporations.

Sakumzi Macozoma, Transnet managing director, said it was important that governments were not seen to be imposing privatisation.

Broader vision

Privatisation had to be part of a broader socio-political vision that was inclusive. The debate was evolving and there was a ready-made model, he said.

Trade unionists Morgan Tsvangirai, general secretary of the Southern African Trade and Union Coordinating Council, said the challenge was to reconcile the interests of all.

When selling off public assets, governments had to include the public in the debate and have a clear policy, he said.

The mechanism adopted also had to be transparent so that everyone was aware of the rules, he said.

Moderator of the discussion Ayanda Ntanzi, executive director of Nedcor, said a pragmatic approach was emerging that maximised a win-win outcome.
Unions oppose managers' terminal benefits

The Zambia Congress of Trade Unions said last week Nitrogen Chemical of Zambia, the fertiliser manufacturer, should not be allowed to pay its management terminal benefits before the company was privatised.

Management is reported to have written to the board asking its help in obtaining terminal benefits before privatisation, after having turned down a previous request by unionised workers to receive their benefits before the company was sold. Albert Bowa, a congress official, said both the government and the Zambia Privatisation Agency should investigate the fertiliser company to safeguard the workers from unnecessary hardships. — Independent Foreign Service/IFSA, Lusaka (260)

Foreign street vendors must register

Foreign street vendors in the Zambian capital of Lusaka were recently ordered to register with the city council. Josiah Chishala, the deputy minister at State House, said a large number of foreigners coming into Zambia as visitors or refugees had started street trading without following the law. "The law is going to be tough on these foreigners," he said. Lusaka is littered with thousands of street vendors. Only two weeks ago the council moved some of them from one of the main streets to a nearby shanty compound. But the vendors rejected this venue, saying it was not a business area. — Independent Foreign Service/IFSA, Lusaka
Farmers warned of food crop shortfall

The Zambian government warned farmers yesterday against selling all their harvests, as production of maize and other food crops had dropped this year. Edith Nawakwi, the agriculture minister, said excessive rains and inadequate fertiliser supplies had led to a maize shortfall of 272,000 tons.

"Let me advise farmers who are in the habit of selling all of their crop output that in view of the expected shortfall of food crops... watch your food quantities and retain enough cereals for your own consumption." Maize production fell 28 percent, sorghum output was down nearly 14 percent and soybean production lower by 27 percent.

Nawakwi said the government would not import food to meet the shortfall. "The deficits in maize and other food crops... are expected to be met by the private sector. We have a liberalised economy with the government not participating in agricultural marketing. The private sector should be actively involved in sourcing whatever commodity is lacking in the country."
Zambia ‘bites the bullet’

MARX and Mao were not on the agenda at last week’s WEF meeting, but Deng Xiaoping did put in an appearance, albeit obliquely.

Discussing his country’s policy on privatisation, President Frederick Chiluba of Zambia quoted Deng: “I do not care whether cats are black or white, so long as they catch mice. That is the beauty of privatisation: we do not care who owns our mines as long as they abide by our laws and make money.”

Zambia’s privatisation programme has seen 200 companies returned to the private sector in the past five years, with another 30, including the giant copper mines, under consideration.

“We looked at privatisation as a means to bring in fresh investment and to improve efficiency in the economy, and if we achieve this, the benefits will accrue to all our people,” said Chiluba.

The Zambian government, he added, was no longer suspicious of privatisation: “There is a huge difference between businesses run by the government and those run by business. The government’s task is to provide an enabling environment for business to operate. The private sector must be trusted to do so successfully.”

And referring to his own background, he said: “One thing you can be sure of: when you have a trade unionist presiding over privatisation, it will be complete.”

The audience lapped it up enthusiastically; Chiluba was speaking their language.

He even had a reassuring word for the trade unionists among them: privatisation and job losses need not be synonymous. But past employment practices in Zambia were often based on political necessity — building a power base, in other words — and inefficiency had no place in the modern world. So, yes, bloated nationalised industries would have to bite the bullet in the short term for longer-term gains.

And Zambia is making sure that in privatising a state monopoly it does not create a private monopoly. Chiluba highlighted the case of Zamtel, the telecoms provider. “We have appointed consultants to advise on the privatisation of Zamtel, but the regulatory authority must be in place first to encourage competition. Talks with possible foreign competitors are still at an early stage.”

The government is keen to encourage wider share ownership, but acknowledges the problems. A fund has been set up with shares earmarked for the man, and woman, in the street — but no handouts. “Misconceptions abound. There is still a belief that even buying one share will make someone a fortune. So we need to educate people. The stock exchange is still in its infancy but at least the younger generation understands how it works.”

In Chiluba’s case, one trip down Wall Street was enough to convince him of the benefits: “I saw the bulls and bears on the New York Stock Exchange and am a changed man.”
Zambia expects multitude of AIDS orphans

Lusaka - Zambia, where 800 people a day catch the HIV virus that can cause AIDS, said yesterday it expects the disease will have orphaned about 600,000 children by the year 2000.

A health ministry spokesman warned that up to 100,000 AIDS-related deaths would be recorded annually over the next few years in the country of 9 million people. "The steep rise in adult mortality in specific age groups will have an immense impact on the situation of children."

Zambia is one of the countries worst hit by AIDS, with a frightening 34% of the sexually active population in urban areas now HIV positive, and a disturbing 12% in rural areas. - Reuters
Chiluba tips justice scales in his favour

ZAMBIA President Frederick Chiluba has more than doubled the salaries of his supreme court judges, prompting accusations that he is attempting to influence the outcome of the legal challenge to his re-election.

The increases — the second in nine months — push the salary for Zambia's chief justice from K416,000 to just under K1 million a year, while his deputy's salary doubles, to K720,000. Other supreme court judges see their salaries more than double, to K640,000. Car allowances and loan facilities have also ballooned.

Chiluba is facing a supreme court challenge to his re-election last November, with several opposition parties claiming his father was not Zambian. Foreigners are not eligible to be president. Witnesses presented to the court by the opposition parties have claimed Chiluba's father was from what is now the Democratic Republic of Congo, or from Mozambique.

The Liberal Progressive Front, one of the parties, claims Chiluba's salary hikes are an attempt to influence the outcome of the challenge. "The increases have been made to coincide with the hearing of the presidential petition," says representative Rodger Chongwe.

"The package has been prepared by the respondent. It's vague and is being made in bad faith. Increases of more than 100% are unrealistic, especially when people are starving and are dying of hunger and diseases."

United National Independence Party chair Malimba Masikea says the increases have compromised the judiciary's impartiality.

Other opposition parties say the increases, granted through an executive statutory instrument, are unconstitutional: Zambia's Constitution stipulates that judges must have their salaries approved by Parliament.

"A statutory instrument is not an Act of Parliament," says Patrick Mavunga, one of the lawyers in the parties' court fight. "This is therefore illegal."

But the Judicial Service Commission plays down the increases. Its secretary, Timothy Katambe, says the commission secured the new conditions of service for judges after negotiations with the Cabinet office.

He says Chiluba has not arbitrarily determined the hikes, but was empowered under the Judges' Conditions of Service Act of 1996 to prescribe new conditions for the judges. The Act does not require salaries of constitutional office holders to be sanctioned by Parliament.

Katambe adds that the size of the salaries does not justify the uproar from opposition parties. "The salary of the chief justice is nothing considering the amount of work involved."
ANALYSIS

Bursting bubbles is part and parcel of Zambian transition

The Zambian government has considered considerable ground with its programme to transform the economy. Nevertheless, there are still hurdles to overcome, says Claire Pickard-Cambridge.

The Zambian economy has been characterized by a reliance on copper exports, which have been the primary source of foreign exchange for the country. However, with the decline in copper prices and the emergence of other challenges, such as the COVID-19 pandemic, the Zambian government has been forced to diversify its economy and focus on other industries such as agriculture and tourism.

The government has implemented several policies aimed at promoting economic growth and diversification. These policies have included the introduction of a value-added tax, the liberalization of the exchange rate, and the encouragement of private sector investment.

Despite these efforts, the economy has continued to face challenges, including high levels of poverty and inequality. The government has been criticized for its slow progress in implementing these policies and for the lack of progress in reducing poverty levels.

The government has been urged to continue with its economic reforms and to focus on creating a more conducive business environment. The country's ability to attract foreign investment is crucial to its economic growth and development.

In conclusion, the Zambian government needs to remain focused on its economic reform agenda and to continue to implement policies that promote economic growth and diversification. The country's future depends on its ability to overcome these challenges and to take advantage of its natural resources and potential.
After confessing to its role in past human rights abuses, the medical profession now has to rebuild trust and its image, reports news editor Dianna Games.

The charge is that the Medical Association of SA (MASA) has long ignored the rights of the sick and the elderly, especially those who are poor or disabled. It has also been accused of overlooking the international human rights conventions and the National Health Act. The MASA has been criticized for its failure to address the issue of human rights in its own ranks, and for its failure to take action against doctors who have been found guilty of human rights abuses.

The MASA has been asked to take action against doctors who have been found guilty of human rights abuses, and to ensure that all doctors in the country are trained in human rights. The MASA has also been asked to provide more resources to the human rights commission, and to ensure that the commission is able to carry out its work effectively.

The MASA has been accused of covering up the abuses that have taken place, and of failing to take action against doctors who have been found guilty of human rights abuses. The MASA has also been accused of failing to provide adequate resources to the human rights commission, and of failing to ensure that the commission is able to carry out its work effectively.

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It said more than 70 political detainees had died in detention between 1960 and 1990 and in some cases medical negligence had been an important contributing factor.

This was made worse by the fact that district surgeons were the detainees' only health care provider and often their only link to the outside world.

"While it appears that district surgeons did not generally participate actively in torture, they rarely spoke out against inhumane practices. Instead they aided those who were actively engaged in committing gross violations of their patients' human rights."

The health department admitted it had allowed this situation to continue unabated and had made it difficult for those district surgeons who wanted to challenge the situation to do so.

Dr. Wendy Orr, who chaired most of the sessions, was effectively pushed out of her role as a district surgeon after successfully bringing a Supreme Court interdict in 1985 stopping police from assaulting detainees.

The department conceded that it did not give her support and had even obstructed her. It said it had to accept complicity in torture by omission.

The reply was evasive.

The real challenge now is how organisations representing the health sector can rebuild trust in a population which was betrayed by the very people it had to rely on when it was at its most vulnerable.

Most submissions admitted complicity and inaction in the fact of human rights abuses rather than actual physical abuse. However, the failure to take action by those who were entrusted to do so can only have helped the general erosion of human rights of the time.

Leslie London of the University of Cape Town's community health department summed it up thus: "Such a profound lack of accountability has its long-term consequences and costs to the profession.

"It has eroded the trust of the broader community in health professionals and institutions and requires concerted efforts to rebuild the kind of confidence to which the health professions should aspire."

It seems the reformed or new organisations will have to set as a priority accepting human rights as a primary responsibility and the creation of an ethical framework to guide professionals in the future, to ensure that this never happens again.
Zambia cries alarm at regional mining policies

**FROM SAPA-DPA**

Lusaka — Zambia yesterday blamed the policies of the post-colonial regimes in southern Africa for dwindling investments in the mining sectors of all the countries in the region.

Christon Temba, Zambia’s mines and minerals development minister, said the region’s mining sectors will collapse if the 12 member nations of the Southern African Development Community (SADC) did not realise the causes behind the problems they were working on individually to eliminate.

Temba was speaking at the announcement of a regional mining investment exhibition that will be hosted by Zambia on December 4.

He said the region faced an alarming lack of investment in the mining sectors because of bad industrial policies.

He said the SADC states had understood that mining sectors in the region lacked the infrastructural capacity and technology to process minerals. This understanding had led to the decision to stage the International exhibition.

Temba said the mining sectors contribute 60 percent of the foreign exchange earnings to the regional economy about 10 percent of the gross domestic product and about 5 percent of the total employment.

The Lusaka exhibition will focus on the development of infrastructure, investment opportunities in mining in the area and downstream processing of minerals, said Temba.

The 12 member states of the Southern Africa Development Community are Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.
Organised business in Zambia lists problems it wants tackled

David Simpson

LUSAKA — The Zambia Association of Chambers of Commerce and Industry is pressing for the abolition of an import declaration fee which amounts to 5% of the value of imported goods.

The association, which has listed a number of problems facing business in Zambia, said it would seek the abolition of the fee, which was introduced as a "temporary measure" in 1995 to fill a gap in the government's budget which was caused by pumping millions of kwacha into a futile effort to save the ailing, privately owned Meridian Bank. Although the measure was meant to be withdrawn at the end of 1995, it was scrapped in December last year, only to be reintroduced in this year's budget.

The organisation also wants a review of the issuing of work permits. At present the Investment Act allows a company to bring in up to five expatriate managerial staff at the rate of one work permit for each $250 000 invested — and each permit is subject to approval by the government.

This was restrictive, members said, recalling that President Frederick Chiluba told the World Economic Forum in Harare last month "it does not matter whether a cat is black or white as long as it catches mice".

The association also intends to urge government to spend more on the police and fees on the armed forces, to implement the long-discussed public service reform and to ensure an effective, accountable and uncorrupt government of moderate size. Currently there are 22 ministries, each with a minister and at least one deputy minister.

One constraint on reducing the public service is that government says it cannot afford to pay redundancy packages on the scale that would be required. The association's suggestion that housing, vehicles and shares in state-owned companies being privatised should be included in the packages, have not been taken seriously.

Other moves the association intends to pursue are independence for the Bank of Zambia, and publication of budgets of local authorities, which are treated as secret.

The association also intends to fight for the abolition of legally required fixed or minimum charges for the professional services of lawyers, architects and others. Legal fees for conveyancing have been a serious constraint on growth since a set scale is laid down, based on the value of property. This has led to fees running into thousands of dollars for the preparation of a standard conveyance, the lawyer's work being little more than to fill in the parties' details.

In last year's budget, Finance Minister Ronald Pesza said the government would deregulate professional fees from April last year. This has never been implemented.
Zambia announces 25% fuel price increase

Chilombo Mwondele

LUSAKA — The Zambian government has announced a 25% increase in the fuel price, a move which has been condemned by business organisations in the manufacturing and transport sectors.

Energy Minister Suresh Desai has refused to comment on the reasons for the increase — from 106 kwachas to 908 kwachas — but the business community believes government is trying to augment its cash budget and has warned of inflationary effects and called on government to review the tax burden on consumers.

Zambia Association of Chambers of Commerce and Industry chairman George Chalwera warned the government that it would not be possible to achieve the 5.5% growth in gross domestic product which had been estimated for this year.

"We are experiencing severe constraints already. The state of the infrastructure and cheaper imported products work against us. It seems our appeals to government have fallen on deaf ears. We need to be strengthened and not to be dealt another tax blow with an end result that will make all Zambian products more expensive," Chalwera said.

The increase has also sparked a price war among public transport operators. The United Transport and Taxis Association of Zambia is trying to persuade its members to stick to a corresponding 25% increase in fares, but some operators have taken advantage of the situation and announced increases of up to 40%.

Transport association chairman Willie Neanda said an increase in fares was inevitable. "The increase is unwarranted and unexplained. We are paying for maladministration at Indeni Fuel Refinery," he said, arguing that the Zambian transport industry was being affected by the state of the roads and expensive imported spare parts.

Indeni Fuel Refinery in Nkola operated at 50% capacity for about six months last year and was shut for about three months early this year for rehabilitation work.

Manufacturers' Association of Zambia chairman Mark O'Donnell called on government to seek alternative revenue sources: "It is surprising that though the world oil prices are reasonable, Zambia is experiencing quarterly fuel increases. It is just unfortunate that it will rebound on Zambian manufacturers who are already struggling with the influx of imported goods," he said.

Data from the Zambia revenue authority on income tax returns indicated that employment in the formal sector had fallen by 7% since the start of the structural adjustment programme in 1992. According to the central statistical office, the official size of the formal sector in Zambia was 300,000 people, in a country of 8 million people.

Finance Minister Ronald Penza earlier this year promised to widen the tax net and reduce pressure on the formal sector.

According to Economics Association of Zambia co-ordinator Muna Nakalufa, the increase might be a way for the government to expand its revenue base.
Zambia to lobby Paris Club for donor aid

Chilombo Mwemde

LUSAKA — Zambia will attend an important Paris Club meeting held under the auspices of the World Bank on July 10-11 to negotiate for the resumption of donor aid to the country.

Donors' withdrawal of aid at the beginning of this year has left a hole in government's coffers, making it difficult to run the public service and pay public servants.

Critics believe the cash budget has gone awry as a result of donor squeeze. Zambian Finance Minister Ronald Penza says Zambia's $700m annual aid requirement is desperately needed for debt relief.

"The supplementary role of donors is important since the amount of aid Zambia receives from the donor and creditor communities in debt relief reaches more than $700m a year, significantly larger than the net contribution of copper to the Zambian economy.

"It is also larger than what Zambian citizens and enterprises pay in taxes to their government."

The effects of the cash squeeze are being felt. Teachers and medical workers are staging intermittent strikes over nonpayment of salaries, and Health Minister Katele Kalumbu has complained of the scarcity of drugs in Zambian hospitals.

The government has also failed to honour labour agreements on pay hikes reached in January.

This has sparked further trouble, especially in the health service where general workers at the country's biggest hospital, the University Teaching Hospital in Lusaka, are threatening to go on strike. The hospital's nurses began a strike on Sunday, demanding an agreed-upon K30 000 ($28.60) increment.

Penza said aid given to Zambia had recently averaged about $80 per inhabitant. "It used to be higher in the early '90s when it reached over $1bn. We are receiving this aid because the international donor community believes Zambia is doing well," he claims.

However, donor countries, starting with Britain, declared earlier this year that there would be no more balance of payments (BoP) support to Zambia.

The aid withdrawal was prompted by the enactment of the Constitutional Amendment Bill barring United National Independence Party (Unip) president Kenneth Kaunda from taking part in last year's election because his parents were not Zambian.

Donors also demanded government commit itself to the speedy privatization of Zambia Consolidated Copper Mines before next year.

- Britain, the US, Japan, Sweden, Norway, Denmark, and Germany declared they would withhold BoP support to Zambia for this year but would continue to support their existing projects in the country. The seven countries are among Zambia's major donors and Zambia will meet them at the consultative meeting arranged by the World Bank.

In this year's budget, Penza states Zambia needs $475m in donor support, $200m being for BoP support. However, last week he admitted Zambia needs more than the stated figure in the budget. Penza also lashed out at opposition parties for calling on the donors to withdraw aid for alleged bad governance.

The country's major opposition parties, Unip and the Zambia Democratic Congress (ZDC), maintain that the governing party, the Movement for Multiparty Democracy (MMD), has grossly misused donor funds.

They say funds have been abused to the extent that it is unclear what donor money given in the early '90s was used for. "Our roads, hospitals and councils have reached the worst possible state while the MMD government has been in power. How did they use the money? That is why the donors refused to offer BoP support in 1997 and are only giving us project support," says ZDC secretary-general Axwell Banda.

At the weekend Penza promised that about $300m in donor aid would be used to finance projects, mostly in the public sector.

"Not much of this goes towards expanding infrastructure. Most goes towards rehabilitating roads, schools, clinics and hospitals."

Without the BoP support it is difficult for Zambia to maintain economic reforms based on its liberalization policies. The Bank of Zambia hopes to reduce inflation to 15% — it has fluctuated recently between 27% and 35% — by the end of the year, but some analysts fear this may fail if government is not rescued from its cash crisis.

The central bank is using financial instruments such as treasury bills to mop up excess liquidity in the economy.

The bank has been commended for working hard to maintain macroeconomic stability by strictly monitoring commercial banks' reform activities.

Meanwhile, commercial banks are the major participants in the auction of treasury bills, effectively reducing the commercial banks' willingness to lend money and invest in the economy."
Link Zambia aid to rights, donors told

Lusaka - An international human rights group has urged aid donors to maintain economic pressure on Zambia's government to force progress in democracy and human rights.

Human Rights Watch/Africa spokesman Alex Vines said yesterday foreign governments should continue to link assistance to the country's human rights track record.

"This strategic use of aid to ensure compliance is all-important," Vines told a news conference.

Western donors cut aid to Zambia last year after the government passed a constitutional amendment keeping all major contenders out of general elections in November, including former president Kenneth Kaunda.

Some donor governments have told President Frederick Chiluba's government the squeeze would be eased at a donors meeting in Paris on July 9, provided the government begins dialogue with the opposition.

But opposition parties that boycotted the poll have also rejected dialogue with Chiluba's government, saying he should call fresh elections.

Human Rights Watch supported the call for a new poll, and also urged the government to guarantee the independence of the judiciary and to uphold freedom of expression and association, which it said were still lacking.

Zambia is relying heavily on aid to fund at least a third of the country's budget for 1997. - Reuters
Anticipation of an announcement leads to soaring prices worldwide

ZCI shares surge on Konkola talk

JOHANNESBURG — Shares in Zambia Copper Industries (ZCI), which owns 27 percent of Zambia Consolidated Copper Mines (ZCCM), rocketed on world bourses last week in anticipation of an announcement on the Konkola Deep project, John Clemmow, an analyst at Investec Securities in London, said this week.

In Paris, the share went from FR10.85 (R4.53) on Thursday to FR10.95 on Friday on trade of over 6 million shares. In London, it rose from £2.08 to £2.88. In Johannesburg it climbed from R5.50 to R11.20 on trade of 11,000 shares.

"If you look at the volumes in Paris, it is uncanny how often the share jumps on heavy volumes before an announcement," Clemmow said. "The most logical conclusion is that the followers... are predicting a successful conclusion to the ZCI/Palconcbridge Konkola Deep Mine proposal."

The project, part of ZCCM's privatisation, could be worth $5.3 billion, of which half is likely to accrue to ZCI. The privatisation was supposed to be completed last month but was delayed.

Clemmow said time was running out for ZCCM: the company was short of cash and it had to borrow $90 million a few months ago to pay wages. Analysts have said the future of ZCCM hinges on the Konkola Deep project.

Clemmow said ZCI, 50 percent owned by Anglo American and De Beers, had a lot of speculative upside because all Anglo's rights in Zambia resided in ZCI.

"If Anglo wants to develop a multibillion-dollar contract through ZCI, they wouldn't want to do it with just 50 percent," he said. Anglo might want to up its stake, possibly by transferring other assets to ZCI and using it as its African base metals operation.

Glen Finnegan, an Anglo spokesman, said yesterday the company was still conducting due diligence and feasibility studies on the project.

Clemmow said the share probably had a topside of about R20 in Paris and R20 on the JSE.
Zambians win aid pledges worth more than $400m

LUSAKA. The government of Zambia won pledges of more than $400m in financial assistance on Friday, from donors satisfied with Lusaka’s economic reforms and efforts at democratisation.

At the end of a two-day meeting of donor nations at the World Bank’s European offices in Paris, donors undertook to make available $435m to meet external financing requirements for 1997.

The move reverses the decision by donors to suspend aid to Zambia in 1996 following controversial presidential and parliamentary elections last November. The elections, which the opposition said were rigged, brought President Frederick Chiluba and his Movement for Multiparty Democracy back to power with a majority of the contested seats amid a climate of hostility and resentment.

In the run-up to this week’s meeting in Paris, donors were under pressure from a number of human rights and press freedom organisations to tie conditions to their aid and to demand that human rights and the freedom of the press be respected.

The Zambian delegation, headed by Finance and Economic Development Minister Ronald Passa, reminded the donors of positive developments that had bolstered macroeconomic stability since the last meeting in December 1995. Inflation has dropped and may reach a year-end target of 1%.

Zambia’s gross domestic product also rose by 6.4% in 1996, the local currency’s exchange rate has stabilised, the government’s privatisation programme has gained momentum, private sector capital inflows exceeded $200m in 1996 and exports continued to grow at double digit rates.

Zambia may also hope to qualify for debt reduction under the Highly Indebted Poor Countries (HIPC) initiative of the World Bank, the International Monetary Fund and bilateral creditors aimed at bringing debt burdens down to sustainable levels.

Although the Chiluba government made some attempts since re-election in 1996 to improve its human rights record, the New York-based Human Rights Watch said the change was superficial.

When elected in 1991 in polls that ended 27 years of one-party rule under former president Kenneth Kaunda, Chiluba was showered with goodwill by the international donor community. Lusaka received aid at levels higher than the average in Africa and its economic reforms were underwritten by assistance worth up to $1bn a year.

Although donors’ policies to resume aid in exchange for positive actions on human rights have borne fruit, the organisations stressed that donors must continue to demand more significant change.

Amnesty International joined the clamour for continued pressure on Lusaka, alarmed by reports of the harassment of opposition figures and parties, the media and non-governmental organisations. According to Amnesty International, from December 1994 to March 1997 Zambian authorities had threatened to expel former President Kenneth Kaunda on charges that he was a national of Malawi and not of Zambia.

The threats of expulsion, said Amnesty International, were aimed at preventing Kaunda from taking an active role in local politics. — Sapa-IPS.
Lusaka — The Zambian government will not increase spending — despite student and industrial unrest — because it is committed to budget targets, Godfrey Simasiku, the deputy finance minister, said on Tuesday.

"We are operating under a cash budget and we can only use what is there," he said.

Food suppliers to most government institutions have suspended deliveries because the government has failed to honour outstanding debts.

Ministry of education officials said up to 20 institutions of higher learning could close earlier because of inadequate food stocks.

However, Simasiku said government food suppliers, like other creditors, would have to wait for the government to raise resources to meet its obligations. He urged companies to pay outstanding taxes to refill government coffers.

"The Zambia Revenue Authority (ZRA) is doing extremely well now, and people should co-operate with it. ZRA will later remit to the government which will eventually pay the food suppliers," he said.

The revenue authority failed to meet its target in the first quarter of the year, largely because Zambia Consolidated Copper Mines was unable to pay its creditors, who in turn failed to pay value-added tax.

The revenue shortfall led to the country recording a budget deficit in the first quarter of the year against a targeted surplus.

The International Monetary Fund subsequently suspended discussions on funding under the second-year Enhanced Structural Adjustment Facility until the government put right the budget.

It is not yet clear whether the government recorded a surplus in the second quarter.

Union leaders in the capital, Lusaka, and the mining towns of Kitwe and Ndola have called for industrial action to push the government to meet wage commitments it made last December. — Reuter
Kenya: Time of political change

Mon, Jul 22, 1997
Cape Times
Monitors judge Zambia guilty of human rights abuses

Frederick Chiluba’s government has made a few begrudging and mostly cosmetic efforts to improve its human rights record in Zambia, argues a report by Human Rights Watch/Africa. Claire Pickard-Cambridge reports

It had received tax exempt status from the Zambian revenue authorities because it was operating on a grant aimed at strengthening the democratic process, including election monitoring and local government elections.

On December 19 it received a demand for outstanding tax arrears of about $21,000.

The opposition had also been harassed in the immediate post-election period. For example, the main opposition, the United National Independence Party (Unip) led by former president Kenneth Kaunda, had found its attempt to hold a rally in Northern Province in January blocked by the police. There had also been occasional harassment of relatives of senior Unip officials such as Vida N’Goma, the 80-year-old aunt of Kaunda’s wife Betty, who police kept in a cell with a corpse for two days after searching her house without a warrant, the report said.

For much of early 1997 a presidential petition, being heard in the supreme court, was the main focus of Zambian political life. The petition, which was brought by the opposition against Chiluba, challenges the elections and Chiluba’s constitutional right to the presidency. Some of the witnesses brought to testify in the case have been harassed, with some reporting death threats. One witness, Theresa Kalo, was arrested and held for several days after she testified. Three other witnesses reportedly went into hiding, apparently out of fear of arrest.

Human Rights Watch said the establishment of a permanent Human Rights Commission by government in March was, in principle, a welcome development. However, the hasty process by which government appointed its members, most of whom lacked robust human rights credentials, had been criticized. To date, the commission did not appear to have a programme or any activities to report on. It also lacks proper premises and sufficient resources.

Human Rights Watch described the international community’s efforts to seek improved human rights and good governance practice in Zambia as “exemplary”. The stick-and-carrot approach of offering renewed balance of payments support in return for positive actions by the Zambian government had achieved some results, and the organization called on donors to maintain this pressure.

It also called on donors to target aid to support an independent judiciary, the development of a robust and independent Human Rights Commission, and to support the independent media.

The balance of payments support — which had been suspended by donor countries after the elections — had been resumed after a meeting with donors in mid-July where undertakings by the Zambian government were secured.

The report said the judiciary and legal profession had come under attack from the state in 1996 for being independent-minded and critical of government actions. Chiluba also suspended Lusaka high court judge Kabuza Chanda, who has a history of criticizing the president and the country’s human rights record, and appointed a tribunal to see whether he should be relieved of his duties. It is expected to start this month.

Chanda overruled the efforts of the speaker of parliament, Robinson Nalubaye, to secure the sentencing of The Post journalist Fred M’Membe and Bright Mwape to indefinite prison terms for contempt of parliament. The Judges and Magistrates’ Association of Zambia called the suspension of Chanda “intimidatory” and warned that this “tribunal might be a tool to undermine the independence of the judiciary.”

The report recommended that the government should:

- Facilitate debate on the 1995 Mwanakwata Constitutional Review Commission proposals before implementing major constitutional reforms, and these should be agreed to by a constituent assembly and should also be subjected to a referendum;
- Facilitate the establishment of a truly independent electoral commission and a credible register of voters;
- Call fresh elections to a constituent assembly to review and, as appropriate, amend the constitution and the Constitutional Amendment Act of 1996; and
- Reappoint commissioners on the permanent Human Rights Commission through a transparent process, ensuring commission members are elected in an objective way.
Zambian Consolidated Copper Mines (ZCCM) said yesterday it had received a final bid from the Kafue consortium for the purchase of the Nchanga-Nkana mining package. The Kafue consortium comprises Avmin, Noranda Mines, Phelps Dodge and the Commonwealth Development Corporation. The Nchanga-Nkana package is made up of five underground mines, one open-pit mine, concentrator facilities, a bulking plant and a cobalt plant.

Meanwhile, Canada's Inco Limited Minerals intends to appeal against last month's sale of ZCCM's Lumwana-Baluba package to Bhami Industries, a ZCCM official said. He dismissed reports that the Lumwana-Baluba package was awarded to Bhami because cash-strapped ZCCM needed funds and Bhami was willing to complete the sales negotiations before other bidders. — Reuters Lusaka
Zambia to buy Zimbabwean maize

ZIMBABWE would sell maize to Zambia to alleviate its shortage because SA did not have enough to sell to the country, a Food Reserve Agency spokesman said in Lusaka yesterday.

Zambia was short of 270,000 metric tons for the current season, and the agency had arranged to import 120,000 tons from Zimbabwe. Arrangements had been made with Zimbabwe for private traders to be permitted to import maize from September, the spokesman said.

Zambia's grain shortage is expected to continue because poor rainfall is expected this year.

REPORTS: Richmond Daily Reporter's, ASA
Lusaka tense as police, youths clash

LUSAKA — Riot police fired tear gas at supporters of former president Kenneth Kaunda and said they had arrested 18 youths as a demonstration turned violent in the centre of the Zambian capital yesterday.

Some senior members of Kaunda's United National Independence Party (Unip) had also been arrested, a police spokesman said.

He said four government vehicles were stoned and a policeman hurt during the clash on Cairo Road.

Supporters of Kaunda and an alliance of other opposition parties had assembled outside the Unip headquarters to march on the offices of two state-controlled newspapers which they accused of biased reporting.

Riot police were deployed to defend the Times of Zambia and the Zambia Daily Mail offices, and another detachment was sent to the Unip offices.

Demonstrators threw stones as police set about breaking up the protest, firing tear gas. Some passersby were caught up in the turmoil.

Kaunda, who was in the headquarters building, was whisked away to his security men.

Tensions ran high after violence, and city centre shops were quickly closed and shuttered to prevent looting. — Sapa-AP.
Pressures grow on Mali for reform

KENYA Threats include a national strike. US diplomats call and possible withdrawal of IMF funds

AFRICA BUSINESS
Tazara sell-off 'not on the cards'

Dar es Salaam — Frederick Chiluba, the Zambian president, said this week that Tanzania and Zambia had no pesos to privatise the financially ailed Tanzania-Zambia Rail Authority (Tazara), financed and built by China.

Addressing a joint press conference with Benjamin Mkapa, the president of Tanzania, at the state house in Dar es Salaam, Chiluba said: "Tazara needs to commercialise and improve efficiency in order to attract business for better performance."

Saying that measures had already been taken to streamline Tazara's management, Chiluba cited a previous example whereby cargo took 11 days to reach Zambia from the port of Dar es Salaam. He said it now only took a day-and-a-half to reach Kapiri Mposhi Station, which is on the Zambian side of the border.

"Tazara is still the cheapest route for Zambian cargo. We, therefore, will not entertain any inefficiency. We must work to reverse the negative image that the railway had," Chiluba said.

Chiluba also reiterated his call to the two countries to stop relying on donor support and work for self-sustainability "to add value to our political independence and sovereignty."

Mkapa reiterated Tanzania's commitment to the improvement and modernisation of the port of Dar es Salaam for faster transfer of Zambia's transit cargo.

Reading a joint communiqué signed by the two presidents, Mkapa further reaffirmed Tanzania's commitment to smooth operation of both Tazara and the Tazara Pipeline, through which Zambian oil is handled, for the benefit of the two countries.

They emphasised importance of the participation of the private sector in the promotion of trade exchanges between Tanzania and Zambia and urged the two private sectors to boost economic production, trade and investments in agriculture, manufacturing, industry, small-scale mining, communication, transport and tourism.

But they regretted the failure to meet regularly of their joint permanent co-operation commission, established eight years ago to create an environment for promotion and consolidation of bilateral relations in trade, industry, finance and tourism, and they ordered a commission meeting as soon as possible.
Zambian unions put strike on hold

By Chiombo Mwondela

LUSSAKA — The Civil Servants' Union of Zambia and the National Union of Public Service Workers have put a threatened strike on hold after government pledged to implement the conditions of last year's wage agreement.

The cash-strapped government's announcement is significant because it has promised the donor community it will slash its heavy public service costs.

The unions said yesterday they would give government until August 31 to implement the agreement. "Government has been warned that if the conditions of service are not implemented by end of August we will have no choice but to strike," Civil Servants' Union president Japhet Moonde said.

Responding to donor concerns about the need for public service reform, Finance Minister Ronald Penza said government had devised a system whereby the impact of the wage increments could be "ameliorated."

In a letter to International Monetary Fund assistant MD Reinhold van Til, Penza said government was moving strongly on the public service reform programme to ameliorate the impact of the increments.
‘Market programmes have reduced poverty’

Chilomba Mwondela

LUSAKA—Surveys of countries which had followed World Bank and International Monetary Fund-recommended structural adjustment programmes found there had been reductions in poverty levels, Martin Brownbridge of the United Nations Conference on Trade and Development said yesterday. He told a Bank of Zambia conference that the reality was contrary to popular opinion that structural adjustment programmes had worsened poverty in sub-Saharan Africa.

He said two sets of household surveys conducted at the World Bank’s behest in the 1980s had found that in five of six countries—Tanzania, Nigeria, Ghana, Kenya and Ethiopia—there had been a reduction in the number of people living below the national poverty line.

While there had been a significant reduction in poverty levels in Tanzania and Nigeria, poverty levels had increased in Côte d’Ivoire over that period.

Several participants at the conference said the implementation of the adjustment programmes had created many problems which exacerbated poverty.

“Liberalising the system is not the policy, the real policy is managing the freeing of the system so as not to hurt the people it is supposed to serve,” former Bank of Zambia governor Dominic Malania said.

He said the position of the Zambian rural farmer had worsened since market liberalisation because support mechanisms had been removed. He said government’s myopic approach to balancing the national budget conflicted with the interests of small-scale farmers and the country’s infrastructure.

On liberalisation, Brownbridge said simply freeing up markets was insufficient. There was a need to develop institutions in rural areas that would help farmers, particularly agricultural research, agricultural extension services and institutions capable of lending to farmers.

Dr A Lule, Uganda’s deputy central bank governor, said although Brownbridge had offered proposals to improve the small-scale farmers’ welfare, these were impractical in view of the land tenure systems prevailing in most sub-Saharan countries.

“The question of land must be addressed first and the approach must be that many people should be given access to land instead of being squatters in their own countries.”

Lule cited SA, Namibia and Zimbabwe as countries where land ownership was limited to the privileged few.

Brownbridge said he appreciated that the unequal distribution of land in countries like Uganda and Zimbabwe was a cause of rural poverty, and agreed that land reform was needed.
Federations oppose Zambian trade deal

John Dludlu

SA's clothing and textile federations — Clofed and Texfed — are refusing to back a trade deal granting better market access for Zambia in domestic markets, a week before Pretoria is due to make a new offer to Lusaka.

Government sources indicate the state might have to table the offer, regardless of the two bodies' support.

"The process of negotiations will not be stalled because of their intransigence," a trade and industry department official said. However, government would be sensitive to local industries' legitimate concerns.

Texfed executive director Brian Brink said: "We reject it... we are totally opposed to it. We are saying let us stay focused on the SADC (Southern African Development Community) trade protocol." The SADC is seeking to free trade exchanges among its 12 states over the next eight years.

Clofed's Paul Theron said a proliferation of bilateral trade agreements in the region would only complicate looming multilateral liberalisation.

The two federations are also worried that a deal between the Southern African Customs Union and Zambia will open a floodgate of similar requests from other countries, undermining the SADC free trade protocol.

SA and its partners in the customs union — Botswana, Lesotho, Namibia and Swaziland — have agreed to open their markets more generously to products from Zambia.

The trade department official said the federations were not even prepared to discuss details of the offer, including safeguards against damaging import penetration from Zambia.

It was expected Erwin would unveil a draft proposal, as a final deal had to be ratified by Parliament, to Zambia next week during the SADC's ministerial meeting.

The department official said the proposed accord, containing import quotas like the accord with Zimbabwe, would be scrapped once the SADC free trade deal kicked in.

Zambia

Continued from Page 1

Sactwu is seeking a meeting with Trade and Industry Minister Alec Erwin to discuss the offer.

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Zambia slated over death sentence

Lusaka - Human rights activists fighting for the abolition of the death penalty received another blow to their cause recently when the country's Supreme Court upheld the death sentence of a village convicted of murder.

The court upheld the death sentence passed by the Nkolola High Court three years ago on John Sikaonga (23), of Lunga village, for axing Davies Lushinga to death.

President Frederick Chiluba came under fire from human rights activists earlier this year when he is alleged to have signed the death warrants of eight condemned prisoners.

Human Rights Watch Africa made a statement denouncing the move, saying it had taken the Chiluba administration several steps backward in human rights observance. Amnesty International says the death sentence negates human rights because it is the denial of life and a cruel punishment.

There are currently 129 prisoners on death row, two of them women, - Independent Foreign Service/Africa Information Africa
Poor investment hobbling Zambia

FROM REUTER

Lusaka — The Zambian government's Investment Centre said on Friday the country's investment levels were too low to sustain targeted growth rates of about 6 percent.

"Zambia needs to increase investment levels to somewhere around 25 percent of gross domestic product (GDP) in order to sustain growth rates of about 6 percent, which is required for sustainable growth," Sembayu Ng'andu, the director-general of the government's Investment Centre, said.

"Despite the growing interest in this country, the investment levels currently being recorded are below the levels that are consistent with long-term sustainable growth," he said.

Zambia's gross domestic investment expressed as a percentage of nominal GDP fell to 14.7 percent between 1981 and 1986 from 31.6 percent between 1974 and 1990.

Between 1987 and 1991, it was at 14.8 percent.

Ng'andu said less than half of the value of investment projects pledged through the Investment Centre, a government body set up to promote inward investment in Zambia, were being undertaken.

He said economic policies aimed at achieving macroeconomic stability, such as increased interest rates and tighter credit controls, tended to discourage private investment in the short term.

A reduction in public expenditure had seen the country's infrastructure deteriorate to a point where investors were unwilling to put their money into the country, he said.

However, investment levels were likely to increase as the economy stabilised and the country's investment image improved.
ZCCM's bid to cut costs faltered

Chishulo Mwondera
Zambian police arrest dozens as street vendors run riot

Lusaka—Zambian police arrested 56 people yesterday amid serious rioting by street vendors which left three policemen and one civilian wounded in the capital.

Lusaka came to a virtual standstill early yesterday after heavily armed riot police fired teargas in the city centre to disperse thousands of rioting street vendors.

The situation was under control by midday, police said.

The vendors were apparently incensed when they found their makeshift market had been gutted by fire on Tuesday night. The cause of the fire was unknown.

They hurled stones at police and civilian cars and looted shops before police moved in, firing teargas and warning shots. Police closed all roads into central Lusaka, and an air force helicopter flew over the city.

Most vendors are angry about failing to acquire shops in a new market that can accommodate only about 3,000 merchants. Thousands of vendors have swarmed to the city since President Frederick Chi-

Zambia's government came to power six years ago.

Last year he appointed a deputy state minister concerned solely with issues affecting street vending, and there is a perception that the allocation of stalls is discriminatory, with vendors backing the ruling Movement for Multi-Party Democracy receiving preferential treatment.

The main opposition United National Independence Party of former president Kenneth Kaunda said it supported the vendors. – AFP
Police, Zambian vendors clash

LUSAKA — The Zambian capital came to a virtual standstill early yesterday after heavily armed riot police fired teargas in the city centre to disperse thousands of rioting street vendors.

At least five people collapsed, suffering from injuries and the effects of teargas, witnesses said. The injured were taken to the main Lusaka Hospital.

The vendors apparently incensed when they woke up to find their makeshift market had been gutted by fire. Several stalls were set ablaze, though it was not clear who torched them.

The vendors hurled stones and looted nearby shops before police moved in to break up the riot, firing teargas and warning shots into the air.

Firefighters evacuated workers, who were choking from the teargas, from one high-rise building, while police closed all the roads leading into central Lusaka.

Private Radio Phoenix, in live coverage of the unrest, urged residents to stay indoors until the trouble had abated.

Police spokesman Bertwell Chimwemwe said police headquarters received preliminary reports that three police officers had been injured and one civilian was seriously wounded in the clashes.

He said 66 rioters were arrested.

Chimwemwe said police sealed off the downtown trading district after several shops and businesses were looted. He said police and army reinforcements managed to disperse the rioters.

Earlier, government helicopters had swooped overhead and sporadic gunfire continued until midmorning.

The trouble started on Monday when a row of stalls was burned down, sparking a violent protest involving numerous vendors who stoned vehicles and looted shops.

They later marched to State House seeking an audience with President Frederick Chiluba. They failed to meet Chiluba, but a cabinet minister spoke to them.

Information Minister David Mpamba accused the opposition of being behind the trouble. Most vendors are angry over failing to acquire shops in a newly opened multi-million-dollar market that can accommodate only about 3,000 traders.

Tens of thousands of vendors have swarmed to the city since Chiluba's government came into power more than six years ago. Last year he appointed a deputy state minister concerned solely with issues affecting street vending.

However, there is a perception that the allocation of stalls is discriminatory, with vendors backing the ruling Movement for Multiparty Democracy receiving preferential treatment.

Officials want vendors to trade only on allocated sites, including a new market square that vendors said was too small.

Earlier this year, the government said it planned to clean up the streets of Lusaka and bring order to the city's chaotic street-trading system.

More than 1 million of Lusaka's 2.2 million impoverished residents are unemployed and informal trading has mushroomed in recent years. — Sapa-AP-APP.
Lusaka's exchange beckons

LUSAKA — The relaxation of SA's exchange controls was likely to boost the growth of the Lusaka Stock Exchange, which had been the best performing stock market on the continent this year, exchange officials said.

The SA government partially relaxed foreign exchange controls on July 1 to allow residents to invest some of their funds offshore.

"Of particular interest to the Lusaka Stock Exchange is the provision in these new rules that specifically promote investment in listed companies in Southern African Development Community (SADC) countries," exchange GM Charles Mate said.

"The move significantly opens the boundaries, making it possible for companies listed on the Lusaka stock exchange to raise capital both domestically as well as regionally from SA-based investors. This should be of particular importance to those companies operating in Zambia that have strong links with SA," he said.

The Lusaka Stock Exchange was poised to grow over the next few months, with the development of new investment vehicles such as unit trusts, the quotation of Mufumbire Wanderers Football Club and further interactions with foreign investors.

Mate said the Lusaka bourse had been the fastest growing in Africa at midyear. "On July 31 the Lusaka Stock Exchange index closed at 242 points, up 142% since January 1. This corresponds to a rise of 140% in dollar terms. At the same time, the market capitalisation has risen from $316m in January to $500m at the end of July."

Mate said the main concern of many investors was whether these gains were sustainable, and whether there was an adequate supply of stock on the market. These fears were unjustified.

"The exchange does not yet suffer the problem of large stocks of shares tied up with institutions or a few individuals. The free float is still quite large; for example, Rothmans has 60% of its issued shares in public hands. The stock, however, is still trading on a pce as low as 4.27," he said.

Economic indicators, which showed inflation down at 22% in July, a stable exchange rate and declining interest rates, should give confidence to the market.

"There is also increasing interest by private sector companies, particularly banks, to list on the exchange and take advantage of the tax incentives as well as the opportunity to raise capital on the back of the strong demand for shares in the market," Mate said. — Reuter.
They're out to kill me – KK

By CHARLES MOGALE
and TSEPISO MATELA

FORMER Zambian president Kenneth Kaunda was last night hailed up in a Zambian hospital – fearing for his life after a horrific gun attack on him by marauding police.

Speaking exclusively to City Press from his hospital bed, Kaunda told how he had been shot by beat police men bent on disrupting a rally he was about to address.

"It is by the grace of God that I am still alive. I have never seen anything like that," Kaunda said. "I just hope the presidents of neighbouring countries will do something about this.

Last night President Nelson Mandela's office declined to comment.

Kaunda (74) said he and two colleagues had arrived at Freedom House, the headquarters of his party, Unip, at about 2pm yesterday and found large crowds of supporters waiting for them. Kaunda was accompanied by Roger Chongwe, leader of the Liberal Progressive Party, and Chibenza Mufunzi, Labour Party leader.

All three were joint presidents of the Progressive Front, which opposed President Frederick Chiluba's government.

"In recent months, we had large rallies where the police were absent, and there was no trouble. Trouble started two weeks ago when the police intervened during a rally and roughed up everybody," Kaunda said.

Shortly after their arrival at Free-

"Chongwe was hit near the mouth. The bullet exited behind his ear. I don't know if that was the bullet that hit me. I was hit in the head by a bullet that opened a wound. During the wild shooting, a police car tried to block our vehicle from the front. In spite of the teargas and bullets, our driver managed to manoeuvre and get us out of there and straight to hospital."

Chongwe, who was still under sedation last night, was held in hospital under police guard.

"They have arrested him," Kaunda said.

He blamed "Chiluba's thugs" for the attack on him, adding: "This has never happened in Zambia before. They knew very well it was my car they were shooting."

The local media – TV, radio and newspapers – were ignoring the incident.

Kaunda said he feared for his life.

"I am concerned. Just a short while ago I wanted to take a walk to find something to eat, and the nurses said it would not be safe for me. This is a disgrace."

Shortly before the incident, he said, Chibenza had warned him there was a plot to eliminate him and Chongwe.

"Obviously this is part of the whole plan to eliminate me," Kaunda said.
KAUNDA SPEAKS TO US FROM HOSPITAL - PAGE 2

KAUNDA SPEAKS TO US FROM HOSPITAL

"As police open fire on his entourage
Former Zambian President
KAUNDA SHOT"

BY TESSA MATILA

(24/6/1984)

KAUNDA

PRESIDENT WOUNDED

FORMER ZAMBIA President

As police open fire on his entourage
Former Zambian President

KAUNDA SHOT

BY TESSA MATILA

(24/6/1984)
Kaunda hit as Zambian police fire on leaders

Bullet grazes the former president’s head and seriously injures one of his political allies
Zambian police wounded former president Kenneth Kaunda yesterday in the central town of Kabwe where he had tried unsuccessfully to address an opposition rally.

Kaunda—who ruled the country for 27 years after independence—told BBC radio he had been slightly injured.

Liberal Progressive Front leader Roger Chongwe was more seriously wounded when paramilitary police shot at the vehicle carrying 73-year-old Kaunda and other opposition leaders.

The same bullet that grazed Kaunda's head entered Chongwe's cheek, missing his sinus path and spine, cracking his jaw, and exiting through the back of his neck.

Both men and several others were admitted to hospital.

"My condition is not that bad but we worry about my colleague, Dr Chongwe," Kaunda said last night. He was also concerned about a number of women who suffered broken legs during the incident.

"I have blood all over me, but my condition is rather satisfactory."

Chongwe was undergoing surgery.

Rabbison Chongó, a leading figure in Kaunda's United National Independent Party, said Kaunda had been prevented from addressing a crowd when police fired teargas.

Unip leaders said truckloads of paramilitary police had been ferried into Kabwe for the rally, for which local police had given permission.

The police arrested 30 Unip members after raiding party headquarters yesterday morning, then went to the primary school where the rally was to be held and dismantled the podium.

Opposition parties, in an alliance chaired by the injured Chongwe, said they had written to Zambian Vice-President Godfrey Miyanda yesterday morning to say they would hold him responsible if there was trouble at the rally.

President Frederick Chiluba—who beat Kaunda in 1991 in the country's first free elections since independence and barred the elder statesman from standing against him in presidential elections in November last year—is in Asia.

The opposition in the copper-rich but debt-ridden former British colony of Northern Rhodesia has embarked on a programme of limited civil unrest since the 1996 poll which was boycotted by Unip and other parties.

Riots broke out in the capital, Lusaka, earlier this month.

"As yet we have not considered what action to take in response to today's events," Chongó said. "We are waiting to see the condition of Dr Kaunda and Dr Chongwe."

There were reports of sporadic rioting after the shooting.

It was the latest incident in Kaunda's long career, which has included leading Zambia to independence from Britain.

Sensing global changes with the end of the Cold War and rising discontent at home as the economy imploded, Kaunda gave in to calls for multiparty elections and peacefully conceded to Chiluba in 1991, ending 27 years as the "Father of the Nation."

He retired from politics but changed his mind in 1995 and again became leader of Unip, the anti-colonial party he formed in 1958. He won power in 1963 and oversaw the end of British rule the next year, making Zambia the first country in the region to win independence.

Following African trends he declared a one-party state in 1974, but pursued "humanism", his unique personal blend of socialism, devout Christianity and traditional African values.

In foreign affairs, he was the doyen of a group of seven Southern African "frontline" states that led the fight against South Africa's policy of apartheid.

A close friend of President Nelson Mandela, he allowed the ANC to make a home in exile in Lusaka.

He also played a major role in the independence of Mozambique, Zimbabwe and Namibia.

But decades of mismanagement which almost ruined the country, and the reign of his secret police—though benign by African standards—finally undid him.
VIOLENCE PROVOKED, SAY POLICE

Shot Kaunda claims assassination attempt

WOUNDED BY POLICE attempting to disperse an opposition rally, former Zambian leader Kenneth Kaunda says the government fears his party would take over in the next poll.

FORMER Zambian president Mr Kenneth Kaunda yesterday accused high-ranking Zambian officials of ordering his assassination, after he was shot and wounded by heavily armed police at an opposition rally.

Kaunda was struck on the forehead by a bullet on Saturday as police fired on his car after they moved in to break up a rally of the National Opposition Alliance in Kabwe, north of Lusaka.

Fifty-three Zambian government opponents were arrested after the shooting, police said.

Kaunda, 73, and other opponents of President Frederick Chiluba, appealed for restraint and accused the authorities of attempting to kill opposition leaders.

"This is an attempted assassination and there's no doubt about it," Kaunda said late on Saturday.

He was speaking from Kabwe General Hospital, where he and Mr Roger Chongwe, head of the Liberal Progressive Front, were taken after they were both hit by the same police bullet. Chongwe was hit in the neck, and is recovering, after surgery.

They were shot during a crackdown on a rally in Kabwe, a city of 300,000 residents. Kaunda, who governed Zambia from independence in 1964 to the first multiparty elections in 1991, was to address the gathering.

Kaunda, head of the opposition United National Independence Party, said the attack was launched by the government because it feared that the opposition would take over in the next election.

GRAZED: Former Zambian president Kenneth Kaunda. PICTURE: AP

He said the podium, tents and chairs set out for the rally were destroyed by police as he was about to tell supporters that the rally was cancelled. Police started firing tear gas into the crowd, forcing people to scatter.

Kaunda said police pursued the leaders into UNIP's offices, where they fought refuge and forced them back into the street with gas.

"We were forced out of the building and as we walked to our cars, the police continued firing tear gas... about 30 to 40 canisters on us and the crowd," the former president said.

Police continued firing tear gas into the car and tried to block its exit, Kaunda said. At that point, police fired live ammunition into the car, Kaunda said.

Police spokesman Mr Standwell Lungu yesterday denied claims that Kaunda was shot on direct orders of Mr Godfrey Miyanda, vice-president and acting head of state while Chiluba is on a Southeast Asian tour.

He said the Kabwe rally had been illegal, and was intended to "perpetrate criminal activities such as burning voter cards and destroying property." He said the opposition alliance provoked the violence.

The shootings came 10 days after rioting in Lusaka, where street vendors were resisting a crackdown. The government accused Kaunda and the opposition of fomenting trouble.

Last year, Kaunda, son of Malawian immigrants, was barred from contesting the presidential election, won by Chiluba, under a constitutional amendment restricting the presidency to Zambian-born children of Zambian-born parents.

Kaunda in turn said that Chiluba's parentage was also questionable, but the Zambian Supreme Court ruled last month that the president need not take a DNA test to confirm his ancestry.

Kaunda has called for a nationwide civil disobedience campaign to force reversal of the constitutional amendments blocking his comeback attempt.

A lawyer for the opposition alliance, Mr Francis Mwamgali Zafoumis, said the attack began as Kaunda was trying to negotiate with senior police officials for permission to hold the rally.

"The police action was brutal because they fired on a peaceful and defenseless crowd," she said.

—SAPA-AP
Zambia accuses Chibuluma of trying to assassinate him...
IMF plans funding talks with Zambians

FROM REUTER

Lusaka — The International Monetary Fund (IMF) said yesterday that talks with the Zambian government on funding under the enhanced structural adjustment facility which were called off early this year could resume in October.

"No specific dates have been agreed on with the Zambian government yet, (but) a likely timing for the next mission is early October," said Elwaleed Taha, the IMF representative.

In May the IMF had said Zambia would have to put it budget back on track and initiate civil service reform before negotiations for future support under the facility could begin.

The government, which has targeted to attain a budget surplus this year, recorded a deficit in the first quarter. There was also little progress on civil service reform during the first quarter.

"Compared to the first quarter of 1997, there has been an improvement in the performance for the budget in June and July. There is work in progress with respect to civil service reform," Taha said.

The facility provides concessional loans to eligible members undertaking economic reform to strengthen their balance of payments and improve growth prospects.

The loans carry an interest rate of 0.5 percent and are repayable over 10 years, with a grace period of 5.5 years.

Zambia regained its eligibility to use IMF resources in December 1995, after clearing arrears to the IMF of $129.07 million.

The country is now eligible for credit totalling $853.50 million under the facility over three years.
It's war, Kaunda tells Chiluba
Do you always feel tired?

Worse, always feel tired every single day.

Pituitary worker and week-long strike

Zimbabweans demand a new constitution

Children unapologetic about Khanda shooting

WORLD
The drums of dictatorship are beating loud in Zambia

By GUINNESS OHAZULIKE

Democracy is a big word generation; it is the key to the door to participatory decision-making in modern society. But in Zambia, where the majority of the population is still poor and the government is controlled by a minority, the democratic process is often undermined by the actions of the ruling party.

The recent elections in Zambia have been marred by allegations of fraud and intimidation. The opposition has called for a recount of the votes, but the government has refused. The situation is tense, and there is a real possibility of violence.

Meanwhile, the government has been busy implementing a number of controversial policies, such as the privatization of state-owned enterprises and the introduction of a new tax on foreign currency. These measures have been met with widespread opposition, and there are growing concerns about the future of democracy in Zambia.

The situation is certainly not helped by the actions of the ruling party, which has been accused of using violence and intimidation to maintain its grip on power. It is clear that the future of democracy in Zambia is in serious jeopardy, and urgent action is needed to prevent a滑向独裁的深渊。
Zambia hails Africa’s first Chinese commercial bank

Fred Chila

Lusaka — Communist China seems to be attracted to Zambia's capitalist tendencies and has established China's first commercial bank in Africa in the capital, Lusaka.

The abolition of foreign exchange controls has provided an incentive for China to open the doors of the Bank of China (Zambia) located in Amandra House in Lusaka's Ben Félia Road.

Qu Qi, a director of the international trade settlement department at the Lusaka branch, had this to say about Zambia's liberalised policies: "There is hardly any control of foreign exchange in Zambia. An investor can come in, put his money in or take it out without any quibbles or questions asked."

The Bank of China (Zambia) already boasts a number of business accounts opened with the bank barely two weeks old. Individual accounts holders had been enthusiastically accessing too, Qi said.

The products offered include the issuing of local and foreign currency loans to import and export enterprises, and arrangement and participation in syndicated loans and finance projects. The bank also provides short-term loan guarantees and extends credit and mortgages.

Kabunga Paulo, a spokesman for the Bank of Zambia, said the Bank of China had met the $2 million statutory corporate minimum capital requirement with its $3 million initial capital injection. Ronald Penza, the finance minister, said reforms were paying dividends. "I'm glad that China, one of the fastest-growing economies in the world, is able to recognize our economic structural trends positively." — Sapepda
Shrinking agriculture likely to upset Zambia's GDP target

FROM REUTER

Lusaka — Zambia was unlikely to achieve a targeted 5.5 percent gross domestic product (GDP) growth rate this year because of an unexpected shrink in its agricultural sector, Standard Chartered Bank has predicted.

"GDP growth is expected to slow down to under 3.5 percent this year after the downgrading of agricultural prospects and expectations of a much smaller maize yield," its the Africa Quarterly publication said.

Maize is one of Zambia's biggest agricultural commodities.

"Agricultural production, which grew by 20 percent last year, is expected to be flat or even decline slightly. However, this should be partially offset by a recovery in both mining and manufacturing."

Zambia's mining volumes fell in the first half of the year, with copper production down 3.5 percent to 134,400 tons in the first five months. Cobalt production fell by over 20 percent to 1,650 tons.

"The result was a 6 percent decline in mineral exports, but this should be offset by firmer copper prices and the mining sector is expected to expand by 5 percent in 1997," the publication reported.

Non-traditional exports, however, expanded by 25 percent in the first four months of the year to over $54 million.

Overall, export earnings were expected to improve on last year's $575 million, but remain below 1995 levels, it reported.

It reported that inflation, which stood at 22.5 percent in May, would average around 20 percent over the year as a whole, as the need to import maize from South Africa would push food prices higher late in the year.

Ronald Penza, the finance minister, had said he was confident the country would attain the targeted 5.5 percent GDP growth in the year.

"It is true that the prospects for agriculture are not very bright, but our target for growth is still on target," he said.

GDP grew by 6.4 percent in 1996.
Dunlop to close Zambian tyre factory

Durban — BTR Dunlop, the tyre manufacturer, would close the loss-making Zambian tyre factory it acquired last year as part of the R84 million acquisition of international tyre interests from BTR, its British parent, Dunlop said yesterday.

The closure of the plant, which cost 200 jobs, has cast doubt over the benefits of the deal which Mike Smithyman, Dunlop’s ex-managing director, likened in August last year to going into a jewel-laden Aladdin’s cave.

He said then that the acquisition of Dunlop’s automotive trademark rights in 70 countries would transform the largely domestic manufacturer into a continental producer with a global focus.

But Mike Hankinson, the present managing director, yesterday admitted it was not feasible for Dunlop to sustain four modern tyre factories in southern Africa.

He said the level of volumes produced by the Zambian operation, the country’s only tyre manufacturer, did not justify the capital investment necessary to transform it into a world-class exporting operation.

“Zambia was the only loss-making operation inherited as part of the acquisition, but it is not the only one which will require adjustments,” he said.

The more modern plant would be transferred to Dunlop’s Zimbabwean operation, and the rest scrapped, he said.

Hankinson said that although the Zambian operation had proved problematic during the six months to June 1997, it had not made a material contribution to the company’s 35 percent slump in trading profits to R88 million from R126 million, and a 52 percent decline in headline earnings from 30.2c a share to 14.6c a share reported late last week.

The problem was essentially the Zambian economy, he added. Liquidity problems and competition from cheap imports were cited as the main hurdles to the company achieving better interim results.

He said BTR Dunlop would now concentrate on upgrading its factories at Ladysmith, Durban and Bulawayo.

Dunlop’s strong distribution network in Zambia would remain. Products would be sent to Zambia primarily from Zimbabwe, which had preferential access from a duty point of view, as well as from South Africa, he said.
The Insubstantial Corporation, a significant player in the
recent market trends, has announced its plans for expansion in the near future.

The company, known for its innovative products and strong market presence,
has outlined a series of strategic initiatives aimed at enhancing its competitive
advantage and securing long-term growth.

1. **Product Development**
   - The Insubstantial Corporation is investing heavily in research and
     development to launch a new line of eco-friendly products. This
     initiative is expected to cater to the growing demand for sustainable
     solutions.

2. **Market Expansion**
   - The company plans to enter new international markets, focusing
     on regions with high potential for growth. This strategy will
     leverage existing partnerships and expand the brand's reach.

3. **Innovation Initiatives**
   - In collaboration with leading universities, the Insubstantial
     Corporation is launching an innovation lab to foster groundbreaking
     research and development projects.

4. **Customer Engagement**
   - To enhance customer satisfaction, the company is investing in
     personalized marketing campaigns and customer service programs.

5. **Financial Strategy**
   - The Insubstantial Corporation is diversifying its investment portfolio
     to reduce risk and increase profitability. This includes strategic
equity investments in emerging technologies.

These initiatives are part of a comprehensive strategic plan aimed at
positioning the Insubstantial Corporation as a leader in its industry.

**Business**

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**Chombo Mhondoro**
Zambian flour ban angers SA suppliers

SA MILLERS are up in arms over the banning of flour imports by Zambia, effectively cutting off two of SA’s largest export destinations.

Zambia, seeking a preferential trade agreement with SA, banned all imports of flour in its government gazette last week, including flour in transit. It claims the ban was necessary to prevent the smuggling of flour and because importers were allegedly supplying flour which had “expired”.

Zambia imports flour mainly from SA and Zimbabwe. It is SA’s third biggest flour export market.

About 10 000 tons a year are supplied to Zambia by SA companies Premier Milling, Tiger Oats and Bokomo/Sasko. The Zambian miller, National Millers, owned jointly by Anglo American and the Zambian government, is now the sole supplier.

National Chamber of Millers financial manager Hilton Zuckel said the move violated Southern African Development Community and General Agreement on Tariffs and Trade protocols. “Their biggest concern appears to be loss of revenue from VAT of 17.5% and the 15% import tariff. SA exporters pay VAT and obtain the necessary permits. Nevertheless, these matters should have been dealt with by the Zambian customs or revenue services,” he said. He denied SA producers had supplied stale flour.

SA trucks transporting flour were being stopped at the border. Those wishing to travel through Zambia to reach SA’s second-biggest export market, the Republic of Congo, were being forced to pay 37.5% duties upfront, with Zambia pledging to return the funds “at our leisure” when export documents from the Republic of Congo were produced.

The chamber had approached the trade and industry department on the issue. The department was not available for comment on Friday.

Premier Foods International MD Gary Tappone said Premier had invested heavily in Zambia through its subsidiary Bonita, through marketing expenses to establish brand names and in distribution infrastructure.
Govt probe of Zambian flour ban

John Plude

GOVERNMENT has instructed its embassy in Lusaka, Zambia, to investigate urgently the country's ban on flour imports.

The action was reportedly prompted by a need to prevent smuggling of flour and because importers were allegedly supplying flour which had "expired".

Mfundo Nkuhlu, African trade relations director at the trade and industry department, said last night a formal response would be made after the true facts of the case had been established. "However, our first recourse (should this ban be deemed unfair) would be to seek dialogue with Zambia," Nkuhlu said.

Government had held discussions with SA milling industries.

Nkuhlu said talks with Zambia, at its request, for preferential access to the Southern African Customs Union were still expected to be held within a few weeks.

Although observers warned against reading much into the ban, it seems set to taint Lusaka's image as one of the African countries which has taken great strides in trade liberalisation.
SA settlers’ bush justice

LUSAKA: A week after being admitted to the university teaching hospital in the Zambian capital, a farm worker from the Chisamba area has died from first degree burns and several other injuries after his African employer allegedly poured acid on him and beat him for appearing to tire easily during farm work.

The Zambia Civic Education Association, a local NGO, tried in vain to get legal action taken.

Association chief, Ms Lucy Sichone said: "We failed to see the assault case through because the victim was dead and nobody else was ready to step onto the witness stand.

Chisamba is a farming area 42km outside Lusaka and is home-away-from-home for several South African settlers. It has large areas of arable land and good rains.

In the southern province, villagers in Sichobe area received a rude shock when settlers appeared one morning waving title deeds in their faces and ordering them to vacate the land they and their ancestors had tilled.

The arrival of South Africans has awakened tensions and led to considerable resentment among local communities, drawing in development agencies that have become worried about the effect on the people.

"In the case of the displaced villagers, we could do nothing either because the settlers were in possession of title deeds which are legal according to the new Land Act," said Sichone.

Land is held in trust by the president on behalf of the citizens according to a controversial law passed in September 1995, which removed from the chiefs power they previously held.

Before 1995, land was divided into two categories — state land, which was overseen by the president on behalf of the citizens, and customary land, overseen by village chiefs and headmen on behalf of their subjects.

According to Sichone, the new law means that every Zambian without title deeds is in danger of being treated as a squatter. "This includes chiefs and their subjects, hence they are today being displaced by Boers," she said.

A spot check by our people in the Chisamba area revealed that these settlers are more than ready to shoot locals straying near their homes. They seem to have come with their own laws.

She said in the north "local farmers, both white and black are gangning up to buy land whenever they get wind of South Africans being interested in it". —Independent Foreign Service.
Resentment building up in Zambia against SA settler farmers

Lusaka - A week after being admitted to the university teaching hospital in Zambia's capital, Lusaka, a farm worker in the Chisamba area died from first-degree burns and other injuries after his Afrikaner employer allegedly poured acid on him and beat him for tiring easily during farm work.

The Zambia Civic Education Association, a local NGO, tried in vain to get legal action over the incident.

Association chief Lucy Sichone said: "We failed to see the assault case through because the victim was dead and nobody else was ready to step on to the witness stand."

Chisamba, a farming block outside Lusaka, is home-away-from-home for several South African farming and game ranching settlers.

In the southern province, villagers in Shushobe area, about 300km outside the city limits, had a shock when settlers appeared in their village one morning waving title deeds in their faces and ordering them to vacate the land they and their ancestors had tilled.

"In the case of the displaced villagers, we could do nothing either because the settlers were in possession of title deeds, which are legal according to the new Land Act," said Sichone.

Land is held in trust by the president on behalf of the citizens, according to a controversial law passed in September 1955, which removed powers from the chiefs.

According to Sichone, the new law means that every Zambian without title deeds is in danger of being treated as a squatter.

The National Farmers Union, comprising mostly big commercial farmers, seems to welcome the influx of settlers. Sichone says: "(The settlers) seem to have come with their own law."

She says in the north "local farmers, both white and black, are ganging up to buy land whenever they get wind of South Africans being interested in it!"

The civic association contends that the settlers are using local members of parliament to smooth their way. It is also alleged that chiefs are being bribed with gifts such as cars or shares in game reserves located in their areas.

Concessions for game ranching and reserves, as distinct to farms, are given by the wildlife and parks department on 15- to 35-year renewable leases. Critics think the issue of the influx is a time bomb if the relevant authorities ignore the plight of locals.

It has been reported that some NGOs have called upon villagers to arm themselves and fight if anyone tries to come and take over their land.

SA migrants in Oz top the income tree

Sydney – South Africans were by far the richest migrant group in the city according to a new survey just released.

About 40% of them, aged between 22 and 45, earned $A1 000 (about R 3 450) a week or more, it added, well ahead of the next group, Malaysians, who had just 29% earning that salary.

The survey, into the financial status of the 3,5 million people who live in Australia's biggest city, was conducted by the Centre for Population and Urban Research at Monash University in Melbourne.

Director Dr Bob Birrell said many South Africans had incomes higher than Australians.

Along with Malaysians and British, they earned significantly more than all other migrants. There was then a big gap between these three nationalities and the next, headed by New Zealanders and Indians.
Zambians blame job losses on privatisation

Calvin Kaleyi

LUSAKA — A Zambia Privatisation Agency study has found most Zambians believe the privatisation programme has left the average citizen jobless and destitute, a perception fuelled by the fact that more than 60,000 formal sector jobs have been lost since 1991.

However, although 60,000 jobs have been lost since the advent of liberalisation and structural adjustment, the agency says figures show only 8,000 of these jobs were lost to the privatisation programme, and about half of these were due to overmanning and insolvency in the trade sector.

The study also found there had been a 10% fall in overall employment levels since privatisation due to difficult economic conditions. However, the man-in-the-street had erroneously blamed these subsequent job losses on the privatisation programme.

Zambia Privatisation Agency executive Stuart Cruickshanks rationalises there is a misconception that privatisation is a job killer ... people should instead look at the number of jobs that privatisation has saved. Privatisation should be seen as a means to promote growth, production and wealth for the people of Zambia and not as a job killer.

However, the agency's principal findings indicate that:

- 40% of respondents believe that privatisation has made people worse off;
- 60% hold a negative view of privatisation;
- Others believe privatisation benefits only a few rich people and foreigners; and
- Only 20% think privatisation has had the spinoff of increasing jobs in the informal sector.

Zambian Privatisation Agency Social Impact Leader Andrew Chipwende says privatisation is no guarantee of investment. "Economic policies and operating conditions are vital and therefore enhance growth and development."

Chipwende's sentiments appear to be borne out by the fact that 190 jobs were lost recently when Dunlop closed in Zambia, a move it attributed to unfavourable tariff and economic policies.

Commercial Motors, which imports and sells Mercedes Benz vehicles, is also considering closure as a result of what it terms "unfavourable economic conditions".

Labour and Social Security Minister Peter Machungwa says there is possibility of government going back on its privatisation plans. He says: "Government is concerned about the social impact of privatisation but measures have been taken to help the retrenched. The creation of the National Social Safety Net in 1992 embraced government, employers and unions."

The safety net runs programmes that provide self-help and management skills for people who face retrenchment, the aim being to enable them to support themselves in the informal sector.

The Zambian government had privatised 210 companies by June 1997. The new owners have on average retained 35% to 40% of the workforce and many of those, if not all, have already been trained.

Privatisation agency social impact manager Elizabeth Jere says one-quarter of retrenched workers live in poor households and have poor educational qualifications.

The agency's study shows that 90% of those retrenched through privatisation received retrenchment benefits when they were laid off, while 10% had to wait some time for a form of reimbursement to be worked out.

An archaic law still exists that stipulates an employee must receive 200 kwachas — barely enough to buy food today — when a company is liquidated.

The result is that some privatised companies which have closed have laid off their employees without paying any benefits.

However, many workers also failed to receive benefits because they were not familiar enough with retrenchment procedures to ask for them, the study found.
Zambian press must battle hard to maintain its freedom

David Simpson

LUSAKA — The press may be free in Zambia, but its members are finding out that there are many ways a hostile government can harass them while claiming to uphold freedom of the press.

If the government needed an excuse for such harassment, it has been presented with a ready-made one in the split between the state-owned media under the umbrella of the Press Association of Zambia and the independent media under the Zambia Independent Media Association.

The state-owned media includes two dailies, Zambia National Broadcasting Corporation, Zambia News Agency and Zambia Information Services.

The independent association was formed last year as the Zambian chapter of the Southern African Development Community-wide Media Institute of Southern Africa. Only church-owned weekly National Mirror is a member of both organisations.

The Post and the Mirror were highly critical of former president Kenneth Kaunda's regime and played an important role in bringing the Movement for Multiparty Democracy to power in the 1991 elections. At the time President Frederick Chiluba had reason to be grateful to the independent media and said that press freedom must be promoted "so that whatever we are trying to bury under the carpet ... will not escape the notice of society, and society must call us to account for it".

The uneven application of the new liberal economic policies which favoured traders, increased poverty and evident corruption and bad governance led to severe press criticism largely from The Post and The Chronicle.

The overstuffed and subsidised state-owned media with government-appointed editors have refrained from criticising the government, while three privately owned radio stations depend on it for frequency allocations, and avoid politics.

It has been left to the independent press to highlight government abuses. It, in turn, has found ways of getting back at the press.

The Media Reform Committee instituted by the government in 1993 called for a review of 27 pieces of legislation affecting freedom of expression. Often vaguely worded and capable of interpretation to suit the authorities, these can be used to censor, intimidate or harass journalists.

The government promised to review this legislation, but has since introduced new repressive laws by which aggrieved parliamentarians can bring their complaints before a tribunal, avoiding lengthy court proceedings. If a journalist refuses to name his sources, his allegations are automatically considered groundless, and the parliamentarian can then successfully sue for libel.

In February last year the government banned an issue of the Post, a ban which included dissemination on the Internet.

Petty harassment of the Post's staff continues — a distributor was beaten for having a "faulty bicycle" — and special projects editor Masautso Phiri was arrested for taking photographs at the Kabwe opposition rally where Kaunda was injured by a police bullet.

The government has instigated many court cases against The Post, and despite the fact that these generally come to nothing, it pursues them regardless, since they cause inconvenience and expense to the independent media. A free press which is penniless will disappear of its own accord.

The state-owned media are not harangued in this way. They toe the line, parroting government's viewpoint. Because of this discrimination the Zambia Independent Media Association believes the independent media needs a separate body to protect its interests.

The biggest issue affecting the media recently has been the government's plan to introduce a legislated media council on grounds that the media are split and have failed to regulate themselves. The bill would require media practitioners to be qualified and licensed.

The state-owned media association, the independent media association, the local chapter of the Commonwealth Press Union, the Zambian Media Women's Association and the Zambia Union of Journalists rejected the proposal, and realised widespread support from state-owned and independent media workers during two protest marches earlier this year.

The state-owned media body had already proposed a media council to be run by journalists themselves, but the independent association feared government interference through the members of the state-owned media, introduced its own independent media council last year.

Since the government is using this split to justify its insistence on a legislated media council, the question many parties are asking is why, since you both reject the government position, can you not come together and form a single media council?

The independent association's answer to this is that the government should privatise the state-owned media, as it initially promised to do. Members could all join the independent association, removing the need for a separate representative body or council.

Until a month ago the government was insisting it would not privatise its media and that a legislated council was necessary.

The High Court has since upheld the view that a legislated council would contravene constitutional guarantees. While the media in Zambia may have won that particular battle, they are going to have to fight long and hard to maintain their freedom.
SA passes UK as top investor in Zambia

Claire Pickard-Cambridge

SA COMPANIES have overtaken the British recently as the biggest investors in Zambia with total pledged investment topping $180m against $125.3m by the former colonial ruler.

Zambia Investment Centre statistics indicate that investments by South Africans gathered momentum in the past 18 months, overtaking British investors who had held sway through their multinationals and particularly the Commonwealth Development Corporation which has a stake in many newly privatised organisations.

Jerome Mweeswa, senior project development officer for the investment centre, said this week that a survey indicated 60% of the pledged investments had already been realised.

Since privatisation had begun in Zambia in 1993, 18% of investment licences had been granted to South Africans; 18% to British investors, 28% to Zambian investors; while businesses from other countries held the balance.

Mweeswa, based at the Afrikanse Handelsinstituut in Pretoria to promote business and industrial co-operation between Zambian and SA enterprises, said a number of Zambian businesses were seeking partnerships or alliances with South Africans because they needed capital or expertise. He also emphasised that Zambia had freed the repatriation of profits.
Zambian business worried by report

Chilombo Mwandelwa

LUSAKA — The Zambian economy is not showing growth and government must review its economic strategies immediately, say a range of local business organisations.

Their responses follow a report by the United Nations Conference on Trade and Development (Unctad) on the least developed countries, which found that Zambia and Malawi were the only two Southern African Development Community countries with declining economies. But government has disputed the report’s findings.

Finance Minister Ronald Penza said in an interview last week that the Unctad report focused more on “social indicators than economic indicators. What I know is that Zambia’s growth has never been better,” he said.

“This has been a successful year in terms of the economic indicators. Inflation was down from 20% in September to 19.5% this month, against 35% last December.”

Penza explained that the social indicators were poverty levels that were currently very high. “But we have already set the target for the social indicators in 2004 as the year by which we would have reduced poverty from 70% to 60%,” he said.

However, Zambia Association of Chambers of Commerce and Industry chairman George Chabwera said the economy was in “bad shape”. Macroeconomic stability had been achieved by tightening money supply and forcing down interest rates, which had made the commercial banks move away from their trade in treasury bills to traditional banking, he said. “However, there is no growth. We need a growth rate of about 10%. Savings must also be about 30% of GDP because the current 6% is too low to show sustainable growth,” said Chabwera.

He warned that about 300,000 entrants to the job market had no jobs while the number of employed people with jobs was also on the decline. “Inflation is coming down but the economy is not growing. So long as government takes the biggest share from the national cake, there will be no growth. This must change,” Chabwera said.

Economists Association of Zambia chairman Moses Banda said the news of Zambia’s economic decline in the Unctad report was not surprising in view of the delay in privatising Zambia Consolidated Copper Mines (ZCCM). “The 15% inflation target cannot be met if ZCCM is making losses.”

Manufacturers’ Association chairman Mark O’Donnell said the government was failing to meet its economic targets chiefly because of the bloated public service. “The Unctad report is a sad report. This year Zambia might show growth of 4% to 5% but when you look at the poverty levels it is no growth at all. The economy has been declining since 1988,” he said.

“The problem is that we lack strategies for growth. There are too many civil servants and they are bleeding the country to death. With the civil service at its present size I don’t see inflation dropping below 20% in 1997,” O’Donnell warned.
Oil industry is unperturbed by Republic of Congo power shift

CAPE TOWN — At about the time rebel Congolese forces were invading the oil centre of Pointe Noire, a Chevron Corp executive was telling an oil conference of his company’s $1bn investment in the country.

Luigi Caffisch, GM for the US company’s Middle East and Africa operations, was unperturbed by the turmoil in the Republic of Congo, where former army ruler Denis Sassou Nguesso and his Angolan allies appear to have the forces of President Pascal Lissouba on the run.

"My feeling is that they never touch the oil companies, especially when you are offshore," Caffisch said.

--- Members of Lissouba’s government were invited to the Cape Town conference but failed to attend, citing problems at the airport.

--- Other industry players and analysts at the Upstream Africa conference in Cape Town echoed Caffisch’s view. "There’s such revenue from oil that pragmatists will always win the day," said Eloi Dolivo, senior petroleum geologist at Geneva-based Petroconsultants.

Dolivo said exports of Congo’s 250,000 barrel-a-day production might be disrupted if the fighting in Pointe Noire had damaged the oil terminals, but neighbouring Gabon could easily make up any shortfall.

Congo’s oil is all pumped from offshore fields, where Elf Aquitaine is the biggest operator. The group said from Paris it had suspended activity at its Djo terminal in Pointe Noire after it was occupied by troops.

"There is no one left to operate the terminal which has been occupied by Congo forces since early yesterday morning," a spokesman said. "However, all the oil fields at sea are functioning normally." Oil is being stocked on the offshore fields. — Reuters

Zambian govt says it will not privatise state media

LUSAKA — The Zambian government has ruled out privatising the five state media institutions as demanded by opposition parties and media groups.

Tourism Minister Amusaa Mwanamwambwa denied on Wednesday that the ruling Movement for Multiparty Democracy (MMD) had promised to dispose of the mass media. Winding up a parliamentary debate on a private member’s motion for the sale of the institutions, he said: "It is totally untrue that the MMD government ever declared at any time it intends to sell the public-owned media. Nowhere in the manifesto does it say MMD would sell the mass media. This is categorical and has been resolved since the inception of the MMD government."

The government controls five key media institutions, including the only national radio and television station, two of the three daily newspapers, the only news agency, and the information service that co-ordinates media events. The private media comprises one daily newspaper, four weeklies, and three community radio stations.

President Frederick Chiluba’s government undertook to privatise the media soon after it assumed office in November 1991, but subsequently reversed its decision. — Reuters
ZAMBIA: 'Dubious policy Western donors forced on country'

Privatisation brings work and strain

ANNA SIMMONS

Lusaka - It is only 8am but already crowds of enthusiastic shoppers gather in the jumble of wooden vending stalls that jam Lusaka's Freedom Way.

Enos Kasongo, a street trader for the past four years, has come to expect consumers scrutinizing the mounds of shoe polish, washing detergent, toiletries, cosmetics and cigarettes on his stand.

"Business isn't bad," said Kasongo, 24, a former baker for a state company. On a good day, he can net $30 - quite respectable considering that the average annual income for a person in Zambia is only $30.

"I'm glad to be selling here."

Just six years ago, before this Central African nation embarked on an ambitious programme to sell off state enterprises, traders like Kasongo were shunned as speculators and black marketers. Today they are part of the fallout from the privatisation of government-owned ventures.

To date, 75 percent of state companies have been sold to private investors. Fewer than 400,000 people in Zambia's 6 million-strong workforce are employed. Most, like the street traders, are in the informal economy.

The hawkers are despised by legitimate shop owners, who say they steal business, smuggle goods into the country and rob the government of tax revenue. Attempts by the authorities to curb or relocate the street trade have been met by violence.

The controversy surrounding street vending reflects the uncertainty many Zambians feel about the government's rush to liberalise the economy. Critics see privatisation as a dubious policy forced on them by Western donors. They say it has increased poverty and suffering, and they doubt its long-term benefits.

Compounding the economic anxiety is concern about the government's commitment to democracy, especially in the face of an opposition pursuing a campaign of civil disobedience. Such behaviour has threatened to damage this nation's reputation as a bulwark of stability.

"Zambia is going through something it has never experienced before, not even during the colonial days," said former Zambian president Kenneth Kaunda. "We used to be united - one Zambia, one nation. Now we are disunited."

International donors seem ready to ignore the social and political discontent of this former British colony as long as it remains on the privatisation track.

Almost three decades of state monopoly played havoc with the economy of Zambia. The socialistic-style system nurtured corporations that were overstaffed and under-managed. Output at state-owned Zambia Consolidated Copper Mines, long regarded as one of the country's economic jewels, had fallen 50 percent. Parenting was neglected, basic products were scarce and lines began forming at shops for food.

Kalumba defends the policy of state domination. He then called "humanism".

"We built a strong base for growth," he said, taking credit for building schools and providing free education, constructing hospitals; ensuring that Zambia's main towns were served by at least a gravel road, and allowing people to keep a little money in their pocket - though there was hardly anything to buy.

In Kaunda's view, the country's economic troubles were born of Zambia's political courage. Zambia's support for the African liberation struggles in neighbouring countries such as South Africa, Namibia, Zimbabwe and Mozambique cost it millions in development aid.

At Misisi compound, a crowded slum of concrete shacks on the outskirts of Lusaka, Kelvin Musole labours to support his wife, Rosemary, and sons — 2-year-old Lloyd and 2-month-old Peter — by selling milk. On a good day, Musole, 28, makes the equivalent of $5.

"Things have changed," said Musole, who moved to the slum three years ago after being laid off as a road worker. "We used to live better in the old days."

Though Musole welcomes the wide variety of products available now in stores, he laments that he can only afford to window shop. Because education is no longer free, he doubts his boys will ever attend school.

"People are prepared to sacrifice a little, but only if they can see ... that it will be better tomorrow," said Robby Makayi, a prominent Zambian journalist who now heads the independent Media Resource Centre.

Moses Banda, an agricultural businessman, said: "Maybe the West is judging success in terms of the number of (state) companies that have been sold. For us, success should be in terms of quality of life."

The Zambian government has also been criticised for its alleged widespread corruption and its lack of tolerance for the independent press. A July report by Human Rights Watch/Africa noted that "the Chiluba administration has made a few begrudging and mostly cosmetic efforts to improve its human rights record." - Los Angeles Times
Coup bid rocks Zambia

Confusion grips the country over claims and counter claims on military putsch

Elements of mutinous Zambian army officers who launched a coup in Lusaka have surrounded the state radio and television station and President Kenneth Kaunda's residence with tanks, a state security official said today.

"They (the coup leaders) appear to be in the house," the official said today.

"The coup leaders appeared to have seized control of the station and the presidential residence," the official said. "The coup leaders said the coup was in response to the government's failure to address the needs of the people." The official said the coup was planned for 30 days.

"At the moment it is a deadlock," the official said. "There has been some heavy fighting but there is no sign of any significant opposition." The official said the coup leaders had shut down the radio and television stations.

Heavy fighting reported around radio post

Kaunda's official said on radio today that there had been no fighting although his men had captured some government soldiers, and that he had seized power because of the corruption of the government. He said the country was going to rule. It was corrupt completely," Soli said quoted by the local newspaper.

"The situation is very chaotic," Soli said quoted by the local newspaper. "The coup leaders said they are in control of the situation. The military has taken control of the capital." The official said the coup leaders had shut down the radio and television stations.

Chiluba still in charge, says diplomat

Lozzi reporters have said they were taken by surprise and were shocked by the news. Lozzi said that Chiluba had been thrown out of the radio and television stations.

"The situation is very confusing," Lozzi said quoted by the local newspaper. "Chiluba is still in charge of the government. The military has taken control of the situation. The coup leaders said they are in control of the situation. The military has taken control of the capital."
'Drunk army men' set off Zambian coup fiasco

Chiluba 'in control'

(STAFF REPORTER AND AGENCIES)

Pretoria - A handful of soldiers who had too much to drink last night appeared to have been behind today's Zambian coup attempt, the South African High Commission said from Lusaka.

A spokesman said everything had returned to normal in the Zambian capital by noon today.

"The morning concert is over," he said. "Indications are that a small group of Zambian soldiers had too much to drink on Monday night, and decided to take over the government."

The spokesman said there was a strong military presence around the Radio Zambia building, from where a "Captain Solo" announced earlier that Zambian President Frederick Chiluba had been overthrown.

"The mopping-up operation to arrest the coup plotters is continuing. No further shots were heard in the city."

Mr Chiluba's announcement earlier in the morning that a coup had been thwarted was followed by an emotional speech, the spokesman said.

Mr Chiluba was expected to appear on television this afternoon.

Announcing a military takeover via Zambian Broadcasting Corporation at 5.30am, "Captain Solo" said political activity was now banned, the constitution suspended and airports closed.

He said Mr Chiluba had been overthrown by a military group called the "National Redemption Council."

But soon afterwards a man claiming to be a Zambian senior officer broke into the state radio broadcast, saying that the government was in control.

Then came Mr Chiluba's ZBC broadcast.

South African Foreign Affairs spokesman Marco Bonni said earlier the High Commission in Lusaka was to issue a full report later today as soon as it had all the facts.

In his earlier broadcast, Captain Solo said he had called on Mr Chiluba to surrender before 9am or face military attack. "The army will flush him out of the State House. He should come out with the Geneva flag."

There had been no fighting so far. "There is no one who is going to stand in our way."

Captain Solo said he "saw an angel and the message was the government had to be overthrown."

Witnesses heard gunfire early in the morning from the direction of Mr Chiluba's State House residence.

Military roadblocks turned back civilians heading into Lusaka this morning, telling people to stay at home.

A South African radio station, quoting an unidentified source, said tanks were moving towards the city.

People with relatives and friends in Zambia started arriving at the High Commission in Pretoria early today to find out what had happened.

They said they had been unable to reach anyone in Zambia since yesterday.
Zambian coup attempt fails

LUSAKA: Government forces are reportedly firmly in control again after a failed coup attempt here, RICHARD CORNWELL of the Independent Foreign Service writes.

ZAMBIA'S President Frederick Chiluba, facing popular resistance to the effects of a World Bank economic restructuring programme, survived an attempted military coup yesterday.

"I am happy to announce that the plans of our enemies have been thwarted," he said about five hours after sporadic gunfire erupted at dawn near his State House residence and the national broadcasting centre.

Witnesses reported seeing soldiers in trenches outside State House protecting Chiluba and said streets were largely empty, except for tanks and military trucks.

No casualties were reported, but a senior aide said the coup plotters, from the previously unknown National Redemption Council, had been arrested after being found hiding at the Zambian Broadcasting Corporation.

The government's forces were firmly in control, Mr Everisto Muzale, one of Chiluba's most senior advisers, told Reuters in Kinshasa by telephone from the Zambian capital.

"We have arrested the coup plotters and will make many more arrests as investigations go on," he said.

Analysts are speculating that the coup attempt will allow Chiluba to claim credit..."
by the chaotic situation in the country in which crime and corruption were rampant.

Loyal military forces dislodged the insurgents from around the radio station and State House, and arrested the ringleaders, including an infantry officer, Captain Chitt, and a Staff Sergeant Solo. Chiluba later went on radio to celebrate the suppression of the coup and to announce his intention of dealing firmly with the miscreants.

But dissatisfaction in the ranks of the Zambian military is nothing new. The rule of Kenneth Kaunda (1964-1991) saw many claims of foiled coup plots, and there were frequent rumouris of dissatisfaction in the security forces.

Though he came to power in the wake of widespread popular demonstrations for multiparty elections and the ousting of Kaunda's United National Independence Party, Chiluba's popularity soon waned after his initial victory in 1991 in which he took 76% of the presidential vote.

Public expectations of a rapid improvement in the country's economic circumstances were unrealistic, particularly in a policy environment dominated by the strictures of the IMF and the World Bank. In addition, severe differences arose in the ranks of the ruling Movement for Multi-party Democracy, which proved to be an umbrella organisation for disaffected politicians and businessmen rather than a political party. In particular, certain politi-

cal leaders were displeased with what they saw as the president's inclination to favour politicians from his own region.

As a result, the number of opposition parties proliferated. Kaunda's return to the political stage seemed to constitute the greatest threat before the elections of 1996, however. The constitution was altered to prevent his candidacy, and the hopes of a unified opposition front were dashed.

Chiluba rejected the advice of other regional leaders, most notably President Nelson Mandela, that he was treading a dangerous path, and that space had to be left for a loyal opposition to operate.

Richard Cornell is Head of African Security and Analysis Programme, Institute for Security Studies, Midrand.
Zambian businesses stay closed after failed coup

Chilombe Mwondela

BUSINESS ground to a halt in Zambia's capital Lusaka yesterday as all business houses stayed shut after a failed coup attempt.

The national broadcasting station, Zambia National Broadcasting Corporation (ZNBC), was taken over early yesterday by an army unit still not fully identified by the government.

An officer identifying himself only as "Captain Solo" announced that the army had taken over the government and had surrounded State House.

He said President Frederick Chiluba had been arrested and other leading officials had been detained.

However, Solo was silenced in the intervening time by army commandos who stormed the broadcasting complex in Lusaka and regained control of the station.

Capt Solo was later identified as Capt Steven Lungu of the 14th regiment. He joined Zambia's army in 1987 and was working on the coup plot in league with some other still unidentified officers.

Lungu was reportedly apprehended just outside ZNBC by the commandos, and bundled into a waiting vehicle. Doors and windows at the media station were reported to have been smashed in the struggle to detain the rebels.

Military sources said earlier the dissident soldiers had gone to the home of army commander Lt-Gen Nobby Simbeye and apprehended his wife and children, taking them to an unnamed barracks in the capital.

They were released after the coup was defused. The general had not been at home.

By yesterday afternoon most members of the diplomatic corps were confident the situation was back to normal, and urged personnel in outlying areas to be calm.

Yet business in Zambia failed to pick up. Banks did not open, while a paralyzing fuel shortage continues to haunt the country.

Meanwhile, Zambia Association of Manufacturers chairman Mark O' Donnell thanked the government for foiling the coup, which he said would have spelled disaster for the country's economic programmes.

Planes were still not being allowed to land or take off at Lusaka International Airport by yesterday afternoon.

In a national address yesterday afternoon, Chiluba said the coup's perpetrators were under arrest and would be "brought to book".

Yet his remarks that the government would soon take measures to step up police authority and create a state of emergency being implemented.
SA investors reassured

BD 29/10/97

Claire Pickard-Cambridge (260)

The SA High Commissioner in Lusaka says it does not believe SA investors should be perturbed by the attempted coup in Zambia.

"Zambia has enjoyed peace for many years and government has proved it has the support of the army. President Frederick Chiluba has been full of praise for the army's quick reaction," Pieter Pretorius, third secretary at the high commission, said yesterday.

Most of the coup plotters, including self-styled coup leader "Capt. Sole" of the ill-fated unknown National Redemption Council, had been arrested, Pretorius said, and the situation had been calm yesterday.

There were mixed reports about the effects of the coup. Businesses Bonnita administration director Koos Theun said employees at its Premier subsidiary, Bonnita-Zambia had been forced to stay home, but no one was injured or harassed. SA Breweries Africa division said SAB operations had not been disrupted and night and day shifts were continuing.
Cabaret meets on coup as Zambias goes back to work
Chiluba announces a 7-day state of emergency

Lusaka — President Frederick Chiluba's government announced a seven-day state of emergency yesterday, giving it sweeping arrest-and-search powers a day after loyal troops quickly crushed a coup attempt.

In its nightly news bulletin, state television quoted an unidentified government spokesman saying the emergency powers were to take immediate effect. The decision was made by Chiluba and ministerial colleagues at a cabinet meeting earlier in the day.

The spokesman said the cabinet had "decided to be firm on the matter" of Tuesday's attempted coup, in which one rebel soldier died when troops shot their way into the state radio station to rout mutineers who had announced they were taking power.

He said the emergency would be reviewed in seven days by parliament, which is dominated by Chiluba's ruling party.

Television broadcasts showed Chiluba addressing students who gathered outside his official residence in Lusaka yesterday to show support for the government.

"We will never depart from the rule of law. We are going to move with firmness in the ranks and with justice to all," Chiluba told the students from Lusaka technical college.

Of the coup bid, he said: "Whoever is involved must know they will never escape the dragnet at all."

On Tuesday, former president Kenneth Kaunda and his United National Independence Party warned that Chiluba would use the coup attempt as an excuse to crack down on the opposition.

Kaunda, who led the nation to independence in 1964, maintained a state of emergency throughout his 27-year rule.

Chiluba repealed the emergency, which had allowed for indefinite detention without trial and wide search-and-arrest powers, after ousting Kaunda in the nation's first multiparty elections in 1991.

In 1993 Chiluba reimposed the emergency for three months after he alleged that opposition groups were planning a campaign of civil unrest to topple the government.

Yesterday's announcement came after shops and businesses reopened and life began returning to normal in Lusaka.

Richard Sakala, Chiluba's special assistant, said five more mutineers were arrested in addition to the 15 captured on Tuesday, including both coup leaders. — Sapa
Popular reaction to Chiluba's victory muted

FEARS that traditionally stable Zambia was about to join the growing list of central African nations in turmoil have subsided in the wake of President Frederick Chiluba's elected government quashing a coup attempt by disgruntled military officers, reports Michela Wrong.

Chiluba's administration, which has squandered the huge goodwill it enjoyed when it ousted Kenneth Kaunda in 1991, ending his 27-year socialist rule and pulling off one of Africa's few successful democratic handovers. "This is not something that has come out of the blue," said Musikali Lungu, Kaunda's spokesman. "We are not surprised." A former trade unionist, Chiluba tarnished his democratic credentials by tinkering with the constitution to ensure Kaunda could not stand in elections last year.

The move, which coincided with growing reports of high-level government corruption - including allegations of drug trafficking by cabinet members - outraged western donors, who instituted a freeze in balance-of-payments aid only eased in July.

With the hardliners in the ruling Movement for Multi-party Democracy in the ascendant, Chiluba has proved increasingly impervious to criticism, ordering security forces to break up opposition rallies, targeting the press and arresting critics.

An incident in August when police opened fire on a car carrying opposition leaders, wounding Kaunda and a colleague, was regarded by many Zambians as plunging new depths. Chiluba denied it was an assassination attempt, but refused to apologise.

The souring political climate has gone hand-in-hand with growing deprivation for ordinary Zambians, who live in one of the world's most heavily indebted nations.

The selling off of the Zambia Consolidated Copper Mines (ZCCM), the country's ailing copper giant, promises to eventually raise billions for foreign investment in the industrial heartland.

But the privatisation process, due for completion by the end of the year, is painfully slow. The aid freeze has exposed the government's heavy reliance on western support to balance its budget. Unemployment is high, income disparity is enormous and living standards have been falling. UN estimates that over two million children are malnourished.

Inflation stands at 30% and few believe the finance minister can deliver a promised growth rate of 5.5% this year. The El Nino weather phenomenon has hit agriculture. Production of maize, Zambia's staple food, fell by 23% this year, raising the spectre of food shortages. Significantly, the coup was staged a day after a rise in the price of maize flour was announced.

Luanshya residents said yesterday popular reaction to the re-establishment of government control was muted, with few venturing outdoors to demonstrate in Chiluba's favour.

"We have been riding around and there has been no public celebration," said Lungu. "People seem numb. It is a very uneasy atmosphere.

Government critics said Chiluba was unlikely to interpret the coup attempt as a signal for a more liberal approach. Instead they predicted the president, who hinted heavily in his speech that he held the opposition responsible for the uprising, would use it as an excuse to crack down even more firmly.

The government can now step up its rhetoric and say to the donors: 'Democracy is in danger in Zambia,'" said Guy Scott, an opposition leader. "This will be used as a smoke screen to justify the increasingly hardline methods used against the opposition." — Financial Times.
'Alcohol, cannabis and despondency' led to

LUSAKA — A cocktail of alcohol, cannabis and despondency apparently led to Tuesday's failed coup in Zambia by the so-called National Redemption Council, independent Zambian newspaper The Post reported yesterday.

According to Zambian army officers interviewed on Tuesday, the masterminds behind the coup attempt were Capt Steven Lungu, alias "Captain Solo", and Capt Jack Chiti — were probably high on cannabis and drunk when they swung into action.

"There is no doubt that they were both drunk and probably high on pot," said a colonel who declined to be named, "and I think they were despondent about something". This despondency, the colonel explained, was born out of Lungu's ill health while Chiti, who was between 40 and 50, was said to be disgruntled because he had been passed over for promotion for a long time.

It was not clear when the two men decided to stage the coup but according to fellow officers, Lungu and Chiti spent the whole of Monday together.

Lungu, who lives at the Buffalo Village in Lusaka's Makoni neighbourhood and is on study leave, left home early on Monday morning and was seen talking to Chiti at the Arakan Secondary School in the Arakan Barracks at about 7.30am.

At about 10am, the two officers were seen walking together out of the school premises but Chiti returned to the premises later in the afternoon.

The two officers' movements between 2pm and 5pm were unclear but at 5pm Chiti, who had been on extra duty for the past week for an offence he allegedly committed, mounted a guard and deployed sentries around the barracks.

"He later came to the officers' mess but after sometime said he was going to check on the sentries," another officer said.

"Everything seemed normal and we had no reason to suspect that he was up to something." At about 8am, Chiti convinced some soldiers to accompany him "on a mission". The party was later joined by Lungu and they walked to the army commanders' house, near Arakan Barracks on Independence Avenue, where they overpowered the sentries and took over the house.

"They didn't find the army commander but picked up his wife, Kina, and her children and bundled them in the army commander's official Mercedes-Benz and drove them to Arakan Barracks where they locked them up," the officer said.

Before leaving, the coup plotters allegedly ransacked the army commander's bar and carted away cases of Windhoek Lager which they consumed as they went about their business.

The party then drove to the One Bridge Brigade headquarters in Emmasdale where they arrested 64 Armoured Regiment (Mikango Barracks) commanding officer, a Lt-Col Mfule, and other senior officers. "They tied the officers up and somehow managed to convince some soldiers to drive four armoured cars," the officer said.

"The arrested officers were bundled into the armoured cars and taken to Arakan Barracks where they were locked up in cells and some of the soldiers started whipping them," another officer said.

The plotters then drove to the Mass Media Complex where the state radio station and television were located.

Lungu forced his way into Zambia National Broadcasting Corporation studios and announced that the army had taken over the country. — Sapa.

See Page 18
Unscheduled flights barred from landing.

LUSAKA — The Zambian government had banned unscheduled flights from landing at the international airport at night because of security concerns, a government minister said yesterday.

A day after President Frederick Chiluba announced a nationwide state of emergency, Transport and Communications Minister Dawson Lupenga said unscheduled flights would not be allowed to land at Lusaka airport between 6pm and 6am.

"A decision will be made regarding scheduled flights later today," he said.

Chiluba declared a state of emergency on Wednesday after an attempt by disaffected soldiers led by junior officers to overthrow his government.

The Board of Airline Representatives said it had been informed that scheduled night flights would also be affected by the airport decision.

It said the measure would affect the operations of airlines such as British Airways and might affect tourism.

"We can only hope that it will not remain in effect for a long time," it said.

A British Airways official said the company was trying to get special clearance for its flights.

Reuter
SADC in cloud coup-coup land

It was — within hours — business as usual in Lusaka, after Tuesday’s pathetic attempt by a pocket of army officers to stage what appeared to be a coup against Zambia’s elected President Frederick Chiluba (54).

Officials of an SA mining house who were scheduled to fly to Lusaka delayed their flight by a day because Lusaka airport was closed. They were “not unduly perturbed” about their Zambian investments, however.

Yet the failed putsch again poses questions about Chiluba’s style of government and his commitment to democratic norms and practices — which do not match the relative success of his economic reforms.

The Zambian coup attempt underlines the fragility of institutions in a number of southern African states — Angola, Swaziland, Lesotho, the Democratic Republic of Congo — as well as weaknesses in the Southern African Development Community (SADC), to which these countries belong.

“Though it failed,” says SA Institute of International Affairs director Greg Mills, “the Zambian coup attempt represents a wake-up call for the SADC to do a stock-take of institutional weaknesses of the organisation, and an appreciation of the region’s hotspots, where governments’ attempts to consolidate a political order have not been successful.”

Given Zambia’s geographic closeness to Angola and Congo, “there is clearly a great deal of regional anxiety.”

The interesting question, Mills says, is what SA would have done had the coup been successful. Zambia is its third-biggest trade partner on the continent (after Zimbabwe and Mozambique), based on 1995 and 1996 trade figures. SA exports to Zambia last year totalled R1,8bn, and imports R173m.

As chairman of the SADC, SA might have been expected to mobilise the region against the coup. But given the SADC’s record, it would probably have done nothing. After all, Angola, also an SADC member, has blithely invaded two countries this year — both Congos — without redress.

— Amarnath Singh
Lawyer not allowed to see arrested opposition leader

LUSAKA.—A lawyer said at the weekend that he had been denied access to opposition leader Dean Mung’omba, who has been arrested in connection with an abortive coup bid in Zambia.

Mung’omba, who heads the Zambia Democratic Congress (ZDC), is the first political figure to be arrested under a state of emergency declared after a failed military coup led by an army captain last Tuesday. So far 17 army officers have been arrested.

Lawyer Robert Simeza said he tried in vain to establish the whereabouts of his client, or to see him, as police refused to co-operate. “Everyone is entitled to a lawyer. It is a constitutional right, even under a state of emergency,” Simeza said. “A state of emergency does not mean anarchy.”

The state of emergency declared on Wednesday by President Frederick Chiluba has yet to be ratified by parliament. This is expected to happen tomorrow in accordance with a constitutional requirement.

Mung’omba was arrested on Friday by eight armed people in plain clothes. His lawyer said he was mounting an immediate legal fight for Mung’omba’s release. “I am taking the matter to court.”

His client could have been taken to an intelligence or police complex notorious for its torture facilities.

Mung’omba refused to recognize Chiluba’s re-election as president last year. Tipped as the next credible challenger to Chiluba after former president Kenneth Kaunda was barred from contesting the polls, Mung’omba alleged the elections had been rigged and warned he would use any means to remove the government from power.

Mung’omba, who ignored advice from Kaunda to boycott last November’s polls, saw his party win only two seats rather than a projected 30 in the 150-seat parliament.

Mung’omba formed his party in September 1996, a year after he quit Chiluba’s government, in which he had been deputy minister of finance.

His arrest came after Chiluba hinted that political figures might be behind the coup attempt. — Sapa-AFP
Top Zambian opposition leader goes into hiding

LUSAKA — A Zambian opposition leader was in hiding because of fears of arrest following government accusations that a coup attempt last week was backed by the opposition, party colleagues said yesterday.

Zambia Democratic Congress general secretary Azwell Banda went underground after security men searched his home in his absence last week.

“He went into hiding on Friday and we have not heard from him since,” the party’s deputy general secretary Stanley Hamusonde told Reuters.

Banda went into hiding the same day police detained his party’s president Dean Mungomba under emergency laws imposed by the government.

President Frederick Chiluba declared a state of emergency on Wednesday, a day after junior army officers led by Capt Steven Lungu overtook the state broadcaster and announced they had overthrown the government. Government troops smashed the coup attempt five hours later.

Mungomba’s arrest brought to at least 18 the number of people held since the coup attempt. — Reuters.
Jean Baptiste Meyer
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Cher Jean-Baptiste

Merci pour ton e-mail.

Je l'envoye par le fax comme tu as demande.

Lis ca ensemble avec tes e-mail. C'est un description tres preliminaire.

Respondes bientot s'il tu plait.

Amities

Dave
Health authorities warn of cholera outbreak

Josey Bellenger

HEALTH authorities have warned of an impending outbreak of cholera in Zambia, British Airways Travel Clinic said yesterday.

The clinic said Zambian authorities had taken "active steps" to minimize the effect of cholera by educating the public on personal hygiene, washing hands before handling food and after using waste facilities; boiling all drinking water; and separating drinking water wells and latrines.

Zambia is on a list of areas identified by the World Health Organization (WHO) as high-risk, along with Namibia, Botswana, northern SA, southern Egypt, Libya and Algeria.

An "outbreak" epidemic in Kenya has left 2,500 victims requiring admission to hospital and a smaller-scale outbreak has occurred in Maputo. The bacterial, diarrhoea-causing disease has plagued Zambia for eight years, causing 500 deaths in 1992 alone. It kills its victims by rapid dehydration.

Clinic director Andrew Jameson said cholera, which typically flared in the rainy season, could be avoided by observing strict food and water hygiene.

He recommended travellers drink only boiled or bottled water, eat only "peeling hot food" and peelable fruits, and avoided uncooked food such as salads.

Missionaries, refugee camp and aid workers, and other high-risk travellers would be able to obtain an oral vaccine which was 70%-80% effective through British Airways from next week.

The traditional cholera vaccination is deemed ineffective by the WHO and is no longer required by any government for entry.

The injection is only 40%-effective and has side effects resembling flu symptoms.

Travellers illegally required by immigration officials to show proof of this vaccination can obtain exemption certificates free of charge from the SA Institute of Medical Research travel clinic in Braamfontein. The institute is also considering supplying the new vaccine.

The Gauteng health department could not be reached for comment regarding the number, if any, of cholera cases reported in SA, but a hospital source said SA was "not a receptive country."
Lusaka probe of torture claim

LUSAKA — A Zambian human rights
organisation has announced that it
will visit coup plot suspects to assess
their detention conditions after one
key politician held by police claimed he
had been tortured.

The autonomous Human Rights
Commission (HRC) move follows a
claim made in a High Court in Lusaka
the Tuesday by opposition leader Dean
Mung’omba that he had been severely
mistreated.

In a note handed to the vice-presi-
dent of his Zambia Democratic
Congress (ZDC), Wynter Kambimba,
Mung’omba stated: “I have been tor-
rured, no food, no bath, no change of
clothes, no visitors, intimidation,
victimisation.”

His party subsequently addressed a
letter to the HRC, an autonomous body
formed less than a year ago under a
new law, seeking its good offices to en-
sure that “Mung’omba’s human rights
are strictly observed while in deten-
tion.” In a rapid response, the HRC
said it would look into the cases of all
suspects.

Mung’omba was picked up by secur-
ity forces last Friday for allegedly con-
spiring with the junior military officers
who tried to topple the government of
Frederick Chiluba on October 28.

His whereabouts were shrouded in
mystery until he appeared in the High
Court, where his application for a
habeas corpus to explain why he is be-
ing held, was deferred to yesterday, fol-
lowing a prosecution application for
time to prepare its own affidavit.

Armed police were posted in force
outside the courtroom on Tuesday, but
Mung’omba, casually dressed in a
green shirt and khaki trousers, was
free to talk to journalists who
approached him for an interview. He
did not mention torture claims.

Mung’omba said he had no connec-
tion with the officers’ actions. He said
he was being held with all the other
alleged coup plotters in one big room at
police headquarters. — Sapa-AFP.
Failed coup leaders in torture claim

Zambia crackdown

Lusaka — Zambian security forces have tortured up to 34 suspected coup plotters arrested after a failed military putsch last week, Amnesty International said.

Two opposition politicians were meanwhile said to have taken refuge outside Zambia. One prominent leader has been detained since the coup and testified to severe treatment at the hands of police.

In a statement here yesterday, the human rights watchdog organisation condemned the torture and ill-treatment over the past week of a prominent opposition leader and up to 53 other detainees held in connection with the coup bid. 

Dean Mung’ombe, detained leader of the Zambia Democratic Congress, told his lawyers and party officials that he had been tortured and denied food and water until a court appearance five days after his arrest.

Mr Mung’ombe is so far the only opposition politician to have been arrested and formally brought before a court this week over the coup attempt against President Frederick Chiluba staged by junior army officers on October 26.

Mr Chiluba imposed a state of emergency, giving increased powers to police, after the coup bid in which junior army officers said they wanted to oust a corruption-ridden regime.

According to Amnesty International, 33 other suspects have been tortured at the central police headquarters in Lusaka.

Detained military officers have reportedly been given no food or water since last week and have no legal representation. They have not appeared in court nor have charges publicly been laid against them.

On Wednesday, Zambia’s High Court ordered an investigation into allegations of police torture made by Mr Mung’ombe.

A High Court judge set November 12 for a hearing of Mr Mung’ombe’s habeas corpus application to explain why he is being held.

The state of emergency and the arrest of Mung’ombe has raised fears of further action against other opposition leaders both within and outside the country.

One prominent figure, Roger Chongwe, sought temporary refuge in neighbouring Zimbabwe, a privately-owned weekly reported in Harare yesterday.

The Zimbabwe Independent said another opposition figure, Kambarage Kaunda, who has reportedly fled Zambia, is in Angola. — Sapa-APP
Kaunda has not fled to Zimbabwe, says his son

By JIMMY SLEEP (ZBC)

FORMER Zambian president Kenneth Kaunda has not sought refuge in Zimbabwe as reported by media reports, his son told City Press yesterday.

Mayor West Kaunda, the second son of the former Zambian president, in a telephone interview with City Press from Zambia, said his father was in Zimbabwe as part of a tour programme that would take him to several countries, including Britain, the United States and India.

He said his father had no intention of fleeing Zambia for political reasons to any country or seeking political assistance.

He said Kaunda was expected back in Zambia by December 24, after finishing the tour he is conducting on behalf of the Kenneth Kaunda Peace Foundation.

He said it was on his way to Zambia where he expects to stay for a few days.

He will then go to India to attend the Mahatma Gandhi Memorial celebrations in the coming weeks, his son said.

Speculation has been rife that Kaunda might seek refuge outside Zambia for fear of being linked to a recent coup attempt.

The reports yesterday indicated Kaunda, together with a member of another opposition group, Roger Chibwe, had sought refuge in Zimbabwe. The Zambian president, Frederick Chiluba, has condemned political opposition following the unsuccessful coup attempt.

Kaunda has been outside Zambia
Consortium pays under the odds for Zambian
World Bank postpones aid meeting

LUSAKA — The World Bank said on Tuesday it had postponed a meeting of Zambia's creditors scheduled for next month because of the slow pace of privatization of the country's copper mines.

The bank's deputy representative in Lusaka, Richard Beardsmore, said the meeting had been put off until next year, which meant that Fredrick Chiluba's government would have to draw up its 1998 budget without guarantees of aid.

A third of the country's $1.3bn. 1997 budget (January-December) was made up of aid.
World Bank postpones creditors' meeting

The World Bank said this week it had postponed a meeting of Zambia's creditors scheduled for next month because of the slow pace of privatisation of the country's copper mines.

Richard Beardmore, the bank's deputy representative in Lusaka, said the meeting had been put off until next year, which means the government will have to draw up its 1998 budget without guarantees of aid, which made up a third of the country's $1.1 billion 1997 budget.

"The country may have to go through part of 1998 without donor inflows," Beardmore said. He said the World Bank was also waiting for an assessment of the country's macroeconomic performance from the International Monetary Fund (IMF).

Elkeleed Taha, the IMF's Zambia representative, said last week the fund was pleased with Zambia's economic performance over the past few months. - Reuters, Lusaka, (CRB) 13/11/97.
Chiluba ‘must heed the warning signs’

ZAMBIA’S President Frederick Chiluba has certainly not had an easy time since he took over the reins of power from Kenneth Kaunda in 1991. Even before a man calling himself Captain Solo announced on national radio on October 28 that Zambia had been taken over by the military, insiders knew there was an undercurrent of unease in the country for Chiluba’s Movement for Multi-Party Democracy. Something was bound to happen sooner or later and a coup was not ruled out.

The reasons advanced for this assumption were many and varied. Chief among the reasons was restlessness and hopelessness brought about by massive job losses as a result of an ambitious privatisation programme initiated by the Chiluba government in 1991.

Others included a law that barred citizens with parents born abroad from contesting the presidency during last year’s election.

This law was seen as having been specifically put in place in order to bar Kaunda whose UNIP seemed to have gained momentum during the run-up to the elections.

In response, Kaunda pulled his party out of the presidential and parliamentary race, saying: “We do not want to be part of a fraudulent election whose results have already been predetermined.”

This was an apparent reference to the voting registers drawn up by an Israeli firm which had numerous errors.

These ranged from the exclusion of some voters to placing others in wrong constituencies.

The political scenario then took a new twist. Bombs exploded around the usually peaceful city of Lusaka, killing one police officer and badly injuring another.

The Chiluba government figured it had found out who was behind the spate of bombs.

Some senior members of Kaunda’s UNIP were rounded up, charged with treason and murder and thrown into jail but released after five months because the state could not come up with any evidence.

Even while the suspects were in detention, bombs kept exploding. This gave birth to talk that the Chiluba government itself was responsible for the planting of bombs in a bid to distract the public’s mind from other issues.

With Kaunda out of the way, including a few small parties that sympathised with him, Chiluba took power for a second and constitutionally last term of office amidst protest from civic society and international observers that the elections were not free and fair.

It was at this time that Kaunda declared that he was going to make the country ungovernable through the holding of civil disobedience rallies.

This was going to include the holding of political rallies without obtaining police permits and solidarity marches calling for the nullification of the 1996 elections.

One such rally was held in Kabwe, a mining town about 100 km north of Lusaka, on August 23, and almost ended in a bloodbath when Kaunda and the chairman of the political coalition were shot and wounded by men believed to be from the state police.

As questions kept being asked about whether the shooting was an assassination attempt on Kaunda and his colleague or a mere attempt to restore law and order, citizens were treated to something they never experienced since independence in 1964.

A spate of fires rocked Lusaka. Among the buildings burnt was one which housed the office of the state vice-president, Brigadier General Godfrey Miyanda and a 18-floor state-owned building that housed several private businesses.

As usual the finger-pointing game started, with everybody blaming everybody else.

All these isolated incidents were looked at by analysts as signs of worse things to come.

And just five days after Zambia celebrated its 33rd anniversary the country was taken over for at least five hours by the army.

The army’s intention, according to Captain Solo was to save the country from further devastation brought about by rampant corruption and economic mismanagement.

“We do not want to harm any civilians at all. We just want President Chiluba to walk out of State House holding a white flag as a sign of his surrender,” Captain Solo said on national radio.

Solo, was later identified as Stephen Lungu, a captain in the national army.

President Chiluba later addressed the nation on radio and TV saying: “We are in control...the enemy has fallen and victory is certain. Those who live by the sword shall fall by the sword. I am still your president and I am inviting investors to put their money in Zambia because the country is stable, there is no problem here.”

Observers say the remarks of the coup plotters regarding corruption and economic mismanagement must be looked into closely and not just dismissed with contempt. - African Infor...
Pylon girder theft caused huge power grid failure

Harare - The power failure which reverberated throughout the southern African power grid and plunged Zimbabwe and Zambia into darkness at a cost of millions was caused by a Zambian thief who removed a girder for slicing up into bracelets.

The removal of the length of steel from the 30-metre high pylon south of Kafue in southern Zambia last Friday caused it to collapse, said Sam Mahlanza, spokesman for the Zimbabwe Electricity Supply Authority.

As it toppled over, it pulled over another two of the massive pylons on the 930 kv powerline from Zambia's Kafue Gorge power hydro-electric station and broke the circuit. The sudden absence of power started a reaction of massive swings of current in the regional power grid that also links the power generation systems of Zimbabwe, South Africa, Mozambique, Botswana and the Democratic Republic of Congo.

Zimbabwe's Hwange 960 mega watt thermal power station, which supplies 60% of the country’s electricity, tripped out, as did the 1100 mega watt turbines on Kariba Dam over the Zambezi River.

South Africa lost its connection with Mozambique's giant 2000 MW Cahora Bassa hydro-electric dam. The connection with South Africa's Matimba thermal power station cut out.

Nearly 12 hours later, supplies were restored in Zambia and Zimbabwe.

"It's incredible," Mr Mahlanza said. "These people are not afraid of being electrocuted. I don't know how they remove the struts because they are bolted on to the pylons.

"They sell them. They cut them up for steel bracelets. They use them for scotch carts (donkey carts), and all sorts of welding.

"The incident at Kafue was isolated," he said. "It's getting out of hand. It's increasing and it's turning into a regional problem."

The first recorded incident of a pylon collapsing took place in the former Zaire two years ago.

Two months ago, a tower near Bulawayo on the line linking Zimbabwe with Botswana was brought down, but it fell on the man trying to steal a girder supporting the tower, killing him.

No one was hurt in the collapse of the Kafue pylon, Mr Mahlanza said. - Sapa
ZCCM unbundling plan 'not economically sensible'

David McKay 02 20/11/97

The decision of Zambia Consolidated Copper Mines (ZCCM) to privatise by unbundling into 11 packages was a politically motivated move, but it could undermine the potential benefits of the process, stockbroker T. Hoare & Co said yesterday.

This was after the privatisation of ZCCM moved another step closer last week when the Kafue Consortium, consisting of SA’s Aymin, Canada’s Norsands and Phelps Dodge of the US, agreed to buy ZCCM’s Nchanga and Nkana divisions, the largest of the 11 packages.

T. Hoare said ZCCM chose to unbundle its assets as the most acceptable way of achieving its redevelopment, rather than recapitalising itself through a rights issue as originally advised by Anglo American Corporation.

T. Hoare analyst Martyn Hay said ZCCM accounted for 90% of Zambia’s revenue and it had been deemed politically unwise, therefore, to restructure in a way that allowed a company such as Anglo American control.

"Unbundling, therefore, is politically judicious, but is not economically or practically sensible," he said.

Hay argued that this approach would transform ZCCM into a minority shareholder. "It will allow restructuring and rationalisation of ZCCM to be effected in the shortest possible time by enabling a number of participating companies to focus on the essential components," he said.

ZCCM intends to have a 15%-20% “free carry” interest in the project and emerge debt free. In essence, ZCCM’s intention is to write down short-term debt, which stands at $150m-$200m owed to local suppliers, while a substantial amount of external long-term debt, totalling about $600m, will be relocated to the various packages. “This is easier said than done,” Hay said.

In respect of the recent agreement between ZCCM and the Kafue Consortium, analysts suspected that the consortium had been able to whittle down ZCCM’s asking price considerably. As a result, ZCCM would not be able to service its debts as well as expected.

It was reported that the consortium offered $220m in cash and the assumption of the two divisions’ debt, which is thought to be $250m for the Nchanga and Nkana divisions. The divisions comprise five underground mines, one open pit mine, a tailings leach plant, a copper smelter and refinery, an acid plant and a cobalt plant.

But recent quarterly results showed losses at the divisions, accountable for about half ZCCM’s annual production. This may have forced down the sale price as the Kafue Consortium, whom were able to use the heavy debt and the mines’ unprofitability to offer less.

Hay said to maximise its full potential, ZCCM required a capital injection of $2.8bn spread over its divisions.
Zambia will miss its targets, say analysts

Lusaka — Zambia was unlikely to meet its macroeconomic targets this year after recent upheavals boosted inflation and weakened the local currency, analysts said on Tuesday.

They said an increase in money supply, coupled with shortages in convertible currency and fresh food, would reverse earlier gains by the end of the year. Annual inflation rose to 23.2 percent in October after a steady decline to 19.8 percent in September, its lowest level in almost a decade, and analysts said it was likely to continue climbing.

"We doubt that the government will attain its target of bringing inflation down to 15 percent. Twenty percent is a more realistic figure," said Aaron Nakalanga, an Economic Association of Zambia spokesman.

Nakalanga said the kwacha, which had remained stable at about 300 against the dollar for most of the year, was likely to depreciate over the next few months if inflows of donor money remained low. "The postponement of the (World Bank) Consultative Group meeting could further affect the exchange rate," said Nakalanga.

The World Bank has indefinitely deferred its December Consultative Group meeting, at which donors were expected to make pledges to Zambia, because of the slow pace of privatization of copper mines.

A Citibank monthly bulletin released on Tuesday said a marked increase in money supply had also contributed to the devaluation of the kwacha. It said the currency could fall to about 1,550 kwacha to the dollar by the end of the year.

Despite the upheavals, Zambia was likely to attain its 5.5 percent gross domestic product growth target, largely as a result of improving exports, said Nakalanga. — Reuters
Mugabe tells Kaunda he can stay in Zimbabwe

Harare — The Zimbabwean government has given former Zambian president Kenneth Kaunda permission to stay in the country for as long as he wishes amid fears for his safety at home, a newspaper reported yesterday.

Zimbabwean authorities recently held talks with the ex-leader, who has claimed that his life is at risk after last month’s abortive coup in Zambia.

The government had assured Kaunda that he could settle in the country indefinitely, the Zimbabwe Independent reported yesterday.

“It was ... made clear to Dr Kaunda that he is welcome to stay in Zimbabwe anytime he feels it unsafe to go back to his country,” an unnamed senior official in the foreign affairs ministry was quoted as saying.

Kaunda’s son Wezi claimed early this month that Zambian security forces intended to arrest his father under the emergency powers imposed on the country after an October 28 coup bid by junior army officers.

The government of Zambian President Frederick Chiluba has, however, denied any planned action against Kaunda, who has been under mounting pressure from his own opposition United National Independence Party not to return home because the situation was deemed not safe for him.

The coup attempt in Zambia took place while Kaunda was attending the coronation of King Letsie III of Lesotho. On his return he spent a few days in Harare, where one of his sons lives, before proceeding to Britain.

It was during his stopover in Harare that the government of President Robert Mugabe is said to have told Kaunda he could live there as long as he wanted — and offered him state security if he so wished.

The official cited by the Zimbabwe Independent said the move did not represent the granting of political asylum.

“Until Kaunda comes and expresses his intention to stay here permanently because of the unstable situation in his home country, I don’t think it can be correctly said we have already given him political asylum. Maybe it’s a question of semantics,” the official said. — Sapa-APP

Abiola may
Zambia privatises its only coal mine

ZAMBIA's only coal mine, the cash-strapped Maamba collieries, had been sold to an SA and Mozambican mining company for $30m, a government spokesman said yesterday.

Zambian Privatisation Agency CE Valentino Chitalu said 80% of Maamba collieries had been sold to Boninc Limited and the government vowed to put up 20% for future public flotation on the Lusaka Stock Exchange.

The sale excluded the company's residential properties at Maamba township which would be sold to tenants within government housing policy parameters, Chitalu said.

Meanwhile, Mines Minister Corazon Tembo said yesterday that Zambia realised more than $100m from the sale of some of the state-owned copper mines. The state has so far sold Chibuluma, Kasempa, Liwimba and Belinga mines while an agreement for the purchase of Chambishi, Nkana and Nchanga mines has been concluded, but awaits final endorsement.

REPORTER: Business Day

(360)
**Zambia freezes public service rises**

**LUSAKA** — The Zambian government said yesterday it had frozen public service wage increases to facilitate a two-year reform programme in which 59,000 jobs would be scrapped.

"The public service reform programme will focus on... the reduction of the number of employees in the public service from the current 139,000 to 80,000 by the end of 1999 (and) imposing a wage freeze for all public service staff until the end of 1998," Labour Minister Peter Machungwa said in a statement to parliament.

Machungwa said resources saved by the wage freeze would be used to pay out severance packages to retrenched workers.

"The government cannot continue awarding salary increases to a bloated public service because it takes away resources from productive sectors," he said.

Machungwa said that the government would lay off 7,000 workers by the end of next month and a further 8,000 by the end of March.

Another 8,000 would be laid off by April.

"This exercise will continue until the public service has been reduced to a target of about 80,000 public servants by the end of 1999," Machungwa said.

About 12% of the 4-million people who are able to work in Zambia are employed in the formal sector.

The government has been under intense donor pressure to trim its bloated and largely inefficient public service.

Early this year, the International Monetary Fund (IMF) suspended negotiations on continued funding under a three-year Enhanced Structural Adjustment Facility programme until the government initiated work on public service reform.

The talks on the loan package are scheduled to resume next month following moves by the government to restructure the public service and meet other IMF demands. — Reuters.
Kenya's attorney general, the party was officially registered.

Emmanuel Mwamba Lekaya (left) and colega Mahinda, the opposition party leave the office of

James G. Makneley Jr.

360

to divide his enemies

Kenya's leader moves
Chiluba shakes up cabinet basket

LUSAKA — Zambian President Frederick Chiluba demoted his vice-president and defense minister yesterday, only five weeks after a failed coup by disgruntled soldiers.

Chiluba told reporters that he had also retired the commander of the Zambian Air Force and moved the country's army commander into the foreign service.

"I have shaken the basket upside down so that we can move forward with a bit more zeal," he said. "This is part of what I must do to rejuvenate the cabinet. It is intended to increase the appetite for work."

He did not elaborate on the reason for the demotion or transfer of the country's most senior military officers.

He replaced Vice-president Godfrey Miyanda with Christon Tembo, currently the mines minister, and Defence Minister Ben Mwila with Home Affairs Minister Chitalu Sampa. Miyanda becomes education minister, and Mwila energy minister.

Chiluba said army commander Nobby Simbeye would join the for-
ZCCM loses power section

LUSAKA — An international consortium formally took over Zambia Consolidated Copper Mines (ZCCM) power division and named Ian Burgwin as the company’s CEO.

“The power division of ZCCM has been formally acquired by the Copperbelt Energy Corporation,” said a company spokesman.

The spokesman did not disclose how much was paid for the unit. Copperbelt Energy Corporation includes MPI International, the UK-based National Grid Company, and a local management team of Power Division, with ZCCM holding minority shares.

Burgwin, an electrical engineer who has held senior management posts within the National Grid, said the move was exciting.

“As the first electricity privatisation in southern Africa, the spotlight will be turned on the new company and we aim to show (we) can build a strong, efficient company to take us into a profitable and successful future,” he said.

Power Division distributes electrical power to ZCCM divisions and provides ancillary services. — Reuters
Jackson urges on Zambia's democracy

LUSAKA — US civil rights leader Jesse Jackson yesterday urged Zambia to strengthen its democracy to improve the lives of its people and attract investment.

Jackson, in Lusaka as President Bill Clinton's special envoy for democracy in Africa, urged the Zambian government to bolster the institution and begin talks with disgruntled opposition leaders.

"A commitment to human rights, the freedom of expression and a free press are prerequisites of democracy," Jackson said.

Zambian opposition parties are demanding fresh elections after they boycotted elections a year ago to protest against constitutional changes approved by President Frederick Chiluba which effectively barred his main rival, former president Kenneth Kaunda, from participating in the polls.

Western donors who praised Chiluba for his readiness to brave unpopular decisions to implement economic reforms, suspended aid to the southern African country last year after the constitutional changes. They have since restored the aid but insist on improvements to the democratic record.

Asked to comment on reports of torture of Zambian political detainees by security police after an abortive coup attempt in October, Jackson said the country needed to extend gains made in governance over the past few years. "The torture of detainees is not a government policy, apparently. Democracy is the process through which problems are solved and one can not really expect more from it than that." — Reuters.
Clearances take number of Moi's opponents to 11

NAIROBI — Kenya's electoral commission yesterday cleared three more presidential candidates for December 29 elections, bringing to 11 the number of hopefuls standing against the incumbent, President Daniel Arap Moi.

Those whose nomination papers were accepted yesterday include Koigi wa Wamwere of the Kenya National Democratic Alliance. He was turned away on Wednesday because some of his documentation was missing.

The other two were Waigwa Ng'ethe (UHURU Party), and Martin Shikuku of the Forum for the Restoration of Democracy (Ford-Asili).

Geoffrey M'Mweviira of the Green African Party and Nyerere Mwenda of the Economic Assistance Party were advised yesterday to rectify anomalies in their nomination papers and bring them back later.

Mwongo Nyonga, a peasant from central Kenya, arrived at the electoral commission's headquarters without most of the required electoral documents and the mandatory 5,000 shillings ($79).

He said he was too poor to raise the money and was turned away. The nomination process was scheduled to end at 1600, Kenyan time.

President Moi, in power since 1978 and seeking a final five-year term, was the first to register on Wednesday as a candidate of the ruling Kenya African National Union (KANU).

He was followed by Mwai Kibaki of the Democratic Party, Muynu Waithi of the Patriotic Party of Kenya, and Raila Odinga of the National Development Party.

Then came Charity Ngilu of the Social Democratic Party and George Anyona of the Kenya Social Congress.

Kimani wa Nyoike, also Forum for the Restoration of Democracy (Ford-People) was accepted, as were also Michael Kijana Wamalwa (Ford-Kenya), and Wangari Mathai (Liberal Party). — Sapa-APF.

See Page 11
Zambian copper asset set to boost Maranda's earnings

**DD 10/12/97**

David McKay (366)

MARANDA Mines hopes its investment in Zambia Consolidated Copper Mines asset Chibuluma, a copper and cobalt operation, would boost its earnings, the company said this week.

MD Simon Malone said in the company's annual report that Maranda's 25.5% equity interest in Chibuluma Mines, the consortium that successfully bid for the Chibuluma project, had "revitalised the company."

The Chibuluma assets consist of an operating mine and an undeveloped reserve. Chibuluma South, estimated to have more than 6-million tons of ore at a grade of 4.35% copper.

The Chibuluma South mine and plant are expected to be in production in the next 36 months. Malone said the construction of infrastructure and the access shaft would start after the completion of final engineering studies.

Chibuluma Mines owns an 85% stake in Chibuluma, which it bought at a cost of $17.5m. Maranda's 30% share of this cost, together with the working capital, has been funded by bridging loans.

Profit from the existing mine, Chibuluma West, will be used to finance the development of Chibuluma South, resulting in dividends from Chibuluma West not being paid. Chibuluma West mine produces about 32,000 tons of ore a month, at a grade of about 2.5% copper and 0.1% cobalt.

The Chibuluma investment and the purchase of a high-grade copper and zinc operation in Northern Province would lead to increased earnings for Maranda, assuming the zinc prospects remained strong, Malone said.
Sale of mines earns Zambia $120m

Chilombo Mwondeela

LUSAKA — The Zambian government has realised $102m from the sale of Zambia Consolidated Copper Mines (ZCCM) assets, says Mines Minister Gen Christon Tembo.

Tembo said the cash realised so far from the sale of the mines was going towards servicing the $700m debt built up by ZCCM over the past decade.

He did not disclose the sale price of the contentious A-package involving the largest assets, namely the Nkana and Nchanga mines, saying the sale was still being negotiated, although a sale agreement was signed more than a fortnight ago.

He said disposal of ZCCM assets was expected to continue for the next 18 months.

Tembo also disclosed that Package E, the Kansanshi Copper Mine acquired by Cyprus Anax in January 1997, was sold for $35m, with the company committing a further $20m to feasibility studies.

Package B, the Luanshya-Buluba mine which is currently the subject of a court battle, was sold to the Binni Group of companies for $36m.

First Quantum Minerals, a Canadian company, claimed to have entered sale negotiations with the government, saying it had been promised the Luanshya mine by the Zambia Privatisation Agency. The company carried out feasibility studies on the mine costing millions of dollars in manpower and equipment but allegedly could not settle on a cash price with government.
Zambia attracts record foreign investor interest

LUSAKA - Plagued by a chronic lack of investment for more than 25 years, Zambia last month recorded investment pledges of $75m — the highest since the country's Investment Centre first mounted its promotion programme three years ago.

Investment Centre executive director Bwalya Ng'andu attributes the rise in interest to the effective manner in which the government handled and foiled the October coup attempt.

He said it indicated that investors were satisfied the government had the capacity to thwart any uprising that could threaten their investments.

Zambia's image, dented by years of command economics, anti-private sector policies, and the poor investment risk reputation shared by all African countries, has been repaired and investor confidence restored, he said.

Ng'andu said a total of $194m worth of investment pledges were made in 1996, but the actual investment performance stood at $55m. He said about $293.8m were pledged in 1996 and $62m contributed in direct foreign investment in Zambia.

Through to November 30 this year, about $281m in investment pledges had been made. The Investment Centre was still evaluating actual investment performance over this period.

The implementation of the investment pledges averaged between 40% and 45%, Ng'andu said. But he said the situation was improving rapidly. He attributed this to stability in the macroeconomic environment, and drops in inflation and interest rates.

Zambia's mining sector formed the country's core investment potential, accounting for $500m in foreign investment. This was followed by the agriculture and manufacturing sectors, each representing 32% of investment.

Among the economic problems still facing Zambia were the subsidised goods flooding the country's markets, as well as nasophisticated levels of smuggling, which adversely affected investments. Now authorities are vigorously trying to stop the practices.

The frequent closures of small commercial banks had also had a negative effect, sending the wrong signals to potential investors. — Sapa-DPA.
Row over rights to sell Zambia's mine schools

Chilomba Mwondere

LUSAKA — The schools and hospitals linked to Zambia's Consolidated Copper Mines (ZCCM), which neither the government nor the new owners are keen to run, have become the subject of a dispute as mine sales are gradually tied up.

There was a dispute in Zambia's parliament recently over which institution qualified to dispose of the mine's auxiliary assets.

MPs debating a report on public investments questioned why the Zambia Privatisation Agency was not involved in the sale of the mine schools, and claimed the agency was charged by law with the responsibility of overseeing the privatisation of the entire company.

Two mine schools in Lusaka and Ndola have been advertised by a ZCCM/Zambian government privatisation negotiating team, set up by the government to foster the speedy privatisation of the conglomerate.

The privatisation agency told parliament that the sale of schools was not its responsibility. However, independent MP Dipuk Patel argued that the negotiating team was advertising the schools without the permission of the agency.

In reply to observations made by the public investments committee on the proceeds from the sale of ZCCM mines, Finance Minister Ronald Penza said these were going into the Zambian revenue account. Permission had been sought from the privatisation agency to sell the assets and the proceeds were being used by ZCCM to meet its obligations.

In his 1997 budget analysis speech earlier this year Penza said ZCCM had a recorded debt burden of $700m.

In a report to parliament, the public investments committee urged the government to ensure the agency was fully involved in privatising ZCCM because it was the only body created by parliament to oversee and privatise state-owned enterprises.

The new Commerce, Trade and Industry Minister Enoch Kavindele said the government had privatised 223 companies so far. He said a World Bank funded study of all privatised companies would be undertaken in the first quarter of next year to check on their progress.

Minister of Mines Christian Tembo said recently the government had realised $102m from the sale of ZCCM assets. However, the disposal of ZCCM assets was expected to continue over the next 18 months.
Zambia urged to release Kaunda

ST 28/12/97

PRESSURE continues to mount on the Zambian government to release former president Kenneth Kaunda, 73, who is on hunger strike in the Mukobeko high security prison north of Lusaka, following his arrest on Christmas Day.

The US has condemned the veteran politician's arrest and called on the Zambian government to release him "in the spirit of peace and reconciliation".

British Foreign Office Minister Tony Lloyd said his government was extremely concerned to hear of Kaunda's arrest.

The South African government said it viewed Kaunda's arrest with "disappointment" and "grave concern".

It called on the Zambian government to either charge or release him "in the interests of political stability and good governance..."

Kaunda, who led Zambia to independence in 1964 and was defeated by Frederick Chiluba in 1991, leads the opposition United National Independence Party.

On Friday, Zambian Foreign Minister Kellie Walubita said Kaunda had been arrested in connection with the investigation into the attempted coup on October 28 to overthrow Chiluba.

Chiluba imposed a state of emergency after the coup attempt.

Kaunda, who was out of the country at the time, returned to Zambia last Sunday and was served with a 28-day detention order. He has denied any links with the rebels.

Kaunda's son, Colonel Pangi Kaunda, said yesterday that the former president's family were concerned about his health as he was on a hunger strike.

Kaunda was flown to the prison at Kabwe after a brief court appearance in Lusaka on Friday.

No formal charges were put to him and he is scheduled to appear in court again tomorrow.

At Friday's hearing, Kaunda said in a sworn statement that his detention was "to facilitate the state's intention to eliminate me".
CAUSES HEART DISEASE
SMOKING DANGER:
Zambia ignores plea to free Kaunda

Coup link denied

Lusaka - The Zambian government says it will keep former president Kenneth Kaunda in prison in spite of international appeals for his release.

Home Affairs Minister Peter Machungwa said Dr Kaunda was among suspects the government believed were linked to a failed coup on October 28. Dr Kaunda would not be released “just because he is a former president and has power and friends in high places”, Mr Machungwa said.

South Africa, Britain, the United States and Libya have called for Dr Kaunda’s immediate trial or release.

Dr Kaunda, 73, who leads the opposition to Frederick Chiluba’s government, was arrested on Christmas Day, shortly after returning to Zambia from a lecture tour.

No charges have been filed against him, and he is scheduled to appear in the Lusaka High Court today.

Dr Kaunda has repeatedly denied any involvement in the coup attempt. He was out of the country when soldiers seized control of the state radio station and announced that they had overthrown Mr Chiluba. Loyalist troops quickly crushed the rebellion.

Under state of emergency legislation imposed after the coup, about 90 people - including one other opposition politician and many soldiers - have been arrested on suspicion of involvement in the failed coup. All have had 28-day detention orders extended indefinitely.

Dr Kaunda was flown by helicopter to Mnkobeko maximum security prison in Kabwe, an industrial town 130 km north of Lusaka, soon after a brief court appearance last Friday.

Wezi Kaunda, the third-born son of Dr Kaunda, has demanded that the government charge or release his father, who he said went on a hunger strike last Friday. - Sapa-AP-DPA
His detention without trial

Kamala’s response: bid against
LUSAKA: The Zambian government has signalled its determination to keep former president Mr Kenneth Kaunda in prison, rejecting international appeals for his release.

Home Affairs Minister Mr Peter Machungwa said yesterday Kaunda was among suspects the government believed were linked to a failed coup on October 28.

Kaunda would not be released "just because he is a former president and has power and friends in high places," Machungwa said.

Britain, South Africa, the United States — and most recently Libya — have called for Kaunda's immediate trial or release.

Kaunda, 73, who leads the opposition to President Frederick Chiluba's government, was arrested on Thursday, days after returning to Zambia following a months-long lecture tour.

No charges have been filed against Kaunda, who is scheduled to appear in court today.

Kaunda has repeatedly denied any involvement in the coup attempt. He was out of the country when soldiers seized control of the state radio station and broadcast that they had overthrown Chiluba. Loyalist troops quickly crushed the rebellion.

Kaunda was flown by helicopter to Mukobeko maximum security prison in Kabwe, north of Lusaka, shortly after a brief court appearance on Friday. He was refusing food and water.

Chiluba's critics claim he is using the attempted coup to suppress opposition. — Sapa-Af
Chiluba expected to announce Kaunda's release today

I Boy shot dead...
ZAMBIA - GENERAL
1998
Zambian parties stage talks protest

LUSAKA - Plans for political talks between Zambia's parties and president Frederick Chiluba were in disarray yesterday with several parties set to stay away in protest against the house arrest of former Zambian Kenneth Kaunda.

Some 15 parties have pulled out of the crucial two-day talks, citing fears for their own security and protesting against the arrest of the founding president, which followed the detention of another opposition figure after an attempted coup on October 20.

An agenda agreed to by the secretaries of the various political parties included Zambia's controversial amended constitution of 1996, the voters' register and the state of emergency imposed after the coup.

Chairman of the opposition organising committee, Simasiku Mwanamungela, told reporters that the talks were postponed after opposition leaders appealed to Chiluba for a new date.

"This is in view of the release of one of our friends from prison to house arrest," he said, referring to Kaunda, who spent six days in jail before the house arrest order.

Kaunda's United National Independence Party (Unip) had vowed to go nowhere near the talks as long as their leader was still in detention.

Sapa-AFP...
KAUNDA under house arrest after release

LUSAKA: Kenneth Kaunda is to appear in court today in connection with a failed coup attempt in October by junior army officers. He denies any involvement in the plot.

FORMER Zambian president Mr Kenneth Kaunda spent New Year's Eve isolated from his friends and family after being released from prison and put under house arrest on Wednesday.

Kaunda's youngest son, Kaveche, said yesterday that security police had cut the telephone line at the former president's residence and ordered family members, except his wife Betty, to leave the house.

President Frederick Chiluba on Wednesday announced Kaunda's release from prison, where he had been held since his Christmas Day arrest, but ordered him under house arrest on suspicion that he was involved in plotting a failed coup attempt in October.

He also barred his political rival from politics and from speaking to the press. People caught within 100m of Kaunda's house would be arrested, Chiluba said.

"The police cut the telephone line last night, and have ordered us to leave the house," Mr Kaveche Kaunda said outside his father's home, which was sealed off by heavily-armed police.

But police allowed Kaunda's lawyer Mr Daniel Lisulo to visit him early yesterday, ahead of his second court appearance today, in which he is challenging his detention under emergency laws.

Kaunda appeared in court on Monday, but his case was adjourned until today after his lead lawyer collapsed in court. The veteran African leader, who ruled Zambia from independence in 1964 until he was ousted in elections in 1991 by Chiluba, has denied involvement in the coup attempt by junior army officers, saying he was overseas at the time.

Ninety other people, most of them military officers, have been detained in connection with the failed coup attempt. None of them have been formally charged.

Chiluba said on Wednesday that he would release Kaunda from prison after diplomatic prodding from Tanzania's former leader Mr Julius Nyerere, a close friend of Kaunda, and Organisation of African Unity chairperson, Zimbabwe's President Robert Mugabe.

The United States, one of several countries which appealed to Chiluba to release Kaunda from detention, urged Zambia to publicly prove charges that he was involved in the coup plot.

State Department deputy spokesman Mr James Foley said the government "has not presented any evidence that Kaunda was involved in coup plotting".

Foley said the US was calling on Zambia to present immediately and publicly any evidence of Kaunda's alleged involvement.

"We also urge the government, as well as the opposition, to take all necessary steps to promote political dialogue and advance the cause of democracy in Zambia," he said.

Chiluba said he resented the diplomatic pressure, but that he had considered the release after Nyerere, who ruled Tanzania from independence in 1961 until 1985, had appealed to him to take into account Kaunda's age. — Reuters
Zambian parties shun talks in wake of Kaunda's house arrest

Lusaka – Plans for talks between Zambia's political parties and President Frederick Chiluba were in disarray yesterday, with several parties set to stay away in protest at the house arrest of Kenneth Kaunda.

Some 15 parties have pulled out of the two-day talks, citing fears for their own security and protesting against the arrest of the country's founding president, which followed the detention of another prominent opposition figure after an attempted coup in October.

An agenda agreed on by the secretaries of the various political parties included Zambia's amended constitution of 1968, the voters' register and the state of emergency imposed after the coup. The talks were originally to begin on Tuesday but were deferred to tomorrow, before the latest postponement, in the hope that some parties would decide to attend.

The chairman of the opposition organising committee, Simasiku Mwanamungena, said talks were postponed after opposition leaders appealed to Chiluba for a new date.

"We asked for postponement for at least two weeks so that we can consult our colleagues. This is in view of the release of one of our friends from direct prison to house arrest," he said, referring to Kaunda.

Kaunda's United National Independence Party had vowed to go nowhere near the talks as long as their leader was still in detention. - APP
Kaunda defies conditions of house arrest

LUSAKA - Zambia's former president Kenneth Kaunda, detained for suspected involvement in a coup bid, has defied a condition for his release from jail into house arrest by attacking his successor in court.

Dr Kaunda, who was in the Lusaka High Court to contest a state decision to arrest and detain him, told backers in a packed courtroom: "It's not Kenneth Kaunda who is on trial, it's President (Frederick) Chiluba who is on trial!"

One of the terms for Dr Kaunda's restriction to his Lusaka home, ordered by Mr Chiluba who freed him on Wednesday from a maximum security prison, is a ban on active participation in politics and giving press interviews.

"Bitter men are known to do bitter things," Dr Kaunda stated, in an apparent reference to Mr Chiluba.

The veteran politician, 78, also ignored a senior police officer in charge on the premises, who told him not to address people in court.

"Don't talk to people here," the policeman said, but Dr Kaunda pretended not to hear him as he continued addressing the public gallery.

The first leader of independent Zambia - which gained independence from Britain in 1964 with the break-up of the Central African Federation - spoke as he entered the courtroom, just before the resumption of his habeas corpus hearing, which was adjourned from Monday.

He was arrested on December 25, three days after returning to Zambia from abroad, and accused of involvement in an October coup bid by junior officers. Dr Kaunda was not formally charged. "This is my business, we have a good case. Let us fight it peacefully, we are bound to win. Victory is certain," said Dr Kaunda, emphasising he was not bitter at the action taken against him.

Appearing relaxed, he spoke freely to journalists during a brief procedural court adjournment and complained that conditions at his Kalundu home in the Lusaka region were strict.

"I cannot see my children and my grandchildren. The conditions are harsh," he said, adding that he had been allowed to talk only with his wife, Betty, and son, Kavech, since his transfer from the notorious Mukobeko prison, about 100km from the capital, Lusaka. Police allowed two foreign television crews to film Dr Kaunda in the court. -Sapa-AFP
Kaunda says he will not be silenced by ‘stupid law’

LUSAKA — Zambia’s defiant former president Kenneth Kaunda said yesterday he would not be silenced by a “stupid law” barring him from politics.

He told supporters in a Lusaka court, where he is challenging his house arrest under state of emergency laws, that he would defy restrictions imposed by President Frederick Chiluba last week which also barred him from talking to the media.

“They cannot silence me. They are too small,” he told about 30 supporters in the courtroom before his hearing began. “I am going to disobey this stupid law.” Armed police battled to control about 200 noisy demonstrators outside the court as Kaunda’s lawyers argued with state prosecutors over amendments to their application for the release of the veteran statesman.

Kaunda, 73, was arrested on Christmas day over alleged involvement in a failed coup bid last October while he was out of the country. He denies the accusation.

The government suspects the man who led Zambia from colonial rule to independence in 1964 of helping to plot the failed coup attempt by rebel soldiers.

Kaunda’s lawyers applied last week to amend their application to secure his release from house arrest instead of from the prison where he had been held before.

However, prosecutors argued that Kaunda’s lawyers needed to submit a new application since the authority of the detention had changed from a police to a presidential restriction order. — Reuters.
Kaunda defies Chiluba curbs

LUSAKA: Zambia's defiant former President Kenneth Kaunda said yesterday he would not be silenced by a "stupid law" barring him from politics.

He told supporters in a court here, where he is challenging his house arrest under state-of-emergency laws, that he would continue to defy restrictions imposed by President Frederick Chiluba last week which also bar him from talking to the press.

"They can't silence me. They are too small," he told about 30 supporters in the courtroom before his hearing began. "I am going to disobey this stupid law."

Armed police battled to control about 200 noisy demonstrators outside the high court as Kaunda's lawyers argued with state prosecutors over amendments to their application for the release of the veteran statesman.

Witnesses said police beat up at least one of the demonstrators dancing and chanting solidarity slogans.

Kaunda, 73, was arrested on Christmas Day over alleged involvement in a failed coup bid last October while he was out of the country. He denies the accusation.

A senior policeman was suspended last week for allowing Kaunda to speak to the media during an earlier court appearance, two days after Chiluba released him from prison into house arrest.

The government suspects the man who led Zambia from colonial rule to independence in 1964, and ruled for 27 years, of helping to plot the failed coup attempt by rebel soldiers.

Yesterday, lawyers for the former president and his state argued over technicalities of the application for his release.

Kaunda's lawyers applied last week to amend their application to secure his release from prison instead of from the maximum-security prison where he had been held before.

However, prosecutors argued that Kaunda's lawyers needed to submit a new application since the grounds of the detention had changed from a police to a presidential restriction order.

Judge James Mutale ruled yesterday that the application could be amended to speed up the hearing.

However, the state immediately appealed against the ruling. The hearing was continuing yesterday. — Reuters
FORMER president Kenneth Kaunda of Zambia believed he would be arrested on his return home in December from a two-month trip abroad. He was detained on Christmas Day.

Kaunda told me in London in mid-November that he had heard that "something was being organised" and that afterwards his United National Independence Party (UNIP) "would never be the same again".

The first development came on October 28 when a group of soldiers, said to be drunk, took control of the radio station in Lusaka in what was described as a coup attempt.

Within three hours, the government had regained control and 90 soldiers and opposition supporters were arrested.

Kaunda was in South Africa then. President Frederick Chiluba accused him of planting a coup, but Kaunda said he believes the government organised a phoney coup to justify the reintroduction of a state of emergency.

In August, police had shot at Kaunda and Rodger Chongwe, a former justice minister in the Chiluba government, during a demonstration in the town of Kabwe.

Chongwe was seriously injured and Kaunda escaped with a grazed head. Both believe it was an assassination attempt.

Kaunda left Zambia in September for the United States, Britain and India. He was arrested on a 28-day detention order within a few days of his return to Lusaka. On New Year's Eve he was released from jail and placed under house arrest.

Chiluba and Kaunda have been at each other's political throats for the best part of the 30 years of Kaunda's rule.

"As leader of the mineworkers' union, Chiluba was a powerful and troublesome figure on the Copperbelt, repeatedly clashing with Kaunda. Chiluba led numerous strikes and Kaunda detained him several times."

Feud continued

When Kaunda introduced multipartyism and Chiluba won the 1991 presidential elections, Kaunda handed over power with good grace. But the feud continued.

Chiluba denied Kaunda a pension and an official home under the Commonwealth secretary-general, Chief Emeka Anyaoku, mediated. Kaunda then acquired "futter of the nation" status, with the facilities most countries accord a former head of government.

He gave up the UNIP leadership for a spell, but later re-entered active politics and resumed party leadership.

With elections again approaching, the constitution was amended to state that presidential candidates must be born of Zambian parents.

The feud between Kaunda and Chiluba dates back to when Chiluba was a fiery trade union leader on the Copperbelt, writes Derek Ingram.

Former Zambian president Kenneth Kaunda

- The move was clearly aimed at excluding Kaunda because his parents were born in Malawi.
- UNIP boycotted the 1996 elections and Chiluba's Movement for Multiparty Democracy won by a landslide in a low turnout.
- The return to Zambia of what is, in effect, a one-party authoritarian state is a serious setback for the Commonwealth's programme of good governance and democracy.
- Zambia's transition in 1991 had been seen as a model for Africa. It all started so well. Chiluba pledged open government, democracy and freedom of expression.

Kaunda described the day Chiluba took over the State House. He showed the incoming president around the building, introduced the staff and handed over the keys in a proper manner.

He even conducted him around the tunnels that had been built under State House. Soon afterwards, reports began to appear that the cells had been used by Kaunda's rule to torture people.

The stories had been started by the Chiluba government, but no victims or confirming evidence emerged and the charges were quietly forgotten.

Kaunda refuses the allegations. He said the tunnels were built for the safety of all those living in the State House. They had certainly been in danger.

Zambia had been locked in a bitter struggle with the Ian Smith regime in the former Rhodesia and with apartheid South Africa.

The Rhodesians often raided Zambia and sometimes Lusaka itself. Later, South Africans did likewise, notably in 1986. Tunnels for the president and his staff were a logical security need.

Last October at its Edinburgh summit, the Commonwealth toughened its stand on democracy and good governance.

The Commonwealth Ministerial Action Group (CMAG), set up in 1995 to monitor member countries' records on such matters, has so far operated only in West Africa, but has been empowered to look at breaches of the 1991 Harare Declaration by any member country.

The locking up of the opposition leader and former president and other moves aimed at intimidating the opposition in Zambia can be likened to the repression and human rights violations for which Nigeria was suspended from the Commonwealth.

As soon as Kaunda was arrested, the Anyaoku told Chiluba of his serious concern. CMAG is expected to meet early in February.

Whatever happens in the next few weeks, it will have to address the question: If Nigeria is in the Commonwealth dock, why not Zambia?

- On Tuesday Kaunda sought his release or an easing of his detention conditions.
- Patrick Mvunga, leading Kaunda's legal team, asked Judge James Mushi to order the government to quickly put Kaunda on trial or free him.

Continued detention

Since his arrest on December 25, Kaunda has not been charged or officially told the reasons for his continued detention. Mvunga said.

Senior state advocate John Siame said that under emergency regulations, the state was not obliged to charge or try Kaunda until its investigations against him were complete.

After prolonged arguments on legal technicalities, the court postponed until yesterday.

"I am a political in alliance of 10 groups headed by Kaunda. My party has withdrawn from talks scheduled for later this month with the government on political reform, accusing Chiluba of using the state of emergency to crack down on political enemies. - SipaAP.
Kandha close to tears in court

NEWS

NATIONAL
Relations between SA and Zambia sink to new low after Kasina talks

by Anthony Mwaba
Competition – Barriers

Trader its 7th year

In order to trigger an increase in competition, the government has recently implemented a series of measures aimed at reducing regulations and barriers faced by traders. These measures include the deregulation of certain sectors, the reduction of import duties, and the introduction of a streamlined business registration process. As a result, the number of new businesses has significantly increased, leading to greater competition in the market.

Trade – Problems

The current trade scenario in Zambia is characterized by several challenges, including high import costs, limited access to international markets, and inadequate infrastructure. These factors contribute to a slow-paced trade environment, hindering the growth of the economy.

Currency – Exchange Rate

The exchange rate fluctuations have had a significant impact on the trade balance, with the Zambian kwacha showing a downward trend against major currencies. This has made exports more competitive but also increased the cost of imports, putting pressure on local businesses.

Investment – Challenges

Investment in Zambia faces several challenges, including political instability, inadequate infrastructure, and a lack of clear regulatory frameworks. These factors contribute to a high risk perception among foreign investors, deterring new investments in the country.

State claims – Copper

The government of Zambia has recently taken a stance on its copper mining assets, highlighting its commitment to ensuring the country's natural resources are used sustainably. The government has outlined plans to attract foreign investment in the sector, aiming to boost production and meet global demand.
Customs Union move on access for Zambia
'Kaunda knew nothing about coup plot' (360)

Co-accused testify that former Zambian president was not aware of plans

AFP
Lusaka

One of the alleged leaders of a coup attempt in Zambia told the High Court yesterday that former president Kenneth Kaunda had nothing to do with the plot.

Army Captain Jackson Chiti said he had not met Kaunda since attending a political seminar in 1990, when Kaunda was still in office.

At the end of his testimony, the hearing into Kaunda's application to be charged or released, Chiti turned to the former president and apologised for the fact that their names had been linked.

Another detainee, Zambian Democratic Congress leader Dean Mungomba, also gave evidence on Kaunda's behalf, denying that either of them were involved in the October coup attempt.

The State alleges that Kaunda, Mungomba and Roger Chongwe, the leader of the Liberal Progressive Front who is now in self-imposed exile in Australia, collaborated with the soldiers in the coup plot.

Mungomba and Chiti both reiterated that they had been tortured while in detention.

Mungomba said he was beaten with fists and sticks, shackled, hung upside down in a torture known as "the swing", and given electric shocks.

His torturers had said they also wanted to put Kaunda -- who was out of the country at the time -- on "the swing".

"In a way, Kaunda should thank his stars, I think that if they had put him through what I went through, they could have killed him at his age," Mungomba said.

Kaunda, who is 73, was detained on Christmas Day after returning to the country and is now under house arrest.

Chiti said he had been similarly tortured and also been beaten on his genitals with a ruler.
Zambian cops get tough on press

Anthony Kunda in Lusaka

The detention of former Zambian president Kenneth Kaunda in connection with the botched military putsch of October 28 last year has brought frustrating privations for journalists.

The government has not introduced any new legislation to restrict the media. But the police seem to have become paranoid, especially about journalists from independent and foreign media.

Journalists have been subjected to rigorous and intimidating searches before entering the courtroom to cover Kaunda’s habeas corpus hearing, which has been running for two weeks.

Last week, police denied three foreign correspondents — Jowie Mwiinga (Reuters), Katongo Chisupa (Agence France Presse) and Musengwa Kayaya (Pana African News Agency) — from entering the court, saying the courtroom was packed.

In the same week, a Cable News Network (CNN) team had a rough time when police suspected them of having filmed Kaunda in court. Filming or photographing is not allowed in Zambian courts of law. The police swooped on crew members, and cameraperson Amy Merz was assaulted by one of the constables struggling to grab her camera.

Early this week, Reporters Sans Frontières (RSF) wrote a letter of protest to President Frederick Chiluba over the harassment of journalists by police.

Presidential representative Richard Sekala, information minister David Mpamba, and foreign minister Keli Wahibita have all expressed displeasure at the manner in which CNN and other foreign media have covered the arrest of Kaunda.

In a related development, Fred M’membe, editor of the independent newspaper The Post, has been summoned — along with human rights lawyer Lucy Sichone and civic rights activist Alfred Zulu — by Lusaka High Court Judge James Mutale for criticising the grounds of the restriction imposed on Kaunda.
Zambia’s business sector under shadow of politics

David Simpson

LUSAKA — Political events are having a serious effect on business in Zambia, according to sectoral reviews by business leaders.

The reviews have been released under the auspices of the Zambia Association of Chambers of Commerce and Industry (Zacci).

Zacci chairman George Chabwera has deplored the fact that several citizens arrested under the state of emergency imposed in November have not yet been brought to court in connection with the October 28 coup attempt.

He is equally concerned about the resulting boycott, by several opposition parties, of the interparty talks intended to relieve the tension which built up between the Multiparty Movement for Democracy government and the opposition parties after the coup bid. The talks were postponed as a result of the boycott.

Chabwera said that the state of emergency had hit Zambia’s credit rating hard. He also deplored corruption, government breach of contract and inefficient administration as retarding Zambia’s economic growth. The government has been hesitant to reduce the bloated public service because of the political implications, and partly because of the cost of providing redundancy packages.

Zambia Association of Manufacturers chairman Mark O’Donnell says Zambia is losing millions of dollars in investment and tourism because of the state of emergency, despite the fact that the country is very peaceful.

Meanwhile, the police are putting up indiscriminate and unauthorised road blocks, sometimes known as “corruption allowance” road blocks. Most of the money extracted from motorists goes into their pockets.

He deplored the failure of government and donors to pay enough attention to the economy. O’Donnell also blamed political interference for what he believed to be the low prices realised from the sale of Zambia’s copper mines.

He was referring to the delays resulting from the protracted negotiations with the Kafue Consortium on its offer for Nchanga and Nkana mines following President Frederick Chiluba’s controversial appointment of former ZCCM CE Francis Kaunda as head of government’s negotiating team.

Long delays in the negotiations are thought to have reduced the value of the deal to Zambia, since the ZCCM mines have continued to lose about $1m a day.

In addition, Kaunda cut Chibuluma mine out of the consortium’s package and awarded it to Metorex Corporation of SA at a price believed to be about a third of the value the consortium placed on it.

Government restrictions on the issue of work permits to expatriates were also costing immeasurably a lot, said O’Donnell. Companies were declining to invest because of this interference in their right to appoint managerial staff.

Zambia National Farmers’ Union chairman AM Vashee said his union welcomed government’s statement last year that it would no longer be involved in maize marketing, fertiliser distribution or credit facilities. But government had since been involved in a deal to import Canadian maize.

However, he noted that there had been no major government intervention in marketing crops.

Vashee also believed the value of the kwacha was being kept artificially high.
Coup bid hurt economy - Chiluba

Leader of Zambia's United National Independence Party and its nine-year-old government, President Frederick Chiluba, has been deposed in a military coup.

The coup appeared to be the result of a power struggle within the government, as the president's health had been in question recently.

Chiluba, who has been in power since 1991, was due to step down in 1999. The coup leaders are now in control of the government, and Chiluba's whereabouts are unknown.

The coup has led to widespread unrest in the country, with reports of looting and violence.

Economic experts predict that the coup will have a negative impact on the country's already struggling economy.

Leaders of international organizations have condemned the coup and called for a return to democracy.

The United Nations has dispatched a team of experts to assess the situation and provide assistance.

The coup leaders have promised to hold elections within six months, but many are skeptical of their commitment to democracy.
Zambia loses tourism earnings to foreign accounts
Zambian economy looks good

Claire Pickard-Cambridge

MEDIUM-term prospects for the Zambian economy look brighter than at any time in the past two decades and a shift is taking place in foreign and domestic perceptions of the country, says Standard Chartered Bank.

In its latest report the Zambian branch of the bank says privatisation of the copper mines has driven the change of sentiment along with the continued expansion of non-traditional exports, recovery in the manufacturing sector and tighter monetary and fiscal policies.

Copper output appears to have reached its trough and can be expected to increase 5%-10% this year, with production rising above 700,000 tons a year by 2005 from about 315,000 tons last year.

Manufacturing production rose 15% in volume in the first quarter last year and grew about 7% over the year. The retail sector, tourism and construction also grew.

The bank said that with agricultural production — predominantly maize — down about 10%-15% and a flat year for mining, gross domestic product growth for last year was unlikely to reach the targeted 5.5%. Growth was estimated at 4%.

Business sentiment and prospects were boosted by the November agreement on the sale of the Nkana, Nchanga and Chambishi mines, leaving only Mufumbira mine and smelter and some of Zambia Consolidated Copper Mines (ZCCM) minor assets to be privatised.

Positive and far-reaching economic effects as arrears were settled and demand increased in response to mines rehabilitation and expansion.

The report points out that the agreement between ZCCM and the Kafue consortium on the sale of Nkana and Nchanga was announced only days after the abortive coup attempt in October, underlining the fact that the adverse impact on investment sentiment was muted.

Positive spin-offs for Zambia were expected from an improved macroeconomic policy framework, a healthier geopolitical climate in the region and progress towards liberalising regional trade.

However, these would have a gradual effect and in the short-term economic recovery would be constrained by the vagaries of weather, infrastructural deficiencies and the fact that the core utilities such as power and telecommunications were state-owned.

The report said this would be a critical year during which the new management of the copper mines would begin to restructure their assets and the agreement for the $800m Konkola Deep project should be finalised.

With copper almost fully privatised and the disposal of two-thirds of the enterprises in the Zambia Privatisation Agency's portfolio, reform was shifting to the difficult structural areas, such as the right-sizing of the public service and banking sector reform.

While the government had met its own 1097 targets, it would not be easy to meet those set by the donors next year.

Zambia may bring in taxes to counter loss of aid

LUSAKA — Zambia may introduce new taxes this year to counter an expected dearth in aid as donors withdraw support over governance concerns after a failed coup last October, analysts said yesterday.

“Western donors have expressed great concern over the political events after October 28 and it would be too much to expect them to maintain normal aid flows,” Zambia Confederation of Chamber of Commerce and Industry chairman George Chalffens said, referring to the failed coup.

Western governments have urged President Frederick Chiluba either to charge former president Kenneth Kaunda and Zambia Democratic Congress leader Dean Mungomba, held under state of emergency laws for their alleged involvement in the failed coup, or release them. Chiluba has said he would not be dictated by Africa’s former “colonial masters”.

The World Bank has indefinitely deferred a Consultative Group meeting set for December, at which donors were expected to make aid pledges to Zambia, because of the slow pace at which its copper mines were being privatised.

It said the meeting would be held some time this year — meaning the Zambian government would have to design its 1996 budget without the assurance of normal aid flows. The government depends on Western donors to fund a third of its $1,1bn budget.

Economic Association of Zambia spokesman Munana Nakalongo said the government would struggle to meet its target of 6% real growth this year. Finance Minister Ronald Penza is to present his 1996 budget on January 30. — Reuter.
Controversy over sale of company’s mine homes

Chilombo Mwondela

LUSAKA — The sale of mine homes belonging to Zambia Consolidated Copper Mines (ZCCM) is the subject of controversy between the Zambian government and ZCCM management, as well as between the government and the Kafue consortium purchasing the Nkana and Nchanga mines.

Mines and Minerals Development Minister Syamukayamba Syamuyaye has condemned the ZCCM management for what he terms “unacceptable” modes of selling the conglomerate’s houses.

And in London the government-ZCCM negotiators and the Kafue consortium agreed the state would hand back some institutional houses which had been included in the sale agreement of the Nkana and Nchanga mines, government sources revealed.

Out of 400 mine houses for support staff deeded to the Kafue consortium, fewer than 100 were left for the consortium. The government could not account for the remaining 300, but it was generally assumed the houses had been incorporated in the sale of ZCCM mine houses to employees as the conglomerate prepares to wind up active operations.

ZCCM management has not said anything on the disappearance of the 300 institutional houses agreed upon, but the minister of mines suspended the sale of houses last week “until proper procedures are put in place.”

The minister directed his deputy, Kaunda Lembalembe, to probe the allocation of ZCCM houses, saying though the government would not have a direct hand in the sale, it would not allow anyone to be victimised.

“The policy of government is that of empowerment and we would like to see that element in ZCCM. Once a report is ready it will be presented to ZCCM management to secure a possible equitable solution,” he said.

Six bidders are lined up to buy Chambishi Mine, which was dropped by Ivanhoe Corporation of Canada in early January. After a successful tender, Ivanhoe later said a crisis in its mid-East operations made it impossible to acquire the Chambishi mine.

“By next week, we are concluding a deal with new bidders and the talk about Ivanhoe will no longer be an issue because we have received more attractive bids as compared to those that were offered by previous bidders,” said Syamuyaye.

The minister said Nchanga and Nkana, constituting 70% of the value of Zambia’s copper mining interests, would be conclusively sold by the end of February.
SA investors pour money into Zambian tour ventures

Chilombo Mwomwela (SE)

LUSAKA — The Zambia Investment Centre is expecting up to $46.6m worth of investment in the country's tourism sector from tour operators based in SA.

Zambia's Deputy Tourism Minister Fidelis Mando said resorts in the Zambesi Valley would be upgraded to compete with those on the Zimbabwean side of the valley. SA's Sun International is investing more than $40m in the Mosi-Oa-Tunya Intercontinental Hotel.

Mando said repairs to the airport runway at Livingstone would permit international flights to land at the town, on the Zambian side of Victoria Falls.

The minister said the development of lodges and safari camps in the Zambesi valley by SA investors was prompting the government to consider the refurbishment of game management areas, as well as a concerted effort to repair roads in national game parks.

The investment centre recorded 10 more SA investors in Zambian tourism during 1997, more than doubling the number of investors from SA involved in Zambia's tourism sector.

Among the 10 are Cinderella Adventures, Shungu River Lodge, Zambesi Jetboat Journeys, Kasale Game Ranch and Safaris, Guta Game Ranch and Safaris, Miro Game Ranch and Safaris, and Simatanga Game Ranch and Safaris.
Zambian business calls for tax cuts in budget

LUSAKA — Zambian industrialists urged the government yesterday to cut taxes in Friday's 1998 budget in order to boost production, but analysts said the opposite was more likely due to endangered funding from donors.

The government had revenue of $1.1bn in 1997, slightly more than expenditure, leaving Zambia with a budget surplus of 1.2% of gross domestic product. Donors contributed a third, roughly the amount spent on the social sector. But some business leaders say they fear Britain, the US and other aid donors may curtail funding to show displeasure at a state of emergency imposed after a failed October coup.

Manufacturers' Association chairman Mark O'Donnell said he was lobbying Finance Minister Ronald Penza to cut tariffs and utility costs.

Landlocked Zambia charges importers duty of up to 25% on raw materials and a 5% import declaration fee. O'Donnell said its electricity and fuel were the dearest in southern Africa, pushing up production costs up and making it difficult for local producers to compete regionally.

Zambians are among the most heavily taxed people in southern Africa, with company tax at 35% and VAT at 17.5%. However, some analysts said the government was likely to broaden its tax base or raise existing taxes, rather than cut them, in response to the expected gap in donor aid flows.

The World Bank has deferred a Consultative Group meeting set for last December at which donors were to make aid pledges to Zambia. This was because of the slow pace at which the country's copper mines were being privatized. — Reuters.
Zambia must get house in order - EU

LUSAKA - The European Union (EU) warned Zambia yesterday that international support for its economic reforms could be hit by the continued detention without trial of 92 people arrested in connection with a failed coup last year.

It condemned President Frederick Chiluba's extension of the 90-day state of emergency that he imposed one day after the coup attempt by junior army officers in October last year.

"The EU now strongly urges the government of Zambia to complete their investigations with all possible speed, to charge or release all the detainees and to end the state of emergency at the earliest opportunity."

Last week the US criticised the government for extending the state of emergency and warned that the country's economic prospects depended on its governance record.

The country is counting on western donors to fund one third of its 1996 budget, but observers say the aid is likely to be withheld. - Reuters.
LUSAKA — Retaining its state of emergency would not help Zambia secure the $420m from donors which it was counting on in the budget tabled last week, the Zambia Chambers of Commerce and Industry (Zacci) warned.

Although the budget offered concessions to local business, the emergency had a negative ef-

fect on the business climate, Zacci chairman George Chabwera said.

At a budget analysis meeting Finance Minister Ronald Penza and business leaders differed sharply over the state of emergency. Business leaders said the emergency jeopardised access to donor funding; made it harder for businessmen to raise foreign capital and sent the wrong message to the world about stability in the country.

Penza said his government had fulfilled all donor demands — such as installing an independent judiciary and human rights commission — and should be given his "cheque". If detained former president Kenneth Kaunda broke the law, "it should not change agreements with donors", he said.

Since a coup bid in October, 99 Zambians have been detained including Kaunda. About 90 have not been charged.

Chabwera said wanting 85% of the budget to be contributed by donors was overambitious, especially after extending the emergency for another three months.

Reuter reports Penza announced tax cuts and incentives last week to make local products more competitive. He cut import duty on some imported raw materials, and increased duty on several finished imported products, which he said were being undervalued by importers or that created unfair competition. He proposed that specific duty rates for imported tyres, sugar, soft drinks, edible oil, beer and batteries be used as an alternative to ad-valorem rates.
Paranoid politics is business as usual in Zambia

Donald O McNeil

When former Zambian president Kenneth Kaunda arrives at court each morning, up to 100 soldiers surround him and not only show photographers how to shoot guns, but also lock him in budgie wires trying to block his face, inside, where a political ally of his asks for a glass of water, a lawyer for Kaunda makes the court clerk taste it first.

Suspicion runs deep in Zambia's politics.

With the last two years, Zambia has had a bomb blast outside President Frederick Chiluba's house, a round of opposition leaders, a flawed election, the shooting of two opposition candidates, a lawsuit claiming the president is secretly a foreigner, threats of invasion, riots in the capital, a coup attempt, a round-up of some suspects, torture allegations, and, on Christmas Day, the visit of Kaunda.

And yet, life goes on relatively normally. The country, once known for its peacefulness, now relies on senses and whole societies. Zambia is giving the door is shutting that supports a combination of hope and the bleakness.

A state of emergency is in effect. But there are no curfews, all parks are open and rush-hour traffic jams the business district. As police are patrolled in the northern city of Kitwe. The police said: "The state of emergency is only for the political elite in Lusaka." Kaunda is under house arrest while the police try to build a case that he was behind the three-hour coup attempt on October 30.

His lawyers are fighting to have him released, since the prosecutors have presented no evidence other than an unauthorized statement that he agreed to give the coup leaders money and jobs.

But Zambia's courts are so slow that a habeas corpus hearing, normally urgent, has dragged on for a month. The government says Kaunda exploits the hearings to make speeches, and the court has barred all press contact with him.

Many Zambians and outside experts believe that the coup attempt had nothing to do with Kaunda, but was a ploy by eight officers who had been drinking and were bitter about their low pay and their general's handsome lifestyle.

One of the two accused coup leaders, Capt. Jackson Chisala, testified on January 19 that the police had tortured him, demanding that he implicate Kaunda. But he denied that the former president was involved and tearfully apologized to him in court.

But there are other theories too, one put about by some American officials and South African military experts is that Zambia overreacted to the coup coup attempt because it was terrified that Angola is ploting against it.

Supply flights to the United rebels in eastern Zambia have originated in western Zambia, prompting threats of invasion by the Angolan government. Since Angolan troops helped overthrow Presidents Mobutu Sesay in the former Zaïre and Pascal Lissouba in Congo last year because United had bases in these countries, Zambia is nervous.

But Eric Silwamba, the president's chief of staff and a special envoy to Angola, said that Zambia closed the airfields and expelled the South African's troops in the Zambian River. Silwamba denied that the demoted defence minister and other party leaders had enriched themselves by helping United, which still controls diamond areas.

The most common outlook on the repeated crises of the last two years is that they all spring from a deep hatred between two very nasty men: Kaunda, a schoolteacher who led Zambia to independence from Britain in 1964 and ruled it for 27 years, and Chiluba, a trade unionist who formed the coalition that ousted Kaunda in a democratic election in 1991 and then fractured in squabbling.

Chiluba, a 19-year-old, says Kaunda is a mere man who is now back in power.
Structural adjustment fails to save Zambia from debt

Chifombo Mwondela

LUSAKA — Zambia shows no sign of climbing out of its debt trap in spite of submitting to a structural-adjustment programme over the past six years.

At the end of last year, Zambia’s debt stock was estimated at $7.1bn, up from $6.4bn at the end of 1996. Last year’s figure was also 13% up on that of 1995. When Frederick Chiluba’s government took office in 1991, the debt stock was estimated at $7.2bn.

In his budget address, Finance Minister Ronald Penza blamed the lack of improvement on “new borrowing at concessional rates”.

The government borrowed from the International Development Corporation last year, through the concessional window of the World Bank, to finance development in health, education, roads and public welfare. Penza said that borrowings also provided credit for the private sector.

He said the structure of Zambia’s debt had changed “from short-term financing to more lasting and concessional borrowings for development”.

But economic analysts have questioned the government’s commitment to debt reduction in view of recent decisions taken to curb opposition parties which run counter to what donor countries have recommended in terms of good governance.

Leaders of Zambia’s two main opposition parties have been detained in connection with the October 28 coup bid. Human rights organisations and members of the international community have condemned the Zambian government’s detention without trial of more than 90 suspects under a state of emergency. The emergency was extended by parliament recently for another three months.

Economist Association of Zambia co-ordinator Muna Nakalanga said Zambia’s debt stock remained largely unchanged because the government continued to borrow in foreign currency. Unless Zambia found a strategy to improve productive capacity, debt would continue to make life harder for Zambians who would have to pay higher taxes to support the government’s debt-serving commitments.

The finance ministry’s report for last year said Zambia was highly indebted to the International Monetary Fund, the World Bank and others at $3,353bn compared with $3,253bn in December 1995, a difference of $41bn accumulated over 12 months. The balance was owed to donor countries.
Zambia set to seal mine privatisation

President Frederick Chiluba said yesterday that Zambia would formally "seal" a radical privatisation programme at the end of this month with the handover of the country's state-owned copper mines to foreign private firms.

In a telephone interview from the Zambian capital, Lusaka, Chiluba said lengthy negotiations for the privatisation of the large Zambia Consolidated Copper Mines, Zambia's major hard-currency earner and the country's biggest employer, were almost complete.

"The negotiations are almost over and by the end of this month the signing (of the deal) should be done," Chiluba said.

The mines are Zambia's economic backbone, bringing in more than 80% of the country's total foreign-exchange earnings.

Selling off the mines, nationalised shortly after independence in the 1960s, is a touchy issue for the southern African nation.

However, Chiluba said there was no alternative to privatisation and that the measure was the only definite way to revive the mines after they had been neglected and mismanaged for years.

There is simply no alternative to privatisation. We have handed over between 80% and 90% of the economy to private hands... that is the only way forward and the process is already bearing fruit," he said.

Chiluba declined to give any further details on the mines deal. — Reuters
Zambian finance minister certain donor aid will flow

Johannesburg — Ronald Penza, the Zambian finance minister, said on Tuesday he was confident Western donor countries would continue to help fund the government’s spending plans this year.

Penza said in a telephone interview from Lusaka, the Zambian capital, that President Frederick Chiluba’s government had honoured all its economic policy promises. He said concern among the sovereign donors over political events in Zambia were based on perceptions rather than on reality.

“I am confident they (donors) will help pay for the budget,” Penza said. “Most concerns raised by the donors are a result of perception but the reality on the ground in Zambia is very different.”

“We have honoured all we had promised on the economic front,” he added.

On January 30, Penza announced $1.23 billion of budget spending for this year.

A third of this spending needs to be funded by foreign donors such as the US and Britain. Local analysts have expressed concern that Chiluba’s handling of an attempted coup in October 1997 could lead to donors withholding aid.

Chiluba has detained 62 people without trial, including his predecessor, Kenneth Kaunda, under emergency laws imposed after the attempt.

Western governments have criticized Chiluba’s crackdown, with the US and the European Union warning that the detentions could have a bearing on international support for Zambia’s economic programmes.

Penza said that, since presenting his budget, he had held “positive meetings” with Lusaka-based Western donors. He had scheduled another meeting with a group of donors in London at the end of February.

“The Lusaka meeting was very, very positive, and I have no doubt the London meeting will be good as well,” he said. — Reuters
Zambia to hand over copper mines

Pravasation: "This is the only way forward and the process is already bearing fruit," says President Chiluba.
Kaunda's security head freed—then rearrested

LUSAKA — The jailed security chief of former Zambian president Kenneth Kaunda, himself under house arrest, was freed yesterday, but later rearrested for failing to tell authorities of an alleged coup plot.

A high court in Lusaka released Kaunda's aide, Moise Kaulungombe, after nearly two months in detention for his alleged connection with the coup bid President Frederick Chiluba's government said it had foiled last October.

However, police rearrested him minutes later when he returned to Kamwala prison in Lusaka for formalities and to collect his personal belongings.

Kaulungombe was charged with failure to inform the authorities about the looming coup. He was due to appear in a magistrates' court yesterday afternoon.

High court judge Irene Mambilima had earlier ruled that the state did not comply with the constitutional requirements of gazetting Kaulungombe's detention within 14 days of arrest. Kaulungombe, who is in charge of Kaunda's personal security, was picked up on December 23 last year, just two days before Kaunda was arrested.

The judge said the detention was unlawful and that there was a clear breach of constitutional provision, and urged the state to strictly follow the law. In their habeas corpus application, his lawyers urged the court to free him immediately.

His became the first successful habeas corpus application among those made so far by some of the people arrested for alleged involvement in the attempt to remove Chiluba from power. In all nearly 100 people have been detained for suspected participation in the foiled coup. — Sape-AFP.
Zimbabwe Leads on Privatization

Zimbabwe is a country in southern Africa, bordered by Botswana, Namibia, Mozambique, Zambia, and the South African province of Limpopo. It is known for its rich natural resources, including coal, copper, and chrome. The country has a history of political instability and economic challenges, including hyperinflation and shortages of basic commodities.

Privatization is a key aspect of Zimbabwe's economic reform efforts, aimed at reducing government control over the economy and improving the efficiency of the private sector. The government has implemented several rounds of privatization since the early 1990s, with mixed results.

The privatization process involves the sale of state-owned enterprises to private investors. The government has sold a number of large-scale enterprises, including banks, utilities, and mining companies. However, the process has been marred by allegations of corruption and uneven implementation.

Critics argue that privatization has not translated into improved economic performance, with many privatized companies performing poorly. Proponents argue that it has helped to stabilize the economy and reduce government debt.

The government of Zimbabwe has announced plans to further privatize state-owned enterprises, although the country's political and economic situation remains fraught with challenges.

Overall, the privatization efforts in Zimbabwe have been a mixed bag, with some success stories and significant challenges. The government will need to carefully consider the next steps to ensure that privatization continues to contribute to Zimbabwe's economic development.
Zambia's political economy puts brakes on progress

THE popular perception of Zambia consists of one political fact — former president Kenneth Kaunda is under house arrest — and one economic fact — the copper and cobalt mines are very important. That perception does scant justice to the country's situation.

The internal political climate is far from calm and likely to remain so for the foreseeable future.

It is unfortunate that the Kaunda affair reached the point it did. Had he been allowed to stand in the 1996 presidential elections, he would certainly have been defeated convincingly. Government would not then have experienced such difficulties with donors, and the country's image would be stronger than it is today.

For the economics, one indicator will do. Last year, nontraditional exports from flowers to gemstones accounted for 26% of foreign exchange earnings and showed year-on-year growth of 34%. Obviously Zambia is ceasing to be a single-product economy.

The 1998 budget was presented to parliament at the end of last month. A glance at its contents is enough to give a picture of Zambia which is very different from the usual tableau. Last year, inflation was down to 9%. Interest rates in real terms stood at about 20%, but should be below that this year.

Government expects a surplus this year that will bring the fiscal deficit down to less than 3% of gross domestic product (GDP). In a word, the economy has been stabilised. A yet more remarkable achievement is that this has come about in a fully liberalised framework. Capital markets, investment conditions, foreign trade — all these are subject only to minimum government impositions.

The country's privatisation record is second to none. When the divestiture of state-owned firms was initiated four years ago, the target was to sell off about 325 firms plus Zambia Consolidated Copper Mines. To date, 225 have been privatised. When the Kafue Consortium wins the Nchanga and Nkana contracts on February 27, most of the copper belt will be under private management.

This year's schedule envisages privatisation of more than 100 outstanding cases and preparations will be made to sell off the core infrastructure enterprises, namely telecommunications organisation Zamtel, electricity body Zesco, Lusaka Water & Sewerage, and Zambia Railways.

By the end of the decade, Zambia will be a fully privatised economy under strict macroeconomic management. In business terms the opportunities are substantial and will continue to grow. Last year, direct foreign investment was $122m with SA firms at the forefront. Already, leading SA companies in agricultural processing and retailing are well established, with sales into the Zambian local market and African neighbours.

The privatisation of mines is scheduled to generate fresh investments of about $28bn over the next five to seven years. These outlays will provide a boost to new activities in ancillary industries. But the copper belt may be only part of the minerals story. Last year, 78 prospecting licences were issued, the first gold mine in more than 30 years began production, and there were signs the country as a whole may offer minerals on a far richer and broader base than was imagined.

Tourism is still in its infancy, yet the potential is enormous. With good management, that sector can contribute far more than the mere $26m it earned last year. The "new triangle" of stabilisation, liberalisation and privatisation has at last started to produce significant economic results. Last year's GDP growth, at 5.5%, allowed the first rise for several years in per capita incomes.

With investment (essentially private) now up to one fifth of GDP and still stronger flows predicted, the budget scenario of growth reaching 7%-8% a year in the next few years does not seem far fetched. If the forecasts are realised, then per capita income will double by 2010. Since the country is rapidly diversifying its range of output within an already highly liberal framework, there are sound reasons to believe growth is sustainable.

However, the current experience in Asia reminds us that there are no miracles. So what factors are likely to hold Zambia back? Here is where the politics and economics intertwine again: 70% of the population live in poverty and more than half lack the wherewithal to satisfy their basic food needs. Social conditions reflect that poverty. Government aims to have more than one person in every household out of poverty line within the next five to six years. That can only be done with substantial self-help and substantial foreign assistance.

The conditions for this to happen are not promising. Zambia's long reliance on copper and the state inevitably encouraged passive behaviour and an exceptionally sharp rise in the urban population. Both phenomena have not been conducive to community action.

This is particularly obvious when even the present budget recognises that at least three quarters of government funding for social investments must come from abroad.

Zambia may therefore be moving on to a strong growth path, yet find it extremely difficult to spread development through the society. The rapid upgrading of mining and agriculture implies relatively limited direct and indirect employment opportunities.

Unless social entrepreneurship, and not just business entrepreneurship, quickly takes on the moral initiative, the country will find it difficult to achieve the same rate of development as its neighbours. Decentralisation can provide this outlet.

Peter O'Brien is an economist working on the political economy of economic reform in Zambia.
Zambia emerges as a centre for crossborder trade in stolen cars

LUSAKA—Daring crime syndicates have resulted in Zambia emerging as a centre for crossborder trade in stolen cars.

Cars stolen in Zambia reportedly find their way into neighbouring countries, while those stolen from these countries often cross the border into Zambia for final sale or transit to other countries.

According to police Insp-Gen Francis Ndhlovu, car thefts were a major feature of organised crime in Zambia. He blamed the crime mainly on foreign nationals living in Zambia—mostly Congolese, Zimbabweans and west Africans—who, he said, worked in collusion with Zambian nationals.

Zambia shares borders with Angola, Namibia, Botswana, Zimbabwe, Mozambique, Malawi, Tanzania and the Democratic Republic of Congo.

However, SA was probably the main source of stolen cars, Ndhlovu said.

He said the region’s vehicle theft was facilitated by corrupt law enforcement and licensing officials. He cited cases where vehicles from neighbouring countries were cleared by officers at the road-traffic department and issued Zambian registration numbers without inspection and verification by Interpol.

For their part, Zambian local authority officials issued registration licences without checking with the Zambia Revenue Authority on the authenticity of customs clearance and with Interpol for the legitimacy of the vehicles’ source.

Many vehicles stolen in the country are taken to garages where they are stripped of all parts which are then sold on open markets.

Ndhlovu said only 37 cars from neighbouring countries were recovered in Zambia between January 1995 and October 1996. During the same period, 15 vehicles stolen from Zambia were recovered in neighbouring countries, including SA.

Most vehicles are never traced. However, sometimes the police are successful. Last year, police pounced upon a crime syndicate in Lusaka’s sprawling high-density residential areas.

Documents found included official government car-registration books, road department and Lusaka City Council licensing-officer data stamps, receipt books, as well as revenue authority customs clearance forms. The cache included several Interpol forms for car clearance and counterfeit data stamps.

Ndhlovu said the police faced an uphill battle trying to prevent thefts and hijackings. Most robbers used AK-47 assault rifles. Warfare in Angola, Mozambique and recently, the Democratic Republic of Congo, had resulted in proliferation of weapons.

Police spokesman Ebenwell Chinamwembe said that last month, former police officers of the “Zebra squad” who were disbanded following the election of the Chibuta government were behind some robberies in Lusaka. — AIA.
AFRICA

Zambia turns to black market

LUSAKA — Zambia's illegal currency market, which collapsed with the removal of exchange controls in the early 1990s, is again thriving as commercial banks run out of hard currency.

Virtually all commercial banks and bureaux de change in the capital ran out of convertible currency on Friday in response to dwindling export earnings and donor inflows, forcing bank customers to go out on the streets to trade.

Consequently, the kwacha, which fell about 6% last month, continued to slide, and was trading at about 1.200 to the dollar from 1.450 in December.

Analysts blamed the hard currency shortage on dwindling Zambia Consolidated Copper Mines (ZCCM) export earnings and erratic donor aid flows.

"The kwacha is going to keep on falling because the ZCCM has no money to put on the market," Zambia Confederation of Chamber of Commerce and Industry chairman George Chahwere said.

"We are desperate to see the privatisation of the ZCCM being completed," he said.

The ZCCM is responsible for about 80% of the country's foreign receipts. The mining conglomerate's output has been declining over the past few years, and the future of Zambia's mining industry is seen to lie in the sale of ZCCM mines.

Hard currency supplies were also affected by dwindling donor and investor inflows in the wake of a coup by disgruntled soldiers last October, Chahwere said.

"Investor confidence is low and donors are unhappy with the manner in which the government has responded to the failed coup. That has had a significant bearing on hard currency availability."

Frederick Chiluba's government declared a state of emergency and detained at least 92 people after the coup attempt. A number of the detainees, including opposition leader Dean Mungumbe, have complained of torture by state interrogators.

Western donors led by the US and Britain have urged the government to either charge or release the detainees and warned that the state of emergency could have a bearing on future aid.

Chiluba has responded by saying he will not be dictated to by foreign powers.

However, the state this week charged former president Kenneth Kaunda, who was detained on Christmas Day, and his head of security, Muhse Kaulungombe, with concealing information about the coup plot.

Both deny the charge.

In December the World Bank deferred a consultative group meeting at which donors were to make aid pledges to the country for this year.

Zambia depends on donors to fund one third of its national budget.

A Citibank bulletin released on Friday predicted a continued dearth of hard currency.

"Supply of foreign exchange from ZCCM (in January) was only a trickle while the only donor inflow recorded was a meagre $1.7m, the report said. "Indications are that tightness in the supply will continue into February." — Reuter.
IMF, World Bank 'to blame for Zambia's woes'

Martin Rushmere

HARARE — The International Monetary Fund and World Bank should shoulder some of the blame for Zimbabwe's woes, says the chairman of a quoted industrial group.

Chris Schofield, chairman of steel and building material manufacturer Radar Holdings, says in his review of the six months to the end of December that the company had to operate in a "near shambolic economy".

He says the two international institutions "inevitably must shoulder part of the blame for the mess we are in, since the twin bodies did little or nothing during the first 10 years of independence other than make the appropriate cooing noises on cue".

He takes a sceptical view of their ability to come up with a solution. Their ability to see "what was coming down the pike in the Pacific Rim is not all that reassuring. Do we really need to fly someone in from Washington to tell us that it is useful not to spend more than you earn — or at least can reasonably hope to support?"

"Although Radar's net profit rose 61% to $87.8m over the same period in 1996, Schofield says in US dollar terms it dropped 0%, while the 21% rise in turnover to $178m translated to a 30% fall in US dollars."
Testing times for ailing Zambia

By Anuradha Subramaniam Assistant Editor

RECENTLY South Africa granted political asylum to one of the most senior political opponents of the Zambian government - Mr. Andrew Bandu, general secretary of the Zambian Democratic Congress (ZDC).

He escaped into exile late last year and took refuge in South Africa when he was warned that Zambian president Frederick Chiluba wanted him arrested. His request for political asylum was granted in December 1997.

Bandu spoke to Swaradu about the plight of his countrymen and women, and warned that unless the Southern African Development Community (SADC) intervenes, Zambia would slide into further social decay and conflict. He does not rule out violence as tensions intensify.

About a month ago Zambian finance minister Mr. Ronald Penza spoke gloomily about the "unnatural and uncomplimentary" of his country's people during his 1999 budget speech.

He went on to commend them for their sacrifices, saying his government was "greatly inspired by their determination and support". And his comments were appropriately crafted.

Zambians have during the past several years under the ruling Movement for Multi-Party Democracy (MMD) endured testing times. According to Penza's own estimates, seven out of every 10 Zambians now live below the poverty line.

Unemployment has increased, the Zambezi kwacha has eroded through almost every conceivable lower limit set for it by the country's monetary authorities, and crucial sectors of an important social infrastructure have been left to waste. The kwacha, which stood at around K20 to one United States dollar, has now fallen to the dollar since Chiluba won power in 1991.

Much of the unemployment has come from one of the world's most aggressive privatization programmes. Of the 325 state enterprises identified for privatization four years ago, 225 have already been sold. In the process, tens of thousands of workers have been dispossessed into the unemployment pool.

This has never been more difficult and the state has been slow to social stability is palpable.

Penza is acutely sensitive to the patriotic instincts of this impoverished nation, now classified among the 13 poorest in the world, can therefore be understood. But just how patriotic and united Zambians are at this point is open to question. According to the ZDC, Zambia's second highest political movement after Chiluba's MMD, Zambians are not.

Social discontent

Chiluba, the ZDC says, has not delivered on the aspirations of those who elected him to power. The consequent social discontent has permeated the entire nation, including the MMD.

It is precisely this that give birth to the ZDC, which was formed by a group of disgruntled activists who broke away from the MMD. Many were in fact responsible for steering Chiluba's movement to electoral victory in 1991.

So what is it then, that sets the ZDC apart from Chiluba's movement? Bandu says the differences are quite straightforward.

While Chiluba has embraced economic prescriptions handed down by the International Monetary Fund (IMF) and World Bank, the ZDC remains deeply critical of the structural adjustment policies imposed by these institutions.

The reasons are obvious. Quoting from Penza's budget address, Bandu says, 7000 jobs have been parked off the public service between November last year and January 1998 alone.

"Almost three quarters of the parasitical sector has collapsed," Bandu says, and that has added large numbers of workers to the pool of unemployed. Given that Zambia hosts the largest parasitical sector in sub-Saharan Africa, its impact on unemployment is of necessity that great.

"Zambia has never really been a formal employment rate of more than 30 percent at any point in time. But that rate now stands at around 10 percent," Bandu says.

And the prognosis does not look good despite the optimism in Penza's budget speech. Disregulation of the currency, relaxation of price controls and trade liberalization have not brought the flood of investment expected.

Bandu describes the expectation that investors would flood to Zambia in response to IMF prescribed adjustment programmes as "mythical".

"What has happened instead is that many short-term speculators have invaded the country. This is evident from the rapid increase in the number of banks.

"The banking sector appeared to boom. But out of the 26 banks that operated during Chiluba's rule, 10 have collapsed. And the largest indigenous bank is about to go into receivership," Bandu says the reasons are simple. "There is no production to support any financial market. Thus he blames on the rapid trade liberalization Chiluba has adhered to, which had the net effect of destroying Zambia's most recent industrial base and turning it into a dumping ground for foreign goods.

Bandu counters that his criticism of Chiluba's policies, which he says have abandoned the Zambian people to the mercy of markets, should not be misconstrued as blind rejection of markets. The ZDC recognizes the necessity of markets and private property must be protected," Bandu says. But the bottom line is that the state must create conditions that encourage Zambia's citizens to invest.

He cites agriculture as an example where there is tremendous scope for state intervention to solve it from what now looks like its inevitable collapse. He says it is a known fact that the illusory promise of more Zambian copper mines is not longer than 20 years.

Agroindustry therefore offers an attractive substitute to mining. Whether we like it or not, between 60 and 70 percent of all Zambians still live off their land. It was therefore ill-advised of government to abandon rural agriculture and allow agricultural cooperatives to collapse," Bandu says.

Facing starvation

The consequences have been severe and has forced the government to undertake a project aimed at distributing relief food to about one million Zambians.

"It means one out of every nine Zambians are currently facing starvation. Yet Zambia in the seventies used to export maize to our neighbours," Bandu says.

It is this reality, rather than any subversive political agenda, that threatens Chiluba's rule. But he is not showing any signs of relating to the economic or political front. As for the political side of the equation, any hope of reform is fast diminishing. Chiluba, says Bandu, has seized on the opportunity offered by the failed coup to imposed essential democratic freedoms.

This has simply been a continuation of a trend that emerged ahead of the 1996 general elections, during which Chiluba introduced constitutional reforms which substantially diminished the scope for multiparty democracy.

More recently he has ordered the arrest of key opposition leaders, including ZDC president Dean Ngupwi, and United Independence Party president Kenneth Kaunda.

"Chiluba must be pressured by SADC to enter into dialogue with opposition parties," Bandu says.
Opposition groups need to examine their methods
Zambian captain charged over coup

Lusaka – After he had spent four months in detention, the Zambian government finally charged army captain Stephen Lungu with treason for his involvement in leading last October’s coup attempt.

Captain Lungu, who with some junior army officers took over the national broadcasting centre in the Zambian capital and announced that Zambian President Frederick Chiluba’s movement for Multi-Party Democracy (MMD) had been overthrown, is believed to have been the renegade soldiers’ leader.

The soldiers took power for five hours on October 28, saying Mr Chiluba’s government had plundered the economy through rampant corruption and rendered people jobless with their economic reforms.

Captain Lungu was overpowered by Mr Chiluba’s forces and detained in northern Zambia’s Kamfinsa Prison.

He has now been moved back to Lusaka’s central prison, known as Chimbokaila.

Zambia’s home affairs minister Peter Machungwa said Captain Lungu could not be charged earlier because he had been ill with tuberculosis.

Mr Machungwa also dispelled rumours that he had died.

He could not say when Captain Lungu would appear in court to be charged jointly with the 73 other soldiers allegedly involved in the coup. They are still in detention at Lusaka Central Prison.

Meanwhile, Legal Affairs Minister Vincent Malambo told the Zambian parliament the state would move Mr Chiluba’s adviser for women’s affairs, Princess Nakatindi Wina, from Kabwe Prison and place her under house arrest. Princess Wina was arrested on February 3 by state police in connection with the coup.
Zambia acts on Angola arms

BY ANTHONY MUKWITA

Star Foreign Service

Lusaka – Zambia’s President Frederick Chiluba has finally broken his silence over allegations that his government is aiding rebel leader Jonas Savimbi’s soldiers.

During an impromptu press briefing after the Youth Day celebration late last week, Chiluba said measures were being taken to investigate the arms trade that is allegedly being carried out through Zambian territory.

Chiluba said: “We have some measures to control this. We intend to open all the containers (passing through Zambia to Angola) to ensure that they contain what is declared.”

On March 5 Angola’s ambassador to Zambia, Manuel Augusto, warned that if the Zambian government did nothing to lessen the arms trade with UNITA leader Savimbi, his country would be left with no choice but to defend its people who had been dying, allegedly at the hands of Savimbi’s men.

Chiluba did, however, admit that some citizens could be running guns between Zambia and Angola.

He said his foreign affairs minister Keli Walibita would soon visit Angola for talks with President Eduardo dos Santos over the arms situation.
Copper mine feasibility study ends

A FOREIGN consortium undertaking a feasibility study with the aim of buying Zambia’s Konkola copper mining project had ended its work but was withholding results until May or June, industry sources said yesterday.

The results would be made public in late May or early June and could be followed by another round of talks with the Zambian government.

"Our information is the feasibility study has been completed but results are being delayed until late May or early June," an industry official said.

An official in London said it appeared a revision of certain aspects of the study was delaying the results.

The consortium groups Canada’s Falconbridge and Bermuda-registered Zambia Copper Investments (ZCI), a unit of Anglo American Corporation. ZCI, 50.6% owned by Anglo, has said it would cost $700m to $900m to develop Konkola deep.

The sources said the Zambian government, which has launched one of Africa’s most radical privatisation programmes, was getting anxious about the delay in announcing the results of the consortium’s study.

President Frederick Chiluba said last month he would finish privatising Zambia’s mines, the country’s biggest employer, at the end of February or early March.

Analysts said the $800m debt owed by Zambia Consolidated Copper Mines and the unfavourable copper price was a source of worry for western mining firms investing in Zambia.

The Konkola development would boost production capacity on the copper belt by 180,000 tons, a 50% increase from the current output level of about 314,000 tons.

Analysts said Konkola’s ore resource should sustain mining operations for more than 50 years. — Reuters.
LUSAKA: Zambia's President Frederick Chiluba has finally broken his silence over allegations that his government is aiding rebel leader Dr Jonas Savimbi's soldiers.

During a press briefing after a youth day celebration late last week, Chiluba said measures were being taken to probe the arms trade.

“We intend to open all the containers (passing through Zambia to Angola) to ensure that they contain what is declared.”

On March 5, Angola's ambassador to Zambia, Mr Manuel Augusto, warned that if the Zambian government did nothing to lessen the arms trade with Unita, his country would be left with no choice but to defend its people.

Chiluba said his government was incapable of dealing in arms because it is so expensive. — Independent Foreign Service
Chiluba lifts Zambia's state of emergency

LUSAKA — Zambian President Frederick Chiluba yesterday lifted the state of emergency imposed after a failed coup last October, a move expected to appease opposition parties and Western aid donors.

Chiluba lifted the emergency with immediate effect. The emergency gave the president sweeping powers including detention without trial.

Emergency rule was imposed by Chiluba in the wake of the failed coup by junior army officers last October. Under the decree more than 90 people were arrested in connection with the plot, including former president Kenneth Kaunda. Kaunda, who ruled Zambia for 27 years, has subsequently been charged with concealing knowledge of a treasonous act.

The emergency was imposed on October 29 for seven days, but was subsequently renewed for three-month periods in November and February.

Emergency rule has been heavily criticised by Western donors, the bulk of whom have halted aid payments to Zambia, putting a cloud over the country's finances, which are reliant on foreign aid.

The donors, who underwrite yearly aid of more than $800m, raised concerns that emergency rule would reverse economic gains achieved since Chiluba came to power. The donors, led by Britain and the US, argued that emergency rule was also scaring away potential investors.

After rising to power in 1991 Chiluba dismantled Kaunda's socialist-style command economy and ushered in one of Africa's most radical privatisation programmes. Zambian opposition parties led by Kaunda's former ruling United National Independence Party have also been highly critical of emergency rule, saying the president is using it to settle scores with political opponents. — Reuters.
Kenya's Nation newspaper group announced a joint venture plan yesterday to establish television channels and FM radio stations in Kenya, Uganda and Tanzania. The television station will start broadcasting in Nairobi in the second half of this year, and will then be extended on both VHF and UHF frequencies throughout the country as the FM radio relays expand, officials told a press conference. The network will be extended later to Uganda and to Tanzania, with participation by local investors, said Wilfred Kiboro, the managing director of the Nation group. The publicly traded Nation group, in which the Aga Khan, the leader of the Ismaili Muslims, has a controlling interest, is competing head-to-head with the East African newspaper. The newspaper is also publicly traded, but close to the ruling Kenya African National Union, which recently acquired control of KTN Television, which competes with state-owned KBC Television. — AFP Nairobi
Zambia enters second wave of privatisation

John Dulu

A SECOND wave of privatisation, involving a number of strategic parastatals, is to be launched in Zambia this year, Lusaka officials say.

The sell-offs, which follow the successful privatisation of more than 200 state corporations, will include telecommunications, utilities, energy, postal services, mines and properties.

Prequalification offers for the privatisation of Zambia Telecommunications Company are expected in August, says Zambia Privatisation Authority official Florence Mumba.

The country's premier insurer, Zambia State Insurance Corporation, is being reshaped and will be advertised after restructuring.

A lease for the Mfuwe harbour, Zambia's only inland harbour which handles mainly cement and sugar, is due out next month.

Opportunities for foreign investors exist in Kafue Textiles of Zambia and Zambian Sawmills. Investors will also be invited to bid for stakes in Zambia Railways, Mulubezi Railway, Tazara Railway, the National Airports Corporation, Zambia Electricity Supply Corporation, Lusaka Water and Sewerage Company, Zinco Properties and Zambia National Commercial Bank.

Mumba said yesterday the plan was to sell smaller entities first to gain experience in privatisation before selling major ones. To date, the agency has sold 215 companies and 198 commercial properties.

Cash was not a major consideration. Instead, a package — including investment, jobs and expansion plans — was considered, she said. As a result, not a great deal of money was realised.

The proceeds are used to finance feasibility studies and help social plans at privatised companies.

Since the start of the privatisation programme, now held as a model by the World Bank, the Zambian authorities have run into labour troubles.

Mumba said the agency had to deal with "overemployed" corporations before privatising them.

She said some of the recently privatised were facing better in private hands than under state control.
Report suggests that AEC be split
Sharen Singh
A GOVERNMENT-appointed research team has recommended the Atomic Energy Corporation (AEC) be split into separate enterprises to improve the productivity of the nuclear and energy sectors. The departmental reform might initially be a more complex process.

Bombing Russia and its nuclear activities, scientists and their organizations have been subject to a wave of criticism. Research conducted in the Soviet Union and the United States has been shown to have been conducted under unethical conditions.

The committee recommended that the research be conducted in the United States. In addition to the criteria already in place, the research should be conducted under conditions that are in accordance with international consensus and standards.

Debate on the philosophy of the AEC is also in progress, with some arguments that it should be left intact and not split.

Government loses its status as a "safe client"
Lakshmi Mysrtnda
BUILDERS were competing fiercely for bank guarantees before embarking on government projects following a growing trend of low payments. Some construction firms had to be paid by state-owned enterprises for work done.

Executive director A.I. Robinson said the government had lost its status as a "safe client" and that money had to be paid to contractors for work done.

"The government had lost its status as a "safe client" and that money had to be paid to contractors for work done. This is an unprecedented situation that has occurred. The government had to pay for the construction of roads and bridges, and it had to pay for work done by contractors."
Zambia moves to plug its ‘porous’ borders

Chris Gordon and Ann Eveleth

Zambian troops to its border with Angola on Monday following persistent allegations that arms to Unita are being ferried across it.

After months of denial that the border was porous, the Zambian government this week finally agreed to take action.

The agreement, announced by Zambian foreign minister Koli Walubita, is that both sides send troops to the border to investigate conditions.

This follows allegations made at a press conference in Lusaka on March 5 by the Angolan ambassador to Zambia, Augusto Emannuel, who alleged that Zambia had not moved decisively to stop the flow of arms to Unita by road and air, and that the border with Zambia was under effective Unita control.

The Zambian agreement also comes in the wake of growing concerns over the country’s use as a supply route for arms to rebel factions allied to former Zairean dictator Mobutu Sese Seko in the fractured Central African region.

The United Nations Integrated Regional Information Network for Central and Eastern Africa (IRIN-CEA) said this week that Ugandan, Rwandan and Burundian rebels were being armed through old apartheid black market smuggling operations led from Johannesburg by three of the late Mobutu’s most senior military allies, generals Kama Baromo and Nkole Nsambi and former Zairean defence minister Mudima Mavu.

IRIN-CEA quoted an East African newspaper claim that these arms were moving through Zambia to the Lake Tanganyika port of Nsumbi, from which they are shipped to smaller ports and into the Congolese battles zones of North and South Kivu.

The Johannesburg-based Institute for Strategic Studies also acknowledged that there is now mounting concern in South African security circles over some clandestine arms links with the Great Lakes region, but lamented a lack of hard evidence on the connection.

Emannuel also claims that Unita has infiltrated the Maheba and Mayukuyuku refugee camps in north-west Zambia, and was recruiting Hutus. Africa Watch confirmed there had been a degree of Unita penetration of the camps.

Unita’s supply lines via Zambia have taken on new importance with the strangulation of routes through the Democratic Republic of Congo and Congo-Brazzaville.

The Zambian Air Force was empowered to shoot down any plane using the country’s airspace without permission.

Researchers in the region have cited two major routes for supplies via Zambia to Unita’s bases in Angola, including Cazombo near the frontier with Zambia.

The routes are through Zambesi Lodge base in north-west Zambia and Mfuwe in northern Zambia, which is also said to be a route by which weapons reach the Great Lakes region.

The airstrip at Zambesi Lodge was reported to be upgraded and lengthened, though Alex Vine of Africa Watch, recently returned from Zambia, warned that stories of fully-fledged Unita military airstrips were an overstatement.

Angolan intervention in Zambia is not seen as a likely outcome, and would hardly be tolerated by the 14 Southern African Development Community nations.
Catastrophe awaits Zimbabwe

The recent drought in Zimbabwe has led to a severe food crisis, with millions of people facing starvation. The government has failed to address the situation, and international aid organizations are struggling to provide sufficient support. The situation is dire, and urgent action is needed to avoid a humanitarian disaster.

By Alexander Kuroko
SA major player in breathing life into Zambian economy

By Isaac Moledi

SOUTH African companies are becoming major players in the Zambian economy, bringing into life that country's battered infrastructure and the opportunities that were rarely available.

According to figures released by the Zambia Investment Centre in Lusaka, and published recently by the South African Institute of International Affairs' (SAIIA) international policy update, investment pledges from South Africa have reached R889,2 million, easily surpassing those of Britain, which has R587,6 million in the country.

In November alone, Zambia documented investment pledges of R70,5 million - a record since Lusaka began its investment promotion scheme.

SAIIA's Ian Taylor says that recent events may be readily explained by a combination of two factors.

The first is the lifting of trade restrictions on South Africa following the demise of apartheid, and the second factor is the rapid and successful privatisation of Zambian state enterprises under President Frederick Chiluba.

In 1992, the government of finance Ronal Penza and the administration of Valentine Chiulu of the Zambia Privatisation Agency (ZPA) - which plans, implements and controls the privatisation process - Lusaka has disposed of around 215 of the 326 previously state-run firms," says Taylor.

Accounting for their time in nearly 80 percent of Zambia's economic activities, parastatals were established and private firms nationalised under the previous United National Independence Party (Unip) government of Kenneth Kaunda, which ruled Zambia for 27 years after independence in 1964.

Although they were meant to be showcases of independent Zambia, they (the parastatals) rapidly becameadies for incompetent and corrupt civil servants, often recruited through blatant nepotism.

More importantly, they were a major drain on the increasingly deteriorating Zambian economy for they required constant bailing out by the government.

"Notoriously inefficient, many of the parastatals had become an embarrassment: the brewery in Lusaka famously running out of beer is but one example of many," says Taylor.

Under Chiluba's government, however, Taylor argues that Zambia's poor image among investors has been slowly reversed and confidence in the country rebuilt.

"Major international companies have not been slow in recognising the potential offered by Chiluba's privatisation programme and have rushed to take advantage of Lusaka's desire to divest itself of the parastatals."

South Africa's African Oxygen, he says, has bought 70 percent of Zambia Oxygen while British conglomerate Lonrho has bought into the breweries for R41,99 million with an additional R12,45 million refurbishment.

Unilever has taken over Refined Oils and Britain's Tate and Lyle and the Commonwealth Development Corporation has purchased 70 percent of Zambia Sugar.

In addition, SA's Shoprite Checkers has opened six supermarkets in Zambia's strategic locations.

"By the end of 1997, Lusaka hopes to have around 90 percent of the economy in non-state hands," says Taylor.

From this investment, he says Zambia hopes to reap some dividends. These include hard currency that it will receive from the repayment for the formerly state-run concerns, which it could invest in the country's battered infrastructure to improve its communication and transport systems.

"This investment is intended to have a knock-on effect on the economy, for Zambia's notorious roads and unreliable communications network comprise at present a major handicap to the nation's development."

The wider economy is also expected to benefit from the additional tax paid and the increased efficiency in service that is expected once private business assumes management control.

Furthermore, the extra tax paid to the government will contribute to the nation's development as the state currently spends about 35 percent of its budget in the social sector.

"These privatisation and other measures have seemingly satisfied foreign businessmen so far."

Despite being criticised by Unip and Kaunda for selling off the Zambian Consolidated Copper Mines to foreigners with resultant job losses, the privatisation programme in fact has seen only 70 of the 215 assets sold to non-Zambians.

"Only four of the parastatals have closed down after privatisation," the policy update says.
Chiluba sacks his finance minister

ANTHONY MUKWITA

Lusaka — Zambian President Frederick Chiluba has sacked Ronald Penza, his controversial finance minister, in a move that economists believe will affect the privatisation programme and partially derail the 1998 Budget.

He has been replaced by Edith Nawakwi, the agriculture minister.

Penza, one of the longest-serving ministers in Chiluba’s cabinet, took over the finance ministry in 1992. He was appointed at the start of a structural adjustment programme imposed by the World Bank and the International Monetary Fund (IMF).

His strict adherence to the programme earned him praise from the international community but resentment from state workers who lost their jobs when state firms were privatised.

By the time of his dismissal, the Zambia Privatisation Agency had privatised 223 of 333 companies and units, a record achievement hailed by the World Bank and IMF.

In 1994, Penza was voted world finance minister by a British business magazine.

He has also earned a reputation for being outspoken and for his bold economic decisions, such as introducing taxes on second-hand clothes in this year’s Budget. The decision was reversed by Chiluba after an outcry.

In 1996, Penza found himself in trouble with civil servants after refusing them salary increases because the government had no money in its cash budget.

The civil servants’ union sued him and the industrial relations court fined him about $1,000. He appealed against the decision, and the case is still pending.

With his dismissal, commentators believe the privatisation programme might be slowed and the Budget partially revised.

Some expect Chiluba to scrap other taxes Penza introduced in this year’s Budget. — Independent Foreign Service
Zimbabwe mines hit by low prices

Martin Rushmere
BBC 25/3/78
HARARE - Anglo American's chrome and nickel operations in Zimbabwe say they have been battered by low world prices, leading to a serious downturn in profit.

Chrome miner and refiner Zimbabwe Alloys has been the worst hit, recording a Z$87m loss for the year to December, compared with a Z$71m profit the previous year.

Nickel producer Bindura has reported a 16% drop in profit to Z$137m for the year to December.

The price of the 40,000 tons of low carbon ferrochrome produced by Zimbabwe Alloys fell 20% during the year and the weighted average price for the 10,000 tons of nickel produced by Bindura was 13% lower.

Bindura's future is doubtful, say stock market analysts, because of the decision to postpone indefinitely the development of its Hunter's Road deposit.
Copper price slump claims another scalp

David McKay

The decline in the copper price claimed another scalp yesterday when Falconbridge withdrew from the Konkola Deep project, an $800m venture in which Anglo American Corporation holds an indirect stake through Zambia Copper Investments (ZCI).

Falconbridge cited poor copper price forecasts for its withdrawal, which underlines the difficulties other SA companies are having in new ventures to mine the metal. Avmin and Anglo American's offshore arm, Minorco, are labouring under the decline in the copper price which Minorco's Nick von Schirnding said had taken many people by surprise.

The copper price slipped $300/t to about $1 750/t since November and was "in dire straits", London stockbroker F Hoare & Co said in a report.

The London Metal Exchange fixed the price at $1 787/4 at the close, and with the western market balance suggesting a surplus of about 800 000 tons for 1998, price prospects were likely to remain low, analysts said.

Minorco had already suspended further development of two copper projects in South America - Quillaveco and Salobo - on which it had spent $80m. It would proceed with its Collahuasi project, but only because it would produce copper at a relatively cheap $0,45/lb for the next six years.

Avmin was hoping to renegotiate the terms of its investment in the privatisation of Zambia Consolidated Copper Mines (ZCCM). Spokesman Julian Gwillim confirmed yesterday the group was reviewing its prospective investment in ZCCM. Avmin remained committed to buying a significant stake in the company, he said.

The withdrawal of Falconbridge from Konkola is the third time ZCI has been left in the lurch by a potential partner. Gencor and Australian company Western Mining were former partners. A ZCI spokesman said the company was 100% exposed to the project and would seek new partners if the project proved viable. A decision would be taken in the second quarter.
SA puts in lion’s share of Zambian investment

ROY COKAYNE

Pretoria — More than half the $272 million foreign investment projects approved by Zambia last year involved South African companies, said Bwalya Ng’Andu, the director-general of the Zambia Investment Centre, yesterday.

He said, after a Zambian investment delegation had given a presentation to the Afrikaanse Handelsinstituut, that Sun International’s $59 million hotel complex at Livingstone on the Zambia side of the Victoria Falls was the biggest South African investment in the country last year.

Ng’Andu said the hotel project involved the construction of three hotels and should increase tourism to Zambia.

Other South African companies which had invested in the country included Shoprite-Checkers, Smart Centre, SAB, Anglo American, Anglovaal, Ackerman’s, Bonnita and Clark Cotton.

Ng’Andu said a large number of investment opportunities existed in Zambia in a variety of sectors. These included mining, manufacturing, chemicals, telecommunications, energy, property and the financial sectors.

Ng’Andu said Zambian President Frederick Chiluba’s government had done away with the socialist-inclined policies of his predecessor, Kenneth Kaunda.

This change was receiving an encouraging response from the private sector after initial misgivings, he said.

"There is also clarity now on the fact that the government does not want to be in big business."

Ng’Andu said Zambia’s inflation rate had dropped from 200 percent in 1992 to 18.8 percent last year. The inflation rate target for this year was 9 percent, he said.
ZAMBIA's bid to revive its copperbelt suffered a setback this week when talks to sell its two biggest mines to a foreign mining consortium collapsed.

Zambia Consolidated Copper Mines (ZCCM) said it was unable to reach agreement with the Kafue consortium and "negotiations have now ceased".

Anglo American, a 27.3% shareholder in ZCCM, said on Friday it was concerned that the collapsed deal would further delay the privatisation of ZCCM.

Zambian officials said they would open talks with other interested parties, and named Ango American as a likely contender for the Kafue package.

But Anglo's Jack Holmes said he had not been approached.

Holmes said Anglo had viewed the privatisation of ZCCM as a matter of the utmost urgency.

"It is necessary that this company is put in a position where there are new owners with plenty of investment capital to put into the company, which it desperately needs and has not had now for many years," Holmes said.

The Kafue consortium confirmed that the bid had failed, stating that its recent offer for the purchase of the Nkana and Nchanga had been rejected.

"The findings of the consortium's extensive due diligence process, together with the downward shift in the copper market and other unresolved issues, significantly reduced the value of the assets," the consortium said.

"Although the breakdown of the negotiations was disappointing, the negotiating team has a duty to realise value for the assets," the head of ZCCM's privatisation negotiating team, Francis Kaunda, said.

The Kafue partners include SA's Avmin, Canada's Noranda, US-based Phelps Dodge and the Commonwealth Development Corporation.

The group won the bid for the two mines late last year, offering the Zambian government about $400-million. The deal was to have been concluded this week, but talks dragged on as copper prices slumped more than 30% in the past nine months.

ZCCM said it believed that even at the present low prices, the assets represented a valuable and unique opportunity for investors.

A week ago, another Zambian mine privatisation effort was thrown into doubt when Canada's Falconbridge backed out of the Konkola project. Zambian officials said they would open talks with other interested parties, and named Anglo American as a likely contender for the Kafue package.

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A week ago, another Zambian mine privatisation effort was thrown into doubt when Canada's Falconbridge backed out of the Konkola project.

Zambia was once among the world's biggest copper producers, with output peaking at about 750,000 tons in 1970. But mismanagement, neglect and ageing equipment, coupled with falling copper prices, have halved that figure.

ZCCM is also burdened by $800-million in debt, with at least $200-million in short-term liabilities to suppliers.

The Kafue consortium was negotiating for a package comprising the Nkana and Nchanga copper division, the Chambishi cobalt and acid plants, and other assets. Nkana and Nchanga are Zambia's biggest copper mines, making 171,666 tons of copper and 4,252 tons of cobalt in the year to March 1997.

No price tag was made public, but analysts estimated it at about $250-million, with further capital investments of hundreds of millions of dollars. — Reuters
revival

Kature talks fail to resolve Zambian mine crisis

The talks between the government and the mining company have failed to resolve the crisis at the Zambian mine. The government has accused the company of negligence and has threatened to take legal action. The company has denied the allegations and has claimed that the government is to blame for the current situation. The situation remains tense and tensions are high between the two parties.
Zambian chemical plant closes

Chilomboko Mwendele

LUSAKA — Zambia's hopes of becoming more self-reliant in fertiliser production have been dashed following the closure of the country's only chemical factory.

The main reason for the halt in production of fertiliser and other acidic products at the Nitrogen Chemicals of Zambia plant in Kafue is a lack of working capital.

The company was put up for privatisation early last year but failed to attract viable buyers. Sasol of SA withdrew its bid without providing reasons. Management had also pushed for a buyout under the current privatisation programme, but failed to raise the money.

Machinery was turned off at the last sections which were still running — the ammonia nitrate plant which produced porous grade explosives and the nitric acid plant.

The sulphuric acid, fertiliser and ammonia plants stopped functioning a few years ago when the company was hit by financial problems.

Commerce, Trade and Industry Minister Enoch Kaviindele said the Zambian government owed the company a lot of money. "It is true that if this money was given to Nitrogen Chemicals it could limp along as it is looking for a prospective purchaser. But Nitrogen Chemicals owes a lot of money to a lot of creditors," he said.

The inability to purchase raw materials and the subsequent halt in production left 1,000 workers with an uncertain future.

National union spokesman Michael Hichinu said workers had not been told whether they would receive severance benefits and were waiting to receive payments for the past three months. "The workers are starving," Hichinu said.

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The Toronto Star Limited
ZAMBIA’s top privatisation negotiator said yesterday fresh talks with foreign firms interested in the purchase of the country’s two biggest mines would start today.

Francis Kaunda, head of the Zambia copper mines privatisation team, said Nchanga and Nkana mines would still be sold as one entity despite domestic calls for them to be unbundled.

Kaunda said it was too early to name the interested foreign firms, coming into Zambia after negotiations with a South African-led foreign consortium collapsed last week. “We will mainly be looking at bids submitted so far; look at the serious ones and then begin serious talking next week.”

The fresh attempt to try and sell the two mines, which make up 65% of total assets owned by the giant Zambia Consolidated Copper Mines (ZCCM), is part of a radical privatisation campaign by the government of President Frederick Chiluba.

Kaunda said last week “bad faith and dictatorial terms” were behind the collapse of negotiations to sell the two mines to the Kafue International Consortium.


Kaunda said the consortium had sought to alter terms agreed upon in November, including the amount of ZCCM debt it would assume. He said that the group also wanted assets not included in the original deal.

The Kafue partners said the recent slump in worldwide demand for base metals had forced the consortium to re-evaluate the mines since winning the project last year. It said it had offered $700m over a five-year period for the mines but Kaunda said only $100m was offered.

Since last week’s talks collapsed, the influential Economic Association of Zambia has called on the government to unbundle the two mines and sell them as separate entities, but Kaunda said it was too late for that.

“Now we must retain the package as it is and find buyers as soon as possible.”

Kaunda and the government accused western donors of undermining the bid to sell the mines by attaching conditions that defeated free-market principles.

Kaunda said Zambia’s negotiating position is weakened by donors who linked the privatisation of the mines to their annual aid contributions, due to be reviewed next month.

He also criticised consortiums, saying they limited competition.

The Nkana and Nchanga projects are Zambia’s biggest copper mines, producing 171 856 tons of copper and 4 252 tons of cobalt in the financial year ended in March 1997. — Reuters.
Copper belt project ‘no longer viable’

Chilombo Mwondela

LUSAKA — British development finance institution, the Commonwealth Development Corporation (CDC), has halted plans for several developments in the copper belt following the collapse of negotiations to sell government’s Nchanga and Nkana mines.

Last week government turned down an offer from the Kafue Consortium, which consists of SA’s Atami, the CDC, Phelps Dodge of the US and Noranda of Canada, for the two key mines in the Zambia Consolidated Copper Mines (ZCCM) fold. Kafue said it could not improve its offer in view of low copper prices.

CDC CEO Roy Reynolds said in an interview that the Zambian government’s decision to reject the offer had been unfortunate. CDC no longer saw a need to help construct a planned shopping mall on the copperbelt or get involved in any other investment there because business would not be viable if the mines continued to languish.

Plans for a new hotel on the copperbelt have also been shelved until the privatisation of the two big mines.

As a partner in the Kafue Consortium, the CDC had intended to put $1bn into rehabilitating the two mines, which make up half of ZCCM’s output.

Chilanga Cement, a company which falls under the CDC portfolio, has shelved a $85m plan to expand its operations. CEO Patrick German said the company had hoped earlier that business flowing from mine rehabilitation would justify the expansion of the cement plants.

Reynolds said the CDC remained committed to the acquisition process on the mines, provided government appreciated the potential impact of the Kafue Consortium’s investment package on the Zambian economy.

Kafue’s offer was structured into a cash component, pledged investments, the takeover of the two mines’ debt commitments, and other social undertakings affecting employees.

CDC has invested heavily in Zambia in agricultural and commercial concerns. Its biggest contribution to the privatisation process so far has been the major shareholding it took in Zambia Sugar Company and Chilanga Cement. The CDC is also running the Mpongwe Development Scheme, which is producing wheat.

Copper provides about 90% of Zambia’s earnings, according to the Economics Association of Zambia, but declining copper production has been linked to the fall of the kwacha against the dollar in recent months.

Zambia’s copper production has fallen from 700 000 tons in 1970 to 318 000 tons last year. Meanwhile, the dollar, selling at 1 300 kwachas in December last year, is now at 1 800 kwachas.

The Bank of Zambia has warned commercial banks to desist from “fueling speculation” on the money market because of the drop in copper sales, thereby causing an “artificial shortage” of the dollar.

Deputy Bank of Zambia governor Abrahm Mwenda says he hopes for a “better exchange rate at the end of 1998, when copper prices are expected to rise”.

Mines dispute threatens privatisation in Zambia

BUCHWA MUSIKA

Johannesburg — A row over the sale of Zambia’s copper mines was threatening one of Africa’s most radical privatisation programmes and could reverse economic gains of the last five years, analysts warned yesterday.

They pointed to the sharp fall in the value of the kwacha, Zambia’s currency, now trading at 1.800 to a US dollar from 1.600 last year, as an indicator that the failure to privatise the mines had the potential to destabilise the Zambian economy.

The dispute revolves around the value of the mines, investments in the industry and the amount of debt would-be investors should assume.

“This row must be resolved as soon as possible for the good sake of the mines and the economy as a whole,” said a Western diplomat based in Lusaka.

A leading banker added: “Zambia is all about the mining industry. When that industry gets into turmoil, the whole economy follows suit.”

A World Bank team arrived in Lusaka on Wednesday to work out a survival plan for the giant Zambia Consolidated Copper Mines (ZCCM).

The visit follows the failure of talks to sell the Nkana andNichanga copper mines to the Kafue consortium of foreign firms. Nkana and Nichanga are the two biggest mines in copper-rich Zambia, accounting for 65 percent of ZCCM’s assets.

“The officials will look at the interim arrangement and financial implications of the failed ZCCM negotiations,” a finance ministry official told Reuters.

“They will also look at working out a survival plan for ZCCM while awaiting new buyers.”

The Kafue consortium — comprising South Africa’s Avmin, Canada’s Noranda, the Commonwealth Development Corporation and US-based Phelps Dodge — won the rights to the project last year.

However, talks to finalise the agreement dragged on as copper prices fell nearly 40 percent amid slumping worldwide demand for base metals.

Zambian negotiators said they broke off talks after the consortium sought to alter terms both sides had agreed to in November, including the sale price and the amount of ZCCM debt the group would assume.

The consortium said its revamped package offered $700 million over five years for the mines and other assets, but the Zambian negotiators valued the package at only $105 million.

US-based Citibank warned in a recent newsletter: “Although the government maintains its commitment to privatisation, the break in negotiations is a major setback, not only to the process of selling the most important piece of the programme, but also to the prospects for economic growth in 1998.” — Reuters
AFRICA NEWS DIGEST

ZAMBIA (BE) 21/4/98

World Bank intervenes in stalemate on privatisation of state mines

The World Bank, one of the major architects of Zambia's privatisation process, has sent a team to the country to assess the economic effect of the stalemate in the talks between the Zambian government and the Kafue consortium regarding the sale of the Nchanga and Nkana mines, the premier packages in Zambian Consolidated Copper Mines (ZCCM).

Talks between the consortium and the government broke down two weeks ago after the consortium decided to alter the terms agreed in November, plus the debt it would have had to take over. A presidential spokesman said: "The president (Frederick Chiluba) is determined that no assets will be sold at less than their full value, because the assets, especially the mines, are not the property of this generation or indeed this government."

The consortium comprises South Africa's Aymin, Canada's Noranda, the Commonwealth Development Corporation and the USA's Phelps Dodge. — Independent Foreign Service, Lusaka
Zambia feels the pinch as donor support lags

Chilombo Mwondele

LUSAKA — Zambia has so far obtained less than a quarter of its much-needed balance of payments support from donors for the present financial year.

According to the budget estimates, about $500m is required to bridge the government’s financing gap.

This is significantly more than last year’s requirement.

Without balance of payments support, Zambia cannot keep to its debt-servicing agreement with the International Monetary Fund. It could also mean that Zambia will fail to qualify for the heavily indebted poor countries debt-relief programme.

One recent blow is the loss of several quarterly aid grants from some donor governments because of the delay of the consultative group meeting convened by the World Bank every year. The bank and its partners act in concert to help developing countries.

Zambia has already lost aid from Britain and Japan because of the delay of the consultative meeting, which is now held after the end of these governments’ financial years.

The setting of the consultative group meeting on May 12, almost in mid-year, has meant that other donor countries which have planned to give aid to Zambia might also not fully honour their pledges.

Reluctance to fulfil pledges is also brought on by reduced aid budgets and the fact that Zambia has already missed the first and second quarters of the year in the aid portfolio.

According to financial experts, the donors have not reached agreement yet on whether to finance the Zambian budget. The agreement is finalised once donors believe the terms they set have been fulfilled by government.

The demands of Zambia’s partners include that government lift the state of emergency — which it did recently — and that all coup detainees be released or charged.

They also want charges to be laid against those alleged to have tortured coup detainees.
Mine unbundling on the cards

INTERNATIONAL
Bank of Zambia planning to introduce forex curbs

Chilombo Mwanaula

The Bank of Zambia has announced plans to introduce new measures to curb speculative demand for foreign exchange. The central bank has been regulating the foreign exchange market to protect the kwacha since late 1992 when it was devalued against the US dollar. However, official reserves have fallen to very low levels over the past year. The USSA index has shown a significant rise in the last two months due to speculation and misalignment of the exchange rate.

The Bank of Zambia has been tight-lipped on plans to introduce new measures. Philip Mawanda, governor of the Bank of Zambia, said officials were still working out the details of the new measures which would be announced soon. But it is understood that the measures will be aimed at curbing speculative demand for foreign exchange.

Bank officials say they are concerned about the rising cost of servicing the country's foreign debt. They are also concerned about the country's foreign exchange reserves, which have fallen to very low levels.

Looking at trends, it is显而易见 that the central bank is determined to act. The measures will be announced soon and will be aimed at curbing speculative demand for foreign exchange. The Bank of Zambia wants to ensure that the country's foreign exchange reserves are not depleted any further.
IMF team in Lusaka to discuss key new loan package

A TEAM from the International Monetary Fund (IMF) had begun talks with officials in the Zambian capital, Lusaka, on a key loan package, government officials said yesterday.

The loan package revolves around a second-year enhanced structural adjustment facility for Zambia. “They (IMF) arrived at the weekend and are conducting talks with the government on a new loan facility,” said a senior finance ministry official. The team would return to Washington and compile a report for the IMF board of directors, which would in turn make the final decision on a new package.

The structural adjustment facility is a three-year programme that provides concessional loans to eligible members of the IMF undertaking reform to strengthen their balance of payments and improve their growth prospects.

Officials were optimistic on a new agreement, saying Zambia had met economic benchmarks it had set for itself and agreed with donors, the IMF, and the World Bank last year.

Officials say Zambia achieved economic growth of 5% of gross domestic product and a fiscal surplus of 1.5% last year. —Reuters.
Mines too broke to retrench

LUSAKA — Zambia Consolidated Copper Mines (ZCCM), the cash-strapped mining house, has suspended a scheme to trim its labour force due to financial shortfalls resulting from the delayed privatisation of its mines, an official said yesterday.

Sam Equamo, spokesman for ZCCM, said the firm had also sent some workers on paid leave while it sought funds for their redundancy packages.

"It is no secret that ZCCM has financial difficulties. We are trying to cut costs so that the company can keep going until it is finally privatised," he said. "The retrenchment programme is on hold until we access some money, hopefully in three months' time, to pay them their terminal benefits. We hope some privatisations would have been concluded by then."

The Mine Workers' Union of Zambia said about 3,000 of its members had been targeted for retirement by ZCCM, which employs a 38,000-strong labour force.

The government is holding talks with an international consortium and a London-based Asian concern for the privatisation of the country's two premier mines — Nkana and Nchanga. Zambia reopened talks this week with the Kafue consortium, which includes South Africa's Ayamina, Canada's Noranda, US-based Phelps Dodge and the Commonwealth Development Corporation after it rejected an inadequate offer from the group.

Government officials said the talks would revolve around the value of the mines, Zambia's economic engine and the amount of ZCCM debt to be assumed by the buyers. ZCCM negotiators broke off talks with the foreign mining companies two weeks ago after rejecting the consortium's revised offer for Nkana and Nchanga.

The collapsed talks left Zambia's privatisation plans for the largely state-owned ZCCM in disarray and threatened the country's economic recovery.

Zambian officials said the ZCCM privatisation team, led by top negotiator Francis Kaunda, was also holding separate talks in the Irish capital Dublin with a London-based Asian concern which was also eying copper mines.

The Zambian government has set a target of June 30 for the privatisation of ZCCM, which accounts for 95% of Zambia's hard currency earnings and is its biggest employer. Officials said Finance Minister Edith Nawakwi would announce plans to unbundle ZCCM as soon as the plan received presidential consent. They said President Frederick Chiluba was studying the matter and would decide in a few days.

The Kafue consortium won the rights to the project last year but talks to finalise the deal dragged on as copper prices fell nearly 40%. Zambian negotiators said they broke off negotiations after Kafue tried to alter terms agreed on by both sides in November.

ZCCM debt is estimated to be $800m, with at least $200m of that short-term liabilities to suppliers. The consortium offered $700m over a five-year period for the mines and other assets but the Zambians valued the package at only $105m.

The World Bank has since loaned Zambia 40-million special drawing rights as short-term survival aid for the mines while Zambia seeks buyers. — Reuters.
ZCCM cannot pay for redundancies

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"The retrenchment programme is on hold until we access some money, hopefully in three months' time, to pay them their terminal benefits. We hope some privatisations will have been concluded by then," he said.

The Mine Workers' Union of Zambia (MUZ) said about 3,000 of its members had been targeted for retirement by ZCCM, which employs a 30,000-strong labour force.

The government is holding talks with an international consortium and a London-based Asian concern for the privatisation of the country's two premier mines, Nkana and Nchanga.

Zambia reopened talks with the Kafue consortium, which includes South Africa's Avmin, Canada's Noranda, US-based Phelps Dodge and the Commonwealth Development Corporation (CDC), this week after it had previously rejected an inadequate offer from the group.

Government officials said the talks would revolve around the mines' value, Zambia's economic engine, and the amount of ZCCM debt the buyers would assume.

ZCCM debt is estimated to be in the region of $900 million, with at least $200 million of that short-term liabilities to suppliers.

ZCCM negotiators broke off talks with the companies two weeks ago after rejecting the consortium's revised offer for the Nkana and Nchanga divisions, the country's biggest mines.

The collapsed talks left Zambia's privatisation plans for the largely state-owned ZCCM in disarray and threatened the country's economic recovery.

The Zambian government has set a target of June 30 for the privatisation of ZCCM. It accounts for 65 percent of Zambia's hard currency earnings and is its biggest employer.

Officials said Edith Nawakwi, the finance minister, would announce plans to unbundle ZCCM as soon as the plan received presidential consent. They said President Frederick Chiluba was studying the matter and would decide soon.

The Kafue consortium won the rights to the project last year, but talks dragged on as copper prices fell nearly 40 percent amid slumping worldwide demand for base metals. — Reuters
Donors ‘must get tough’ with Zambia

Charles Ntimba

LUSAKA — Two international human rights groups have sent teams to France ahead of the meeting of Paris Club donors to lobby representatives to take a strong line with Zambia on human rights issues.

Amnesty International and Human Rights Watch/Africa said they wanted donor representatives to set conditions of good governance and the observance of human rights as criteria when they meet to discuss the renewal of much-needed donor funding to Zambia during talks in Paris today and tomorrow.

Zambia needs at least $150m to bridge the balance of payments shortfall and another $250m in project financing support.

Alex Vines of Human Rights Watch said he would be in Paris to lobby, while Casey Kelso of Amnesty said from London the organisation would press foreign governments to discuss long-term reforms that should be undertaken to protect human rights.

Amnesty’s members had urged the Canadian government to raise human rights issues, such as the alleged torture of prisoners, with Zambian Finance Minister Edith Nawakwi, who was in the US and Canada last week to muster donor support.

Donors had denied Zambia funding for the past two years because of concerns about good governance, human rights, the 1996 elections and the controversial Mwanakatwe Constitution which barred former president Kenneth Kaunda from standing for election. But Deputy Finance Minister Dan Pule remained optimistic that donors would back out Zambia.
PARIS — International donors yesterday pledged about $530m to Zambia for this year and urged it to try to make progress on economic reform and human rights, the World Bank said.

The bank said Zambia could receive more financial assistance later this year if it speeded up political reform and that a further meeting would be held before the end of this year.

A consultative meeting of aid donors came after two earlier meetings were called off due to donor anger over the policies of President Frederick Chiluba's government and the country's failure to reach a deal on privatization of its state-owned copper mining group. Zambia had been seeking $300m in project aid and $238m in balance-of-payments support by donors.

Zambia's economy is almost totally reliant on exports of copper and a continuing issue for its economy is diversification. — Reuters.
Donors pledge $530m to Zambia

International donors yesterday pledged about $530 million to Zambia in 1998 and urged it to make progress on economic reform, privatisation and human rights, the World Bank said yesterday. The World Bank said Zambia could receive more financial assistance later this year if it speeded up economic and political reform.

A consultative meeting in Paris of aid donors came after two earlier meetings were called off after donors were angered by the policies of President Frederick Chiluba's government and the country's failure to reach a deal on privatisation of its state-owned copper mining group. Zambia had been seeking $300 million in projected aid.

The country needs $90 million for public service reform. Zambia's economy is almost totally reliant on exports of copper, and a continuing issue for the country is diversification of its economy. Privatisation of the huge Zambia Consolidated Copper Mines has been a key condition of resuming aid to Lusaka. — Reuters, Paris
Zambian relief as aid is granted

Chiombo Mwondela

LUSAKA — The Zambian authorities breathed a sigh of relief but human rights bodies were angered by the Paris Club's decision this week to overlook alleged governance problems and grant Zambia three-quarters of the budgetary aid it requested.

Civil rights groups which went to Paris to lobby the World Bank and donor nation representatives are outraged by what they describe as a "turnaround" by donor countries. The rights groups said the aid, in the region of $500m, should have been more strictly tied to progress in governance and human rights.

Zambian government sources said government was particularly pleased to gain support from donors such as the US, Finland and Denmark which had warned Zambia that aid would not be forthcoming unless its human rights record improved.

The donors' decision was significant for the Zambian government which based 36% of its budget allocations on donor funds which had taken a long time to materialise.

Civil rights organisations in Zambia and abroad, such as the Inter-African Network for Human Rights, Amnesty International, the Zambia Independent Monitoring Team, and Article 19, termed the decision as a reverse of the donors' positions.

The European Union said earlier this year it would not resume its aid programmes to Zambia until it was ruled democratically.

The donor countries recently cited the illegal detention of 102 people in connection with last October's attempted coup, and urged that detainees be given a speedy trial. Two detainees have since died. At the time they expressed concern about reports by the Zambian Human Rights Commission that detainees were being tortured. They also demanded that the torturers be prosecuted.

Civil rights bodies said the Zambian government made no progress in fulfilling the above conditions. However, all detainees were formally charged a month before the Paris Club meeting and a state of emergency was lifted which had been imposed after the attempted coup.
IMF team to discuss debt deal with Angola

LUANDA — The International Monetary Fund (IMF) began annual discussing with the Angolan government yesterday a deal to normalize relations with creditors and reschedule the country’s heavy debt burden.

An IMF delegation was expected in the capital, Luanda, yesterday. It would find a widening balance of payments deficit, but little political will to address problem’s root, economic and political analysts said.

“The gap in the balance of payments was high (last year). Now with the drop in the oil price it’s even greater,” an economist said.

“Yet instead of doing a deal with the IMF, the authorities prefer to renegotiate the debt bilaterally, or just not pay it.”

Statistics show Angola’s external debt totals $10bn — one and a half times its gross domestic product. Most of Angola’s $3.5bn budget for the financial year ending this December is funded by its increasing oil wealth, with output currently 750,000 barrels a day.

The budget was calculated with oil prices at $18 a barrel, but crude has been under pressure since the budget was announced in February. Economists calculate that for every $1 drop in the oil price, Angola has lost $120m in projected income.

Angola has been an IMF member since 1989, but the world body has never implemented a programme in the nation, crippled by a 20-year civil war ending in 1994.

To keep up its current level of spending, the government has built-up huge arrears at home and abroad. An accord with the IMF will assure creditors Luanda is willing to correct its economic policies and will be able to start repaying its debts. — Reuters.
Zambia's business leaders and analysts this week welcomed a $330-million aid package pledged by Western donors, but warned the privatisation of its mining industry was essential for longer-term stability.

The country's international donors, who met in Paris on Tuesday and Wednesday, pledged more assistance later this year if Zambia speeds up privatisation.

While copper privatisation may not be a formal condition for support, there is a keen awareness that without it, promising developments in the Zambian economy will be reversed, with dire consequences for the country's 10 million people, whose per capita gross domestic product is a measly $140 a year.

Eight months ago, Lusaka was regarded as one of sub-Saharan Africa's serious economic reformers. Its privatisation programme was described as one of the best on the continent; inflation had been brought down from 187% in 1993 to an average 24.8% last year, manufacturing industry had begun to reverse a 15-year decline, non-traditional exports were expanding at 33% a year, more than 200 state enterprises had been privatised and foreign direct investment was running at well over $100-million annually.

It all started to go wrong in November when, following an abortive coup attempt, President Frederic Chiluba imposed a state of emergency and arrested prominent political opponents, including former president Kenneth Kaunda.

Despite this setback, copper privatisation appeared to be on track with Anglo American and its partner, Falconbridge, planning to invest up to $500-million in the development of the Konkola Deep project and the Kafue Consortium on the brink buying the Nchanga and Nkonka mines -- the jewels in the copperbelt crown.

The donors, long critical of the government's indifferent human rights and governance records, set three preconditions: the lifting of the state of emergency, the release or charging of those detained in connection with the coup attempt, and an investigation into allegations of torture.

With the donors satisfied, albeit grudgingly, these conditions have been mostly met. The way was open for Zambia to press both for more aid and for its inclusion in the Heavily Indebted Poor Countries debt initiative.

But this year's collapse of the copper price -- from an average of more than $2 600 a ton in 1997 to $1 700 -- has transformed the business outlook.

First Falconbridge ditched the Konkola scheme, then last month talks between the government and Kafue, comprising SA's Avmin, Noranda of Canada, Phelps Dodge of the US (30% each) and Britain's Commonwealth Development Corporation (10%), collapsed.

Lower copper prices and gloomy predictions of future trends forced Kafue to rework its numbers, while the mines were last deteriorating as asset-stripping. The rump of the state-owned Zambia Consolidated Copper Mines, after the sale of most of the smaller mines is said, is being losing about $2-million daily.

With copper and cobalt accounting for more than a quarter of Zambia's exports last year, the knock-on effects of the industry's decline are severe. Businesses on the copperbelt are reportedly owed upward of $40-million by ZCCM and if a privatisation package is not announced soon, there could be a domino effect.

Already, one survey suggests manufacturing output is falling sharply and that, as a consequence, the government's tax revenue and foreign exchange targets are unlikely to be met.

After GDP growth of 6.5% in 1996, growth slowed to 3.5% last year and analysts expect little if any of the Konkola output in 1998.

The talks with Kafue ran aground over valuation and last week Chiluba said again the consortium wanted the mines at "giveaway" prices.

"We shall not do this," he said, adding foreign consultants had valued the mines at $500-million while Kafue was offering only $131-million in cash, along with $70-million in the takeover of debt and long-term investment of $500-million.

Lusaka is relying on donors to fund 35% of this year's budget spending. Without aid, IMF targets for the second phase of the Enhanced Structural Adjustment Facility are unlikely to be met.

Unlikely though it seems, Lusaka's brinkmanship in holding out for a better deal might yet pay off.

But it's a high-risk strategy. If it fails, the consequences -- social, political and economic -- could be devastating. -- Financial Times
Cultural conflict on ZCCM deal

Copper will repond, Zambia president tells World Economic Forum

James Ramon

Cultural conflict on ZCCM deal
New owners are turning Zambia's (ZCCM) mines around

JOWE MVUNGA  ET (017) 2017 98

Lusaka — Zambia’s mining industry was being shaped by private investors despite the poor performance of largely state-run Zambia Consolidated Copper Mines (ZCCM) and recent hiccups in the sale of its premier mines, companies and analysts said yesterday.

Private investors who had bought former ZCCM mines were turning around lose-making operations and slowly boosting the country’s mineral output.

“Operations at mines that have been privatized and newly opened are very stable and production is gradually increasing,” a mines development department official said.

Among the more visible new operations is the Mwana Mkwasa mine, which was acquired by Canada’s First Quantum Minerals last year. ZCCM had closed the mine in 1984.

First Quantum began re-treating tailings from ZCCM operations at the mine in March after a year-long construction and rehabilitation exercise.

“We are producing between 20 and 30 tons of copper a day, and have already exported 300 tons,” said Andries Scott, the mine manager. “Our aim is to produce 10,000 tons of copper every year.”

Another successful operation is the Dynobin mine, which began gold production in the central district of Mumana last September and is owned by London-listed Reunion Mining.

The company’s production target is 20,000 ounces of high-grade gold a year, but it is now operating at half capacity.

Theo Bull, a mining analyst, said production levels at the new mines were small, but they were beginning to change the face of the country’s mining industry. “They are making use of resources that were just lying there, and that is clearly beneficial,” he said.

Roan Antelope Mining, which recently acquired ZCCM’s Luanisha and Buluba mines, said it had committed $69 million to boost copper output from the present level of 63,000 tons.

“We have already started installing new equipment at the mines. Once we have completed that, within the next two years, we expect production to increase to 85,000 tons a year,” said Kaulanda Nyirenda, a Roan spokesman.

Canada’s Colossus Resources, which began producing cobalt alloy from ZCCM slag in the central town of Kabwe last June, has embarked on a $8 million re-engineering exercise to boost production. The plant, which sold more than 200 tons of alloy between June 1997 and the early part of this year, has suspended operations while the work is under way.

Analysts said new investment was crucial to the survival of the mining industry, which had seen copper output halved from a peak of 720,000 tons in 1989 as a result of mismanagement and ageing equipment at ZCCM.

More new investment would come in through the privatization of existing mines, but talks to sell Nkana and Nchanga have run aground after the two sides failed to agree on a price. — Reuters
Foreign money has Zambia over a barrel

By Paul Valletta

Zambia has become a nation of traders. It is impossible to enter a shop or office in downtown Lusaka without having to squeeze through row after row of ramshackle roadside stalls. On the main streets they sell shoes, bags, clothes, electrical equipment and much else. In residential areas it is small amounts of food or cigarettes.

One World Bank official told me: "Economic activity on such a scale has to be a good sign." He would say that. The rash of street-trading sprang up in the city centre almost overnight in 1993 soon after Zambia's new government brought in an economic reform programme inspired by the Bank and the IMF. In Zambia today, no one seems to make, mine or grow anything any more. They are all selling to one another.

The thing is, when you talk to the traders you find business is chronically poor. A diplomat from one of the nations to which Zambia owes a large chunk of its foreign debt believes all trade is good. "If maize passes through Zambia from South Africa to the Congo it creates jobs." But things look different to the hungry of the Copperbelt who see the cereal pass by on its way to the Congo where it sells at a good price.

The market is working perfectly in this, matching supply to demand, taking the food to where there is the money to pay for it. The shame is that ordinary Zambians just do not have the cash. Nor do their businessmen. Part of the economic reform demanded by the West is large-scale privatisation. Some 215 of the 315 state businesses have so far been sold in a programme which the World Bank sees as "the wonder of Africa". But Zambian entrepreneurs cannot afford to buy. Most of the businesses have been sold to foreigners.

Another trouble is that the Zambian national interest and that of foreign capital sometimes do not coincide. When a big hotel was privatised in Livingstone it was bought by a rival Zimbabwean hotel across the river and shut down.

Foreign money has the Zambians over a barrel. That much is clear over the sale of the nationalised copper industry whose South African and Canadian buyers, having initialed a deal, are now trying to renegotiate a harder bargain.

Trade may be the lifeblood of any nation, but it does nothing to redress the injustices which grow from an imbalance in power. - The Independent, London
One-stop shop will assist investors in Zambia

Charles Mubambo

LUSAKA — Investors wishing to set up businesses in Zambia will no longer have to shuttle between government offices for the necessary licences and permits.

The Zambia Investment Centre (ZIC), a government-created institution that oversees the operations of all business investment in the country, is being reshaped into a one-stop shop for all investment application procedures.

The government has already approved the transformation of ZIC into a development authority, the first step towards making the centre a one-stop service provider. But it will be effected only after the Investment Act is amended by parliament later this year.

ZIC board secretary Anne Mwenya said the operations of the authority would include provisions which would make it more effective in promoting, facilitating and monitoring investment.

At present it takes as long as 56 days for investors in either the manufacturing or the mining sector to be issued with licences, and four months for agricultural sector investors.

"The secondment of lands and immigration officers to ZIC and the elimination of other licences by harmonising licensing procedures into a single application to the authority will help improve the situation," Mwenya said.

The authority will also be mandated to obtain co-operation and compliance from institutions directly involved in the investment process, such as the immigration department and the Zambia Revenue Authority.
Taxes drive firms out of Zambia

AFRICA BUSINESS
Cheers as Kaunda is freed

Lusaka – Zambia's former president Kenneth Kaunda, charged with concealing knowledge of a coup plot last year, walked free today after the State withdrew its case.

Attorney-General Bonaventure Mumba announced that the State was dropping all charges against Dr Kaunda.

This was just minutes after the trial, sent to Lusaka's High Court by magistrates in April, opened today.

Dr Kaunda, who led Zambia for 27 years from independence until he was ousted by Frederick Chiluba in multiparty elections in 1991, walked free from the court and was met by deafening cheers from hundreds of jubilant supporters as he left the building.

He had denied the charges.

Western diplomats said it was believed that freedom for Dr Kaunda, who has been under house arrest for most of the time since his detention, came as part of a deal brokered by President Mandela. – Reuters
‘Mandela instrumental in Kaunda’s release’

Claire Pickard-Cambridge

President Nelson Mandela had been instrumental in securing the release yesterday of Zambia’s former president, Kenneth Kaunda, after months of negotiations, western diplomatic sources said.

The state dropped charges that Kaunda had known of last year’s plot to overthrow Zambian President Frederick Chiluba shortly after high court proceedings began yesterday.

Legal sources said the state had no evidence against Kaunda, who had been under house arrest for more than five months, or his head of security, Muyes Kaulungumbe, who was also freed yesterday.

It is understood that Mandela, as chairman of the Southern African Development Community (SADC) and as head of a country which wanted to promote democracy, felt it was important to influence the situation. In addition, the relationship between the African

Continued on Page 2

Kaunda

Continued from Page 1

National Congress and Kaunda went back a long way because many ANC leaders had lived as exiles in Zambia. Although discussions between Mandela and Chiluba began shortly after Kaunda’s arrest on Christmas Day last year, the tempo apparently picked up in recent weeks. Mandela sent Defence Minister Joe Modise to Zambia as a special envoy to facilitate negotiations about two weeks ago.

The foreign affairs department, in welcoming Kaunda’s release, said Mandela, in his personal capacity and as chairman of the SADC, would follow events in Zambia with interest.

Diplomats said there was still concern about 80 more people being tried for treason in connection with the coup attempt, including Zambia Democratic Congress leader Dean Mung’omba and Princess Nakatini Wina, the ruling MMD party’s chairman for women’s affairs. If convicted they could be sentenced to death, but defence lawyers claimed there was no serious evidence against them and expected charges to be withdrawn.

The independent Post newspaper reported that Chiluba’s government negotiated earlier with Kaunda’s family in a bid to secure an undertaking that Kaunda would stay out of politics in exchange for his release. But sources close to Kaunda said yesterday he would make his own decisions about what he intended to do.

Shortly after his release, Kaunda told a gathering that his United National Independence Party should fight to regain power.
Mandela brokered Kaunda's release

CT 21/6/98

LUSAKA: President Nelson Mandela played a decisive role in brokering the withdrawal yesterday of charges against former Zambian president Kenneth Kaunda, who was arrested on Christmas Day last year on suspicion of involvement in a coup plot.

According to insiders here, Mandela sent Defence Minister Joe Modise to talk to Zambian President Frederick Chiluba recently. Modise shuttled between Pretoria and Lusaka several times in recent weeks to try to find a compromise.

Chiluba agreed to withdraw the charges against Kaunda — a major concession — on condition Mandela persuaded Kaunda to quit active politics.

Shortly after walking free from court yesterday, Kaunda said he would recommend an urgent meeting of his United National Independence Party "to decide on who should lead it".

Kaunda's arrest five months ago followed an abortive coup by a number of junior army officers last October while Kaunda was out of the country. The ageing "father of the nation" was bundled off to a top-security prison on Christmas Day but later released into house arrest.

Kaunda vowed to continue in politics and to carry on waging a campaign of civil disobedience against what he terms Chiluba's corrupt government. But senior party officials said yesterday the veteran was about to leave the political stage after the diplomatic deal brokered by Mandela.

The speculation that Kaunda would retire from politics seems to have been corroborated by his recent statement that his party was ending its election boycott and would contest forthcoming elections.

Asked for comment after Kaunda's release yesterday, Mandela's spokesperson Parks Mankahiana said only that "President Mandela, in his capacity as chairman of the Southern African Development Community (SADC), takes a keen interest in developments in the region. He is naturally pleased that this has happened and hopes the leaders of Zambia will work together to give a better life to their people".

In a brief statement, South Africa's Department of Foreign Affairs said the government welcomed Kaunda's release, which created "an opportunity for all political parties to engage in a meaningful dialogue in the interests of all the people of Zambia".

"President Mandela, in his capacity as chairman of SADC as well as in his personal capacity, will follow events in Zambia with interest and trust that the release of Dr Kaunda will further promote the reconciliation process in that country," the department said.

Earlier, Kaunda sympathisers in the packed High Court here broke into ululations and chants after the state entered a no prosecution plea against Kaunda and his aide Myeke Kazungu-mbe, and Judge Japhet Banda told them they were free.

— Reuters and Staff Writer
Kaunda’s case a disaster for Zambia’s image

Even though former Zambian president Kenneth Kaunda has finally been freed, the country is still counting the cost of his detention, writes Theo Bull in Lusaka.

MOST Zambians were caught unaware by the release from prison on Monday of former president Kenneth Kaunda. The high court in the state dropped all charges of concealing treason against him and his party’s chief of security, admitting that there was no evidence against them. Those close to the case had known since the previous weekend that, almost immediately, after seven months of investigation and five of detention, only two quite laughable pieces of evidence were produced against Kaunda. These were cuttings from the Post newspaper in which he warned of an explosion unless four vices were removed - the citizens’ clause in the constitution, the current voters’ register, corruption and drug trafficking - and a statement from an immigration officer that he had left the country on a certain day. Kaunda, though widely respected for his role as founder president of the country for 27 years, is not seen by most Zambians as a serious contender for power in today’s world. Indeed, at least until six months ago he was no longer a popular figure. However, since his political comeback he regained the leadership of the United National Independence Party (UNIP) about four years ago - it has been shown time and again that President Frederick Chiluba takes him very seriously indeed. In fact the spectre of “KK” can be said to have distorted the political judgement of the front and many of his colleagues.

The decision in 1996 to change the constitution to prevent Kaunda from running for the presidency in a case in point. Honing him like a criminal, in the misplaced belief that he must be connected to last October’s failed coup attempt, is another. As with changing the constitution, it has not brought him unpopularity at home, but the effect of the whole Kaunda affair on Zambia’s image abroad has been disastrous.

It is not a closely guarded secret that on Christmas Day newspapers and TV and radio stations across the world are empty of news and are busy looking for something more interesting to report than the weather in Bethlehem. Yet the Zambian authorities chose Christmas Day to bring, at dawn, a huge contingent of well-armed police to arrest Zambia’s best-known politician and the father of the nation.

As should have been expected, this picture of Zambia as an unjust, ungrateful and oppressive country (for that is certainly what it looked like) reached into the most distant villages around the world, undoing in a day years of painstaking work on the part of many government agencies to present an opposite image. It was a public relations coup in reverse on a historic scale.

Then this dignified, strong old man, who not long before had been shot and slightly wounded by a police bullet, was confined to an overcrowded public cell. From there, under embarrassing pressure from former Tanzanian president Julius Nyerere and President Nelson Mandela, he was moved, first to more upper-class confinement in Kabwe and then to strongly guarded house arrest in Lusaka. Each move was a photo opportunity and a confirmation to the world that Zambia was not changing for the better.

The preliminary hearings in the high court followed, with various unpleasant and amusing incidents, each of which provided a further gift to the world’s media.

Now, after all this self-inflicted damage to Zambia’s international standing, comes the revelation that there never was any case against this man. Kaunda and his family have suffered, but they will get over it, and he will reap some political benefit, though his leadership of UNIP is under challenge and the party is in disarray.

It would be natural to conclude that the standing of the government in the eyes of the people will suffer more than Kaunda, but recent history does not necessarily support that view. On two occasions, in the Zero Option and the Black Mumba trials, both involving senior UNIP officials on serious charges, the state’s case was found to be baseless and much of the evidence fabricated. All the accused were acquitted after long periods in prison.

Yet in looking around the intelligence and the more privileged groups that the government’s standing was affected. However, notice was certainly taken, as it was meant to be, of the government’s power to keep innocent people it did not like locked up for a long time.

Clearly after these trials there was no great outpouring of sympathy for UNIP, even when leading members of the party were falsely accused. It will be interesting to see if public reaction this time is any different, when the accused do not come only from the leadership of UNIP.

It is strongly rumoured that the written evidence against Zambia Democratic Congress leader Dean Mung’ombya and Princess Nakandala, leader of the women’s section of the ruling MMD, is likely to be almost as flimsy as that against Kaunda.

Not only is a conviction unlikely, even going ahead with the case could be an embarrassment. It is also clear that the great majority of more than 70 army personnel accused were followers - and often unwilling followers - rather than leaders in the attempted coup.

Thus it looks as though the score sheet of convictions for treason, added to months of investigation, is unlikely to satisfy the expense, the public inconvenience of the state of emergency, the loss of inward investment, withdrawal of some donor assistance and clear loss of international standing.

Such hidden costs will not receive much attention in the state-owned media. However, the public may this time take note of them nonetheless.
Shock wave shows the cracks

Côte d'Ivoire's highly profitable banking sector has been shaken up by a series of bad loans, writes Mark O'Dwyer.

The three-year programme backed by the fund and the bank will include a financial sector reform project at national and regional level, says finance minister N'Goran Niamien, IMF directors on a recent visit to Abidjan, the Ivorian capital, said they had two concerns about the local banking system: capital adequacy and banking supervision.

A recent spate of bad loans to the cocoa and coffee sector — the banks' biggest source of business — and awkward parallels with the Asian banking crisis came to light while the Washington-based institutions were negotiating the new aid and debt relief programme, worth $3bn to Côte d'Ivoire.

The main debtor was a leading cocoa and coffee exporter, SICC, owned by a family with close links to the head of state. Moreover, the government is a shareholder in the domestic bank creditors, who, according to local bankers, have lent at least $20m in unsecured loans to SICC. The state owns 20% of the two biggest of these banks, both French controlled: SGBCI (a subsidiary of Société Générale) and BICICI (the Banque Nationale de Paris operation).

The government owns 100% of BIAO, the other bank with heavy exposure to SICC.

Under the watchful eye of the donor, there was no state bailout of SICC. SGBCI and BICICI, both quoted on the local bourse, took heavy provisions against bad loans. These cut net profits at Société Générale, which has about 35% of the Ivorian market.

Despite the recent problems, commercial banking remains a highly profitable business in Côte d'Ivoire. Four big commercial banks have about three quarters of the market.

The second tier is made up of niche banks. These include Paribas and Citibank, which specialise in corporate business. Some smaller niche banks in Abidjan have made more than 100% return on capital in recent years.

Even the big commercial banks showed pre-tax profits between 33% and 50% of capital in 1995 and 1996. Critics say this made the banks complacent. The recent bad cocoa loans highlighted their weaknesses in the face of change.

Liberalisation of cocoa and coffee has reined in the power of the Caisse de Stabilisation, the state authority which once controlled all cocoa and coffee exports. This was forcing Ivorian banks to re-examine business with the sector, which accounts for 40% of the country's exports. The banks have pressed exporters so that they buy the beans up-country and get repaid from export proceeds.

A leading banker in Abidjan says lessons are being learned. "A more corporate approach is needed," he says. "When the state was regulating the cocoa sector, the amount of stock the trader had was more important than the quality of its management. Now we have to direct credit towards companies with sound finances and a well-run organisation."

"Côte d'Ivoire is probably overbanked and yet the amalgamated resources of all these domestic banks is considered inadequate to finance cocoa and coffee," says an international banker in Abidjan. "So the merchant bank arms of the Ivorian banks who think they have enough exposure to the sector act as intermediaries bringing in offshore banks to mobilise international capital. That way Ivorian cocoa becomes part of the world market for risk."

Although the Washington institutions are looking at tightening banking supervision, the Commission Bancaire is considered strict. The commission, as in the French system, is separate from but subordinate to the central bank. Each bank must report its balance sheet, liquidity position and profit and loss account monthly to the commission.

The common currency of eight west African countries, the CFA franc, has worked in Côte d'Ivoire's favour as it is the main economy among the eight. However, the CFA franc's peg to the French franc may be holding back non-traditional banking. "An investment bank dealing in treasury and capital markets needs to be able to move capital in and out of the country freely," he says. But here there are exchange controls, largely to protect the French treasury from the effects of capital flight, says an Abidjan bank director. — Financial Times.
Zambia seeks private investors for port
in a stormy sea

Zambia's oil spill is bigger than the Great Depression's mop-up operation.

**WHERE THE REMS WILL BE...**

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Zambia has been hit by the biggest blow to the country's constitution.

In a stormy sea, Zambia's cabinet met at noon today (40).

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**WHERE THE REMS WILL BE...**

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WHERE THE REMS WILL BE...
Electricity supplier faces crisis

LUSAKA — Zambia's sole electricity company said yesterday it was faced with a financial crisis resulting from a failure by Zambia's large mining company ZCCM to settle bills of around $94m.

The state-run Zambia Electricity Supply Corporation (Zesco) said the Copperbelt Energy Consortium (CBC), which bought power in bulk for redistribution in the northern Copperbelt province, could not clear its debt with Zesco because ZCCM was unable to pay it. Under a contract entered into last year, CBC can settle its debts with Zesco only after ZCCM, its main customer, had paid it.

However, Zesco would continue supplying ZCCM with power because of its strategic position. ZCCM accounts for nearly 90% of the country's hard currency earnings and is earmarked for privatisation.

Union officials at Zesco warned the firm would collapse if ZCCM did not settle its debts soon and called for a review of the CBC contract. — Reuters.
IMF pleased with reforms

LUSAKA — The International Monetary Fund (IMF) is happy with Zambia’s economic reforms and is to ask its directors to mobilise support for efforts being made to support the economy.

IMF alternate executive director Abraham O’Brien, speaking in Lusaka, assured Zambia’s government that the IMF delegation’s visit to Zambia had educated them on the implementation of economic reforms. “We will support your case and ensure that you overcome all economic obstacles that have retarded efforts to lessen the pangs of poverty,” O’Brien said.

The IMF was proud of Zambia’s track record in implementing the austerity package through a rigorous structural adjustment programme, despite a huge US$7.2bn external debt burden.

Acting Finance Minister Alexio Hamabeyi said the economy was fragile and needed international support to meet its targets of poverty alleviation. — Sapa.
Unsold mines block $235m donation

Zambia's hopes of getting the $235 million pledged by donors in Paris early this year are growing bleak because of the government's failure to dispose of two key mines.

According to the latest CitiBank (Zambia) publication, released last week, the government has until now failed to dispose of the Nchanga and Nkana mines which Judith Nawakwi, the finance minister, had promised would be sold by this month. There is still no definite deal on the negotiating table since the Kafue consortium pulled out of talks on the mines.

"Although the government recently concluded the sale of Chibuluma mines," the report reads in part, "no investors this will have no consequence in the release of the balance of payment support," because Kafue and Nchanga are the "jewels in the crown" of Zambia's mines and nothing short of their sale would impress the donors." — Independent Foreign Service, Lusaka
Eskom to buy electricity from Zambian utility

Robyn Chalmers

Eskom is to sign a contract today to buy power from Zambian electricity utility Zesco for an undisclosed price which will allow it to bolster its capacity in peak demand periods.

This comes after a recent agreement for Eskom to buy power from Mozambique’s Cahora Bassa dam for the first time in 16 years. The price at which the Cahora Bassa power has been bought has yet to be divulged, but Eskom expects to receive about 900MW of uninterrupted power.

An Eskom spokesman said yesterday that although the utility had a surplus of electricity generation capacity, it was economically advantageous to import power. This was particularly necessary during peak periods of demand on weekday mornings and evenings.

"This reduces pressure on Eskom's base-load generation plant which is not designed to operate in a stop-start mode," Eskom said.

Zambia and Mozambique would benefit from the foreign exchange they received from the sale and could make better use of plants which were, until now, underutilised.

This was economically beneficial for the region, as it reduced pressure on Eskom to build new generation plants. It could, in turn, affect the price of SA’s electricity.

SA has exported electricity to all its direct neighbours - Lesotho, Swaziland, Namibia, Botswana, Zimbabwe and Mozambique. It has previously imported from Mozambique and Namibia.

The exchange of power between SA and Zambia means that electricity will pass through Zimbabwe’s transmission network, for which the country will be paid.

Eskom said that the contract with Zesco was a "milestone event" in the regional electricity supply sector.
Unions back taxing of informal sector

LUSAKA — Facing diminishing revenue collection, the Zambian government wants to tax the informal sector.

Until now, the few workers in formal jobs have been taxed heavily. However, after numerous complaints from the Zambia Congress of Trade Unions and other unions, the government has decided to extend the tax net.

Director of taxes Berlin Msiska said the department hoped to work with councils to collect about $25 a month from informal traders.

"We want to work out how we can have councils collect the tax on our behalf alongside the daily market levies collected from workers in this sector, most of whom trade from council markets," he said. The mining town Kitwe and tourist city Livingstone are being used as trial areas.

The congress of trade unions and chambers of commerce have welcomed the idea. However, Lolas Kamwinyi, the chairman of the Zambia Traders' Association committee, said the government was being unfair. "Why should government tax small fry when they are giving big fry like Shell-o-Checkers tax-free periods of up to a year?"

Lolas said most traders were in business not because they were not qualified to do other jobs, but because this was their choice, but because government had failed to create a favourable environment to enable them to get jobs in the formal sector.

Congress of trade unions secretary-general Alec Chirwa said government had made the right move. The exercise would bring some relief to workers in the formal sector and broaden government's tax collection base, he said.

Chirwa said the national revenue authority should tax only those who had the capacity to pay something, as some traders' businesses were little more than hand-to-mouth operations.

Since the opening of the economy in 1992, many Zambians have lost their jobs. The informal sector is the only way to survive.

It consists mainly of street sellers and has become so established that the government is reluctant to remove vendors from the streets because of the public outcry. The state has even created a vendors' desk at State House.

Many in the informal business community conduct traditional businesses, the commonest being the sale of second-hand clothes. The hardest-hit victims of Zambia's harsh privatisation drive are in industries such as mining, manufacturing, transport, banking and farming.

The effect of the decreasing amount of pay-as-you-earn tax from the few workers in the formal sector is only being felt now and is not enough to meet the finance ministry's needs. — AIA.

Bank finances infrastructure

LUSAKA. — The Development Bank of Southern Africa and the Zambian Electricity Corporation (Zesco) said this week they had signed a $210.4m loan agreement to support the upgrading of Zesco's infrastructure.

"This loan is the first investment by the bank in Zambia in terms of its extended mandate in the Southern Africa Development Community and focuses on infrastructure development," the bank said.

The loan will form part of Zesco's $198m power rehabilitation programme, which includes support from the World Bank, European Investment Bank, Agence Francaise de Development and the Zambian government. The upgrading of the electricity network would allow Zesco to supply cheap, efficient electricity to stimulate economic growth in the country, the development bank said. — Reuters.
Angolan refugees pouring into Zambia

LUSAKA — About 64,000 Angolan refugees fleeing conscription into Unita in eastern and northeastern Angola have arrived in Zambia, human rights organisations said yesterday.

The United Nations High Commissioner for Refugees and Zambia's interior ministry would verify the figures later this week.

A UNHCR spokesman could not confirm the numbers of refugees. He said about 2,000 refugees of Burundese and Rwandese origin had arrived in Mwinilunga and were temporarily camped there.

Inter-African Network for Human Rights and Development executive director Ngande Mwanjiti and Human Rights Watch researcher Alex Vines said Unita rebels were about to execute a major military offensive in Angola.

Mwanjiti and Vines, who recently returned from eastern Angola bordering Zambia, said Unita was forcibly drafting men and women aged 13 to 30 to beef up its defences.

They visited refugee camps at Maheba near Solwezi in the northwestern province, and Mukulaikwa in Lukulu in the western province, where they saw columns of new refugees arriving.

A statement issued yesterday quoted some refugees at the camps as saying Unita was killing anyone who opposed its military adventurism. "They want to beat up and build a powerful battalion to topple the Lunjia government," one refugee said.

Mwanjiti and Vines appealed to the United Nations to prop up the faltering Lusaka protocol to salvage the Angolan situation from sliding into full-scale war.

Presidents Frederick Chiluba of Zambia and Robert Mugabe of Zimbabwe also appealed to the international community to pressure Unita to implement the Lusaka protocol, signed on November 20, 1994 to prevent another outbreak of war in Angola.

— Sapa.
Anglo agrees to help speed up ZCCM privatisation

Anglo American Plc announced a deal that would help speed up the privatisation of Zambia's ZCCM Copper Corporation Plc (ZCCM), the country's biggest state-owned company. The deal, which involves a 40 per cent shareholding agreement with ZCCM, is expected to be completed by the end of the year. It would be the first step towards the privatisation of ZCCM, which is one of the biggest mining companies in the world. The deal is expected to bring about a significant increase in the company's net worth and profitability, and is expected to boost the country's economy.
Negotiations for sale of Zambia's state mines reach advanced stage

Negotiations between the state-owned Zambia Consolidated Copper Mines and buyers of its Nchanga and Nkana mines have reached an advanced stage, Richard Sakala, President Frederick Chiluba's press aide, said yesterday. An announcement on the sale of the mines would be made soon. "A lot of work is currently going on in the background to dispose of Zambia's premier mines. A major announcement will be made soon, possibly this weekend or next week," he said. The delayed sale of the mines has caused havoc in financial and stock markets, plunging the economy into uncertainty and pushing up the annual inflation rate to more than 30 per cent. Similarly, the local currency has plummeted to an all time low of 1,900 kwacha to one US dollar following erratic foreign exchange earnings from reduced copper production. To worsen matters, the international community has warned that it will not release the $300 million it pledged at the Paris donor conference last May unless ZCCM assets were privatised as soon as possible. — Sopo. Limbela
Avmin renews talks on Zambian mines

(260) 02/13/89

David McKay

AVMIN has renewed talks with Zambia Consolidated Copper Mines (ZCCM) to bid for the parastatal's copper-cobalt slag deposits and the Chambishi cobalt and acid plant, valued at between $50m and $100m.

This comes amid warnings from the international donor community that it will not release the $530m it pledged to Zambia last May unless ZCCM assets are privatized as soon as possible.

Reuter reports that the UK has held back its financial aid to Zambia, with the British High Commission saying the funds would have been wasted propping up loss-making mines.

Earlier this year the Avmin-led Kafue consortium — its partners were Canada's Noranda, Phelps Dodge of the US and the Commonwealth Development Corporation — withdrew from the bidding for ZCCM's flagship operations, Nchanga and Nkana, when no agreement on price could be reached.

The Chambishi operation will require less capital to develop than Nkana and Nchanga, but could involve a new plant and developing technology to extract the cobalt.

Avmin is believed to have discussed terms with a ZCCM team led by Francis Kaunda in London yesterday. However, Avmin's Julian Gwillim declined to comment.

One analyst said as an interim measure Avmin might "toll-treat" cobalt concentrate supplied from ZCCM, or possibly the Democratic Republic of Congo, through the Chambishi plant.

The cobalt reserves are a byproduct of ZCCM's copper production and have been built up since it started producing the metal in the 1930s.

An analyst said the concentration of cobalt in the dumps far exceeded any naturally occurring deposit.

According to The Post newspaper in Zambia, Kaunda has been forced to start unbundling ZCCM's mine privatization packages following apathy from investors.

Anglo American Corporation, a sub-

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Avmin

Continued from Page 1

stantial shareholder in ZCCM, last week urged it to divest itself of its major assets.

Presidential press aide Richard Sakala said earlier this week that a pact for the sale of Nchanga and Nkana mines was at an advanced stage, and an announcement on the sale of the mines would be made soon, possibly this weekend or next week.

The delayed sale of ZCCM has caused havoc in financial and stock markets, plunging the Zambian economy into uncertainty and lifting the annual inflation rate to above 30%.

The local currency has plummeted to its weakest level yet due to erratic foreign exchange earnings from reduced copper production.
Zambia lifts ban on wheat imports

By Charles Mubambe
LUSAKA — Zambia, has lifted a ban on wheat imports, to the chagrin of local farmers, who fear that the move will affect local production. It is feared that cheap imports will stifle local production levels, which had recorded increasing yields since the ban was imposed in 1996.

Commerce and Industry Minister Enock Kavindele said the ban would be lifted with immediate effect. The Paris Club and World Bank demanded the lifting of the ban at a meeting in France last May as a condition for releasing $530m.

While the move is expected to cheer SA grain millers, the Zambia National Farmers' Union says it will hurt the local milling industry, especially if the government does not act to curb the smuggling of flour.

Union president Ajay Vashee said the government should raise tariffs on wheat to protect the industry. Millers are worried that the weakening rand will see a flurry of cheap flour into the country.
UK delays $32m aid to Zambia

From Reuters (PR) 3/8/98

Lusaka — Britain had held back financial aid to Zambia because the funds would have been wasteful, propping up the southern African country's money-losing mines, the British high commission in Lusaka said yesterday.

Britain would release the $32 million it pledged in balance of payment support when Zambia Consolidated Copper Mines, the state-owned company, stopped reporting losses or was privatized, the high commission said.

"Unless ZCCM's operating losses are first stemmed and eliminated, the British balance of payment support would simply be consumed in an apparently endless cycle of loss-making.

"As soon as privatization (of ZCCM) is a reality, this support will be available."

Britain had pledged to release the funds at the end of last month, the target date for the sale of ZCCM's premier Nkana and Nchanga mines.

Western diplomats in Lusaka said other foreign donors would withhold balance of payment support until the two biggest mines were sold.

Zambian officials said an announcement would be made soon regarding the privatization process, but they gave no further details.

"There is a lot of work going on in the background, and an announcement on the sale of Nkana and Nchanga mines will be made soon," said Richard Sakala, the presidential spokesman. "We are very optimistic about the outcome of the ongoing negotiations."

Negotiations to sell the two mines to Kafue, the foreign mining consortium, collapsed in June after the government and the group failed to agree on a price.

The consortium included Canada's Noranda, South Africa's Armmin, US-based Phelps Dodge and the Commonwealth Development Corporation. The group disbanded in early June after the government rejected its final $1 billion offer.

The delayed sale of the mines, which account for 65 percent of ZCCM's output, has plunged the Zambian economy into its worst crisis in years.

ZCCM posted a $155 million loss last year from a $22 million loss previously, and is expected to suffer heavy losses this year after a drop in copper prices and a lack of investment in its operations.

Reduced copper earnings have seen the local currency fall to an all-time low of about 2,000 kwacha to the dollar after holding steady at about 1,800 kwacha for most of last year.

Zambia's annual inflation rate jumped to 24 percent in June after falling to 18 percent in December, its lowest level in more than a decade.

Zambia was once among the world's biggest copper producers, with annual output peaking at about 750,000 tons in 1970. Mismanagement and ageing equipment coupled with falling world copper prices have since halved that figure.
Zambia must privatisé its mines to restore confidence in its economy

There appears to be light at the end of the tunnel in Zambia’s efforts to save its mining industry, reports Theo Bull in Lusaka

SIX weeks or a month ago darkness reigned in Zambia’s mining industry.

The Kafue Consortium’s long-fought bid for Nchanga and Nkana Mines in the state-owned Zambia Consolidated Copper Mines (ZCCM) stable had failed and no other bidder was in sight. Production was down 25% and the copper price 35%. Payments to suppliers were falling further and further behind.

The donors, for the first time, were starting to squeeze government by withholding balance of payments support pending privatisation. Government’s tax revenue was declining fast and the prospect of a failure to honour internal debt payments was looming.

Yet despite these pressures neither Francis Kaunda, in charge of the mines privatisation team, nor anyone who mattered in government, could bring themselves to work on the root problem — privatising Nkana and Nchanga. Instead their fruitless trips around the world, scouting for buyers, continued.

However, in the past three weeks the chemistry has started to change. Edith Nawakwi, the new finance minister, understands the enormity of the danger facing Zambia and it seems she is getting this across to President Frederick Chiluba. Furthermore, Anglo American has realised that it can play a constructive, even a creative, role to the benefit of its shareholders and the Zambian copper industry as a whole.

A number of other things have been happening. The Commonwealth Development Corporation has reaffirmed its willingness to help (though not to take a lead) in the privatisation; SA’s Avmin has been willing to commit money for a slice of the action and has done a deal to buy the cobalt and acid plant at ZCCM’s Chambishi and the slag dumps at Nkana; Canadian company Noranda has shown continuing interest in the copper belt; and Hong Kong Shanghai Bank has been pursuing its client’s interest in Mufullira mine, provided the smelter there is put back in the package with the mine and the concentrator.

Until now Mufullira has been held in favour of Anglo, to make the Konkola Deep Package more attractive. All these factors are important, but the key change is that Anglo is now serious about buying the whole of Nkana, other than the slag dumps Avmin is taking. This means Anglo would take the underground shafts and reserves as well as the concentrator, smelter and refinery. Anglo, it seems, has always liked the smelter at Nkana better than the one at Mufullira.

There have been rumours in Zambia and SA that Anglo is interested in the rest of copper belt. If that is so then logically it will need a large partner, and Noranda is the obvious candidate. But Noranda has made no secret of its unwillingness to “play second fiddle” to Anglo in any copper belt acquisition. It seems much more likely therefore that Anglo would take Nkana, alone or with another partner, and relinquish its rights to the smelter at Mufullira. This would clear the way for Hong Kong Shanghai’s client (there has been interesting speculation over who this is) to take the whole of Mufullira. This would be a great relief for the Zambian government, for Mufullira without the smelter had been proving unattractive.

It would be too costly for ZCCM to retain Mufullira, and closure would involve 6 000 or more job losses. With Nkana and Mufullira disposed of in this way, Nchanga would be left for Noranda or a consortium led by them.

Nchanga still has great exploration possibilities as well as its existing underground shaft and open pit. If $40m to $50m were realised for each of Nkana, Nchanga and Chambishi with the Nkana dumps, and perhaps $30m for Mufullira, the cash received would be similar to that expected earlier from the Kafue Consortium and Zambia would still have succeeded in getting top class companies to run the industry.

The signs are good, but Kaunda has managed to snatch defeat from the jaws of victory. Let us hope that lessons have been learned and that this time negotiations will be vigorous and within weeks the remaining mines will be sold to strong purchasers. Only then will national confidence be restored, donor funds start to flow again and the economy start to recover.
Will Zambia be able to raise itself from the dirt?

Despite the high-octane drama around it, very little is heard of Zambia, yet the country seems set for a horrific collapse, writes MICHAEL SCHMIDT

A LICE Chipidi could be a walking advert for Frederick Chiluba’s new, liberal-democratic Zambia. But, like many of her countrywomen, Alice is literally eating dirt.

A good-looking 22-year-old, her head wound in a colourful scarf and her bright-eyed children at her side, Alice walks the dusty streets of Kalala-linga township in the capital, Lusaka. In her hand is a lump of grey clay, bought at a market along with tomatoes and dried fish.

Alice breaks a piece off the lump and nibbles on it thoughtfully. My guide informs me pregnant women eat this clay because they need the minerals. But Alice is not pregnant and when I ask her what the clay is she answers simply: “Food.”

In a country where 86 percent of the people live below the poverty line, both explanations are equally plausible — and equally shocking.

The starvation is the most obvious legacy of Kenneth Kaunda’s failed African socialist experiment, which ran from independence in 1964 until he was defeated in elections by Chiluba’s Movement for Multi-party Democracy in 1991.

Kaunda’s fundamental error was failing to set fair produce prices for farmers while subsidising food in the cities. The result was that farmers stopped farming and flooded the cities. Zambia became Africa’s most urbanised country — with a severe food production problem.

Today, it produces only half the volume of food that neighbouring Malawi does — despite the fact it is six times larger. Stories abound of hectares of arable land and once-viable crops such as pineapples and groundnuts gone to seed.

Kaunda also failed to diversify a nationalised economy based almost entirely on copper. After world copper prices collapsed in the mid-70s, Zambia never truly recovered.

But blaming Zambia’s ills on the past would be a mistake.

Chiluba, former general secretary of the Zambian Congress of Trade Unions, became president on the crest of a wave of worker demands for an end to one-party rule — and for protection against the International Monetary Fund’s pauperising austerity programmes.

But he instead betrayed his electoral mandate and quickened liberalisation of the economy. The cost of basic foodstuffs rocketed: midweek meal went up 720 percent between 1991 and 1996. In the same period, the value of the currency declined by 325 percent. A rand buys 338 kwachas.

Job losses escalated under Chiluba’s privatisation programme, which, critics argue, has seen some state-owned concerns shut down and others sold at fire-sale rates.

Rustic, outdated equipment and silence characterise the once-vibrant Copperbelt pits run by the stateal Zambian Consolidated Copper Mines.

Multinationals such as Anglo American, which were bought out in 1970 at terms very favourable to them, are waiting patiently in the wings for the Zambian government’s asking price to fall through the floor.

South Africa’s re-admittance to the SADC has been full swing — Shoprite now owns the country’s biggest supermarket chain, and while South African farmers have bought up extensive farmlands in the north, some importing nasty habits such as sijambolekwaning workers.

Liberalisation has benefited only a tiny elite — those who live in luxury compounds bristling with satellite dishes and electric fencing.

But outside their high walls, Zambia is dying; five members of the University of Zambia and Allied Workers’ Union were buried in two weeks. They all died of malnutrition-related ills.

“We eat perhaps once a day, sometimes once every two days, and drink water in between,” one shop steward said. His colleagues had not been paid for July.

Zambia owes more than $44 billion to foreign governments, the IMF, the World Bank and others.

The national Bank of Zambia’s foreign reserves have fallen more than $750 million since December — to the lowest point in six years — largely due to servicing this debt.

Chiluba’s democratic cre- dentials are flimsy — society is stifled by a law which renders any organised group of citizens, no matter how innocent, illegal unless licensed by the state and scrutinised annually by police.

All the indications are that Zambia faces imminent collapse — state executions started up again last year after a seven-year break, while the state-owned media divert attention from the gloomy economy by covering the trial of a handful of plotters involved in last year’s jail coup attempt.

The trial has also revealed the military’s serious lack of battle-readiness — armoured cars have no diesel and no-one is sure if the air force even exists. The rumour is that the last three jets were repossessed.

Added to this, the Congolese military vehicles openly prowled Copperbelt towns as the war in the Democratic Republic of Congo heats up and while Angola openly threatens pre-emptive air strikes on the west of Zambia to cut Unita’s supply lines.

With so much high-octane drama around it, very little is heard about Zambia. There is virtually no militant tradition, so no street protest and no international coverage. If Zambia does collapse, a bloody multi-partisan battle for control of the remnants, particularly the mines, is virtually assured.

People such as Alice, already marginalised, would simply be obliterated in the chaos.
Zambia's railways to sack half its workers in restructuring

LIVINGSTONE — Zambia's railways will, as part of a $300,000 restructuring exercise, retrench nearly half of the parastatal's workforce.

However, railway officials said there were fears that retrenched workers could be forced into crime as they did not have skills apart from their railway experience.

Zambia railways' southern region public relations officer, Daniel Simonda, said under the Swedish-funded restructuring exercise in preparation for privatisation, the company would lay off 300 out of its 827 employees.

Apart from the monetary packages they will get, most workers will be given the company houses they have been staying in, but that is all they will have.

In a difficult economic situation such as we have in Zambia, the financial packages will soon be taken up by social needs.

"That will leave the former workers desperate for other forms of income, but they are not being prepared for this," said Simonda.

He said in Livingstone, where a substantial number of the railway employees would be retrenched, there were no other industries that could absorb the former workers. He said they needed to be trained in self-employment.

Head of railways operations in Livingstone, Maurice Banda, said the railways itself could be a target of its former employees who could join groups of criminals who stole wagon parts made of brass.

The restructuring exercise began in March and was expected to last two years when government was expected to privatise the parastatal. — EPA.
Copper output in Zambia up

LUSAKA - Zambia's copper output rose to 30,300 tons in August, up 16% from July, but the upward move seems unsustainable, according to a Citibank report released yesterday.

Zambia Consolidated Copper Mines (ZCCM) accounted for 77% of August output. The firm's production was up 29% on the previous month.

However, output at the troubled majority state-owned ZCCM was likely to fall in the near future due to "production risks associated with poor employee morale, inadequate supply of raw materials (and) inadequate working capital".

Zambia is under pressure to fully privatize ZCCM. Talks on the sale of its premier Nkana and Nchanga mines "collapsed in June after the government and an international consortium differed on sales terms."

— Reuters 10/19/98
IMF tells Zambia it must reverse economic slide to get funds

LUSAKA — The International Monetary Fund (IMF) said yesterday release of funds to Zambia under a loan package would depend on the government's ability to reverse a slide in the economy and create conditions for growth.

"Discussions between the IMF and the national authorities on the enhanced structural adjustment facility (Esaf) are continuing. We hope progress can be made soon," the IMF's Kenneth Myers said. Esaf is a three-year programme that provides concessional loans to eligible members of the IMF undertaking reform to strengthen their balance of payments and improve their growth prospects.

The IMF disbursed special drawing rights (SDRs) for $10m to Zambia in the programme's first year, but withheld second-year Esaf funds after the government failed to meet economic targets.

Zambia has lost many of the economic gains made in the second half of last year, with annual inflation rising to 27% in July from a 10-year low of 19.9% last September. Esaf loans carry an interest rate of 0.5% and are repayable over 10 years with a five-and-a-half-year grace period. Zambia can borrow up to $40m in its second and third Esaf years. — Reuters.
Lusaka plans tax review after Coca-Cola cancels $75m deal

Charles Mubambe

LUSAKA — The Zambian government is set to review its tax regime to stem the flight of investment from the country.

This follows Coca-Cola’s move to cancel a $75m investment programme because of high excise duty imposed on domestic and imported goods.

The Zambian Revenue Authority and yesterday the excise duty was levied on goods like carbonated drinks, tyres and cigarettes, among others. Coca-Cola was paying 25% excise duty on carbonated drinks it bottled, but the duty on other affected goods ranged from 10% to 125%.

In May this year, Commerce and Trade Minister Enoch Kavindele announced plans to reduce excise duty for Coca-Cola in return for the firm’s planned investment. High retail prices as a result of the knock-on from high excise duty had resulted in depressed sales and profitability for the company.

Coca-Cola said last week the viability of its business in Zambia was threatened. At least 15,000 local jobs were in jeopardy.

Last week, government announced the establishment of a tax policy focus to recommend tax and non-tax revenue measures for adoption in next year’s budget.

The finance ministry’s permanent secretary for budget and economic affairs, Bornface Ncube, said at the time: “Our quest for economic advancement, based on private initiative and market forces, requires that we eliminate tax inequalities.”

This is viewed as a desperate bid to calm the business sector and shore up investor confidence. The manufacturing sector, which relies heavily on imported raw materials, is hard hit by taxes such as import duties and value-added tax, which stands at 17.5%.

The Zambia Association for Chambers of Commerce and Industry says the tax regime is stifling investment. Association chairman George Chabwera says: “Many businesses in the country have tried to keep up with their tax obligations by using their capital. This has resulted in their businesses folding.”

Several multinationals have relocated their businesses to neighbouring countries offering more favourable tax regimes.
Zambian brewery lifts earnings 19.9%

Charles Mubambe BD15/9/98

LUSAKA — Zambian Breweries has increased after-tax profit 19.9% to 1 559-million kwacha for the six months to June 30 this year — despite mounting competition in the beer market and poor economic growth in Zambia.

The interim results indicate turnover rose 18.8% to 42.919-million kwacha against the same period last year.

Zambian Breweries, which is 50% held by SA Breweries (SAB), achieved the results without increasing the prices of its products. However, the company experienced pressure on its margins after incurring some losses as a result of the restricted availability of foreign exchange in Zambia.

SAB acquired 50% of the shares in Zambian Breweries when the firm was privatised in 1994.

Since listing on the Lusaka Stock Exchange in August last year, Zambian Breweries has performed well, largely due to its dominance in the clear beer market.

Zambian Breweries MD, Paul Crosley, says the firm will continue improving the quality of its four brands of beer. He did not plan to introduce any new brands, he said.
Time for action on copper mines

The frontrunners are emerging in fresh negotiations for mines on Zambia's copper belt, writes Theo Bull in Lusaka 8D19198 (360)

LUSAKA — The future of the Zambian mines still to be privatised remains clouded, but a clearer outline is beginning to emerge of the shape of things to come.

Anglo American has spent some active weeks on the copper belt, especially around Nkana mine. It seems to have established a good working relationship with Canadian mining company Noranda, both on the ground and in top-level discussions. An Anglo-led consortium including Noranda looks set to bid seriously and quickly for Nkana, with its smelter and refinery. Others might join the consortium later, but on Anglo’s terms.

This prospect looks firm enough to have allowed government to negotiate seriously with HongKong Shanghai Bank and Reunion Mining for the sale of Mutulira mine complete with its smelter. This smelter was previously withheld from the Mutulira package in favour of Anglo American for use with Konkola Deep.

Under the new arrangement that is emerging, the smelter at Nkana mine in Kitwe will satisfy Anglo’s requirements for the existing Konkola mine and for the new Deep Shaft there when that finally gets under way.

HongKong Shanghai and Reunion are due here again within days and it is believed that an offer of $30m is on the table.

The remaining piece of jigsaw would then be Nchanga. No one seems to be rushing forward to negotiate and Anglo does not appear to want it. It is, however, vital for Anglo that Nchanga be in competent hands before it makes any commitment on Nkana.

One solution under consideration is to put Nchanga under Anglo’s management until a buyer is found. This would satisfy Anglo’s short-term concerns, but for the future development of Nchanga (where there is still great potential despite the short remaining life span of the open pit mine) a long-term mining developer of international standing is needed.

Those who watched Zambia fiddle for more than a year while the mines burned are justified in questioning whether the country has the determination yet to enter without delay into binding agreements to sell the mines.

Time will show. But there is an important deadline of September 30 in the mind of the World Bank and the donor community. A further meeting for next month was set by the donors in Paris last May.

All balance of payments, support and some other aid have been withheld, with a surprising degree of determination. If there is not significant and genuine progress now there will be no meeting next month and still no release of funds. The situation is getting so desperate that there really may be action this time.
High cost of Coke in Zambia leaves bad taste in the mouth

The Zambian government seems determined to keep the price of Coca-Cola high, and has fired a minister who wanted to change things.

Claire Pickard-Cambridge reports from Lusaka

A row over high excise duties on Coca-Cola products in Zambia has reverberated around the country, sending mixed messages to investors about government policy. Coca-Cola is more costly than beer in Zambia and is understood to be four times more expensive than the same product bottled in Zimbabwe.

The Zambian government's decision to distance itself from an official agreement negotiated with Coca-Cola to drop the duty from 25% on the wholesale price to 5% has had many ramifications. Not only has it put the brakes on Coca-Cola's plans to invest another $75m over the next five years, but high prices spell lower demand, which will affect many associated supplier companies and the informal sector.

Zambia is traditionally regarded as a "nation of traders," and the vice-president of Coca-Cola in southern Africa, Stu Mngadi, says the microeconomy has been the country's chief driver of growth. "About 60%-70% of our Zambian customers are hawkers and vendors in the informal sector, and they stand to be hurt or to lose their livelihood as a result of high prices."

The saga surrounding the duties also contributed to the dismissal of Commerce, Trade and Industry Minister Enock Kavindele on Monday. He was fired one day after indicating publicly that he was at loggerheads with Finance Minister Edith Nawakwi over cuts in duties for Coca-Cola.

In an interview hours before his dismissal, Kavindele said Nawakwi's message to Coca-Cola made his job — which was to attract investment — more difficult. He claimed that her comments were out of line with government policy, which saw 19,000 jobs could be lost across a broad spectrum if Coca-Cola pulled out of Zambia.

Companies which would be damaged as a result included Zambia Sugar, which sold 25% of its product to Coca-Cola subsidiary, Zambia Bottlers; Zambia Glass; Khee Kwee; the Zambia Electricity Supply Corporation; Kapiri Glass Products; and Lusaka Water and Sewerage, Kavindele said.

"As acting finance minister I negotiated a lower excise duty for Coke over five years, because we were imposing the highest duty in the region. We also have long boarders and so high duties just encourage the smuggling of Cokes into the country."

He said he had prepared a strategy document to make a special allowance for Coca-Cola, cutting its 25% excise duty to 5%, but Nawakwi refused to sign it.

Mngadi has denied reports that Coca-Cola suspended production in Zambia last week. Both plants and nine depots were fully operational. "We are sensitive to our social responsibilities in Zambia and hope to stay, particularly as Coca-Cola's activities have a multiplier effect. If we were to close shop the impact would be severe."

He said an excise duty of 25% was levied on the wholesale price of every case of Coca-Cola leaving the factory, making the retail price the highest in Africa and one of the highest in the world.

Mngadi denied the excise duty — which is unrelated to the 17.5% VAT duty paid by consumers — was drastically hiked early this year when the government reviewed the method of evaluating the tax on carbonated soft drinks. Instead of the 25% tax being calculated on the manufacturing cost, it was now based on the wholesale price.

Since then Coca-Cola reached an agreement with a heavyweight team of government officials including Kavindele, the deputy finance minister, the Zambia Revenue Authority and the Zambia Investment Centre for the duty to be dropped from 25% to 5%. In return Coca-Cola agreed to drop its prices, and to implement a $75m investment plan over five years "which would have been one of Zambia's biggest foreign investments," Mngadi said.

However, President Frederick Chiluba later distanced himself from the agreement, saying the matter had not been finalised with the cabinet.

"We are extremely disappointed by government's inability to ratify our agreement but remain confident that obstacles will be overcome as we still wish to remain in Zambia," Mngadi said.

Other businessmen and foreign agencies speculate that the negotiated special concession on Coca-Cola's duties may have laid the government open to similar demands from other manufacturers. They say the pinch on government finances and pressure from domestic firms to meet debt repayments may also have resulted in Chiluba's change of heart.

Whatever the truth of the government's dilemma, its inconsistencies have sent negative signals to investors already concerned about the shaky state of the economy.
ZCCM gets a UK offer for Mufulira

(360) 80 411/98

THE privatisation of Zambia Consolidated Copper Mines (ZCCM), delayed by the slump in copper price and government imbroglios, gained momentum yesterday with the UK's Reunion Mining making an offer to buy the Mufulira complex.

Mufulira mine contributed about a fifth to ZCCM's annual copper output of about 300,000 tons before the privatisation got under way.

A condition of the sale of the Mufulira mine, however, is that its surface copper processing facilities are included in the package. It is for this reason that analysts are hopeful all major portions of ZCCM will be privatised by year-end.

In the original terms of ZCCM's privatisation, the Mufulira mine was not offered in the same package as its smelter and refinery. This perplexed some analysts who said the mine would never be sold alone. Despite its significant underground reserves, the mine is costly to operate and does not benefit from cobalt byproduct revenues.

Instead, Anglo American Corporation had, through its Bermuda-registered Zambian investment company, Zambia Copper Industries, arranged to buy Mufulira's smelter and refinery with the intention of wrapping them into the Konkola Deep project.

"As a stand-alone mine, Mufulira has little chance of being sold. It needs its dedicated smelter and refinery, which Anglo American currently controls," investment analyst John Clemmow said.

A new arrangement is now being considered by Reunion Mining, a London-listed African mining company, said yesterday it had signed a memorandum of understanding with Reunion's Mufulira Division. The two parties have formed a company Mufulira Copper Mines to conduct the transaction, to be underpinned by a group of international investors and mining firms.

Reunion's Peter Wynter Bee said the offer for the Mufulira complex was motivated by its own management and that Reunion was "helping to put the deal together".
African Business

Sale of Mufilira to Reunion opens way for Anglo to buy Nkana copper smelter

Anglo may yet dominate in Zambia

**FROM BLOOMBERG**

Lusaka — Anglo American, the South African mining house, would dominate the development of Zambia’s copper production by buying the Nkana smelter to process output from its Konkola Deep deposit, analysts said yesterday.

Tuesday’s signing of a memorandum of understanding between Reunion, the British mining group, and the state-owned Zambia Consolidated Copper Mines (ZCCM) to buy the Mufilira copper mine and smelter, a processing unit to which Anglo has rights of first refusal, opens the way for Anglo to buy Nkana, ZCCM’s biggest smelting unit.

Anglo was initially discouraged from buying ZCCM’s existing assets as the government did not want one company controlling its copper industry. It encouraged Anglo to develop the new Konkola Deep deposit.

The falling copper price has frustrated attempts to sell ZCCM, which earns 90 percent of Zambia’s foreign exchange, and the government is now in talks with Anglo.

“The state does not want Anglo coming in and in effect owning Zambia. They have less choice now,” said Richard Norman, an analyst at HSBC Simpson McKee in Johannesburg.

Anglo now had the chance to combine Nkana, the biggest asset, with possibly the best property, Konkola.

Konkola is estimated to have reserves of about 381 million metric tons of ore grading at 3.5 percent copper, John Clements, a London-based Investec Securities analyst, has said.

Anglo, which owns 32 percent of ZCCM through its Bermuda-registered Zambia Copper Investments, initially had planned to use ZCCM’s Mufilira smelter to process any output from Konkola.

Analysts said Anglo would not have let ZCCM sell Mufilira unless Anglo would be able to use the larger Nkana smelter.

While Anglo was not immediately available for comment, it has confirmed it is in talks with ZCCM about the possibility of taking over Nkana.

“Anglo would get processing capacity. That is all it wants,” said Norman.

The freeing up of the Mufilira smelter from Anglo’s possible control helped ZCCM as it could sell the smelter with the Mufilira mine which, without processing facilities, was seen as valueless, said Norman.

By combining a large smelter with a significant unnamed deposit, Anglo would position itself to dominate Zambia’s copper industry, with some of the world’s best reserves.

While ZCCM is still a significant copper producer and the world’s biggest cobalt miner, it lost 468,1 billion kwacha (91.8 million) in the year to March 31, double its loss the year before. Copper production has fallen 10 percent in the quarter to June 30 to 67,200 metric tons. Analysts say its mines have seen their most productive days.

“There is no underlying excitement in ... ZCCM,” said Barry Sergeant, an analyst at BOE Securities in Johannesburg. “The assets and properties have seen their best days, the only quality property left is Konkola Deep.”

The state of ZCCM’s copper mines and the falling copper price, which is close to an 11-year low, was likely to see ZCCM sell most of its remaining assets to small mining companies like Reunion, said Sergeant.

The copper price and the potential for copper production in South America and the Democratic Republic of Congo had “cast a pallor over ZCCM on perhaps a permanent basis”.

Charles Kernot, an analyst at Faribas Capital Markets in London, said the purchase of Mufilira by Reunion, if successful, “will catapult them into a much larger league”.

**ADDITIONAL INFORMATION**

- **BOE Securities in Johannesburg**
- **Faribas Capital Markets in London**
Zambia Sugar sees after-tax profit rise (360)

LUSAKA — Zambia Sugar, one of the most promising listings on the Lusaka Stock Exchange, has increased after-tax profit to 12,389-million kwacha for the six months to September, a considerable increase against 11,350-million kwacha for the 12 months to March 31.

Profit before tax at 13,953-million kwacha is three times higher than in the previous six-month period. The earnings per share for the period is 2.28 kwacha, against 0.73 kwacha over the same period last year.

The directors have proposed a final dividend of 1.28 kwacha per share payable in April next year to holders on the register as at January 29. The dividend is subject to approval by members at an extraordinary general meeting.

Prospects in the new year remain good as long as there is macrostability, says a report from the company, which recently moved its head office from Ndola on the Copperbelt Province to Mazabuka in Southern Province, where its sugar plantations are located.

The company says there is considerable room for growth in the local market, as per capita sugar consumption in Zambia is still among the lowest in the world. In addition, export opportunities abound in the region.

Louvet Distillers — a joint venture including SA, Portuguese and British nationals, and a company based in the Bahamas — recently signed an agreement with Zambia Sugar to supply it with molasses for production of industrial alcohol once the company sets up a facility in Mazabuka.
Kwacha will drop further, report says

LUSAKA — The Zambian kwacha will continue to depreciate as import demand increases along with reduced foreign exchange inflows, warns a Barclays Bank treasury report.

The shortage of foreign exchange resulted in the commercial bank's dealing centres putting orders in the pipeline, said the bank.

The local currency closed the week ending November 13 as low as 2.170 kwacha to the US dollar.

The delayed sale of Zambia Consolidated Copper Mines (ZCCM)'s core assets, Chambishi and Nkana, is partly to blame for weakness in the economy.

Government's hopes of building on the economic achievements of the previous two years looked grim due to severe foreign exchange constraints. Its macroeconomic objectives were to achieve a real economic growth rate of 5%, and to reduce inflation from 18.9% in January to 15% by year-end.

However, it is doubtful this will be achieved with inflation increasing marginally to 27.6% last month.

Government plans to increase gross international official reserves to an equivalent of about 2.5 months of import cover looks far-fetched if the $117.0bn in reserves recorded in July is anything to go by.

Bank of Zambia governor Jacob Mwanza said failure of ZCCM to meet its financial obligations in time, agricultural marketing problems and the loss of business and investor confidence have contributed to the poor performance of the economy this year.

External debt service obligations had depleted the level of official reserves and affected the central bank's ability to intervene in the foreign exchange market.

The chairman of the Zambia Industrial Partnership Council, Theo Bull, said: "The only remaining vital step needed to stimulate the economy is to sell at least a majority interest in the three remaining large mines. Then, if government does not falter in any of its vital macroeconomic policies, we shall start to see real signs of recovery."
Kenyans claim handwriting sector is overbanked, or there's a plot

African Business
Mine sales key to Zambian growth

REST OF AFRICA

Clima Projects-Cambridgeshire
Costs inhibit new business in Zambia

Charles Mubambe

LUSAKA — The high cost of setting up business in Zambia is inhibiting foreign investment in the country, Zambia Investment Centre director-general Margaret Mwanalquake has admitted.

At a national convention on reviving the Zambian economy held recently, she said duty and value-added tax on productive capital equipment at the point of importation were among the measures stalling investment in the country.

"Let us refrain from taxing the local or foreign investor even before he has begun to make money in our country. Allow the establishment of business first and tax its future income streams. Let us invest now for a greater benefit in the future."

Mwanalquake urged the government to create incentives that would attract investments to rural areas, noting that 90% of investment is going to urban areas.
Zambians urge for trade change

Some things seem never to change. Although South Africa is a wealthy nation, the Zambian economy remains one of the poorest in the region. This has led to a persistent trade deficit, which has been a major headache for the Zambian government. The situation is further complicated by the fact that the Zambian economy is heavily dependent on the copper industry, which has been hit hard by the recent global economic downturn.

The government has been trying to diversify the economy by promoting other sectors, such as agriculture and tourism. However, progress has been slow, and the country continues to rely on the copper industry as its main source of revenue. The government has also been trying to attract foreign investment, but success has been limited so far.

The current economic situation in Zambia is not only a problem for the country itself, but it also has implications for the wider region. The country's neighbors, particularly Zimbabwe, are also facing economic challenges, and there is a risk of a regional economic crisis. The situation is further complicated by the fact that the Zambian government has been struggling to pay its foreign debts, and there is a risk of default.

The government has been working hard to improve the country's economic situation, but progress has been slow. There is a need for international assistance, and the international community should work together to support the Zambian government in its efforts to improve the country's economy.
Enforcer or protector?

Zambian police chief Francis Ndhlovu has been accused of being more intent on battering opposition parties than fighting crime, writes Melinda Phiri.

In the main, Francis Ndhlovu, head of Zambia's police, is a quiet man. He seldom gives press interviews. In fact, nobody appears to remember when he last did.

A law graduate of the University of Zambia, Ndhlovu was an unknown figure publicly until five years ago.

Then, in 1993, president Frederick Chiluba fired Darius Kalebo, a vastly experienced and extraordinarily courageous career police officer, as inspector-general of police and appointed Ndhlovu in his stead.

Ndhlovu was reappointed police chief on a contractual basis in 1996 when he retired - a presidential decision that raised much comment in the country.

By any measure, Ndhlovu's stay in command has been attended with much public criticism. Many of Chiluba's critics regard him as overtly partisan, unprofessional, vengeful and even murderous.

His force of 13,000 officers is often accused of summary killings, torture, prolonged detention and beatings against - it is argued - innocent citizens.

Human rights activists have repeatedly exco...
ZAMBIA - GENERAL

1999
Chiluba between a rock and a hard place

Zambian president faces threat of an Angolan invasion over rumoured gun-running to Unita rebels

By Peter Fabricius
Independent Foreign Service

Zambian President Frederick Chiluba is a worried man, caught between renewed threats by the Angolan government to invade his country to stop it supplying weapons to the Angolan rebel government, and his apparent political and financial dependence on a gun-running network that runs right into the senior echelons of his government and even his family, sources say.

This week, Zambian drug officials briefly arrested David Tokoph, chairperson of Zambia's only airline, Aero Zambia, apparently to demonstrate they are taking seriously Angolan government allegations that the airline was running guns to Unita from South Africa.

Tokoph was released and left Zambia the next day for South Africa. Yesterday he denied the gun-running charges and said Aero Zambia had just one aircraft flying the Angolan run - and that was chartered to the Angolan official airline, TAG and flew between Johannesburg and the capital, Lusaka.

Chiluba flew to Harare this week to ask his friend, Zimbabwean President Robert Mugabe, to placate the Angolans, who earlier this month renewed threats that Zambia was being supplied out of Zambia.

Last year, Angola threatened to invade Zambia to cut off the supply lines itself - a threat which Chiluba took very seriously, as Angola had just invaded two other neighbouring countries for the same purpose.

Angolan forces entered the Democratic Republic of Congo - then Zaire - in 1996/97 to help topple Unita ally Mobutu Sese Seko, and later also invaded the Republic of Congo (Brazzaville) to help oust another Unita ally Pascal Lissouba.

Last year, the Angolan ambassador to Zambia issued a thinly veiled threat to give Zambia the same treatment unless it cut off Unita's supply lines. In response, Chiluba swiftly demoted his defence minister, who was allegedly involved in the gun-running, and agreed to set up a joint monitoring commission with Angola.

According to Jakkie Potgieter, researcher at the Institute for Security Studies in Midrand, observers apparently found no evidence of Zambians supplying Unita then.

But earlier this month Angolan President Jose Eduardo dos Santos told the Zambians that he had "irrefutable" evidence that Unita was in fact being supplied from Zambia.

Potgieter said he had been to Zambia this week to verify the claims and found corroboration for them from a wide range of sources in the government, opposition and business. "The information we have indicates there are Zambians making a lot of profit from supporting Unita."

Suggesting that Afrique had made that the networks supplying Unita with guns and diesel and taking out Unita's illicit diamonds from Angola included at least one member of the Zambian cabinet.

The Zambian press has run several stories recently naming a cabinet minister, other senior officials and even one of Chiluba's sons as being involved in the smuggling racket.

Potgieter said Chiluba's government had the capacity to bring its culprits to book - or, if it could not do that, to close the border posts with Angola - but he doubted if it had the political will to do so as the people involved appeared to be providing political and financial support to his party.

"Chiluba has to act quickly and firmly to stop this. On the one hand he is tarnishing his reputation as the regional mediator in the Congo peace talks. On the other the threat from Angola is real."

Potgieter said Zambia was also buzzing with rumours and speculation about the alleged involvement of Aero Zambia in the smuggling racket. In an interview in Johannesburg yesterday, Aero Zambia boss Tokoph denied the charges.
Lusaka exchange reflects the effect of weaker investment

Charles Mubambe

LUSAKA — The Lusaka Stock Exchange's market capitalisation fell to $301m last year against $705m in 1997, largely due to weaker institutional investment in 1998 on the part of both domestic and international players.

The exchange's GM Charles Maté and analysts concurred that the exchange, despite having been a star performer in Africa in 1997, had experienced a 51% reduction in US dollar value as a result of the depreciation of the kwacha and a 37.9% decline in activity.

Barclays Bank Zambia, in its review of the 1998 economy, said the fall in market capitalisation had also been the "result of a lack of buoyancy in the economy, the disappointment of investors' expectations regarding completion of the privatisation of the mining industry, and the poor performance in the macroeconomic aspects of the economy".

Although trading volumes were lower last year, the small number of domestic investors kept the market going through their regular participation in transactions.

About 20 000 Zambians have invested in the stock market, compared with less than 1 000 at the opening of the exchange in 1994.

This represents a decline of 29.9% in kwacha terms and 57% in dollar terms.

In kwacha terms the decline is the result of the general downward trend in share prices in the year, while in dollar terms, a portion of the drop is due to currency devaluation, according to the exchange's overview of trading in 1998.

Many analysts saw the full privatisation of Zambia Consolidated Copper Mines as key to restoring investor interest and demand for equities on the exchange.

The huge success of the market in 1997 also amply demonstrates that the stock market can show growth and superior performance only when there is growth in gross domestic product, low inflation and a stable exchange rate.

The government's hopes of reducing inflation and increasing the gross domestic product were not realised, with inflation increasing from 26.1% in November to 30.6% in December. "(Gross domestic product) growth is estimated at a negative 2% as a result of a diminishing local market, a reduction in activity in the mining and manufacturing sectors, a smaller than usual maize crop and continuing lack of activity in the construction sector," said Barclays Bank.

Citibank (Zambia) said: "The continued fall in the value of the kwacha and possible salary adjustments expected in the first quarter, following the recent lifting of the wage freeze (on civil servants' salaries by the government), will only continue to promote an upward trend in the rate of inflation."

Against 1998 expectations, only National Breweries, a subsidiary of Lonrho Africa, was listed on the exchange. The Zambia Privatisation Trust Fund holds shares in privatised firms such as Pamodzi Hotel, Northern Breweries, Kalfronda, Zambia Oxygen, Metal Fabricators of Zambia and BP Zambia.
Management to restructure itself

LUSAKA — The Zambia Privatisation Agency has relinquished its role in restructuring the Zambia State Insurance Corporation, citing lack of funds to pay a restructuring manager who won the contract.

Instead, management at the insurer in Lusaka, which monopolised the industry for two decades until 1992, has been given the job of restructuring the multibillion-kwacha corporation, a move which has raised eyebrows in the industry.

Last year the privatisation agency awarded the lucrative restructuring award to Eastgate Group Limited (UK), which bid jointly with a Zambian firm, David & Dash, beating five other tenderees. The winners of the tender were supposed to begin work immediately to assist the insurance corporation’s board to restructure the firm and do the groundwork for its privatisation.

However, government funding for the exercise was not forthcoming.

Former insurance corporation MD David Matongo, who manages David & Dash, said his company had not been told of the latest development.

Caveness Merchant Bank (Zambia) MD Mebelo Mutale said the restructuring of the insurance corporation lacked transparency. There was no public statement on letting management restructure the corporation.

Analysts doubt the rationale of mandating management to restructure itself, fearing the move could further erode the value of the parastatal. It is a custodian of pensions worth about $35m.

The privatisation agency dismisses arguments that delays in privatising the corporation could affect its value.
Zambia’s reserves fall to historical lows

Charles Mubambe

LUSAKA—Low copper prices and donors withholding balance of payment support throttled Zambia’s foreign reserves to a record low of $92.7m in December compared with $209m in the same period in 1997. The position left an import cover ratio of less than five weeks.

November statistics on Bank of Zambia inflows and outflows of foreign exchange reveal that, for the second month running, a deficit was recorded. Total inflows for the month were $45.8m. Total outflows, on the other hand, were $13.5m, leading to a deficit of $7.7m.

The state of foreign reserves, coupled with the refusal of the International Monetary Fund/World Bank to release the promised $530m balance of payment support pending the finalisation of the sale of Zambia Consolidated Copper Mines, considered crucial to the economy, has created a situation where there has been an ever increasing shortage of foreign exchange resulting in the slide in the value of the kwacha.

The exchange rate depreciated from 1.421.90 Kwacha to the US dollar to 2.300 Kwacha to the US unit during the year. This fuelled inflation which increased to 30.6% (annualised) at the end of December, up from 18.6% at the end of December 1997.

Citzbank projects that January inflation will soar to between 31% and 33%.

Despite the good copper production figures in December, a 7.3% drop in copper prices translated into lower foreign exchange inflows for the country.

Gross domestic product growth is estimated at a negative 2% as a result of a diminishing local market, a reduction in activity in the mining and manufacturing sectors, a smaller than usual maize crop and continuing lack of activity in the construction sector.

Despite the adverse economic conditions, government has continued to serve the country’s considerable foreign debt.
Environmental concerns delay hotel resort project

Charles Mubambe

LUSAKA — Environmental and cultural concerns have delayed construction of Sun International's proposed $45.6m hotel resort at the Victoria Falls world heritage site in Livingstone, Zambia.

Sun International was awarded a portion of the Mosi-O-Tunya National Park after successfully bidding through the Zambia Privatisation Agency to construct three hotels. They will include a day visitors' centre and a small casino.

Government sanctioned construction last year but the project was halted later after tourism ministry officials raised concerns about the legality of handing over an area gazetted as a national park.

The delay has upset tour operators hopeful of business spin-offs, and those angling for the 3,000 jobs to be created during the 18-month construction period.

About 6,000 people will be employed when the hotel becomes operational—a boost to the near-ghost town which has seen at least 23 key companies close over the past five years, owing to cheap imports which killed local industry.

An impact assessment study contracted by the Environmental Council of Zambia, warns that if protective measures are not put in place, wildlife at the Heritage Site and National Park will be disturbed.

The report warns that no structures should be built within 50m of the high water level to preserve the vegetation and prevent destabilisation of the riverbank.

MD Philippe Camorras, who is managing the project in Zambia, declined to comment on the delays and referred all queries to the privatisation agency. An agency spokesman said the start had been delayed by the need to have an agreement that satisfied all stakeholders.

The Toka Leya people who have lived at the site around the Victoria Falls for hundreds of years say they are worried that the hotel complex and the tourist influx will erode their culture.

They fear increased dealing in relics associated with sacred sites or ceremonies, the erosion of traditional values and loss of sanctity of sacred sites.

The report also warns of atmospheric emissions from the hotels' incinerators. It recommends that protective measures should be implemented with an environmental manager present on site during construction to ensure compliance.

Sun Hotel International has also been warned that care be taken not to pollute the Zambezi River.

The report says the configuration of the hotel resort should allow wild animals like hippos and elephants to move from the Zambezi river through corridors.

Livingstone mayor David Salasundi says residents want Sun International to start the project immediately because they understand the benefits.
Coca-Cola loses its fizz in Zambia

Charles Mubambe

LUSAKA — The demand for Coca-Cola's products in Zambia had dropped 80% since the general increase on excise duties on soft drinks last year, Zambia Bottlers MD Ian Ackerman said this week.

He said last year's price increase of Coca-Cola products from 500 kwachas (K110) to 900 had rendered his company's products uncompetitive.

High retail prices as a result of the knock-on effect of high excise duties had resulted in depressed sales and profitability of the company in which Coca-Cola Inc owns 49% in plants in Lusaka and Kitwe.

The company has lost the market to Coca-Cola products from Malawi, Zimbabwe and Namibia which are selling at about 600 kwachas.

Until last May Coca-Cola was paying 25% excise duty on the wholesale price of carbonated drinks and other products it bottled. The government had earlier announced plans to reduce duty from 25% on the wholesale price to 5% as a special deal for Coca-Cola in return for the firm's pledge to invest K75m over the next five years. This was later rescinded by the government; in turn Coca-Cola's expansion plans were put on ice.

Finance Minister Edith Nawakwi is expected to announce a reduction in duty when she presents the budget on January 29. This is seen as a desperate measure to calm the business sector and shore up business confidence.

In recent years several multinational companies have moved their businesses to neighbouring countries offering more favourable tax regimes.

The excise duty, which is unrelated to the 17.5% VAT duty paid by consumers, was increased drastically last year when government revised the method of evaluating tax on carbonated soft drinks.
World Bank to lend Zambia $170m

Agreement on the sale of state-owned mines led the bank to resume balance of payment support

Claire Pickard-Cambridge

The World Bank's approval of a $170m credit for Zambia, following the government's announcement to sell its ailing mines, will help support the country's economic reforms and improve its balance of payments.

Poznanski said that the credit approved by the World Bank would be used to support the economic and financial sector program. The package was also designed to help the country access the European Bank for Reconstruction and Development and the African Development Bank.

The credit was made available to Zambia, which has seen a surge in copper production and a significant improvement in the economy.

The European Union has also pledged to support Zambia's reform program, which includes a $90m loan to help with the country's debt relief.

The deal was hailed as a major breakthrough for the country, which has been struggling with high levels of debt and a weak currency.

The government has been working with international financial institutions to secure the funding, and the agreement was seen as a positive step towards stabilizing the economy.

The director of the Bank of Zambia's manufacturing sector, Mr. Nanzm, said the agreement was a significant step towards improving the country's financial situation.

Mr. Nanzm said the funding would help support the manufacturing sector, which has been hit by the global downturn, and help the country's economic growth.
Zambia 'holds airline chief in bid to cut Unita supply lines'

ROSS HERBERT
INDEPENDENT FOREIGN SERVICE

LUSAKA: The Zambian government has reportedly arrested a top airline executive in an attempt to cut off arms supplies to Unita and avoid threatened retaliation from the Angolan government.

According to the Zambian Post, David Torkoph, chairperson of the private airline Aero Zambia — previously linked to arms supplies to Unita — was detained on Tuesday on his return from South Africa.

A “senior pilot” told the Zambian Post that Torkoph had a Boeing 707 painted in Aero Zambia colours operating between SA and Angola.

Meanwhile, Zambian President Frederick Chiluba is reported here to have placed the Zambian armed forces on high alert and to have met senior military officers because of the perceived threat from Angola.

The Angolan government last year issued a thinly veiled threat to take military action against Zambia to cut Unita's supply lines. Chiluba took the threat seriously enough to demote his defence minister — Angola had recently invaded both Congos on the same pretext.

The minister had been linked to the illicit arms dealing.

Earlier this month Angola delivered a letter to the Zambian government claiming that it had "irrefutable" evidence that Unita was still being supplied from Zambia.

Observers believe the reported arrest of Torkoph may be Chiluba's response to Angolan allegations, although it could not be established yesterday why he had been arrested.

The Zambian Post's pilot source said Torkoph — who also owns the airline Inter-Air — had a Boeing 707 parked in a hangar in Pietersburg and yet another in Harare.

It also reported that Torkoph had constructed an airstrip at the western town of Mwansabombwe near the Angolan border and that a C-130 Hercules cargo aircraft regularly left the airstrip for an unknown destination.

It said Torkoph was held at the airport until 7pm till his attorney arrived and was then taken to an unknown destination.

As Chiluba opened parliament last Friday, a member of his ruling MMD party said Chiluba should investigate Angolan charges of arms smuggling by looking at Aero Zambia.

Jakkie Cotta-Mobisz, researcher at the Institute of Security Studies in Midrand, who has just returned from Zambia, said he found the reports in the Zambian press entirely credible as he had discovered evidence of gun, drug and diamond smuggling networks with links to senior officials in the Zambian government.

The developments come at a time of deep discord in Zambia over allegations of corruption and economic mismanagement.
Upbeat Zambia budget boosts confidence in the national economy

Rest of Africa
World Bank approves $170m package to Zambia
Brewery secures clear monopoly

Charles Mubambe

LUSAKA — Zambian Breweries, one of the leading firms on the Lusaka Stock Exchange, has secured a monopoly in Zambia’s clear beer market with its acquisition of cash-strapped Northern Breweries.

SA Breweries is the managing partner and holds 45% of Zambian Breweries, a former parastatal that may diversify into the opaque-beer export market later this year.

The heavily indebted Northern Breweries in Ndola, Copperbelt province, was on the brink of collapse when Zambian Breweries began negotiating to take it over. The two firms will remain separate but Northern Breweries will become a subsidiary of Zambian Breweries.

Last October Zambian Breweries expressed interest in acquiring Northern Breweries, which was a division of Zambian Breweries before privatisation. Under Zambian privatisation, Northern Breweries was separated from Zambian Breweries and sold to Uganda’s Madhavan group several years ago. Since then, Northern Breweries, which brews three brands, failed to expand its 10% market share.

Zambia Competition Commission chairman Nicholas Kwendakwe said the commission authorised the takeover because Northern Breweries was facing bankruptcy.

The acquisition has cheered Zambian Breweries which is thinking of offloading more shares on the stock exchange; at present 30% of its shares are listed. There has not been any movement in Zambian Breweries’ share price of 200 kwachas.
ZCCM's cost-cutting shifts into high gear

Claire Pickard-Cambridge

MOST of the 7 000 retrenchments at Zambia Consolidated Copper Mines will take place before the month end and other cost-cutting measures, including the renegotiation of contracts with suppliers, are being implemented, says ZCCM.

Corporate affairs manager Sam Ekuamo said in Lusaka yesterday the World Bank would provide government with funding for retrenchments. These would take place at the Nkana, Nchanga, Mufulira and Konkola divisions, while the corporate head office and operations centre in Zambia were also being scaled down. A retraining programme had been introduced which aimed to make those retrenched more self-sufficient in the market place.

Last month ZCCM, the Zambian government and Zambia Copper Investments — the company through which SA’s Anglo American Corporation holds its interest in ZCCM — concluded a memorandum of understanding regarding the acquisition by ZCI and partners of an 80% interest in a new company. The new company would acquire the assets of the Konkola, Nkana and Nchanga divisions and ZCCM’s Nampundwe mine, subject to several preconditions being met, including the formation by ZCI of a consortium with a substantial mining partner.

An Anglo spokesman said that before the memorandum was signed, the donor agencies had noted that ZCCM had a heavy staff burden and stipulated that ZCCM should implement retrenchments in advance of its sale.
Zambia competition body investigates Parmalat deal

Charles Mubambe

LUSAKA - The Zambia competition commission is investigating whether Italian multinational Parmalat's purchase of a majority stake in Johannesburg Stock Exchange-listed Bonnita Holdings will render Zambia's milk industry uncompetitive.

Last year Parmalat bought Premier's majority stake in Bonnita Holdings. Its subsidiary, Bonnita Africa, owns the assets of the Dairy Produce Board, a parastatal that used to monopolise Zambia's milk industry.

Bonnita turned Dairy Produce Board around to make it one of the most profitable outfits in Zambia. Since then, Parmalat's controlling stake and sophisticated management strategies have boosted operations in Zambia.

Fearing Parmalat could abuse its dominant position in Zambia, the commission is investigating ways to ensure local dairies are not destroyed by the multinational's superior technology, financial muscle and its good distribution channels.

Commission executive director George Lipimile says the commission is studying Parmalat's merger proposals. While the commission is interested in addressing some of Parmalat's competitors' concerns, this is not intervention in the liberalised market.

The probe is holding up the firm's plan to list on the Lusaka Stock Exchange in the first quarter of this year.
World Bank opens new aid talks with Zambia after Anglo deal

LUSAKA — The World Bank said yesterday it had opened new aid talks with Zambia after removing aid restrictions imposed last year amid concern over the government's economic programme.

Phyllis Pomerantz, the World Bank's country director for Zambia and Mozambique, is heading a team to consult the government, unions, business and aid groups on aid requirements.

"Over the next few weeks the World Bank will be holding meetings with the government and a broad range of groups in Zambia," the bank said. "The meetings will review progress on the government's reform programme and World Bank-assisted programmes, as well as discuss views on future priorities."

Feedback from the meetings would be used to define the bank's country assistance strategy in the period 1999 to 2001.

World Bank assistance to the impoverished southern African country has grown significantly in recent years and now totals about $700m.

However, the bank suspended balance of payments support to Zambia last year after the government failed to meet a self-imposed deadline to privatise its key mining industry by the end of December.

The prospects for Zambia brightened last month when it signed a memorandum of understanding to sell its premier copper assets to SA's Anglo American Corporation for $90m in cash and $300m in future capital outlays.

The International Monetary Fund, also part of a donor community that threatened to withhold aid if the mines were not privatised, approved a $170m financial package for Zambia following news of the Anglo deal. — Reuters.
Zambian copper enters new era

Johannesburg — Zambia's struggling copperbelt is about to emerge from years of neglect with boardrooms in Johannesburg, London and elsewhere determining the revival of an industry at the heart of the country's economy.

Thirty years after Kenneth Kaunda, the socialist president, ended foreign domination of the mines dating from the days of Cecil Rhodes, they are soon to return to the private sector.

Anglo American would acquire the lion's share of Zambia's copper assets for $60 million and future capital investment.

While details still have to be negotiated, the agreement marks Anglo's return as a dominant player in Zambia's economy since the late 1990s, when Kaunda nationalised the copper mines.

The Anglo deal, which is expected to close in late March, caps a privatisation programme that has involved the unbundling and privatisation of the largely state-owned Zambia Consolidated Copper Mines (ZCCM).

Ten separate projects involving companies from South Africa, India, China and North America have been concluded or are almost finalised.

"The Zambian copperbelt should regain some of its former glory as the privatisation process continues," said HSBC Securities in a detailed analysis following the Anglo deal.

"We believe the copperbelt is a strategic global copper resource capable of sustaining large-scale copper production at less than $50c a pound," the report said.

It added that output was expected to double to 600,000 tons annually by 2006.

But the copperbelt is also feeling the strain of restructuring that comes with the privatisation process. More than 7,000 miners will be retrenched in the coming months.

Anglo is now searching for partners to share the heavy capital cost of refurbishing the ageing mines and plants. — Reuters
Full alert in Lusaka after bomb blasts

Explosions are work of 'an external source', claims Zambian minister

Zambian officials said yesterday police and troops were being mobilised after bombs exploded in and around the capital with a population of three million.

"We are treating this as a security crisis and all our security and armed forces are on full alert," Legal Affairs Minister Vincent Malambo said in a telephone interview.

One Angolan security guard was killed and another man wounded when a bomb rocked the Angolan embassy at about 11am, Malambo said.

The main water pipeline into Lusaka was cut off in an earlier explosion, leaving the city without water, he said.

There was no immediate claim of responsibility for the attacks.

"From our viewpoint and preliminary analysis, this looks like the work of a external force, an external enemy," Malambo said.

Shortly after the interviews, two more bombs exploded outside the United States International School and headquarters of the Zambian electricity supply firm, taking to six the number of explosions, a security official said.

"Our experts are searching major centres in the city because we believe there could be more bombs out there," a security officer said.

Malambo said ministers, military and security chiefs had been summoned to an emergency meeting chaired by the Vice-President General Christon Tembo.

The first explosion was heard in a residential area around 1.30am on Saturday and police reported explosions in a shanty town and on a farm.

One of the explosive devices was defused later.

President Frederick Chiluba was expected to fly home immediately from Rwanda, where he was meeting President Pasteur Bizimungu to promote a plan to end the war in the Democratic Republic of the Congo. Chiluba visited Uganda on Saturday for talks with President Yoweri Museveni.

Angola, Zimbabwe, Namibia and Chad are backing Congolese President Laurent Kabila in a war against rebels backed by Uganda and Rwanda. Angolan President Jose Eduardo dos Santos has so far spurned Chiluba's peace initiative, charging instead that Chiluba is backing Unita in the rebel movements campaign against the Luanda government.

President Nelson Mandela has tried to defuse the rising tensions between Angola and Zambia. On Thursday, he dispatched Foreign Minister Alfred Nzo to Luanda and Lusaka.

Mandela was trying to arrange a three-way summit with Chiluba and Dos Santos. Mozambican President Joachim Chissano visited Lusaka and Luanda last week.

In 1996 and 1997, Angola sent troops to the two Congos to topple governments after accusing them of supporting the Unita rebel movement led by Jonas Savimbi.

Saps-DPA reports that signs of growing Western involvement to break the deadlock in talks for peace in the DRC emerged in Harare yesterday as a senior official in President Bill Clinton's administration announced "increased interest" in the continent's turbulent regions.

Thomas Pickering, US under-secretary for Political Affairs and number three in the State Department, opened a five-nation African tour in Harare that focuses on Central Africa, but also takes in Nigeria as the West African nation moves towards democracy.

He spent nearly two hours with President Robert Mugabe, regarded as one of the hawks of the Congo conflict, and said that their talks had been "wonderful".

"We intend to give the continent increased attention," he told reporters afterwards.
Mysterious bombing spree rocks Lusaka

"And the bombs began to fall from the sky," the man in the room said. "But no one knew who was behind it."

"It's like something out of a movie," the woman next to him said. "But it's happening right here in Lusaka."

"We're not sure what to make of it," the police chief admitted. "But we're doing everything we can to find out who's responsible."
Zambia claims down as mystery bombing wave rocks Lusaka

Age: August 19, 1999
Zambia claims down as mystery bombing wave rocks

13/9/97

The immediate cause of the attacks and explosions in the capital were not immediately clear. Police and security forces said there were no reports of any security breaches or attacks in the city. However, the security situation remained tense.

Mystery bombings have continued in recent days, with explosions occurring in several parts of the capital. The security forces are on high alert and have increased patrols in the affected areas.

The government has condemned the attacks and has urged the public to remain calm and cooperate with security officials.

Local and business leaders have called for calm and have praised the security forces for their efforts.

Source: Zambia Newspapers
Troops deployed after Lusaka blasts

POLICE and troops were deployed in Lusaka yesterday after bombs exploded in and around Zambia’s capital.

“We are treating this as a security crisis and all our security and armed forces are on full alert,” said Legal Affairs Minister Vincent Malambo.

An Angolan security guard was killed and another man wounded when a bomb rocked the Angolan embassy at 11am.

The main water pipeline into Lusaka was severed in an earlier explosion, leaving the city without water, Malambo said.

No one claimed responsibility for the attacks. Malambo pointed a finger at an external enemy but gave no details.

Senior security officials said Zambia had reinforced its position along borders with Namibia, Angola and the Democratic Republic of Congo.

After Malambo spoke, bombs exploded outside the US International School.

In for a premium increase?
Chiluba: ‘We will defend ourselves’

LUSAKA: Zambian President Frederick Chiluba yesterday visited sites here which were bombed on Sunday, including the Angolan embassy, and declared that his country would defend itself against any external attack.

"Zambia has never been to war with anyone. If any country is exporting violence to Zambia, we are not interested and we will defend ourselves," Chiluba said.

Asked about the security of Zambian diplomats in Angola, he said: "We are in contact with the Zambian embassy in Luanda. Our mission is quite safe in Angola and we are in touch all the time to find out the state of affairs."

Relations between Zambia and Angola have been strained by Luanda's allegations that Lusaka is backing Unita rebels—a charge Chiluba denies.

The bomb blast at the Angolan embassy was one of five explosions in the capital on Sunday.

Another 12 bombs—three of them found at the High Court yesterday—were defused or detonated, officials said.

Although there was no visible security presence on the streets of Lusaka yesterday, authorities said that they had put security forces on full alert and called on Zambians to prepare for "any eventuality."

Information Minister Newstead Zimba said that Zam-
Crunch looming for Kenyan stockbrokers

NAIROBI — Several Kenyan stockbroking firms are facing financial difficulties, and more closures could follow that of Town & Country Securities in coming months, senior industry sources said yesterday.

Kenya's Capital Markets Authority last week suspended Town & Country Securities from the Nairobi Stock Exchange for three months because of the company's financial problems. The firm accounted for a tiny percentage of market turnover, but brokers warned that the troubles could just be the tip of the iceberg.

Many of Kenya's 20 stockbroking firms were struggling to keep their heads above water. "Times are tough for companies at the bottom of the market," said Richard Ashley, MD of Kestrel Capital. "It wouldn't be a great surprise if there were more problems to come."

Kenya's stock market has been in the doldrums for more than 18 months, since the International Monetary Fund suspended a key loan in July 1997 on the grounds of official corruption. That sent interest rates soaring, the economy into recession and turnover on the stock market tumbling by about 40%.

Turnover averages about $300,000 a day. With a $4,000 stockbroker on each side of any deal earning about 1% commission, that translates into daily earnings for the industry of just $6,000, not much when shared among about 20 firms.

The markets authority is seeking legislation to allow it to close brokerages in financial difficulty, and put them under statutory management. Brokers say market forces may push other firms to the wall, in the same way as last year's Reliance Bank closure prompted a crisis of confidence in banking, and led to other closures. — Reuters

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Bombs found in Zambia’s capital

Tension escalates between Zambia and Angola

LUSAKA — Security staff had found 12 unexploded bombs over the past two days in the Zambian capital, which experienced at least five blasts on Sunday, officials said yesterday.

Three of the unexploded bombs were found at the high court building yesterday, while the rest were discovered on Sunday, government spokesman Newstead Zimba said.

No one has claimed responsibility for the bombs or Sunday's five explosions. One security guard was killed in a blast at the Angolan embassy.

Zimba told state radio that 14 devices appeared to be of the same type and said US experts were being asked to assist ongoing investigations.

Extra paramilitary police were patrolling the city yesterday after blasts ruptured a key water pipeline on Sunday, cutting off water supplies to some parts of the city, and damaging a building owned by the state power company.

Meanwhile, riot police were in a standoff with about 1,000 anti-government university students who attempted to march to President Frederick Chiluba's official residence yesterday. Police said the students had not obtained a permit to hold the march and senior officers were negotiating with student leaders to turn back from a university campus.

Witnesses said Chiluba visited the Angolan embassy yesterday to inspect damage to the building after Sunday's explosion killed an Angolan security guard and seriously wounded another.

Zimba said Zambia would receive the US assistance it sought in investigating the weekend explosions.

“We have invited the US government for expert assistance in the investigations of these acts of terror. We will leave the door open to other countries of goodwill to send in more experts into the country to help our security agencies in these investigations,” Zimba said.

The US swiftly condemned the bombings in the copper-rich nation as “egregious acts of senseless violence” and urged all parties to show restraint to avoid exacerbating the situation.

Chiluba's aides said the government was treating the matter as a security crisis and had placed its armed forces on full alert since the explosions.

Chiluba, who cut short a visit to Rwanda where he was promoting yet another peace deal for the Democratic Republic of the Congo, returned home late on Sunday and went straight into security briefings, state officials said.

Aides said Chiluba, who came to power in landmark pluralist polls in 1991 when he defeated founding father Kenneth Kaunda, would make a statement on the explosions later today.

Senior security officials said Zambia had reinforced its borders.

Tensions have run high between Zambia and Angola in the past few weeks, with Luanda accusing Lusaka of backing Unitas rebels led by veteran guerrilla fighter Jonas Savimbi.

Angolan President Jose Eduardo dos Santos, who has sent troops to support President Laurent Kabila in the Democratic Republic of the Congo, has so far spurned Chiluba's Congo peace initiative because of the allegations.

SA President Nelson Mandela has tried to defuse the tension between Angola and Zambia. On Thursday, he dispatched Foreign Minister Alfred Nzo to Lusaka and Luanda. Mandela was trying to arrange a three-way summit with Chiluba and Dos Santos. — Dow Jones, Reuter.
Zambian-Angolan war
High-level efforts to avert

By Jimmy Joyce

**POLITICS**

The Zambian government found itself in a difficult position as it tried to address the conflict between Zaire and Angola. The situation was complicated by the involvement of various regional powers, including South Africa and the Soviet Union. The government was under pressure to find a solution that would not only end the war but also maintain its own stability and political influence in the region.

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**SOWAN**

**Wednesday March 2 1999**
East Africans mull over a Regional Coffee Auction for Nairobi Commodities

Concept of a single point of sale builds on Monomark's successful tea auctions.
Tanzania lifts GDP growth despite poor weather conditions

WAMBUI CHIUKA

Dar es Salaam – Tanzania will shrug off drought to record improved economic growth in 1998-99, Daniel Yona, the finance minister, said on Monday.

He raised his forecast for 1998-99 gross domestic product (GDP) growth from 2.3 percent previously to 4.3 percent from 4 percent. The Tanzanian economy grew 3.3 percent in 1997-98.

He called the expected growth modest, adding that climatic and other factors had been taken into account in making the new forecast.

But it showed that economic recovery was on course. Tanzania had initially forecast GDP growth of 3.6 percent in the fiscal year ending June 1998.

Yona said a drought caused by the failure of the seasonal “short rains” that fell between October and December had undermined agricultural production, but other sectors were showing steady growth.

The drought followed heavy rains linked to the El Niño weather phenomenon in late 1997 and early 1998. The rains damaged infrastructure and ruined the coffee crop, one of Tanzania’s main commodity exports.

Yona said mining, tourism and manufacturing were doing better than expected, and GDP growth would be stronger if not for the drought.

“We have spent more of our budgetary resources on food and less is going into other sectors,” he said. “We hope the drought will not last too long and we hope we will be able to contain the food situation within a reasonable time.”

Analysts were surprised by his optimism at a time when they believed growth would be depressed by the drought. Government cash is needed to fund food imports to help alleviate famine.

“Clearly, there must be other sectors of the economy doing far better than previously thought,” said one economist. “That could explain the figure issued by the finance minister.” – Reuters

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Drought expected to end Kenyan deflation

MANDAH ESIPISI

Nairobi — Kenya’s inflation rate was poised to rise in the coming months after months of deflation, the Central Bank of Kenya said yesterday.

This is because a widespread drought has begun to push up the price of basic foods.

Prices fell 0.5 percent year on year in the 12 months to February, compared with a fall of 1.1 percent in January.

Maurice Kanga, the bank’s chief economist, said underlying inflation, which excludes food prices, declined to 2.8 percent in February from 5.8 percent in January. “The overall inflation remained low in the month but showed signs of increase,” he said.

“Both year-on-year and three-months annualised inflation rates rose to higher levels than in the previous month.

“This is because the ongoing drought is beginning to impact negatively on the supply of basic foods.”

The threat of famine looms across a large section of this east African country of 25 million people.

The government has spent 400 million shillings (about $48 million) buying maize from the key Rift Valley and western Kenya growing areas. It will distribute the maize to ravaged areas of eastern and northeastern Kenya in its efforts to combat famine.

Musalia Mudavadi, the agriculture minister, said he wanted a further 300 million shillings to buy more maize to help avoid starvation.

Drought results in an immediate rise in the prices of fresh vegetables and fruits, which are favoured by many families in Kenyan urban centres.

Meanwhile, the bank has cited low inflation as one reason for a fall in yields on treasury bills. The yield on the benchmark 91-day treasury bill stands below 8 percent after peaking at 27 percent in the middle of last year.

Kanga said the shilling, which weakened in reaction to a Cabinet reshuffle nearly two weeks ago, had regained most of its losses. But it remained generally weak against the dollar, averaging 64.01 this week from 63.12 last week. — Reuters

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Bombs and economic betterment

Zambia's attempts at domestic stability are being greatly undermined by some else's war, writes Greg Mills

FIVE bomb blasts rocked the Zambian capital, Lusaka, last Sunday. One exploded at the Anglican cathedral, the others were aimed mainly at infrastructure targets. The last time Zambia experienced anything like this was just ahead of the 1996 elections when a shadowy political group known as the Black Mamba claimed responsibility for a number of attacks.

Zambia has tense relations with Angola and the possibility of international intervention has led to a number of questions. Firstly, is there any link between the war between Angola and Zambia? Secondly, what are the domestic forces that could have incited the Black Mamba? Thirdly, what are the implications for SA?

Relations between Zambia and Angola have been strained ever since allegations that Chibwana had illegally armed up to 1,000 mercenaries to pass through Zambian territory to attack a rebel leader in Angola were first aired in 1992. Several senior Zambian officials have been implicated, including the Zambian Vice-President Zani Chishimba, Zambian Defence Minister Ben Matema, and former Commerce, Trade and Industry Minister Kenneth Kaunda.

Similar claims have been levied against the Angolan government, its leader, Jose Eduardo dos Santos, and his late finance minister Ronald Penza. Zambia, which was the scene of violence, has denied these allegations, saying that it had simply been supporting its own security forces.

In this context, the New York Times recently reported that Zambia had become a key meeting point for a diplomatic solution to the conflict in Angola.

The Times report was based on statements by a Zambian official who claimed that Zambia had been involved in negotiations to bring about a political solution to the conflict in Angola.

The report stated that a meeting between a Zambian official and a representative of the Angolan government had been held in Lusaka.

It was agreed that the intervention should be focused on economic terms and a long-term solution was seen as essential. The Zambian official was quoted as saying that Zambia was ready to accept a political solution that would bring about stability and peace in Angola.

However, other reports have suggested that the negotiations were not going well, and that there were disagreements between the parties involved.

Despite these differences, the report stated that there was a strong commitment to finding a peaceful solution to the conflict in Angola.

The report concluded that the Zambian government was ready to continue its efforts to bring about a political solution to the conflict in Angola, and that the involvement of Zambia in the negotiations was likely to be instrumental in finding a peaceful resolution to the conflict.
Zambian army on full alert after blasts

Zambia's government has warned Lusaka residents to avoid being on the streets at night and is beefing up its armed forces, following seven bomb blasts in the city this week.

The warning came in the face of mounting accusations by the Angolan government of Zambian involvement in gun-running for Jonas Savimbi's Unita forces in Angola.

The blasts initially saw the Zambian authorities shocked and disbeliefing.

Four bombs went off in residential areas, two at a water treatment plant in Chilanga, one in the commercial district and others at the foot of electricity pylons east of Lusaka.

The Angolan ambassador was also damaged by an explosion after touring the damaged building. President Frederick Chiluba said: "We may have cases but for now we will leave it to experts to investigate."

Zambian Minister of Information Newsfedt Zimba would not lay blame on any group. But Minister of Legal Affairs Vincent Malambo said: "From our point of view and preliminary analysis, this looks like the work of an external force, an external enemy."

Chiluba said at a press conference: "Zambian politics have never known violence. We are not at war with anybody and therefore we shall not allow anybody to export violence to Zambia. We are not declaring war on anybody, but we can defend ourselves."

The army and the air force are on full alert and security in Lusaka has been tightened.

There has been no official communication from the Angolan government to the Zambian government on the bombings.

Accusations of Zambian government involvement in gun-running for Unita surfaced in January. The government challenged Angola to provide evidence. But when an Angolan delegation flew to Lusaka to present the evidence publicly, Zambian officials prevailed on them not to do so.

Two weeks later, Angolan foreign minister Venancio de Moura sent a memorandum to Zambian foreign minister Kall Wabita, naming among government leaders involved in gun-running: Minister of Energy Ben Mwila and Vice-President Lieutenant General Chiston Tembo.

Moura said his government has evidence of "direct support of the Zambian government led by the vice-president through the intelligence services of this country."

Tembo has dismissed the accusations as groundless.

At a Southern African Development Community meeting last month, Chiluba said: "Zambia has neither the capacity nor the will to be involved in the military destabilization of Angola. And I have no doubt that when independent investigators have done their work, we will be vindicated."

But the vindication has been long in coming and the accusations are still running hot. There appears to be considerable difficulty in arranging a meeting between Chiluba and Angolan President Josè Eduardo dos Santos. This week the Zambian Parliament, during a debate for estimates of expenditure for the defence ministry, endorsed increased funding to modernize the army. Backbench MP Simakiku Namakondo said Zambia is surrounded by countries with big armies. "Modern war needs to be fought with modern weapons. Our neighbours like Angola have the most sophisticated equipment."

Zimba said: "Zambians must prepare for any eventuality. Government will do its utmost to render the necessary protection to lives and property. People will have to co-operate with security officers. And from now onwards people must try to avoid being on the streets at night."
Zambia's airline grounded

ZAMBIA's officials grounded the nation's main airline on Saturday for allegedly flouting aviation laws, and denied the move was connected to alleged transport of weapons to Angolan rebels.

Aero Zambia, formed by foreign and local investors after the state-owned Zambia Airways collapsed in 1994, was grounded for improper maintenance procedures, Transport Minister David Saviye said.

Saviye said there was no connection to an independent investigation into allegations the airline leased out aircraft for the transport of arms from a north African country to the rebel group Unita in neighboring Angola.

Those charges were being "competently handled by security people," Saviye said.

Relations between Angola and Zambia have been strained over charges by Angola that Zambia is supporting fighters of Jonas Savimbi's Unita rebel group.

Zambia denies supplying the rebels but acknowledges traditional smuggling routes on its remote and lengthy western border with Angola are almost impossible to patrol.

Sapa-AP.
Zambian newspaper under police siege
Seven Zambian reporters were arrested this week after their newspaper published reports that the Zambian army did not have the capacity to withstand an attack by the Angolan army.

_The Post_ reporters Joe Kaunda and Kelvin Shimo were arrested on Tuesday night. Police later arrested Goodson Machona, Lubasi Katundu, Brighton Phiri, Amos Mhupenga and Reuben Phiri.

_The Post_ quoted senior army and air force officers on Tuesday saying that the Zambian army's fighting unit did not even constitute one Angolan division.

Its editor, Fred M'membe, said the arrests were "a barbaric act aimed at crippling the newspaper. There is no justification for the arrests."

He called on the government to release his staffers and arrest him instead. "As editor, I am responsible for what is published in _The Post_. It was my decision to publish the story on Tuesday. I alone must face the temerity of the state machinery."

The arrests followed instructions by the deputy speaker of the Zambian government, Simon Mwila, to the Ministry of Defence to "mete out appropriate measures against_ The Post_ newspaper for exposing the country's security system to the enemy."

The Inter African Network for Human Rights and Development said in response that the "state drips with double standards. We ask the government to apply the same amount of pressure and pick up all ministers implicated in the Angola gun-running saga.

"Fouling on reporters from privately owned newspapers will not solve the current crisis Zambia is facing. This crisis has nothing to do with _Post_ Newspapers but everything to do with accusations and counter-accusations."
Human rights record in spotlight after arrests

Court orders Zambia to release journalists

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Zambia frees journalists arrested over army story

Chilombo Mwondela

LUSAKA — The Zambian government has released six journalists arrested in connection with a story about the strength of Zambia’s defence force.

The journalists’ release followed a ruling by Judge Essau Chula, on Friday, who noted the sad circumstances which had led to their arrests.

The journalists were detained for more than 48 hours after writing a story about Zambia’s military preparedness in the independent newspaper the Post.

Judge Chula said he hoped the six could rely on the word of principal state advocate Donald Kasote “that the six applicants will continue to enjoy their freedom” after their release.

Addressing a national youth rally in Lusaka on Friday, President Frederick Chiluba extolled the virtues of patriotism.

“A patriot is a person who loves his or her country and is willing to defend it. I have been saddened by events of the past few weeks which have revealed that we have people who call themselves Zambians but lack courage and patriotism. They are ready to side with the enemy and sacrifice Zambia purely for selfish and monetary gain,” he said in apparent reference to the detained journalists.
Chilanga’s fortunes likely to rise

LUSAKA — Chilanga Cement has emerged among the best buys on the Lusaka Stock Exchange and its fortunes are expected to improve further as Zambia completes privatisation of the mines, says the Lusaka Stock Exchange bulletin for February.

The company, which was the first blue-chip company to be privatised under Zambia’s liberalisation policy in 1994, has high quality reserves that will last well into the next century. It currently outperforms the Lusaka bourse’s market index.

Chilanga enjoys a dominant market position, being the monopoly producer of cement, and has exploited its proximity to export destinations such as the Democratic Republic of Congo, Burundi and

It is consistently profitable and has managed to maintain sales levels during a prolonged economic downturn.

Anglo American has a 12.6% stake through Zamanglo Industrial Corporation, its wholly owned Zambian operation. Chilanga recently acquired a 20% stake in Mheya Cement which was sold by the Tanzanian government.

Cavemont Merchant Bank analyst Meebelo Mutukwa is quoted in the newsletter as saying growing competition, imports and reticence by foreign investors to buy Zambian shares before the resolution of mine privatisation has resulted in a flat share price, which does not reflect the company’s strong financial performance.
Zambian Breweries maintains profit

Charles Mubambo

LUSAKA — One of the leading firms on the Lusaka Stock Exchange, Zambian Breweries, has overcome difficult conditions to post a $2.15m after-tax profit for the year to December, a slight improvement on 1997's $2.15m.

SA Breweries is the managing partner and holds 45% of the company, a former parastatal.

Zambian Breweries maintained its profit levels despite a squeeze on disposable incomes in an economy that experienced a negative growth of 2%, currency devaluation of 69% against the US dollar and foreign exchange constraints that spawned inflation.

Costs came under pressure as a result of devaluation of the kwacha, with most major inputs such as malt, hops, plant and spares increasing 72%. There was also an escalation in some US dollar-priced locally procured inputs such as coal and maize.

Zambian Breweries is set to monopolise Zambia's clear beer market following the recent acquisition of cash-strapped Northern Breweries based in Ndola, 350km from Lusaka.
Zambian journalists charged with espionage

LUSAKA — Six Zambian journalists were charged with espionage yesterday, one week after being detained for questioning, the Zambian army's ability to fend off an attack by neighbouring Angola.

The reporters, all employed by the privately owned newspaper The Post, were charged in a Zambian court with collecting and publishing information that threatened state security.

They pleaded not guilty and were granted bail.

They are scheduled to return to court on April 16.

Under Zambian law, espionage is punishable by a minimum of 20 years in jail.

The charges stem from an article published in The Post earlier this month which questioned Zambia's military capability and gave details of its limited arsenal.

The journalists were detained on March 9 after the Zambian parliament directed the defence ministry to take action against The Post over the article, which appeared at a time of high tension in the capital. They were released a few days later when the government failed to lay charges against them.

A spate of bombings rocked the capital at the end of last month. Though no one has claimed responsibility for the attacks, government sources have privately pointed to the deterioration in relations with Angola.

Relations between the two states have been tense since Angolan President Jose Eduardo dos Santos accused Zambia of supporting rebel leader Jonas Savimbi.

Lusaka denies the charge.

The detention of the six reporters was widely condemned by media watchdog groups, including the Paris-based Reporters Without Borders. — Reuters.
LUSAKA — Chambishi Metals, a heavy loss maker under Zambia Consolidated Copper Mines (ZCCM), has managed to break even during the four months it has been under Anglovaal Mining (Avmin).

Avmin said that Chambishi, which was acquired from ZCCM in September 1998, produced 3,890 tons of copper and 529 tons of cobalt for the months up to December 31 last year.

The company has embarked on a rehabilitation programme and technology has been upgraded. The drive to modernise operations is a far cry from the years of state control when little was reinvested in the conglomerate’s divisions.

Avmin acquired Chambishi for $50m from ZCCM in Zambia’s privatisation programme which is expected to be completed by the end of this month. The company holds 90% equity in the new company, which includes the Chambishi cobalt and acid plant and the Nkana slag dumps, while the remaining 10% is owned by ZCCM.
More reporters held in Zambia

CHLROMBO Mwonda and Lin

LUSAKA — Two more reporters from Zambia's independent daily, the Post, were arrested at the weekend and charged with espionage.

This brings to eight the number of journalists from the newspaper facing spying charges, and has fuelled fears of growing official intolerance of the independent press.

Monday's edition of the Post reported that Zambian police raided the homes of five journalists of the newspaper on Saturday morning.

They arrested Douglas Hampane and MacPherson Manyama, who were charged and then released on bail.

The paper's editor-in-chief, Fred Mzembe, and reporters Reuben Phiri and Sam Mofata were not at home when the police raided their homes.

The espionage charges follow the publication of a report on the Zambian army's weaponry by the newspaper just over two weeks ago.

The report questioned Zambia's military capacity to withstand an incursion from Angola, and came at a time of growing tensions between Zambia and Angola following Angolan allegations that top Zambian officials were helping to supply arms to Unita rebels. Zambia has denied the allegations.

The report caused an uproar in Zambia's parliament, prompting the deputy speaker to order the defence minister to take "appropriate" action against the newspaper. Six journalists were arrested in pre-dawn raids following the order two weeks ago. They were charged with espionage and released on bail after spending two days in detention.

However, the detained journalists were released only after a habeas corpus application in the high court.

Ordering their release, Judge Essau Chulu said he hoped the six could rely on the word of principal state advocate Donald Kasote that the six applicants will continue to enjoy their freedom after their release.

The journalists said at the time that the police did not torture or interrogate them. However, one journalist, Brighton Phiri, said he was assaulted by inmates at the Cheston police cells in Lusaka.

The arrests have been condemned by media and human rights organisations who have expressed growing concern about the Zambian government's attempt to stifle publication of the independent daily newspaper.

Two editions of the Post were lost after the arrests and a siege of the newspaper building by police. More than 15 staff members were confined to the premises at the time.

The newspaper has since claimed that a "plan to cripple the paper" was hatched by Zambian military intelligence and security services officers.

Information and Broadcasting Minister Newstead Zimba has since warned a gathering of journalists that state security should be of concern to all Zambian citizens during the impasse between Zambia and Angola.

"The misuse of press freedom to expose the country to attacks is dangerous. So each paper must account for its activities," he said.

Addressing a national youth rally in Lusaka shortly after the arrests, President Frederick Chiluba extolled the virtues of patriotism. In an apparent reference to the detained journalists, he said: "A patriot is a person who loves his or her country and is willing to defend it. I have been saddened by events of the past few weeks which have revealed that we have people who call themselves Zambians but lack courage and patriotism."

He said these people were "ready to side with the enemy and sacrifice Zambia purely for selfish and monetary gain".
Zambia aid in balance

Anglo has only days to find a privatisation partner for copper mines

David McKay and Chilombo Mwondela

ANGLO American Corporation has just over a week to find a mining partner to help it buy a large slice of Zambian Consolidated Copper Mines (ZCCM), or it will disappoint Zambia’s government, which wants ZCCM fully privatised by month-end.

In January, Anglo said it had agreed “in principle” to buy the bulk of ZCCM, but an important condition was finding a “substantial mining partner”. Evidently, Zambia, under pressure from donors who want the privatisation to be wrapped up quickly, hoped Anglo would clinch a new partner by the end of March.

Anglo said yesterday it was seeking a major mining partner for the venture, but was releasing no details. Analysts say a partner is hard to find, owing to the poor state of the copper market. London Metal Exchange inventories are high and prices could slip further, they say.

In terms of an agreement in principle, Anglo said it would create a new company to buy Nkana and Nchanga divisions, the Nampundwe mine and Konkola Deep, all contained in ZCCM. The deal was negotiated through Bermuda-registered Zambia Copper Investments (ZCI), the company through which Anglo already has a 27% stake in ZCCM.

Anglo said it was even prepared to reopen talks with Western Mining and Falconbridge in its search for a partner. The North Americans have previously walked away from investing in the Zambian copper belt.

For Zambia, there are important political implications if it fails to privatise ZCCM, one of the preconditions for donor aid.

Zambia went through last year without balance of payments support, because foreign donors thought its human rights record was not good enough. They also cited the poor implementation of the structural adjustment programme, which covers privatisation of the all state-owned enterprises, such as ZCCM.

However, Finance Minister Edith Nawakwi, replying to questions in parliament on the issue, said recently that the delayed sale of ZCCM’s mines had not affected Zambia’s relationship with the donor community. “There is a consensus both at home and abroad. They talk about the mines as if they are owned by government. We have sold them, and are going towards the conclusion of the disposal,” Nawakwi said.

She said the International Monetary Fund had already released some money to the government in the form of balance of payments support, and insisted that the discussions with Anglo on the sale of the mines were on course.

However, she conceded that there had been a delay of six weeks on the part of Anglo American.

“Naturally, the procedure will now take much longer,” Nawakwi said, emphasizing that this was strictly a business transaction not to be confused with other issues.

ZCCM has suffered a painful privatisation, with disposal of flagship operations Nkana and Nchanga a major stumbling block.

The Kafue consortium, consisting of SA’s Avmin, Phelps Dodge of the US and Noranda Mining of Canada, bid about $150m for the two divisions, but Zambian authorities turned it down.
Press asks Chiluba to drop spy charges

Claire Pickard-Cambridge and Chilombo Mwemba

The World Association of Newspapers has written to Zambian President Frederick Chiluba in a bid to persuade his government to drop spying charges against nine journalists of the Independent Post newspaper.

The Paris-based body, which represents 15,000 newspapers, defends press freedom worldwide.

The nine journalists, who include the Post's editor-in-chief Fred M'membe, were arrested more than two weeks ago after an article in the paper questioned Zambia's capacity to withstand a military incursion from neighbouring Angola. The article, headlined "Angola worries Zambia's Army", outlined Zambia's military position and placed Angola in a superior position.

The journalists have been charged with espionage and released on bail.

"We are greatly concerned that these journalists have been charged with the serious offence of espionage simply for exercising their right to freedom of expression," the association said in a letter signed by its president Bengt Braun.

"We urge you to withdraw the charges against all Post employees immediately and stop all further actions against the newspaper or its staff that might inhibit the free flow of information."

Police arrested six Post journalists on 9 March and surrounded the editorial offices and printing plant the following day, preventing anyone from entering or leaving. The six were charged with spying, as were two other journalists and editor-in-chief Fred M'membe, who were arrested and released later.

Police deputy commissioner Emmanuel Lukonde said he wished the reporters to help with investigations into who had revealed the information but M'membe refused to disclose the source.
Sun Hotels to take Victoria Falls plunge

FRED CHELA

Lusaka — Sun Hotels International and the Zambian government have concluded negotiations on the construction of a $50 million hotel fronting Victoria Falls, on the border between Zambia and Zimbabwe, Enos Chipawa, the tourism minister, said on Friday.

He said the construction of new structures was expected to start shortly.

The structures of the former Mosi-Tunya Intercontinental Hotel would be pulled down to prepare ground for the ultra-modern new hotel, which will have between 600 and 1,000 rooms.

The management of the land fronting Victoria Falls had stalled the negotiations, but this hurdle had been ironed out, said Chipawa.

Sun Hotels International and the National Parks and Wildlife Service (NPWS) would manage the piece of land together.

When Sun Hotels completes the construction, Zambia and Zimbabwe are expected to pool their resources to attract organised packaged tours from overseas.

The NPWS has been tasked to monitor activities that might threaten the surrounding environment.

Sun Hotels will be responsible for the maintenance of structures within the Victoria Falls precinct.

The core aspect of the agreement is a clause in the lease agreement that the environment ministry, the Livingstone City Council and Sun Hotels International will be jointly responsible for protecting the ecosystem of the land along the Zambezi river.

Gaudenzo Rossi, the chairman of the Hotel Association of Zambia, welcomed the conclusion of the negotiations.

He predicted a tourism boom for Livingstone and the rest of Zambia once the ultra-modern hotel structures, expected to include luxury chalets and villas, are finished.

Construction is expected to take 18 months.

In a related development, the European Union has agreed to release funds to refurbish the Livingstone International Airport, which is in a dilapidated state. — Independent Foreign Service
An expectation of war

ZAMBIA and Angola were whispering about war a year ago. Six months later they were talking about war. Now they are shouting about war.

The situation is so tense that a small spark could ignite what most Zambians have been anticipating: an Angolan invasion of Zambia.

Since 1997 Angola has been accusing Zambia of being an accessory to the arming of Jonas Savimbi’s Unita rebel movement. Zambia flatly denies this but Angolan president Eduardo dos Santos is not convinced.

Zambian president Frederick Chiluba brokered the ill-fated 1994 Lusaka peace protocol between Dos Santos and Savimbi, who was originally funded by the apartheid-era South African regime and the United States.

Unita reneged on the deal and the war has since escalated. Dos Santos takes little cognisance of that peace effort.

The question is who is propping up Savimbi?

Last year Angola accused Zambia of letting Savimbi use the country’s airspace to transport arms, fuel and other accessories to Savimbi’s eastern stronghold of Andulo.

They claimed he was using Ndola airport, on Zambia’s border with the Democratic Republic of Congo. Zambia denied the accusations but surprisingly fired top management at Ndola and banned Metex International, a South African airfreight company operating a Boeing 737 aircraft.

Airlifting of arms

Angola has since named Zambian vice president General Christon Tembo and former defence minister Ben Mwila, now energy minister, as the main figures behind the airlifting of arms to Savimbi.

In a three-page letter to United Nations sanctions committee chairman Robert Fowler, Luanda claims Zambia supplies arms to Angola through the Zambia Intelligence and Security Services (ZISS).

“Metex International used Zambian airports and airspace to supply material to Unoita military forces with the Zambian government’s consent,” reads the letter.

While Angola was presenting its case before the United Nations in early March, three bombs went off in Lusaka.

One killed a security officer at the Angolan embassy. In all, 15 bombs exploded in the city.

The Zambian government hastily hired American FBI and Dutch military officers to investigate.

Involvement of top Zambian government officials in gunrunning seems difficult to prove. Political analysts agree that some individual Zambians were most likely involved.

Fears are that Angola may invade Zambia because it appears to be helping the Unita rebel movement.

Hastings Nyasulu sketches the background.

Whether top government officials were or not, Angola would like to persuade Zambia to fall in step with its neighbours in joint actions on issues affecting the region.

The Dos Santos government wants Zambian military cooperation against Savimbi to help cut the rebels’ military supply lines.

So far Zambia has been the pariah. It has problems because of the absence of a clear regional foreign policy. Chiluba seems to have nothing in common with his neighbours.

By contrast, Angola has strong ties with almost all its vital neighbours – Namibia, Zimbabwe, Congo-Kinshasa and Congo-Brazzaville.

Angola cut Savimbi’s traditional routes from the north by helping to engineer the overthrow of former president Pascal Lissouba of Congo-Brazzaville and Savimbi’s once-ardent supporter Mobutu Sese Seko of Zaire.

Angola is controlling the air space in the two Congos with well-established battalions and radar systems, effectively creating a no-fly zone for Savimbi in the north.

To the south Namibia has tightened up its air space and is most unlikely to help Savimbi in any way.

The only air space over which Angola has little influence is to the east – Zambia.

The entire stretch of this long border is under Savimbi’s control, in effect making him the neighbour.

The Angolans believe the war is unwinnable unless Savimbi is ostracised by all the surrounding countries. They are convinced that tight control of Zambian airspace is the sure way to throttle Unita.

Military analysts believe Savimbi’s recent successful bombardments of government-held territory show that he has enough supplies to fight for much longer.

Augusto Manuel, Angolan ambassador to Zambia, says there is no way Savimbi could have survived until now without external support from a neighbouring country.

Angola further claims that Ugandan and Rwandan troops have been training Savimbi. Ugandans and Rwandans are fighting against Congo-Kinshasa president Laurent Kabila, who is bolstered by Angola, Zimbabwe, Namibia and faraway neighbour Chad.

Congolese Rally for Democracy rebels led by Professor Wamba dia Wamba, control large diamond areas. So does Savimbi.

So long as the diamonds remain in rebel hands the wars in both Angola and the Congo will be difficult to control.

Chiluba has been trying unsuccessfully to broker a peace deal between Kabila and the rebels, but he is said to be more comfortable whispering in the ears of president Yoweri Museveni of Uganda and president Pasteur Bizimungu of Rwanda. This seems to be earning him mistrust from his neighbours.

Chiluba says Zambia has neither the capacity nor the will to fight anybody and for that reason will not go to war: “But we are ready to defend ourselves if provoked,” he says.

Many factors stand in Chiluba’s favour. A direct invasion of Zambia by Angola would be deplored by the international community.

No known organised rebel movement – through which Angola could channel military aid – exists in Zambia. Nor would an attack be likely to gain support among the Zambian people.

Acquiring arsenals

Although Zambia may not have the ground and air power to withstand Angola, the Dos Santos government would weaken itself by spreading its soldiers in the two Congos and Zambia while it has to face the menace of Savimbi at home.

Still, Angolan threats could push landlocked Zambia into acquiring arsenals and creating a regional military build-up.

Already Uganda has been buying highly sophisticated weaponry from Russia, China and South Africa. So have Zimbabwe and Angola.

It was a story about Angola and the Zambian army that led the government to lay police siege to the offices of The Post newspaper and arrest many of the staff.

The story said Angola’s air and ground power surpassed Zambia’s by a factor of three to one. Those arrested were ordered to be released by the judge but editor Fred Mmeme and eight reporters have since been charged with espionage.

Meantime, life goes on as usual in overcrowded Lusaka, where thousands of poor people pour on to the streets try to eke out a living by selling their wares.

And the headlines about a possible Angolan invasion hit the streets every other day – Geniini News.

(The write is a freelance reporter based in Lusaka and a former Chief reporter for the Zambia Daily Mail.)
IMF approval opens access to $14m loan and probable debt relief

The International Monetary Fund (IMF) has approved Zambia's second phase of the enhanced structural adjustment facility, a qualification to accessing $14 million before March 31. Under this arrangement, Zambia would receive a loan from the IMF and World Bank at concessional rates, Edith Nawakwi, the finance minister, said at the weekend.

The qualification entitled Zambia to receive at least $28 million in the second phase of the facility this year. It would receive the other $14 million later this year. The country, Nawakwi said, would also probably qualify for cancellation or reduction of its debt, which is a staggering $6.5 billion.

In a related development, the executive board of the African Development Bank has approved $15 million in balance of payment support to Zambia. The support will be released before the end of this month. Nawakwi said the support was an acknowledgement of the government's commitment to consolidating economic reform and growth. — Independent Foreign Service, Lusaka
LUSAKA — Zambia, battered last year by economic hardships and a squeeze on donor aid, looks set to resume growth this year as aid restarts and the ailing copper industry is revived, the World Bank said.

"I would expect the economy to do better this year as a result of the unbottling of the freeze on donor support and a much more positive climate for private sector expansion," World Bank representative Laurence Clarke said on Monday.

Landlocked Zambia saw gross domestic product fall 2% last year in response to lower copper prices, poor weather and delays in the sale of the key but ailing Zambia Consolidated Copper Mines (ZCCM).

The International Monetary Fund (IMF) last week approved a Special Drawing Rights $345m loan package to the copper-mining southern African nation under the enhanced structural adjustment facility. The first year’s loan would be released in four instalments, starting at the end of March.

The IMF suspended funding in 1997 after the government failed to maintain a budget surplus and made progress in a public service reform programme as targeted.

More donors cut balance of payments support to the country last year after the government failed to meet a June deadline for the privatization of Zambia’s premier copper mines.

The government is wrapping up a deal under which Nkana and Nchanga mines, which account for about 65% of ZCCM total output, will be sold to South African mining conglomerate Anglo American. Most donors said they were likely to resume balance of payments support to the country after the government and Anglo signed a memorandum of understanding in January on the sale of the mines.

Last month, the World Bank released $65m in balance of payments support, with a pledge to provide $105m more in the year provided the government adhered to its economic reform programme.

Donors also expected to see more progress in the restructuring of the bloated public sector. Western diplomats said their governments were willing to resume aid flows to Zambia this year, but expressed concern about the recent detention of several journalists under the country’s security laws. — Reuters.
Angolan carrier signs 
Aero Zambia pact

Claire Pickard-Cambridge and Reuter 8D 31 3 99

PRIVATELY owned Aero Zambia has signed a cargo and 
passenger service pact with the Angolan government's 
TAAG carrier to run flights between Luanda and Lusaka.

Aero Zambia chairman David Tokoph says the agree-
ment is a vote of confidence in Aero Zambia by the Al-
golan government after media reports alleging that the 
airline operated illegal flights to Unita rebels in Angola.

The media quoted earlier Angolan government claims 
that Aero Zambia and senior political figures in Lusaka 
had sent supplies to Unita. The claims were denied. "If we 
were the bad boys, Luanda would not have had anything 
to do with us," Tokoph said of the TAAG deal.

An Aero Zambia spokesman said the airline had won 
an injunction in the Lusaka High Court last week barring 
SA Airways from flying between Johannesburg and Lusa-
ka on Fridays. Aero Zambia would retain this slot.

In addition, the Zambian government suspended 
Aero Zambia's air service permit on March 5, citing pos-
sible flaws in its service. However, Aero Zambia also won 
a court injunction blocking this move, Tokoph said.

Aero Zambia said yesterday it hoped to introduce 
African service to the Middle East, subject to official approval.
World Bank says Zambia is on the path to growth

JOWIE MWINGA

Lusaka — Zambia, which was battered last year by economic hardships and a squeeze on donor aid, looked set to resume growth this year as normal aid resumes and the ailing copper industry revives, the World Bank said yesterday.

Laurence Clarke, a World Bank representative, said: "I would expect the economy to do better this year as a result of the unbottling of the freeze on donor support and a much more positive climate for private sector expansion.

"We also expect better rains this year, so the agricultural and non-traditional sectors should do better."

Gross domestic product fell 2 percent in the landlocked country last year in response to lower copper prices, poor weather and delays in the sale of the key but ailing Zambia Consolidated Copper Mines (ZCCM).

Last week, the International Monetary Fund (IMF) approved a SDR4.6 million (
about $2.1 billion) special drawing rights (SDR) loan package to Zambia under the enhanced structural adjustment facility (Eaaf).

The first year's loan of 40 million SDR would be released in four installments starting now.

The IMF had suspended funding under the Eaaf in 1997 after the government of President Frederick Chiluba failed to maintain a budget surplus and make progress in a public service reform programme as promised.

More donors cut balance of payments support to the country in 1998 after the government failed to meet a June deadline for the privatisation of the mines.

The government is wrapping up a deal under which Nkana and Nchanga mines, which account for about 65 percent of ZCCM's output, will be sold to Anglo American, the diversified South African mining company.

Most donors said they would probably resume balance of payments support after the government and Anglo signed a memorandum of understanding in January on the sale of the mines.

Last month, the World Bank released SDR5 million in balance of payments support with a pledge to provide $105 million more this year if the government adhered to its economic reform programme.

"We expect the government to continue the process of privatisation and commercialisation of the remaining parastatal units," the World Bank's Clarke said.

Donors also expected more progress in the restructuring of the bloated public sector.

Western diplomats said their governments were willing to resume normal aid flows to Zambia this year, but they were concerned about the recent detention of several journalists employed by the Independent Post newspaper under the country's security laws.

— Reuters
Kinshasa devalues currency

KINSHASA — The Democratic Republic of the Congo has devalued the Congolese franc by 35.5% to 4.5 francs per US dollar from the level of 2.9 per dollar set in late February.

The Central Bank of the Congo announced the move in newspaper advertisements yesterday.

The devaluation brings the official rate closer to the black-market rate, which this week was hovering between 4.9 and 5.2 francs per dollar.

Karl Lukusa, director of research and studies at the central bank, said the measure was taken because the government was losing revenue.

"All receipts, such as customs, are set in hard-currency terms. The measure was taken to increase government revenue."

Lukusa said that the central bank wanted to narrow the spread between the official and the black-market rates.

"For the central bank, there must be less than a 10% spread between the official and the parallel rates," he said.

Attempts to stabilise the currency have dominated the government’s economic agenda for the past few months.

However, a ban on the use of the dollar in January, coupled with the maintenance of the official rate at an unrealistic level, have pushed crucial revenue-generating activities such as the diamond trade into the black market.

Private-sector operators in Kinshasa have repeatedly urged the government to devalue the currency or allow it to float.

The Congolese franc replaced the New Zaire currency on June 30 1998, at an official spread of 1.38/1.43 per dollar. But the New Zaire’s predecessor, the Zaire, is still used in parts of the Congo. — Reuters.
REST OF AFRICA

Zambia targets 5% yearly growth

Lusaka pledges accelerated privatisation and reduced deficits to obtain IMF structural adjustment loan

Simon Barber

WASHINGTON — Zambia aims to achieve a growth rate averaging 5% a year for the period 1999-2001. This is according to the letter of intent it has negotiated with the International Monetary Fund to qualify for the $329m, three-year structural adjustment facility the fund approved last month, ending a two-year lending suspension.

The growth target depends on copper production increasing 10% annually over the period at a projected price of $1,600/mt, and agricultural output expanding 7.5% a year. Projections also depend on "normal" weather and heavy foreign investment in mining, raising the investment rate to 21% of gross domestic product (GDP) in 2001 from 14.5% in 1998, says the March 10 letter, made public this week.

Privatisation remains "key" to the government's growth strategy, although sale of the key assets of Zambia Consolidated Copper Mines (ZCCM) has fallen behind the March 31 deadline cited in the letter.

The government calculates that despite receipts for the ZCCM sale, it will still owe short-term creditors and suppliers $124m, including $110m in arrears to electricity supplier CEC.

It will also assume $23m in debt-service obligations to the World Bank.

Other privatisation initiatives slated for this year include the offer of a managing minority stake in telecommunications parastatal Zamtel; the concessioning of the national railway system by end-September; the sale or closure of the Zambia National Oil Company; and tendering of management rights for the airports at Livingstone, Ndola and Mfuwe.

In addition, privatisation plans will be drawn up for national commercial bank Zanaco, the electricity company Zesco, and Zapost in the transport sector.

Lusaka pledges to reduce the fiscal deficit to 1% of GDP by 2001, which will entail running domestic surpluses — excluding loans to ZCCM — of 1%.

Central to that goal will be further cuts in public services jobs. The 1999 payroll target is now 112,500, which will require the departure of 7,000 public servants this year through retrenchment, attrition and the hiring off of public institutions.

Domestic revenue is "programmed" to increase 30% mainly through more effective collection of personal and company income tax.

Zambia's external financing requirement this year — not including foreign-financed capital expenditure — is put at $526m.
Unhappy litany of misfortune for workers

Privatisation in Zambia is no cake walk

ANTHONY MUKWITA

Lusaka – Zambia’s privatisation programme, hailed by the World Bank and the International Monetary Fund (IMF) as the best in Africa, has not been a cake walk for all privatised companies, and especially for their workers.

Several of the 300 odd companies placed in private hands by the Chiluba government have either closed down or are struggling. Most notable is the Roan Antelope mine, which was sold to an Indian group called Bimani in 1987.

Roan Antelope was once owned by the giant parastatal Zambia Consolidated Copper Mines (ZCCM), which is now selling off the last of its mines.

Under Bimani, Roan Antelope has run into serious financial problems, which have caused constant strikes, closures and running battles between police and miners.

In the latest confrontation at the weekend, police opened fire and wounded two miners as they tried to disperse a group protesting against poor working conditions.

Late last year, a baby died from suffocation when police threw a teargas canister into her parents’ home as they tried to disperse riotous miners from Roan Antelope.

The Copperbelt Energy Company cut power supply to Roan Antelope the same year because it had not paid its electricity bills. This greatly affected production as the mine was closed for a while.

Union officials say they still fear bailiffs could soon move in and repossess Roan mine property because it is reportedly struggling to pay its workers and its external debts.

Opponents of privatisation cite the Bimani story as an illustration of their contention that the Zambian Privatisation Agency (ZPA) has not always done its homework before selling off state assets.

Another privatised company which went west was the well known Elephant Head hotel in the mining town of Kabwe, 100km from Lusaka. This was bought by a deputy cabinet minister. He is now being sued by his former employees, who claim he has not paid their salaries since October.

National Drug Company, bought by a Lusaka businessman, closed late last year because the new owner could not manage to service his debt to the ZPA and pay workers.

A travel agency, Eagle Travel, which was the pride of Zambia before privatisation, also went belly up recently after the new owner failed to keep operations running because of recurring high costs.

“Thi is the picture of Zambian privatisation,” John Mulenga, a Lusaka businessman, said.

“Very little success has been recorded from companies bought by both locals or foreign investors.”

Western donors say the examples of failed privatised companies are outweighed by successes. – Independent Foreign Service
Zambian Breweries hopes to clear debt with rights issue
Zambian business sounds alarm

Compliments pour on bad relations with Angola and poor domestic policies

AFRICAN BUSINESS
Some fear tax concessions granted in terms of a deal to privatise will cause fiscal loss in the long run.

IMF probes Zambia on ZCCM sale

REST OF AFRICA
World Bank wants Zambia declared highly indebted

LUSAKA — The World Bank representative in Zambia has called on the International Monetary Fund and other bilateral donors to ensure that Zambia qualifies for the highly indebted poor countries (HIPC) status.

The bank’s representative, Laurence Clarck, said that the HIPC status, once granted, would help Zambia reduce its debt to a sustainable level. He said some donors at the Paris Club meeting had indicated their willingness to waive the eligibility requirements for Zambia.

The World Bank’s country director for Zambia, Phylis Pumeranz, said Zambia’s total external debt was currently estimated at $6.5bn. "This debt is both to the IMF as well as other bilateral institutions," Pumeranz said.

Under World Bank criteria, a country can only qualify for HIPC status if it faces an unsustainable debt situation "after the full application of current debt relief mechanisms and would have to demonstrate an appropriate track record of adjustment and reform".

Quoting figures released by the United Nations Development Programme for 1993-1994, Zambia’s non-governmental organisations argue that 80% of people in rural areas and 60% of urban dwellers are poor. Pointing out that poverty was the single most pervasive phenomenon in the country, the organisations said 94.6% of Zambia’s population lived below the poverty line of an income of $1 a day.

Morazambique and Uganda have already qualified for HIPC relief. — Irm.
Zambezi to get $10m bridge

LUSAKA — Zambia and Namibia have agreed to build a $10m bridge across the Zambezi River to facilitate fast movement of import and export goods between the two countries, a government spokesman said yesterday.

Zambian Works and Supply Minister Godden Mandandia said the Katima Mulilo bridge would be built on the Zambian side of the river, but would be jointly owned and shared by both Namibia and Zambia.

The bridge would connect the Namibian railroad from Walvis Bay on the Atlantic Ocean to Zambia’s Mubuzi rail system that links both eastern and southern African railroads. The bridge designs have been compiled by a Namibian firm and have been scrutinized by the German government and the European Union, also funding the Livingstone-Shehehe road network designed by German engineering company Gauffe. — Sapa-DPA.
Zambia to assume some ZCCM debt

Mines Yet another deadline for sell-off has been announced by the government

Anthony Mukwita

Lusaka - The Zambian government would assume part of the debt of cash-strapped Zambia Consolidated Copper Mines (ZCCM) before finally selling the conglomerate off, Syamukayumba Syamujaye, the country's mines minister, said this week.

Syamujaye was speaking at the official opening of the third annual Zambia Mining Engineering Exposition (Zamined '99) in Kitwe, 460km north of Lusaka.

The state-owned Times of Zambia newspaper reported yesterday that the minister had also set the final date for the sale of the loss-making mines for July this year.

But the Zambian business community remains sceptical as the government has missed previous deadlines for selling off ZCCM.

Edith Nawakwi, the finance minister, told western donors last May that the mines would be sold by last July. This year she said they would be sold by March 30.

The debt which the government intends to assume amounts to a total of 467 billion kwacha (R1.17 billion).

The mines, which experts say are losing some $2 million a day in operational costs, owe Zambia Electricity Supply Corporation (Zesco), the country's major electricity utility, $130 million.

Zesco had to be bailed out recently by the European Union and the Development Bank of South Africa because local banks could not give it any more loans for fear of not recovering the money.

The mines also owe $42 million to other local suppliers and $35 million to foreign suppliers.

Syamujaye admitted ZCCM would have gone belly up a long time ago under normal circumstances.

Its operations had been kept alive by the government since last November. He did not say what portion of the debt the government would assume.

Lusaka expects to sell the remaining package of ZCCM to Anglo American. The only snag is that Anglo has still not yet found a partner for the ZCCM purchase. The government hopes it will do so by July.

Because the mines have not been sold, western donors have withheld most of their aid.

Indications are that they may resume the aid flows this year, largely because of the agreement the government has entered into with Anglo.

The Zamined '99 meeting, which is examining the future of mining as the industry enters the next millennium, closes today. - Independent Foreign Service
Fears about Zambian economy growing

LUSAKA — Business confidence in the Zambian economy has fallen drastically over the past three years, a problem which could render the projected 4.5% annual growth a pipe dream, says the Zambia Association of Chambers of Commerce and Industry (Zacci).

"The current business environment in the country is quite frankly demoralising," says Zacci vice-president (North) Boniface Chiweza. "Demand for most products and services is on the wane. Liquidity in the economy is very tight and this consequently threatens the existence of several companies."

Between 1993 and 1995, Zambia saw an influx of prospective investors in mining and other sectors. But since 1996 there has been a reversal of what was achieved in the early years of the reform programme's implementation, says Chiweza.

He says there are many developments which have been bad for business confidence, including the controversial 1998 amendment of the Republican Constitution, the bailing out of struggling Meridien Bank, an attempted coup on October 28, 1997, the near collapse of Finance Bank last year, the temporary suspension of Aero Zambia’s operating licence, and the closure of a number of local companies that could not make ends meet.

Chiweza says security in respect of robberies and frauds has worsened. Formal employment, he warns, has continued to shrink while most locally produced goods and services are increasingly uncompetitive and slowly losing market share to foreign commodities.

Skilled labour is constantly being head-hunted for regional and international jobs as the "AIDS pandemic continues robbing the country of a young and experienced labour force."

Chiweza also highlights Zambia's tax regime which is perceived to be unfavourable towards business. Several manufacturing companies, including Coca-Cola, are prodding government to reconsider the high excise duty levied on all products made inside the country.

The past year has been particularly difficult for the Zambian economy. Gross domestic product shrank to -2% while inflation rose to 30.6% against 18.6% the previous year.
Zambia requests debt relief

Chilombo Mwondeka

LUSAKA — Zambia wants to be given special treatment on the road to qualifying for the heavily indebted poor countries programme because it has an unsustainable debt burden of $6.5bn.

Releasing the 1998 National Human Development Report for Zambia, Finance Minister Edith Nawakwi said yesterday that Zambia could no longer afford to service its heavy international debt.

"The international community is receiving debt service at the expense of education, health services and clean water," she said.

The heavily indebted poor countries programme is a scheme where heavily indebted countries qualify for a huge debt cut after successful implementation and completion of a structural adjustment programme. In April, Paris Club donors wrote off $1bn of Zambia's debt at a consultative group meeting on the country.

"We are not asking for irresponsible amnesty, we are asking for resources to make a living. About 70% of Zambians are living below the poverty line; living on less than a dollar a day for their survival," Nawakwi said.

She said Zambia's debt was incurred largely as a result of its support for neighbouring countries during their liberation wars. "Today, Zambia is still a host to thousands of refugees from the Congo and Angola crises. The world international bodies are calling for special treatment of Kosovo's neighbours because of their refugees. What about Zambia?" she asked.

The United Nations Development Programme, Zambia representative, Olubaske King-Akerele, said the Human Development Report was a measure of Zambia's progress in developmental issues. "This year the focus of the report is on basic social services, whose provision is considered basic to reducing poverty," she said.

"While the government has spent on average about 35% of the budget on the social sector over the past five years, only an average of 6.7% annually has gone to basic social services, covering basic education, primary health care and water supply," she said.

The lead consultant for the report, Prof V Seshamani, said it was apparent in his research that the situation of basic human services in the country was "quite terrible".

"The main factor to this is resource constraints and the heavy debt burden on which we are spending more than on social services," he said.

Chairman of the Economic Advisory Council of Zambia, Dr Jonathan Chileshe, said there was no time for lengthy considerations on Zambia's qualifications for alleviation. "Zambia deserves special treatment on the issue. Our debt came about from events that were out of our control."

He implored donors not to link the debt scheme to the structural adjustment programme.
Zambian fuel price increase sparks fury over inflation

Lu\'aka - The Zambian business community has reacted sharply to the decision by the state-owned Zambian National Oil Company to raise fuel prices by 15 percent, saying the increase was bound to add to inflation.

Moses Banda, the president of the the Economic Association of Zambia, said even though the rise was inevitable given the further devaluation of the kwacha against the dollar and pound, the effect on business would be detrimental.

Investment, Banda said, would be affected and several sectors of the economy would soon start feeling the pinch when prices of goods and services began rising.

Perhaps the reason there has been such an outcry, analysts say, is because the kwacha loses value daily from 2,400 kwacha to a dollar last week to about 2,620 kwacha this week.

Currency speculators say the currency is likely to keep falling in coming weeks as long as the government keeps holding on to the loss-making Zambian Consolidated Copper Mines.

Last week Sinyukayumba Syamulele, the mines minister, set the date of the sale of the final packages of the mines as July

Independent Foreign Service
Zimbabwe reinsurer causes a stir in Lusaka

Chilombo Mwondele (212) 360

LUSAKA — Controversy is raging in Zambia's insurance industry following the first registration of a reinsurance company in the country — Zimbabwean company Zimbabwe Reinsurance Corporation (ZimRe).

While some players have welcomed the development, saying it will help to increase competition and reduce premiums, other big insurance companies say the idea is untenable. Several insurance firms recently questioned the admission of ZimRe to the Zambian market, saying the move indicated government's lack of confidence in the local private sector.

Senior officials of the Zambia State Insurance Corporation and other insurance companies say the new firm's declared capital is inadequate for a reinsurance firm. They are urging government to reconsider the offer.

However, Pensions and Insurance Authority registrar Hazel Milambo and Zambia Investment Centre director-general Margaret Mwanakatwe have confirmed the authorisation and licensing of ZimRe with a pledged investment capital of $334,000.

Insurance Brokers' Association of Zambia chairman Newton Chirwa said ZimRe's arrival in Zambia would reduce expenses incurred by insurance firms when undertaking big risks.

ZimRe's establishment would enable local brokers to help facilitate reinsurance locally instead of using agents outside the country to do the job.

Ed 18/5/99
Fire costs mount for Zambia

Chilombo Mwondefa and Reuters

LUSAKA — Fuel shortages are expected in Zambia while it prepares to import petrol and diesel from neighbours following a fire on Monday that paralysed the country’s only oil refinery.

Officials expect Indeni Refinery, at the Copperbelt capital of Ndola, to be closed for up to eight months for repairs costing millions of dollars.

Fuel for the entire country and parts of the Democratic Republic of Congo is likely to be imported from SA and Zimbabwe, as was the case when the last fire broke out at the refinery in 1994.

The explosion destroyed the refinery’s primary distillation unit, which is central to the extraction of petroleum products from crude oil. The refinery receives crude oil via a pipeline from Dar es Salaam.

Mining officials fear fuel supply problems could affect production on the mines, but it is understood that the area will receive priority when imports arrive.

A Zambia National Broadcasting Corporation cameraman who was rushing to film the fire was killed and three other crew members hurt in a road accident.

Indeni officials described the fire as a national disaster and are urging government to take urgent measures to import fuel. The refinery opened in 1973 and has had three fires since 1988.

After the last fire in 1994 fuel imports brought a sharp rise in pump prices. The expectation of fresh price hikes prompted motorists to rush to petrol stations yesterday, a move expected to cause fuel shortages within days.

The Economics Association of Zambia’s country co-ordinator, Muna Nakalanga, warns that the economy is at a critical juncture and cannot afford such accidents.

Deputy Commerce Minister Jazzmair Chikwaewa says the refinery’s fortunes underpin industry. “If there is a problem at Indeni it affects Zambia’s economy.”

Presidential Affairs Minister Eric Silwamba said yesterday government was looking at reactivating some topping units at a disused smaller plant to substitute for the loss of Indeni.

He said the fire was put out late on Monday. All fire-fighting teams on the Copperbelt were rushed to the scene and there was further confusion at one stage when power around the site was abruptly disconnected by the Zambia Electricity Supply Corporation for nonpayment of bills.

Police are probing claims that blasts were heard before the fire. In March several unexplained blasts rocked Lusaka, which some Zambian officials blamed on Angola. Tension between the two countries has risen over claims that Lusaka backs the Unita rebel group in Angola.
Cash injection further eases Zambian aid ban

ANTHONY MUKWITA

Lusaka – Zambia’s multilateral donors continued to lift the informal aid embargo they slapped on the impoverished country in May last year with yet another cash injection of $10 million.

The latest donation came from the European Commission and is meant to help the department of health, in particular, in its efforts to decentralise its bloated bureaucracy.

During the signing ceremony in Lusaka on Monday, Edith Nawakwi, the finance minister, asked the donor community to refrain from dictating to Zambia how it should use donor funds. Zambians believed they better knew the problems they faced.

Nkandu Luo, the health minister, joined in, saying that half the time the donors’ prescriptions were wrong because they never really took time to study the problems on the ground.

Western donors have adopted new ways of channelling funds, insisting that money be used for a specific purpose. Officials say the government has not received these changes well, regarding them as a constraint.

The European Commission cash injection is one of many the government has received in the past couple of months. The World Bank was the first to act when it gave Zambia over $85 million in balance of payment support at the beginning of this year. The bank also pledged to give Zambia a further $105 million if it adhered to a structural adjustment programme.

Another shot in the arm came from the International Monetary Fund (IMF) and the European Union (EU), which have given Zambia $36 million in balance of payment support, according to Kabinga Pande, a central bank spokesman. The IMF had released $13.6 million and the EU $22.4 million, which was already in the possession of the central bank, Pande said.

After these disbursements had been made, analysts speculated that Zambia’s bilateral donors were likely to follow suit and supply the money they had been withholding since the last consultative group meeting in Paris.

Their predictions came true recently when Nawakwi revealed that the Paris Club had agreed to restructure Zambia’s external debt by injecting $1 billion. The country’s external debt was $7.14 billion before the Paris Club’s move.

Zambia was expecting to get about $350 million in balance of payment support from its cooperating partners last year but the donors wanted the Zambian government to dispose of loss-making mines and improve its battered human rights record. – Independent Foreign Service
Zambian Government may tighten screws on foreign currency shop...
Zambia’s foreign reserves decline 54% year-on-year

LUSAKA — Zambia’s foreign reserves declined 26% from an estimated January closing of $103.5m to $76m in February, a 54% fall compared with the same period last year.

Citibank’s April treasury report says: “This position represents an estimated import cover ratio of less than four weeks, which is far below internationally acceptable levels.”

However, the consolidated foreign exchange position for all commercial banks increased 25% from $34m to $43m. Against total inflows of $79.9m, outflows were at $71.5m, resulting in a surplus of $8.4m.

Citibank reports that the increase reflects commercial banks’ strategy to build position in anticipation of tight foreign exchange conditions.

“The increase in commercial bank positions, however, was not indicative of an increase in volumes traded. A total of $75.7m was traded in April, 12% lower than the volume traded in March,” the bank said.

“This underscores the general trend of lower foreign exchange volume flowing through the market as a consequence of various factors, including the Zambia Consolidated Copper Mines (ZCCM) privatisation and lower donor inflows.”

Citibank said: “The outcome of the Paris Club meeting will have a significant impact on the government’s debt service obligations during the rescheduling period. The country’s foreign exchange reserves, and its ability to service debt, have been adversely affected by various economic factors, including the continuing negotiations to privatise ZCCM (assets).

The rescheduling, therefore, should provide some ‘breathing space’ and allow government to build its reserves position,” the bank said.

In an effort to access $445.5m from the Paris Club consultative meeting scheduled for tomorrow and Thursday, the Zambian government has bowed to donor demands and agreed to introduce sweeping changes that seek to review the contentious republican constitution and would allow former president Kenneth Kaunda to stand in the 2001 presidential and general elections.

The government of President Frederick Chiluba, who came to power following the reintroduction of multiparty politics in 1991, is prepared also to lift protection of convicted drug traffickers, who will now be barred from running for public office.
Zambia's sell-offs lag on white elephants

Zambia - Zambia's privatisation programme, launched by the country's new administration, remains slow and is lagging behind expectations. The programme, which was aimed at selling off state-owned enterprises, has been hindered by a lack of interest from potential buyers.

The programme, which was announced in 1995, was intended to generate much-needed foreign exchange and to create a more competitive business environment. However, the government has struggled to find buyers for many of the enterprises, many of which are in the mining sector.

According to the programme's chairman, the lack of interest from potential buyers is due to the high level of risk associated with many of the enterprises. Many of the enterprises are in sectors that are subject to political instability and economic uncertainty.

The programme's chairman also said that the government is considering ways to reduce the risk associated with the enterprises, such as providing guarantees or offering financial incentives to potential buyers.

In the meantime, the government is continuing to sell off the enterprises, with a focus on the more profitable ones. However, the progress of the programme remains slow, with many of the enterprises yet to be sold.
Zambia gets $40m boost for cellphones

(360)

Lusaka - The Commonwealth Development Corporation (CDC) is to invest more than $40 million in the local cellular telecommunications system, which will provide both mobile and fixed wireless telephones.

This is according to the latest CDC publication, African Review, which adds that the planned telecommunications system is expected to capture at least 65,000 new subscribers, a large number by Zambian standards.

Many average Zambians cannot afford mobile telephones or even landline telephones because user fees for both fixed and mobile telephones are high.

The average Zambian working for the government takes home a wage of about 160,000 kwacha, about $254.

Dealers are selling hand sets at $49 for an Ericsson and $59 for a Motorola, plus a $5 connection fee at the new Zamtel and much more at the state-owned Zamtel and Telecol, a subsidiary of the US-based Telecol International. - Independent Foreign Service
Groups slate Zambia's record

LUSAKA — Human rights organisations are criticising Zambia's governance record as the World Bank's consultative group starts meeting Zambian government officials in Paris to consider giving the country $445.5m.

Human Rights Watch, the Article 19 organisation and Amnesty International have all released reports to the group which will also be discussing Zambia's human rights record and the conditions which should apply in return for aid. Balance of payments support was suspended by several governments in 1996 because of human rights abuses, and since then aid has been tied to conditions, including respect for human rights.

In their reports, the human rights organisations castigate the government for its crackdown on the independent media and opposition parties. Human Rights Watch reports that government uses bureaucratic obstacles to inhibit opposition campaigns, and uses the Zambian revenue authority to intimidate opposition leaders and supporters. The government has also tried to suppress legitimate debate on Zambia's relations with Angola by charging 12 journalists from the independent newspaper, The Post, with espionage.

Malcolm Smart, deputy director of Article 19, said restrictive Zambian media laws remained virtually unchanged since the days of one-party rule, although the ruling Movement for Multiparty Democracy, had now been in power for eight years.

He said the charges against the journalists should be lifted and archaic media and security laws overhauled as a matter of urgency. The Zambian government has bowed to donor demands and agreed to introduce sweeping changes that seek — among other things — to review the country's contentious republican constitution which sees former president Kenneth Kaunda become eligible to stand in the 2001 presidential and general elections.

However, Smart said recent claims by government that it had begun serious talks with the media about future reform appeared to "have little foundation and may be an attempt to mislead the consultative group into changing its position. Given the experience of The Post journalists and other instances of official harassment of the media in the past year, as well as the lack of progress on liberalisation of the broadcast media, Article 19 does not believe that any relaxation of the consultative group's position can be justified."

Amnesty International's report says "contempt for human rights remains embedded in the Zambian police force, whose officers shoot and kill as an alternative to arrest and routinely torture ordinary citizens as part of crime investigations". The report outlines how the country's police force is influenced by political meddling to the extent where paramilitary police use tear gas and batons to break up peaceful public gatherings.
Zambian inflation overshoots target

Anthony Mukwita

Lusaka - Zambia was unlikely to attain the targeted annual inflation figure of 21.8 percent, according to the latest edition of Business Trends, a Standard Bank (Zambia) publication.

The first-quarter inflation rate is 26.5 percent, far short of the enhanced structural adjustment facility annual target of 27.6 percent.

Although inflation was expected to slow in the second and third quarters, it could still remain above 30 percent and might average 25 percent for the year-end, the report said. Price increases must be kept at 2 percent over the next nine months to meet the inflation target.

But economic analysts said this was a tall order because prices of fuel were recently raised by 15 percent because of the devaluation of the kwacha.

The currency nose-dived in March and April, reversing the 18 percent appreciation experienced in February when a dollar bought just under 2,000 kwacha.

Now the dollar is fetching 2,550 to 2,600 kwacha in most foreign currency shops.

There are fears among currency speculators that if Zambia fails to meet the International Monetary Fund benchmarks and secure further disbursements and donor inflows, the exchange rate could be adversely affected.

The Zambian budget is 35 percent dependent on donor inflows. Business Trends joined the rest of the business community in asking Lusaka to reduce donor dependence and concentrate on raising its revenue base. — Independent Foreign Service
Zambian copper mine construction to start

Budget of $63, but controlling company has a liquidity problem

Charles Mubambe

LUSAKA — The construction of Zambia's newest copper mine in Luanshya is set to begin on July 1 with a budget of $63m.

The new mine and plant at the Muliashi North open pit, run by embattled Roan Antelope Mining Corporation (Z), is expected to be commissioned by September next year after the completion of feasibility studies last December by a UK consultancy.

Roan is a subsidiary of the Binani Group of the UK which runs Luanshya and Bulasha mines, acquired in the privatisation of Zambia Consolidated Copper Mines.

The Muliashi North site is expected to yield 34,000 tons of finished copper and 1,500 tons of cobalt a year through open pit mining and heap leaching.

Production is expected to start in January 2001. The expected lifespan is at least 15 years.

The mine is expected to increase Roan's total production of finished copper from 40,000 to 100,000 by the year 2003/4.

However, mining analysts doubt Roan's capability to undertake the project after its mounting liquidity problems.

The operation has also been affected by industrial unrest among its 6,000 workers who are disillusioned by management's failure to remit statutory pension contributions to the Zambia National Provident Fund and the Mukuba Pension Scheme, its nonpayment of deceased workers' estates, its exorbitant service charges and conflict about the sale of houses.

Roan owes $47m to Zambian suppliers and, since the beginning of the year, bailiffs have seized 30 vehicles for failing to settle debts owed to suppliers.

Power to the mine was also cut by the Copperbelt Energy Consortium recently, thereby paralysing the mine's operations.

Mine Workers of Zambia, Roan branch chairman Cameron Pwele says the government should immediately place Roan under receivership before the mine collapses.

Corporation spokesman Kaulanda Nyirenda admitted the company's financial woes, but said measures were being taken to normalise operations.

On February 13, 199 workers for Techpro, a contractor, lost their jobs after the smelter at the mine was closed. The company is now treating its cobalt at Chambishi and its copper at Mufulira.

Since the conclusion of the deal on June 30, 1997 the Binani Group has been haunted by accusations that underhand methods were used in securing their bid.

Binani, with Indian parent company Binani Industries, formerly Binani Zinc, has no copper mining experience. Its only link to mining is through zinc manufacture and the trading of non-ferrous metals.

Ironically, First Quantum, a Canadian mining company with a proven track record in copper mining, lost the bid despite meeting all criteria set by the Zambia Privatisation Agency.

In October 1997 First Quantum took Binani, Zambia Consolidated, the privatisation agency and the Zambia government to the Lusaka High Court, challenging the sale to Binani. The Canadians asked how Binani, which did not conduct an underground study of the mine, submitted a successful bid.

First Quantum claimed that the privatisation agency — in following recommendations of its adviser, merchant bank NM Rothschilds, rather than the wishes of the government/Zambia Consolidated team — awarded it the deal but was then overruled by Zambia cabinet members.

Quantum has since discontinued the case.

At the time of the sale, Roan pledged to invest $172m over the next five years on refurbishing and developing new reserves.

Sources say that of the $69m capital envisaged for investment into existing operations over the next five years, only $20m has been committed and even less spent.

Mineworkers of Zambia officials say given Binani's record so far, government should look for experienced investors with sufficient capital to save the mine and town of 20,000 from collapse.
Zambia will get aid if its house is in order

Lusaka – Western donor countries have pledged to give the Zambian government $800 million in balance of payments and project finance, but the money has once again come with strings attached.

The Paris Club of donor nations decided in Paris last week that before dispensing the money, it wanted the government to improve its human rights record and to sell off the last of the mines in the parastatal mining company, Zambia Consolidated Copper Mines (ZCCM).

The Zambian government expressed satisfaction with the Paris Club decision to help it out of a cash crisis, but human rights activists in Lusaka said the government had no reason to get excited as the pledged money would only be released once the conditions had been met.

The government has promised again to accelerate the disposal of the ZCCM.

Edith Nawakwi, the finance minister, said this would be done before the end of July. But the sale is dependent on Anglo American finding a partner to share the $90 million price of the remaining mines.

Western donors pledged $800 million last year on the same conditions, but withheld it because of government delays in selling off the remaining mines of the ZCCM and because of new human rights concerns raised by the persecution of opposition politicians and journalists.

The government claims it has made several positive moves in the human rights department, including ratifying the International Convention against Torture. But it has entered a reservation on the crucial Article 20 of the convention, which obliges states to allow the United Nations to enter a country to investigate alleged human rights abuses.

The $800 million pledged in Paris, which was $80 million less than the government requested, comprises $200 million in balance of payments support and $600 million in project finance.
Donors conditionally pledge aid to Zambia

Claire Pickard-Cambridge

ZAMBIA is to receive $280m in balance of payments support and an extra $30m in project assistance from its external aid partners this year on condition that its economic and governance performance meets their conditions.

This follows a Zambia Consultative Group meeting in Lusaka, hosted by the World Bank, which brought government and external donors together late last week. It was accompanied by coordinated lobbying from many non-governmental organisations — including Amnesty International and Human Rights Watch — which expressed concern about human rights violations and governance problems in the country.

The new aid timetable for Zambia follows the World Bank's approval of a $170m loan in January, ending a 14-month absence in balance of payments support. After that, agreement was reached in March with the International Monetary Fund for a new enhanced structural adjustment facility and, in April, with the Paris Club of creditors for a major debt restructuring.

The Zambia Consultative Group said at the weekend delegates had stressed the urgency of completing the privatisation of Zambia Consolidated Copper Mines (ZCCM).

Its losses are compounding government's woes.

Privatisation of three ZCCM divisions — Nkana, Nchanga and Konkola — is still outstanding, and although Anglo American signed a memorandum of understanding with the Zambian government, the deal depends on due diligence studies and on Anglo securing an international partner.

Anglo has begun talks with Chile's state-owned Codelco, the world's largest copper mining company, but Codelco is thought to be cautious after losing $28m in the first quarter partly as a result of low copper prices.

Human Rights Watch's Zambia researcher, Alex Vines, said government presented a document to the donors about its reforms. "Traditionally the Zambian government is better with words than with deeds, so although the non-governmental organisations were happy with the document, they want to see more happening on the ground."

He said the groups believed some breakthroughs were achieved. They lobbied for and welcomed an agreement for the next consultative meeting on Zambia to be in Lusaka in a year's time so that the increasingly vocal Zambian organisations can be part of the lobbying process. "There has been a cycle of lovely promises in Zambia, followed by a period of quiet, which is then usually followed by human rights abuses. To try and break this cycle it has also been agreed that quarterly informal consultative group meetings will be held in Lusaka as a form of stocktaking to deter this trend," he said.

Overall economic growth in Zambia stagnated last year — floods in the north and droughts in the south of the country hurt agricultural output, and copper prices fell, reducing export earnings and complicating efforts to privatise remaining ZCCM assets.

However, according to the consultative group, Zambia continued the economic reform programme and met its debt service obligations of more than $130m.
Zambian farmers beg for credit, subsidies

ANTHONY MUKWITA

Lusaka — Zambian farmers have urged their government to ease credit terms and provide subsidies to enable them to compete with imported South African and Zimbabwean meat and vegetables which are killing business, said the Zambian National Farmers’ Union (ZNFU) yesterday.

More than 150 farmers gathered at an agriculture and finance exhibition in Lusaka hosted by AGRICARE and the ZNFU.

ZNFU said expensive credit, high production costs and the lack of subsidies for Zambian farmers had made its produce uncompetitive regionally.

For example, one ton of maize costs an average $211 to produce in Zambia, compared to $81 in Zimbabwe and less in South Africa. The government promised to address this discrepancy in upcoming legislation.

The ZNFU said exorbitant production costs explained the dominance of imported fresh agricultural products in retail shops. Shops like Shoprite stock up on South African meat and vegetables, not Zambian produce.

Ajay Vashe, the ZNFU president, said there was nothing wrong with the quality of Zambian products, “We export vegetables to London, so there is no way Shoprite, for instance, can say we cannot meet the required specifications.”

Retailers said they bought South African and Zimbabwean food because it was cheaper and the supply more reliable. As a result Zambian agricultural capacity has remained largely untapped.

Zambia has 50 million hectares of arable land, according to the ZNFU, but only 5 percent is cultivated. The ZNFU said credit for farmers was scarce and short term, with rates charged at over 100 percent.

Some 70 percent of Zambian maize is produced by peasant farmers, but they are rarely offered credit. Because of poor communications they seldom know about what is available.

“The agricultural sector is not like the trading sector,” said Vashe. “You cannot give someone a loan for agriculture and expect them to pay back in 12 months. We need long-term financing.”

“But credit institutions at the exhibition said they found it difficult to lend farmers money when they had the reputation of repaying late or never.”

Irene Mutalima, the head of the Association of Micro Financing Institutions in Zambia, said: “The complaint of financing is a genuine one, but we also have to remain sustainable.”

ZNFU said this non-repayment problem was largely a perception and not a reality. It identified the lack of a proper agricultural processing industry to add value to agricultural products as a major constraint.

Austin Sickings of the trade ministry said the government would address the farmers’ grievances. — Independent Foreign Service
Zambia misses privatisation target

The deadline for selling off the country’s parastatals has passed without much money being raised

Chilombo Mwendela

LUSAKA — The Zambia Privatisation Agency has failed to meet the mid-year deadline for selling off Zambia’s parastatals and sparked a debate on whether the seven-year privatisation exercise has been a success.

Outgoing Zambia Privatisation Agency CE Valentine Chitalu says privatisation has been a success because it has achieved the disposal of most major companies and units. If they had been retained much longer they would have been closed or given away without realising any proceeds, he said.

But the private sector contends that the programme has failed Zambians because it has not generated substantial revenue for government coffers. They argue that privatisation has instead contributed to the expatriation of foreign exchange generated by Zambia Consolidated Copper Mines (ZCCM).

Economics Association of Zambia co-ordinator Muna Ntalanga says the way units were disposed of affected the proceeds of privatisation. “We would have received something tangible if there had been proper accounting procedures, from the screening of buyers to the final point of sale.”

Lusaka Chamber of Commerce and Industry vice-chairman Henry Chipewo, says the agency failed to achieve its objectives and instead created a forum for externalisation of foreign exchange generated by ZCCM.

Chitalu claims the sale of Zambian assets — 70% to local investors and 30% to foreign investors — generated direct foreign investment.

“Government’s objective was to sell most of the units and this has done. The process has been complex but most companies and units have been sold which is not a mean achievement.” He hoped that the remaining assets would be sold by the end of the year. Chitalu could not say whether the sale of the units has been successful in monetary terms but insisted that many of the enterprises were in a poor state.

“Our role was to ensure that the assets and units were sold because some were crippled and could have been given away for nothing,” he said.

He disputed claims that the programme had failed despite more than 7,000 layoffs since the privatisation program was initiated. “There have been a lot of casualties along the way but that is expected because these firms are now going into private hands.”
The EU grants Zambia $6m for economic reform

Lusaka - The European Union (EU) gave the Zambian government close to $6 million this week in a rare show of confidence in the country’s on-going economic reform programme.

Out of these funds, $2.8 million will go towards the public sector reform programme while $3 million will support the public welfare assistance scheme.

Edith Nawakwi, the finance minister, said during the signing ceremony that the EU had been a true partner of Zambia’s radical economic reforms.

She said the money would go a long way towards helping this southern African country finally attain economic stability, which it had been struggling to attain for a long time.

Jochem Krebs, the EU ambassador to Zambia, said his organisation was compelled to give the Zambian government money not only because it liked the economic policies the country was pursuing but also because the poverty levels had reached alarming rates.

“We were alarmed to learn that between 70 to 80 percent of the Zambian population today lives in poverty,” he said.

The money that the EU donated under the public welfare assistance scheme will be used to build capacity for institutions that look at the most vulnerable groups in the country with the aim of making them productive.

Under the public sector reform programme, the Zambian government hopes to reduce public service jobs from 80,000 to about 180,000. The move should increase efficiency as well as raise the salary levels of the workers who remain.

The EU, the World Bank and the International Monetary Fund also sponsor the programme. - Independent Foreign Service
Zambia, Angola bury the hatchet

TOM HOLLOWAY
INDEPENDENT FOREIGN SERVICE

MBABANE: Zambia and Angola have buried the hatchet by signing an agreement here on earlier this week "to forget all past disputes" in the second meeting between intelligence and security chiefs lasting nearly 13 hours.

The Swazi Minister of Foreign Affairs and Trade, Albert Shabangu, said yesterday the success of the meeting was beyond anyone's expectations.

The agreement said the two countries would protect each other's nationals and would discourage any hostile propaganda or press reports about each other.

Mechanisms would be put in place to prevent similar crises arising in the future.

The meeting praised the role of Swaziland in bringing the two disputing countries together for talks.

Delegates laudingly praised "Swaziland muti" which earlier Shabangu had joked had been sprinkled around the conference centre to prevent delegates from leaving until they had reached agreement.

Zambia has consistently denied any knowledge of weapons passing through its territory to Unita rebels. Such allegations were first made by the Angolan ambassador in Luanda, augmented by submissions before the Security Council of the United Nations.

This was followed by a bomb blast inside the Angolan embassy compound in Luanda, killing one person and creating fears that war would erupt between the two countries.

The start of the meeting had twice been postponed since its scheduled official opening by Shabangu on Tuesday morning due to late arrivals of some key delegates.

When the delegates eventually trooped out of the conference hall at about 10pm, they looked tired but were in good spirits and pleased with the outcome of the conference.

It was also agreed to hold a ministerial meeting in Swaziland very soon to formalise the agreements reached.
Zambian fuel price to rise on shortages

ANTHONY MUKUNDA

Lusaka—The Zambian government will increase the price of fuel next week, Ben Mwila, the energy minister, has disclosed. He repeated his assertions that fuel suppliers were hoarding fuel so as to force the price rises even higher.

Fuel shortages are continuing to cause massive disruptions in Lusaka and surrounding areas, after a recent refinery fire and the accidental derailment of a fuel shipment from Ndola on the Congo border.

Mwila said the price increase, the second in less than two months, has been necessitated by the high cost of importing fuel from South Africa, the Middle East, Zimbabwe and Tanzania.

The government began importing fuel over a fortnight ago after two primary distillers at the major petroleum refinery, Indeni, in the mining town of Ndola, went up in flames.

Total (Zambia), a French company, has subsequently been contracted as the sole importer of fuel into the country, for the first two months after which the contract will be reviewed.

But business houses want other fuel companies, such as British Petroleum and Caltex, to be involved in importation too.

In separate statements, the Zambia Chambers of Commerce and Industry and the Economic Association of Zambia said this week they felt the responsibility of importing fuel was too important and demanding to be left to one importer.

The energy ministry said Total was importing between 1.2 million and 1.3 million litres of diesel a day. Mwila said diesel had been affected the most.

—Independent Foreign Service
Lusaka talks
delayed as
envoys fail to arrive

Lusaka - A ministerial meeting in Zambia of countries involved in initiatives to end the conflict in the Democratic Republic of Congo was delayed yesterday because delegations from some stakeholders had not arrived in Lusaka, sources said.

Senior government officials from South Africa, Zimbabwe, Namibia, Angola, Uganda, Rwanda and Chad began preparatory talks late on Wednesday to pave the way for the ministerial meeting yesterday morning, but by 11.30am the talks had not begun.

The South African, Zimbabwean, Angolan, Tanzanian and Ugandan ministerial delegations arrived for the talks, while it was uncertain when the DRC delegation would arrive.

Patrick Lekota, the South African Defence Minister, confirmed the delay but told reporters from his hotel room in Lusaka that consultations on finding a peaceful resolution to the DRC’s 10-month war were continuing.

Meanwhile, sources close to the talks were quoted as saying that warring sides in the DRC had reached a tentative agreement on dates for starting a troop withdrawal, but differences remained. "The withdrawal should start sometime in July and end within three months," one source said.

While the other ceasefire particulars were still to be agreed on, the sources said the main difficulty was determining which side should pull out first.

The DRC government and its southern African backers are insisting that Burundi, Rwanda and Uganda, who support the rebels, should withdraw their troops first because they "invaded" DRC territory, while the rebels and their allies prefer simultaneous withdrawal. - Sapa
Zambia angrily confronts Danish and British aid donors

Lusaka - Upset by international donors' persistent concern over its performance, governance and human rights record, the Zambian government recently threw diplomatic etiquette to the wind, stopping short of telling Danish donors to quit meddling in the country's internal affairs.

The country has had simmering strained relations with its cooperating partners for several years, but its frustration reached a boiling point when a visiting Danish official said openly that his government was utterly disappointed by Zambia's failure to fully investigate allegations of torture involving some of the 1997 coup-attempt suspects.

Ole Moesby, the head of the Danish delegation to the annual Denmark-Zambia consultative meeting, took his hosts by surprise when he bluntly told them officers who were involved in the torture of coup suspects had to be brought to book.

Moesby, who heads the Danish foreign ministry's department of international development, also chastised the government over its prickly relationship with the private media, saying Denmark was disappointed that 12 journalists from the Post newspaper had been charged with espionage.

The charges stem from stories which allegedly exposed Zambia's military inferiority to neighbouring Angola.

"The charge against the journalists is a source of concern to us, and we hope that their case will soon be dropped," Moesby told the Zambian officials led by Boniface Nomde, the finance permanent secretary.

The issue of government corruption has not been forgotten. Moesby, much to the annoyance of the Zambian side, stated that "it is regrettable that very few cases involving corruption have been taken to the courts."

Meeting the Danish delegation on the second day of the talks, Edith Nawakwi, Zambia's finance minister, accused donors of withholding funding over human rights and governance issues without considering the reality on the ground and the government's achievements under difficult conditions.

She said government had already expressed commitment to tackling governance and human rights issues in a 172-page document presented to the Paris Club donors in May. The document outlines how government intends to address these issues.

At the Paris meeting, Zambia's co-operation partners tied the disbursement of their pledged $240 million in balance of payments support and $380 million in projects assistance this year to "satisfactory economic and good governance performance."

While asking for continued Danish financial support, Nawakwi went out of her way to emphasise that Zambia was a sovereign state, which should be left alone to design and implement its own programmes without undue influence from donors.

She blamed donors for having contributed to the reduction in public expenditure on the social sector by withholding funds on grounds of Zambia's unsatisfactory performance.

Nawakwi suggested that in future, aid should be channeled through the Budget Office instead of being given directly to specific programmes.

She criticised Denmark for spending £2 million to support privately owned media instead of on priority areas such as discontinued educational broadcasting.

Nawakwi also rejected a draft report by the British department of international development on Zambia. She said it contained "undiplomatic language" and projected a negative image.

She asked Jim Grummond, the delegation leader, to revisit the document, saying issues it raised would "scare investors and derail Zambia's programme aimed at putting it on the growth path."

Independent Foreign Service
Zambia wants investors

Finance minister promises to fight against corruption, inflation

DURBAN — Zambian Finance Minister Kaide Kalumba, who took over the key post in a cabinet shuffle last week, said yesterday his top priority would be to improve the investment climate in the mineral-rich country.

In his first public comment as finance minister, Kalumba reiterated the government’s inflation and growth targets and pledged to fight corruption, which has turned away some foreign investors.

“I believe as the new finance minister that we can address the concerns that business has now so that we can improve investment tomorrow,” Kalumba told a breakfast meeting at the Southern Africa Economic Forum.

Kalumba replaced former finance minister Edith Nawakwi in a surprise reshuffling of President Frederick Chiluba’s cabinet on June 29. Nawakwi assumed the labour portfolio.

Kalumba said he was committed to reducing inflation to single-digit levels and boosting economic growth to 4.5% by 2001.

Zambia’s all-items consumer price index rose by 1.3 percentage points in May, bringing the year-on-year increase to 26.5%.

“The country’s economy took a nosedive last year after a key mine privatisation programme ran into trouble, prompting foreign aid donors to suspend funding,” Kalumba said.

Aid resumed when a preliminary deal to sell the country’s biggest mines to SA’s Anglo American was reached earlier this year.

It was hoped the deal would be finalised by the end of March, but Anglo’s search for a major international partner has dragged on.

Aside from mining, Kalumba said he would focus on luring foreign investment into agriculture and tourism.

The new finance minister said Zambia must also improve governance to boost confidence among foreign investors.

“I want to address issues of corruption. We protect the public trust and you protect your business interests,” he said. — Reuters.
Zambia, Tanzania join fight against gold sales

ZAMBIA and Tanzania have joined an SA-led delegation to Europe next week to demand a halt to central bank gold sales which threaten thousands of jobs and economies in Africa.

SA and other gold-producing nations are reeling from low bullion prices after Tuesday's UK auction of 25 tons of its reserves, the first in a programme to dispose of more than 400 tons.

A delegation of SA ministers, mine owners and union leaders was due in London today to press for an immediate end to the UK gold sales, but the mission was postponed at the weekend to give SA time to rally other African gold producers to the cause.

Minerals and Energy Minister Phumzile Mlambo-Ngcuka said: "Zambia and Tanzania confirmed their commitment to participate in the planned overseas mission. Zambia is chair of the mining committee of the 14-member Southern African Development Community, while Tanzania is an emerging gold producer."

Mlambo-Ngcuka sent her deputy minister to Ghana and Mali, two gold producing countries in west Africa, to seek their support for the European mission.

The delegation will also seek to block the proposed sale of 10-million ounces of International Monetary Fund (IMF) gold to help finance debt relief for poorer countries. Critics say the IMF plan will further depress gold prices and negate the benefit of debt relief for Third World nations that produce gold.

Since the UK announced its gold auctions, six SA mines have set plans to fire over 11 000 mineworkers. Gauteng mine East Rand Proprietary Mines (ERPM) was placed in provisional liquidation last week, threatening to put 5 000 miners out of work at a time when SA's unemployment rate is nearly 40%.

Job losses in SA's mining industry will hit the economies of neighbouring countries, like Mozambique, Lesotho and Swaziland, which contribute about 40% of the mine workforce.

Sapa reports that the Mine Workers' Union warned yesterday that apart from the economic implications of closing ERPM an ecological catastrophe was inevitable if government revoked its monthly R1,7m subsidy to the mine to purify toxic water.

Union spokesman Fred Bond said an underground dam five times the size of the Vaal Dam was poisoned with pollutant oxides from underground mining. "Should this dam overflow ... it will flow into the Blesbok River. This will cause toxicification of the drinking water of millions of people in Gauteng," Bond said.

When polluted water drained into the river in the early 1990s, pollution destroyed bird, fish and plant life.

ERPM pension chief Jan Groesewald said the workers would get their pension benefits. — Reuter.
Filling stations close in protest

Chilombo Mwondela
and Charles Mubambi

LUSAKA — Filling stations in Lusaka are calling for a 20% increase in the fuel price because of the rise in transport costs.

Although the Energy Regulation Board approved a 11% hike in the price of fuel, filling stations around the country have remained closed in protest at the imposed figure.

Fuel traders met the board to discuss the increase but the traders are unhappy about the 1522 kwachas a litre for petrol, up from 1500 kwachas. The cost of diesel has increased 10.7%.

The closure of fuel stations resulted in long queues of motorists in Lusaka clamouring to buy fuel from one or two filling stations selling at the new price.

Some people abandoned their vehicles and, carrying plastic containers, walked in search of fuel.

Since an explosion at the Indeni Oil Refinery Plant in Ndola in May, Zambia has been importing fuel by road from SA and Zimbabwe.

The latest hike comes barely two months after the previous 15% increase.

Total Zambia won the tender to be sole supplier of fuel to the country. Now energy ministry permanent secretary Peter Mwanfuli has said the government will soon issue fresh tenders for other companies to take part in supplying fuel to the country.

The rehabilitation of the Indeni refinery, which processes crude oil brought by pipeline to Ndola, may take at least 10 months.

Barclays Bank warned recently that the importation of refined oil products would have a negative effect on foreign exchange markets and inflation.

The government has ignored calls by the Zambia chambers of commerce and industry, the Zambia National Farmers Union and the Economic Association of Zambia for zero duty on all imports of refined oil products to cushion consumers from the expected spiral effect.
Lusaka - The Zambia National Farmers' Union (ZNFU) yesterday urged the Zambian government to quickly sell the loss-making Zambia Consolidated Copper Mines (ZCCM) "so that sanity could return to the farming sector".

The 5,000-strong farming body said the failure to sell off the mines had resulted in a general decline in the Zambian economy.

Ajay Vashishe, the ZNfu president, said farmers could not get economically viable prices for their produce because consumers could not afford those prices. He was speaking at the 94th annual congress of the union in Lusaka.

Christon Tembo, Zambia's vice-president, assured the farmers that the loss-making mines would be sold by the end of September as all the loose ends had been tied up.

"Farmers have been waiting for over three years for the privatisation of ZCCM and the associated growth in demand for their produce," Vashishe said.

"In short, farmers are waiting for the massive expansion in the economy that will put money in the Zambian workers' hands so that they can buy the food our farmers are producing."

ZNFU also called on the government to formulate a quota system for farm products such as wheat, which is imported from South Africa, Zimbabwe, North America and Argentina.

Wheat flour, ZNfu said, should be subject to duties in order to make it more expensive than locally produced wheat.

At present, imported wheat flour comes in duty-free and is preferred by Zambians because it is cheaper.

The union also complained about fresh milk imported from New Zealand and Australia because it was highly subsidised and therefore cheaper than local milk. The future of the local dairy industry would remain uncertain as long as the subsidised imports continued, Vashishe said.

Tembo said he would meet the ZNfu leadership next week to address the issues raised by the farmers, which he said were "very important". - Independent Foreign Service
Zambian opposition 'lacking vision'

LUSAKA — The Zambian political scene is bleak and no one seems able to predict what direction it will take. Opposition party manifestos are devoid of any platform for the future that might alleviate or eradicate poverty.

National Patriotic Alliance chairman Daniel Lisulo recently criticised the lack of opposition unity needed to remove the ruling Movement for Multi-party Democracy (MMD) from power.

In addition, there was nothing in the present opposition party’s vocabulary about how it would emancipate the general populace from their current poverty, he said.

To some politicians, including the NPA, removing the MMD from power is a noble objective in itself, but others would disagree.

Zambian political culture lacks a defined political pragmatism and vision of how a united opposition could overcome poverty levels. The universality of the issues — adequate education and health care — require politicians to persuade the electorate things can improve and how it will be done.

Political reality has polarised the opposition, which has mushroomed to 36 parties. Some analysts insist these need to be trimmed to no more than six to have credible representation.

The trademark of the opposition is constant condemnation of the government, without acknowledging anything positive where it is due. “I think we have got a long way to go in terms of directing our energies to contribute to the national cause,” asserts a Lusaka political observer Chomba Sikazwe.

He criticises the opposition for being preoccupied with the removal of the MMD, rather than presenting programmes to get out of Zambia’s economic quagmire.

No politician has told Zambians how they were going to sustain the economy, or whether Zambia will slide back to its former command economic system or embrace the socialism of former times.

Invariably, even the more mature politicians, those with diverse opinions and policies can only find unity in removing the ruling party.

A veteran freedom and independence struggle activist Bernard Mwamba regrets that Kaunda has chosen to be a partisan United National Independence Party (UNIP) president instead of a national leader, revered by all Zambians as the founding father of the nation.

One school of thought believes that had Kaunda left UNIP leadership, it might have matured and evolved into a real political power.

Paradoxically, the UNIP leader used to promote the idea of opposition unity, but when the time came, he and his party backed away. Analysts and observers, as well as ordinary voters wonder why. UNIP secretary general Sebastian Zulu is blunt in his reply: “UNIP has the political clout and muscle to stand on its own.” This stance was buoyed recently by snatching the Mbala constituency from the MMD, a good reason to stand aloof from the rest of the fragmented opposition parties.

Most opposition parties have little grassroots constituency. However, in a democracy they have a legitimate right to be called political parties. — AIA.
Wars disrupt Zambia's economy

LUSAKA — Wars in the Democratic Republic of the Congo and Angola have drastically disrupted neighbouring Zambia's trade, says industry sources in Lusaka.

"While Zambia used to export up to 60,000 metric tons of maize to the Congo two years ago, our maize exports to that country have now plummeted to about 15,000 metric tons," a source in the Zambian Association of Chambers of Commerce and Industry said.

The source said the war had affected sectors ranging from sugar to the petroleum industries.

"These wars have also affected our trade with Burundi, Rwanda and Uganda. It was important to ensure peace in the Congo and Angola as soon as possible."

Zambian companies, whose business had been affected by the wars, had diversified into other activities, the source said.

"Zambia has not redirected its trade southwards with Zimbabwe or SA; allegedly because of SA's protectionist trade policies," he said.
Shock AIDS warning falls on deaf ears

Zambia rejects horrific UN statistics as 'alarmist'

OLGA MANDA: Lusaka

FRIGHTENING official and independent studies show that one in every five adult Zambians is HIV-positive, and that within the next six years life expectancy in the country will drop dramatically from the present 57 years to 37.

Adults make up nearly 46 percent of Zambia's population of 10.2 million, but many of the youth, ranging in age from 15 to 35 years, are also HIV-positive.

But figures released by the independent United Nations AIDS agency this week were immediately condemned by the Zambian government as "alarmist", and a ban was placed on all AIDS-related statistics compiled and released by independent organisations in the country, including UNAIDS.

The denial of the figures and the accompanying ban are all the more bizarre given that they amount to the Zambian government repudiating its own findings: the UNAIDS figures confirm virtually every aspect of an official Zambian Health Ministry report released eight weeks ago, which categorically stated that "Zambia has one of the worst HIV/AIDS pandemics in the world, with an estimated 20 percent of the adult population HIV-positive".

The official state report added the ominous warning that life expectancy in the country would drop from 57 years to 37 years by the year 2005.

Studies show an estimated 20 percent of the adult population is HIV-positive.

The reason given for the ban on any information relating to AIDS statistics was that the organisations involved in the fight against the epidemic did not derive their information from surveys which were "nationally representative".

Reacting to the UNAIDS study as he imposed the ban, Central Statistics Office director David Dangano said the information released by the agency was "incorrect" and "alarming the nation".

He was emphatic on one point: "We will not accept that any [foreign] representative in this country should tell us that 20 percent of the adult population is HIV-positive. You will fail to make a breakdown of this figure, therefore when you make such statements you're alarming the nation."

He insisted that he was the only official spokesman, on these issues and he spoke on behalf of Zambia's citizens.

Walter North, director of US-AID, which works closely with other independent groups, said: "Whether the rate is 20 percent or 30 percent, one death is one too many."
Roan mine's electricity is cut

Charles Mubame (360)

LUSAKA — The Copperbelt Energy Corporation has switched off power to the concentrator at Roan Antelope Mining Corporation of Zambia in Luanshya in a bid to recover $10m in outstanding electricity bills.

The energy corporation said in Lusaka this week that it was enforcing a partial restriction of supply on the highly indebted mine.

"Despite long discussions regarding payment, Roan Antelope has failed to make any payments for electricity supplied since the beginning of this year. The amounts owing are now in excess of $10m."

Officials at Roan Antelope were not available for comment but sources at the mine confirmed the power restriction, the second since October when the energy corporation cut off power to the mine. At the time, power was restored only after intervention from Zambian government officials and the settling of arrears.

Roan Antelope, which was acquired by the Birla Group of India in October 1997 during the continuing privatisation of Zambia Consolidated Copper Mines, is the most problematic of Zambia's privatised mining operations.

It owes an estimated $18m to suppliers of equipment and services, which has seen the company lose vehicles to bailiffs.

In a bid to rationalise operations, Roan Antelope has submitted a survival plan to the Zambian government, which would include scaling down its workforce of 6,000 to 3,000 people.

This move has riled the Mineworkers Union of Zambia because the purchasers had pledged not to retrench any workers when they submitted their initial bid to buy the mine.
Cash dries up at Zambian copper project

ANTHONY MUZIMBA

Lusaka - Money earmarked for a Zambian government project will not be paid just yet, says Cyprus Amex Minerals, one of the leading mining companies in the industry. The prevailing market conditions are not favourable, a Cyprus official has said.

Cyprus Amex took over the Konkomba copper mining project in the Copperbelt province of Zambia as part of the country's privatisation programme.

The exploration project was put on care and maintenance soon after the start of this year, the official said.

The agreement defers the bulk of Cyprus Amex's expenditure on the project, under which Cyprus Amex can acquire an 80 percent stake from the state-owned mining conglomerate Zambia Consolidated Copper Mines.

The government has tentatively agreed to postpone Cyprus Amex's payment for another two years.

Meanwhile, the Copperbelt Energy Company (CEC) has reduced the Binani group's quota of power. Indian group Binani, which recently bought Luanshya mines, owes the power utility company $10 million.

The components affected are two large concentrators at one of the mines. This means Binani will be able to mine ore but will not be able to process it.

Experts say this will greatly affect this year's production at the troubled mining group. Binani has already had to shut a precious metals mine, Independent Foreign Services.
Lusaka intervenes in Roan debt squabble

Power to Roan mine was cut to force it to settle $10m in arrears

Charles Mubambe

LUSAKA — Power has been restored to the troubled Roan Antelope Mining Corporation of Zambia in Luanwalya following a government ultimatum to the private copperbelt Energy Corporation (CEC).

The corporation switched off the power last week in a bid to force Roan to settle $10m in electricity arrears.

However, the government warned the CEC that it risked losing all its businesses with copperbelt mines to the state-owned Zambia Electricity Supply Corporation if it did not restore power to Roan.

Roan was privatised in 1997 and is owned by the Binani group of India. Some analysts believe the government's latest intervention casts doubt on its commitment to free-market policies.

The CEC is a subcontractor which buys most of its power from the Zambia Electricity Supply Corporation and transmits it to the mines on the copperbelt. It is a relatively new investor in Zambia and was formed in 1997 when National Grid and Cinergy Global Power of the UK each bought a 40% share of Zambia Consolidated Copper Mines' power division.

Energy and Water Development Minister Ben Mwila said the government's order was aimed at saving the mining industry because reduced power supply could lead to a gradual shutdown of mines on the copperbelt, the backbone of the economy.

Mwila claimed that by cutting power to Roan the CEC was holding the nation to ransom because Roan was a vital cog in refining copper.

But the CEC said this week the power cut was aimed solely at Roan, which had failed to pay.

"The CEC is a serious investor in Zambia and remains fully committed to the government's plans to revive the mining industry."

"To this end, CEC looks to the government for its continued support and other responsible investors, the company said.

The energy regulation board was investigating Roan's failure to pay for electricity supplied this year "to ensure that the matter is concluded speedily", analysts said.

"The government is trying to cover up its mess for selling the mine to unprofessional miners. It is doubtful whether Binani can turn the mine around," said one analyst who did not want to be named.

Cameron Pyeke, chairman of the union representing Roan workers — the Ramco Mineworkers' Union of Zambia — said Binani's "track record, the government had better start looking for experienced investors with sufficient capital to save the mine from collapse. He warned that a collapse would have dire consequences for the town of 200,000 people.

Apart from the $10m owed to the energy corporation, Roan owes $47m to other suppliers of goods and services.
Production falls at Zambian mines

Charles Mubambe and Reuter

LUSAKA — Copper production at Zambia Consolidated Copper Mines fell nearly 27,000 tons in the year to March 31, due mainly to production problems at its Mufulira mine.

The mining company said yesterday copper production fell to 255,952 tons from 282,833 tons the previous year, which included output from three mines which have now been privatised. "The performance of the remaining mines was broadly in line with last year, except at Mufulira, which experienced production difficulties and produced less than in the previous year," a company spokesman said.

Production of cobalt over the year rose to 7,438 tons against 4,016 tons the previous year. Finilled cobalt obtained from sale of cobalt concentrate reached 2,975 tons for the year. Largely state-owned, the company is still negotiating the sale of its two largest mines, Nkana and Nchanga, and other assets to a group led by Anglo American.

Chilean state-owned Codelco, the world's largest copper producer, has been discussing a partnership with Anglo American.

The investment arm of the World Bank, the International Finance Corporation, is also understood to be co-operating with Anglo to buy the mines.

"Mines and Mineral Development Minister Syamukamba Symuwey said recently the deal would be concluded by the end of next month. Although the minister was upbeat about the course of the negotiations, many previous deadlines — agreed in talks between the World Bank and government — for the sale of the company have come and gone over the past few years. However, Codelco executives said in July that a decision would be made by the end of the year. The mining company's poor production figures in comparison to those five years ago are attributed by some to the lack of capitalisation of the mines, which have become run down. They note that 7,300 miners were laid off in February from Nkana, Nchanga, Nampundwe, Konkola and Mufulira mines."

"The chairman of the Mineworkers' Union of Zambia, Stanley Mwanza, said the delay in privatising the mines has also had a bad effect on workers, who are not sure what their future will be under new management. He says workers' motivation and productivity have been particularly badly affected at Roan Antelope Mining Corporation and Chambishi mines on the copperbelt, where workers lost fringe benefits like free water, free education and free electricity."
It appears, however, that Nghimtina and the security forces are still not convinced that suspects detained under the state of emergency have the right to see a lawyer.

Nghimtina said the security forces report from the Lozi people of Western province in Zambia for their fellow tribespeople in the Caprivii Strip.

Imasiku also called for the release of Caprivians detained without trial in Zambian jails.

past year and most incidents are reported in urban centres. But there seems to be a resurgence in recent days in Kabylia in eastern Algeria, where an armed group known as Da'wa wali Dijhadd (Appeal and Struggle) is based.—Financial Times.

‘Dumping’ knocks Chilanga

Charles Mubambe

LUSAKA — The influx of cheap products and the war in the Great Lakes region have affected the fortunes of a leading Zambian company, Chilanga Cement, although the board of directors say they are still hopeful they will declare an interim dividend despite expecting a net loss.

The delay in the sale of the Zambia Consolidated Copper Mines (ZCCM) core mining assets at Nkana, Nchanga, Nampundwe and Konkola, vital markets for Chilanga’s products, had a further negative effect on company operations.

This is likely to remain so if the ZCCM is not sold next month as promised by the government following protracted negotiations with Anglo American Corporation, the International Finance Corporation and Codelco of Chile.

A disturbing feature over the past year was the surge of cheap imports into Zambia and neighbouring export markets, particularly Zimbabwe and Malawi. Imported cement is being sold at prices which appear tantamount to “dumping”.

However, Chilanga which early this year acquired a 14% shareholding in Mhyea Cement of Tanzania at a cost of $2.31m expects a return to profitability in the second half of the year.

Accordingly, the company is expected to declare a net profit for the full year, but the result will be lower than for 1998.

“The directors therefore are still expecting to be able to declare a final dividend,” according to a cautionary statement issued by the company’s sponsoring brokers, Pangea/EMI Securities.

Analysts have warned that it cannot be in Zambia’s long-term interests if its major manufacturers are put at risk from unfair and unsustainable external competition in the interests of short-term gains.

Anglo-American Corporation, through its Zambian operation Zamango Industrial Corporation, has a 13.2% stake in Chilanga.

The Commonwealth Development Corporation is the major shareholder with 50.1% equity; followed by LuSE Central Share Depository with 23.5% while the public and institutions own 6.7% of the company, which clocked 50 years in operation in July.

Export sales which reached a record level in 1997 fell 23.3% last year to 103,400 tons. Malawi, Burundi and the Democratic Republic of Congo were again the main destinations, accounting for more than 95% of total exports.

According to the results for the year ended December 31 1998, Chilanga Cement had doubled its after-tax profit to $4.4m, an improvement on the $2.9m recorded in the 1997 financial year.
Zambian rebel leader asks SA ‘not to hand me over’

Mutangelwa remains holed up in SA diplomat’s Lusaka home

Lusaka – Zambian rebel leader Mutangelwa, the leader of the Barotse Patriotic Front (RPF), a movement that has been advocating secessionist beliefs in western Zambia, has asked the South African Government not to hand him over to Zambian authorities before carefully studying his “request for pardon.”

The rebel leader who has been holed up in the residence of South African High Commissioner to Zambia Walter Thabane’s residence since Thursday last week told an exclusive interview that if they ditched him at this point it would not only be him they would disappoint but several other countries in the region that looked up to South Africa as “big brother.” He describes the position South Africa has found itself in – by bartering him – as a test case to prove that the recent words of President Thabo Mbeki about the African Renaissance are not just a pipe dream but a reality.

“It is a challenge for South Africa to stand up and face countries like Zambia that do not respect human rights,” Mr Mutangelwa said.

Mr Mutangelwa claims that if the South Africans ever washed their hands of his case, he would be as good as a “dead man” because no other country in the Southern Africa Development Community (SADC) region would be able to extend a helping hand, in the way South Africa has done so far.

He claims the South African High Commissioner for the simple reason that they are likely to respect human rights more than any other country,” Mr Mutangelwa said.

Mr Mutangelwa’s other choice for an asylum attempt, Mr Mutangelwa said, was Botswana.

He dismissed as “manufactured” news reports circulating in South Africa that he was in fact the leader of the RPF.

“I have never heard such ridiculous things, but who are these people making such allegations; let them come out in the open and face us RPF members,”

He believes agents of the state with the aim of weakening his asylum bid strengthen the allegations.

The expatriate Lezis president called on the government to charge Home Affairs Minister Peter Maphanga with contempt of court for talking about his impending court appearance in connection with a death he allegedly caused through careless driving last year.

In a move interpreted by RPF sympathisers as an attempt to lessen Mr Mutangelwa’s chances of getting asylum, the Zambian government on this week said the rebel leader was wanted for “causing death by careless driving” and would be autolised for jumping bail if he did not appear in court this week.

Mr Mutangelwa said: “The only reason the minister made the remark was to influence the court. He should be charged with contempt of court.”

A spokesman for the South African High Commissioner said his government would not be pressured by events to hand Mr Mutangelwa over to the Zambian authorities. - Foreign Service
Crime wave hurts Zambian business

Charles Mubambe

LUSAKA — The crime wave in Zambia is forcing the business sector to add 20% to its business costs, says the Zambia Association of Chambers of Commerce.

Acting CE Enest Mwape says insecurity in the country has increased costs for most industries, especially those competing for foreign markets. “We are greatly disadvantaged by the recent increase in the crime rate. We are faced with a situation where our members are increasing their production costs by 20% to ensure maximum security for their produce and machinery. It is not healthy for the industry, especially when we are competing with foreign producers in almost every sector,” says Mwape.

A Shoprite Checkers branch in Kabwe, 200km west of Lusaka, became the latest victim in the rising armed crime wave when five bandits snatched $10,000 in a robbery on Friday June 13. The men, armed with AK-47 rifles, lifted in the air before snatching the money from a cash-in-transit armoured Securicor car. No one was injured in the heist, which police sources say had the hallmark of an inside job.

Zambia has been experiencing its worst spate of organised crime and an outbreak of banditry. Law enforcement officers and civilians have been targeted by syndicates that have been bold enough even to attack a police station.

“There is a state of war between the law enforcement officers on the one hand and syndicates of armed crime on the other,” says the government-appointed Permanent Human Rights Commission.
Key mistakes detract from Zambia's privatisation success

Gino Mwila

Lusaka – Zambia’s seven-year programme of privatisation, in which 225 of 312 earmarked companies have been sold, is widely hailed as “the success story of Africa”. But is it the example that everyone should be following?

A report of the United Nations Integrated Regional Information Network in June cited a source close to the programme as saying the privatisation process, instigated by President Frederick Chiluba in November 1991, was complete, and “except maybe oilfields, we are now closing-up operations.”

Now that the country’s largest employer, Zambia Consolidated Copper Mines (ZCCM), has been taken out of the hands of the Zambia Privatisation Agency (ZPA), the remaining major firms include a state-owned bank and insurance company, the assets of the Tusor railway linking Zam- bia and Dar es Salaam, and the In- dent refinery and pipeline. A scaled-down ZPA is now expected to remain in business until the year 2001.

Accompanying its peak for 90 per- cent of Zambian ex- ports by value, the ZCCM has been the great success in the privatisation process, and will in- vest considerable investment by operations with South African links.

With nationalisation, annual production fall from 720,000 tons in 1989 to 600,000 in 1993 and is zero about 300,000.

ZCCM has also been con- strained for a number of years by the extent of its debt (about $900 million at the start of 1990), and a lack of cash to make essential capital investments to regain competitiveness and undertake exploration.

This decade of capital expenditure concentrated on the Zambian being located in the top quartile of high-cost producers. And, importantly, the price for the mines and a global collapse in copper prices, which halved be- tween 1985 and 1990, reduced the Zambian mines rivalling the two sons the sale was expected.

According to a recent World Bank report, few governments have been able to introduce, and keep in place, the large number of complex and demanding measures needed for effective public enterprise reforms.

Among the requirements are for governments to devise policies to protect competition, establish sound regulatory frameworks, maintain transparency in transactions, ensure the proceeds from privatisation are put to productive use, and manage the inevitable political and social tensions that arise from reform.

Speculation on corruption and bribery is another concern. Easily identified, but, unfortunately, the price for the mines and a global collapse in copper prices, which halved between 1985 and 1990, reduced the Zambian mines rivalling the two sons the sale was expected.

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In the case of the mines, the anticipated retraining of 21 percent of the workforce of 30,000 will have a notable short-term impact on the local copper- based economy where the informal sector relies on the spending power of the mine workers.

But the break-up of ZCCM is anything to go by, the privatisation process has not always been above-board and transparent.

The failure of the Euro-Com- pany (including South Africa’s Avian, Noranda Mining, the Commonwealth Development Corporation and Phelps Dodge) to secure the purchase of the Shikwaka and Nameta mines, accounting for 40 percent of ZCCM’s output, and of First Quantum Minerals of Canada to buy the Lusak Kanaire, are controversial.

The last-minute failure of the Lusak Kanaire deal led to First Quan- tum questioning the rationale behind the decision.

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ZCCM’s woes worsen as privatisation drive drags on

Chilombo Mwondele

LUSAKA — The fire that gutted the Ineni Oil Refinery in the Copperbelt province of Zambia has led to more problems for the embattled Zambia Consolidated Copper Mines (ZCCM).

About 70% of finished copper and cobalt production has been affected by intermittent supplies of diesel and heavy fuel due to the high cost of transporting the product by road from SA.

The fuel crisis has also affected other mines, namely Nkana and the Roan Antelope Mining Corporation’s Lufungwa and Buloba mines.

These difficulties are compounding a host of other mining problems that include a shortage of capital, defunct machinery, erratic flow of supplies, severe reduction in the fleet of vehicles used and the falling copper prices on the world market.

ZCCM public relations manager Sam Equamo said the mines’ problems would be addressed by the eventual privatisation of ZCCM.

However, mines that have already been privatised, such as the Roan Antelope Mining Corporation of Zambia (Ramcoz), still face serious problems.

Latest government reports indicate that Ramcoz — co-owned by the Binani Group, Dallah Albaraka, Ispat International and ZCCM — is failing to pay its electricity bills.

Ramcoz owes more than 10-billion kwachas in electricity bills. The company is also beset by labour problems and needs to cut its labour force, despite promising not to do so when it bought its two mines.

The company took over 6,000 workers, but all bonuses and fringe benefits had to be cut to reanimate the ailing mines. The ensuing industrial unrest made it impossible for the company to surpass the target of 5,000 tons of production a day from both mines.

Financial problems have dogged Ramcoz since privatisation, resulting in the continued use of old machinery.

Nchanga faces similar problems and may not produce much this year as a result of its financial difficulties and low worker morale.
Zambian traditional leaders fight to regain role in political structure

LUSAKA — After almost a decade of being kept out of the country's political arena, traditional leaders are calling for an amendment to the Zambian constitution to allow them to participate in politics.

They say denying them the opportunity to participate in politics is not only undemocratic, but also a ploy by government to get rid of potential adversaries.

The Royal Foundation of Zambia wants the 1996 constitution amended to restore chiefs' political and local government powers. They want to reclaim their rights to stand for elections and to be appointed to the National Assembly.

Until 1991, when President Frederick Chiluba's government assumed power, traditional rulers took part in political debate in the House of Chiefs.

Chief Chamuka of the Lenje, chairman of the foundation, expressed the sentiments of the 279-member body at the Southern African Traditional Leaders conference held in Lusaka at the end of last month.

"(The foundation) aims to fight for the rights of chiefs to enjoy their fundamental freedoms and to be free to participate in politics, and see to it that laws that inhibit them from doing so are abolished," he said. "For the integration of traditional authority in democratic governance towards the new millennium, the government should give full recognition to the position and role of traditional leaders in all three spheres of government."

"Traditional leaders have (played) and will continue to play an important role in our society. Therefore, the power of traditional leaders should be restored because it is possible to have a political system in which traditional leaders play a significant role."

Chiefs and head men should take part in the governance process by commenting on bills that have a bearing on matters of customary law, he said, and traditional leaders should be recognised in conjunction with elected officials at local government levels and by the judicial system.

For instance, they could have power to veto bills in Parliament.

"Traditional leaders should be allowed to stand for elections to the national assembly and be appointed to the cabinet; a number of seats could be reserved for chiefs in the National Assembly, or a House of Representatives (Upper House) could be established..." Chief Chamuka said.

In 1996, the opposition United National Independence Party's deputy president, Chief Inyambo Yetawa, was disqualified from contesting the elections as the constitution was amended that year to bar chiefs from participation in politics and from being elected to public office.

Alfred Zulu, president of the human rights and election monitoring body, the Zambia Independent Monitoring Team, says chiefs should be incorporated into governance, especially in addressing issues of political and economic power in their domains.

National Pressure Group national co-ordinator Sylvia Masebo, says: "We must not accept such practices... Chiefs should be allowed to participate in the governance system. This shows the government has no regard for chiefs."

The government maintains that allowing chiefs to dabble in politics would bring them into conflict with their subjects. — AIA.
Zambian farmers face illness from pesticides

Cotton growers must spray poisons, but cannot read instructions

LUSAKA — About 1,000 smallholder cotton growers around Mum- 
wa, a small rural town 200km from Luaka, face prolonged illness due 
to the misuse of pesticides.

A study carried out by the non-
governmental organisation Unikila. 
(Light) Association, shows small-
holder farmers are at risk because they use insufficient precautions.

The study states that mishan-
dling pesticides and fertilizers may 
lead to ill health, environmental 
damage and have a negative effect 
on food production.

Mumbwa is renowned for cot-
ton production and is the oldest 
major cotton growing area in Zam-
bia, dating back to 1962. But cotton 
exhausts soils and needs high 
amounts of fertiliser and pesticide. 
The only instructions most ob-
serve are “do not spray on a windy 
day” and “wash hands after spray-
ing”, the study found.

Alex Kambu, general secretary 
of Unikila, says although it is dif-
cult to predict long term effects of 
low doses of pesticides, the poi-
sons have been linked to chronic 
ilnesses and conditions that in-
clude cancers and reproductive 
and neurological disorders which 
take years to show.

About 50% of the participants of 
the study acknowledge that field 
days are conducted by a commer-
cial company promoting cotton 
growing and that they are told how 
to handle the chemicals properly. 

However, the level of literacy 
among most small-scale farmers is 
so low they are unable to read and 
follow instructions on pesticide 
containers, and verbal messages 
can be quickly forgotten.

Unikila is also concerned that 
cash crops are being grown at the 
expense of food crops. This is lead-
ing to widespread malnutrition.

It is felt to be largely due to the 
hardships that came with econom-
ic reform.

Many government employees 
have been retrenched and have 
fallen back on farming. They are 
finding it difficult to earn enough 
money to keep their families, and 
cash crops often look more attrac-
tive. — AIA.
Zambia warns AIDS will halve its population

OLGA MANDA: Lusaka

(360)

In an apparent revision of statistics released in May, the Zambian government this week admitted that half of the country’s 10 million people would die of AIDS and 80,000 of the 400,000 babies born each year were HIV-positive.

In its first estimate, the health ministry said about 20 percent of all adult Zambians were HIV-positive, a figure confirmed last month by a survey conducted by UNAIDS.

Britain’s The Economist magazine reported that one of the major causes of the frightening statistics was the “abject poverty” in which 80 percent of the population lived, making it difficult for them to afford medication.

A representative of the UN Children’s Emergency Fund in Zambia, Peter McDermott, commented: “Only tycoons and cabinet ministers can afford proper treatment.”

The government’s latest report said two-thirds of the patients at a major hospital in the copper-mining region of northern Zambia had died of AIDS.

Those mostly affected were children who had lost both parents to the disease.

Estimates of the number of Zambian children under the age of 15 who have lost both or one parent range between 13,000 and 50,000.

Paediatrician Chewa Luo, co-ordinator of the working group Mother-to-Child Transmission, said 80,000 out of the 400,000 babies delivered every year were born HIV-positive.

Luo, a specialist at Zambia’s main referral hospital, the University Teaching Hospital, disclosed the figure on receiving $75,000 from the Japanese government to buy equipment to be used in the testing of expectant mothers and their children.

She said her organisation would try to reduce the number of infant infections by 50 percent through the provision of the AIDS drug AZT to infected mothers.

The government report said, however, that good care of the children was difficult when so many adults were dying in their productive prime, leaving the very young and old to cope.
Zambian business urges caution on free trade

Fred Chela

Lusaka – The Zambian business community urged the government this week to exercise caution in signing a free trade protocol.

Business was referring to the proposed Common Market for Eastern and Southern Africa (Comesa) and the Southern African Development Community (SADC) free trade area, which would allow free movement of goods and services in the two trading blocs.

David Mpamba, the commerce minister, said institutional mechanisms must be put in place before Zambia could append its signature to the SADC trade protocol, which was scheduled for implementation by January.

"We must, first of all, remove any doubts encompassed in the trade protocols to ease our apprehension and concerns," he said. "Zambia would benefit more from free trade than otherwise. However, a few details must be sorted out or the agreements would plunge the country into an economic abyss, detrimental to development.

Zambia has reduced tariffs by 60 percent in compliance with the Comesa treaty. However, the treaty compels every member country to comply 100 percent by October 31 next year.

The Zambian business community does not wish to implement the agreement in its present form because the country will be overwhelmed by imports from the more developed industries in the SADC.

George Chabwera, the chairman of the Zambia Association of Chambers of Commerce and Industries, said the country would be a dumping ground of goods from South Africa and Zimbabwe, in the case of the SADC, and from Kenya and the likes of Egypt in the Comesa.

Mark O'Donnell of the Zambia Association of Manufacturers said it would be suicidal for Zambia to implement the Comesa and SADC free trade protocols because the industrial base was still in its infancy.

"Government should exercise extreme caution," he said. "Otherwise most manufacturing industries will collapse and make Zambia a perpetual importer." As a countervailing measure, and to promote and encourage competition on the basis of free market tenets, the association has advised the government to zero-rate duty on all raw materials used in manufacturing Zambian products. This move would precede the introduction of the zero tariff for the Comesa finished products.

The business community has recommended specific industry studies to assess the possible effects of the Comesa agreement on Zambian industries and the economy.

Gordon Murray, a customs and excise consultant at the association, projected brighter prospects for the Zambian economy next year despite the dismal performance in the first three quarters of 1999.

In a related development, Comesa member states are expected to sign a memorandum of commitment for a liberalised air transport service in October.

A study by Safe African Skies Group stated that the initial capital would be sourced from international capital markets to allow free movement of passengers and eliminate capacity restrictions by adopting multiple destinations.

Phase two of the liberalised skies project would be effected in October 2000.

The authority to grant licences would be delegated to individual member states' civil aviation officials until the Comesa Air Transport Regulatory Authority was set up.

Two air traffic control centres would be set up together with two work stations by each member country, with adequate communication links to reduce dependence on ground aids for navigation.
Zambians up in arms over utility's penalty plan

ANTHONY MUKWITA

Lusaka - The Zambia Electricity Supply Corporation (Zesco), the country's leading power utility, has come under fire from consumers who feel its plan to charge 3 percent on electricity bills that have not been settled after 30 days has not been reached in good faith.

Mark O'Donnell, the spokesman for the Zambia Association of Manufacturers, told the Zambian media the move would cripple the country's alreadyailing manufacturing sector.

He said it might also force manufacturers to produce sub-standard products that would not compete favourably with goods manufactured in neighbouring countries, where electricity was cheaper.

Zesco's tariff increases in July and August were not well received by many Zambians, whose incomes are on average too low to keep up with rising fuel and electricity prices.

While the energy regulations board, a regulatory wing of the government, sanctioned the August increase of between 10 and 12 percent, the 3 percent penalty plan has yet to receive its blessing.

In fact, the board last month warned the utility it would be disciplined if it implemented the charge.

A Zesco spokesman said: "We are just trying to get Zambians to pay their bills on time."

"People in this country want a service but rarely do they want to pay for this service. We have to remain in business and we can only do so if we are paid for the services we offer."

Robinson Mwansa, Zesco's chief executive, said local banks had stopped providing loans to the power company.

Critics, however, said the utility misdirected its energies in recovering payments because it never touched the real culprits, including the Zambia Consolidated Copper Mines (ZCCM) and other parastatals who owed much more money.

ZCCM owes Zesco over $100 million, which has been outstanding for a number of years because of its financial problems.

Things could have been worse for Zesco but the Development Bank of Southern Africa and the European Union recently provi-
Aids message comes home to Zambia

ANTHONY MIRAVITA
Lusaka

Zamibians believe that by holding the 11th international conference on Aids and sexually transmitted diseases in Lusaka the resource will be brought home that the country has one of the highest incidences of the disease in the world.

They believe the five-day conference, which starts tomorrow, will go a long way towards making the people of Zambia aware of the effects of the disease that has claimed thousands of lives and promises to claim more, unless attitude changes.

Others, however, are more materialists and see the economic gains that the delegates and the organisers will bring to this dirt poor country.

The more practical Zambians are delighted that the organisers settled on Zambia from among so many other African countries vying to host the most important event, which has drawn experts and delegates from all walks of life from the continent and beyond.

"One of the delegates, Lenon Fishe, a lecturer at the University of Zambia, said he would not have thought of a better venue. Zambia had one of the highest incidences of HIV/Aids cases in the world, the country was also centrally located and relatively politically stable. The stamina that is constantly flashed before our eyes reveal that we are probably one of the most endangered countries on the continent. As far as the Aids pandemic is concerned," he said.

"I am not saying other countries are not as bad, but I think we should be grateful that Aids will be the issue on TV and in the newspapers, on the radio and even in pubs for a long time to come."

"I hope that will be an eye-opener to many who think Aids is a remote thing that happens only to your neighbour, especially the sexually active youths."

Mr Fishe's view is supported by studies by various national and international organisations. The studies show that this southern Africa country will probably lose more from the pandemic than any other country in the region.

For example, a recent study by the Zambian Central Board of Health, with the assistance of the United Nations Children Fund, shows that some 1.5 million Zambians, mostly the young and educated - supposedly more enlightened than their parents - will die from the disease by the year 2002.

As a result, the country's economy is expected to be adversely affected because those are the people expected to move the country forward in their various fields.

"The fact is that they will not be around to do so because they will either be off sick or dead, leaving the less educated to move things ahead."

This is a cause of major concern to the Zambian authorities.

The United report reads in part: "Aids exists among the economic elite (in Zambia), the best educated people with the highest paying jobs."

"The report adds: "As a result, the quantity and quality of labour and overall productivity will, in the future, fall, because most people in influential positions will either be sick or taking care of their sick relatives."

"This study also predicts a crisis in the health care of people suffering from Aids."

Government expenditure on health alone is predicted to be about US$20 million (about K12.5 billion) in 2000, because of the Aids pandemic.

But this is not the only dilemma that the people of Zambia are faced with because of the disease, which by 1996 had already claimed the lives of more than 50,000 people, according to studies by the Central Board of Health.

Other studies carried out by UNAIDS, the findings of which have been published in the 1999 Progress of Nations report, reveal that as a result of the disease, some 800 out of every 10,000 babies have lost their mother or both parents to Aids.

"The Zambian figures are better than those from Uganda, which has 1,000 Aids orphans out of every 10,000 children, making it the highest in the world, because sub-Saharan Africa is said to have the largest number of Aids cases."

"But because the population of Uganda is higher than that of Zambia, this effectively means that Zambia probably has the highest number of cases of children under 15 who have lost either one parent or both to Aids... proportionately that is, but that is still bad for any nation," said one analyst.

Health ministry figures show that 1.5 million people in Zambia were infected with HIV by 1997, and the numbers continue to rise. Of those infected with the virus, 900,000 are adults and about 70,000 are children.

Mr. Fishe's background. AIDS campaigns and this week's conference could not have been held in a more fitting country. Zambia is a country where the disease is a reality to most households and most people know someone living with Aids, as compared with a country where it's a remote subject discussed in hushed tones.

Dr Rose Kunguenda, executive director of the country's Health Management Board, says: "By the time antiretroviral medication, which is in an HIV-related complex, is available, the hospital would have spent less than one million kwachas on one patient."

Health ministry figures show that 1.5 million people in Zambia were infected with HIV by 1997, and the numbers continue to rise. Of those infected with the virus, 900,000 are adults and about 70,000 are children.

Given this background, AIDS campaigns and this week's conference could not have been held in a more fitting country.

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AIDS in Zambia 'critical'

Talks call for Africa to be declared a disaster zone due to deaths

Chilombo Mwondele

LUSAKA — Speakers at a conference against AIDS and sexually transmitted diseases have highlighted the critical state in which Zambia finds itself, as well as accusing western countries of having an unfeeling attitude towards the scourge in Africa.

Many of the 5,000 delegates attending the international conference in Lusaka concurred that Africa should be declared a disaster zone because of what AIDS has done to its population.

Chairman of the conference, Zambia's health minister, Nchodu Luo, said it was time the west gave special attention to the problem because it was not Africa's problem alone.

"It is no use saying they have conquered AIDS and I don't believe it. There are some countries which once declared they had conquered tuberculosis, but what are we seeing today? As long as we have AIDS in Africa then it is everyone's concern," she said.

Ignoring the problem in Africa would mean ensuring the faster spread of the disease. She said 22.5-million people were living with AIDS in Africa.

World Bank vice-president for Africa Callisto Madavo said that every teenager living in Zambia had a 60% chance of catching the AIDS virus.

He said HIV-AIDS had claimed 11-million people in the sub-Saharan region, while at national level, 22% of the adult population were HIV-positive.

"It requires a holistic approach to deal with HIV," he said.

As the toll of retrenchments and other economic hardships continues in Zambia, hundreds of people are suffering the effects of AIDS both directly and indirectly, according to the health minister.

She refused to give the estimated number of AIDS cases in Zambia but said the disease was most prevalent along the railway lines. The towns there are more developed, with bigger populations.

The Copperbelt Province, well connected by a road and rail network, is one of the most affected areas in Zambia.

According to medical personnel at Kitwe Central Hospital in Kitwe, a mining town, one out of every five babies born is HIV-infected.

The government's new policy to stop all nongovernmental agencies from releasing AIDS statistics has made it difficult to assess the extent of the scourge in Zambia.

However, a doctor involved in organising the conference, Simon Mphuka, estimated that 20% of adult Zambians are HIV-positive, a figure which is close to government's official figure of 19.57%. He said the 15- to 30-year age group is most affected, robbing the country of potential human resources.

National hospitals are unable to cope with the influx of patients, while hundreds of people are dying in their homes.

UNAIDS executive director Peter Piot said that pharmaceutical companies have agreed that the price of antiretroviral drugs should be reduced.
Zambia Copper takes $6m fall

FROM SAPA

Johannesburg — Zambia Copper Investments reported a net loss of $6.05 million in the first quarter ended March 31, 1999, down from $6.7 million a year earlier.

The company, which has operations in the Democratic Republic of Congo and Zambia, said its loss was due to lower copper prices and higher costs. It had recorded a profit of $1.2 million in the first quarter of 1998.

Zambia Copper Investments has operations in Zambia, the Democratic Republic of Congo and Namibia. It is 51 percent owned by the government and 49 percent by the company.

The company said it had sold its interest in the Kolwezi copper mine in the Democratic Republic of Congo to the government for $25 million.

Zambia Copper Investments also said it had sold its interest in the Lubumbashi copper mine in the Democratic Republic of Congo to the government for $25 million.

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Zambia's copper exports in decline

GIDEON THOLE

Lusaka - Zambia's copper exports have continued to decline, with the latest figures recording a fall of 14.9 percent from June to 15,695 tons.

According to the central bank's fortnightly statistics, Zambia Consolidated Copper Mine (ZCCM) produced about 21,210 tons of copper, of which 18,729 tons was exported in July.

In June ZCCM produced 20,320 tons of copper while other mines produced 3,085 tons. Exports amounted to 18,729 tons from the mining conglomerates and 3,085 tons from the other mines.

The privatised component of ZCCM produced more than 204 tons of cobalt, of which half was exported.

The other mines produced 5 tons of cobalt, all of which was exported.

The central bank's statistics also showed the banking system claims against the government increased by 3 percent.

The claims moved from 570 billion kwacha (91.4 billion), which were registered in the week ending September 3, to 586 billion kwacha.

In the past two weeks, government stocks, including statutory, ordinary and recapitalisation bonds, amounted to 21 billion kwacha while treasury bills dropped to 21 billion kwacha from 25 billion kwacha in the week ending September 10. The Zambian government's indebtedness to the central bank rose to 453 billion kwacha in the week to September 3.

The Bank of Zambia's statistics also indicated that currency circulation declined by 12.6 percent to a weekly average of 216.8 billion kwacha from 221.6 billion in the week ending September 3. - Independent Foreign Service
Poverty threatens sector’s viability

LUSAKA — The declining purchasing power of Zambian consumers is threatening the viability of the agricultural sector, particularly pork, dairy and poultry.

According to the Zambia National Farmers’ Union, farmers are unable to pass on production costs to processors and consumers due to Zambia’s growing poverty.

The union’s annual report for the 1998/99 farming season says processors are unwilling to raise prices, which reduces narrowing producers’ margins, already reeling from frequent increases in the price of electricity and fuel.

Heather Gibbons, pig committee chairman, says in her report that despite rising costs for farmers, pork processors are unwilling to increase the prices they pay farmers.

“Pork processors say they cannot do this because the retail market cannot stand price increases because of the low purchasing power of the ordinary person,” pork product prices had not risen in the past two years, while inputs had doubled.

The dairy industry faces similar increased input costs and is unable to charge more for the finished products.

Mike Arnold, chairman of the union’s dairy commodity committee, says development in the dairy industry will continue to be hindered by the increased costs and the inability of the consumer to pay higher prices.

Poultry, which has seen significant investments in new broiler growing, processing, commercial layers, breeding and hatching operations, is also affected by reduced disposable income.

Poultry commodity committee chairman Paul Cartwright said profit margins had been dramatically reduced over the past 12 to 18 months. Prices of poultry products have been falling in US dollar terms since 1997, and face stiff competition from other sources of protein, especially beef. — AIA

ED 13/10/99 (360)
Furore over Zambian energy price

Charles Mubambe

LUSAKA — The Zambia Electricity Supply Corporation (Zesco) has been hauled before the national regulator for its decision to raise the price of electricity by 15%.

Zambia’s business sector is up in arms against the imminent increase in electricity tariffs which many fear could effect production and services.

Last October Zesco raised its tariffs by 25% followed by a 12% increase in April.

Zesco says it needs the rise for operational expenses as 70% of its input is imported.

Last week the Zambia Association of Chambers of Commerce and Industry and the Zambia National Farmers’ Union joined in dragging Zesco to the energy regulation board.

Zesco’s plan to increase tariffs every six months has been scoffed at by many stakeholders who contend that it should first sort out its billing system and proper accountability at the parastatal, which has been known for lavish spending and unauthorised lending of money to its managers.

The chamber of business says Zesco should stop squeezing customers by floating bonds as a way of increasing its financial base to put the state-owned company on a sound financial footing before it embarks on a $95m three-year rehabilitation funded by the World Bank.

Zambia exports power to Zimbabwe, but electricity tariffs keeps rising and they are the highest in the region.
African Business

Lusaka bourse falls into line with JSE rules

Zambian industry calls for subsidies

Lusaka - The Lusaka Stock Exchange (LSE) has completed harmonising its listing rules requirements with the JSE, Lewis Moize, the LSE company secretary, said yesterday.

The LSE board of directors and the Securities and Exchange Commission have consequently endorsed the new listing rules, which came into effect on September 17, allowing dual listings in all the Southern African Development Community (SADC) stock exchanges.

This was the prerequisite for the harmonisation of the listing requirements for companies to list their securities on the LSE and the JSE, Moize said.

The harmonisation of the listing rules in the SADC was agreed by the Association of African Stock Exchanges and approved by the SADC committee in September.

Afrinvest said the harmonisation of the listing requirements was an initiative to integrate capital markets in the region and to promote cross-border investment and dual listings.

The harmonisation of the listing rules with the JSE would improve the SADC stock exchanges internationally and would build investor confidence in the region, Moize said.

Accordingly, the Lusaka listed companies would henceforth list with any stock exchange in the SADC region if they wanted to raise any capital.

Lusaka - Zambian manufacturers are in a state of panic following the imposition of new tariffs in the Common Market for Eastern and Southern Africa, which has led to spiralling costs and costs of imported raw materials, industrialists warn.

The government has also imposed a 5 per cent tax on the importation of raw materials into the country.

David Mungopa, the commerce and trade minister, said that there would be business retaliation if the new tariffs were imposed.

But he said the taxes were to ensure that the business community would benefit from competition.

Electricity tariffs in Zambia, one of the highest in the region, have been hiked by 54 percent this year alone.

Independent Foreign Service
Zambia begs for any ZCCM offer

ANTHONY MUKWITA

Lusaka – The Zambian government was ready to sell Zambia Consolidated Copper Mines (ZCCM) for a song because it could not contain losses any longer, Syamukayambu Syamuaye, the mines minister, said this week. In an interview on national television, Syamuaye said the government was ready to sell the mines because operations were becoming too costly for the ailing economy.

This follows the breakdown of negotiations between the Zambian government and Anglo American last month. Anglo had offered to buy the remaining packages of ZCCM for $50 million.

Syamukayambu said whoever had “a brilliant plan” to turn the mines around was “welcome to tell the government”, who would consider it favourably, no matter how low the offer.

The Zambian government had earlier refused to sell the mines “for a song” at a time when a consortium of international mining houses had expressed interest. The so-called Kafue consortium, made up of the Commonwealth Development Corporation, Noranda of Canada, and Phelps and Dodge of the US, offered $1 billion for ZCCM’s assets and liabilities.

In terms of the offer, the Kafue consortium would have paid $131 million in cash, while the remainder would have been ploughed into capital investment. They were also ready to assume ZCCM’s debts. The Zambian government, however, demanded $500 million in cash, which the consortium could not offer. As a result, it pulled out of the deal and left the government without any buyer.

Experts say the mines are losing $2 million every day in operational costs. Apart from these expenses, other consequences for the government have been dire.

As a result of the failed sale, about $830 million in donor funds has remained stuck in the pipeline. Western donors fear that their taxpayers’ money might go towards subsidising the loss-making mines.

As the year comes to an end, analysts believe the government may fail to access the donor funds, which make up 35 percent of the national budget and are crucial to many developmental projects.

Copper mining makes up 90 percent of Zambia’s foreign currency receipts and is still the backbone of the economy. Speculators say the local currency, the kwacha, which is trading at about 1,480 to a dollar, may lose more value as investor confidence wanes.

Many commentators blame Zambia’s president, Frederick Chiluba, for having supported the hardline position on the sale of the mines to the Kafue consortium.

Now the government has even offered to assume an unspecified part of the ZCCM debt, a thing it was not willing to do when negotiating with the consortium.

The business community has expressed hope that the ZCCM problem would end soon so that economic stability could be re-established. It has also expressed the hope that the government had learned from the fiasco.

In Independent Foreign Service
Women to get 10% of land

LUSAKA — The Zambian government has announced that it is to give 10% of all future land allocations to women as a way of economically empowering them.

However, gender equality militants say this is nothing, insisting that they need more than 50% of all land allocations since women constitute the majority of all food grain producers in the country.

Debate on land tenure for women has been reopened by Lands Minister Samuel Miyanda, who said: "— after listening to complaints from women farmers — that government has now decided on a deliberate policy of offering 10% of land on title to them.

His ministry's main objective was to grant land to all citizens and organisations, "which in this case includes all non-governmental organisations and women's organisations. My ministry has observed that from the traditional set-up, women have not been afforded an opportunity to own land on title. This has brought about economic imbalances between men and women," Miyanda said.

Matondo Yeta, GM of Women Finance Trust of Zambia, said the women of Zambia deserved more land than was being offered to them by the government.

Chief Registrar of Deeds Abdu Khan said that it was now the deliberate policy of government to enable women to have title to land and in this way encourage them as tillers to have the means of accessing credit and loans. — All.

(360) BD 27/10/91
Copper alone will not be enough for Zambia's recovery

TONY HAWKINS

Harare - Last week's agreement between Anglo American and the Zambian government has effectively marked the end of what was a disastrous episode.

Thirty years ago when the copper mines were nationalised, production was running at more than 700,000 tons a year. In 1989 it is unlikely to exceed 300,000 tons.

Per capita incomes have fallen by a third and mining's share of the economy has halved.

Assuming that Anglo's bid to buy the Nchanga, Konkola and Nampundwe mines and manage the Nkana mine is successful, the stage is now set for a reversal of this long-term decline.

But there will be no quick fix. Medium-term price projections for copper vary from the subdued to the bearish. More seriously, a development strategy based on copper is unlikely to bring about the extensive structural change Zambia needs.

Most economic success stories in the developing world over the past 20 years have been driven, not just by exports, but by exports of manufactured goods.

The danger of commodity dependence is not just that the price of copper is prone to wild gyrations, but also that long-term copper prices have weakened relative to the prices of manufactured goods.

This is exacerbated by the enclave nature of mining production. The trickle-down effects have been weak, especially where profligate governments failed to recycle mining revenues into human and institutional capital.

Then there is the fact that copper mining is far from the cutting edge of modern technology. The technological spinoffs - beyond the borders of the copper mine itself - are meagre.

In the absence of appropriate policies, copper dependence does not bring with it the technological progress and learning-by-doing that countries like Zambia need to make the difficult transition from comparative advantage based on copper deposits, to competitive advantage, which is driven by entrepreneurs and industrialists.

The privatisation of Zambia Consolidated Copper Mines (ZCCM) is not going to turn the economy around without a major policy shift.

Zambian policymakers will have to look beyond the mining industry. The return of Anglo will not bring a return to the glory decades of the 1960s and 1970s.

Just what will drive the Zambian economy in the years ahead is difficult to predict.

That there is enormous agricultural potential goes without saying, but there are few convincing examples in Africa of sustained economic growth being achieved through small-scale agriculture, especially in an economy where input bottlenecks, especially fertiliser and credit, and infrastructure shortcomings, are daunting.

It is even more difficult to be optimistic about prospects for manufacturing. Zambia has no clear-cut competitive advantage.

It is hampered by being landlocked, the ease of supply and delivery from South Africa and Zimbabwe, a small domestic market, skills shortages and weak infrastructure.

Tourism has a lot going for it, but it too is likely to be held back by infrastructural shortcomings, especially transport and roads.

All of which suggests that Zambia desperately needs a resurgent copper sector to give it the platform and the breathing space to develop new and different growth engines.

Production sharing could help diversify the economy, especially when the Southern African Development Community and other regional trade agreements kick in.

One encouraging recent development is the recovery of private foreign direct investment. According to Unctad's World Investment Report, inward investment in Zambia has virtually trailed from $75 million a year in the first half of the 1990s to more than $200 million in 1997-98.

This is just what the doctor ordered. Zambia, which has become hugely aid dependent over the past 20 years, with little discernible impact on its economic performance, desperately needs a fresh start in which private investment and market forces take over from aid.

ZCCM's privatisation is an opportunity for Zambia to break the mould of the past. - Reuters
Zambian builders undercut at home

Fred Chila

Luanshya - Zambian building contractors are losing out to South African and Zimbabwean competitors who can undercut the local businesses by taking advantage of subsidised building material prices in their home countries.

Laurie Smart, head of Zambian Association of Building Chief Engineers and Contractors, said yesterday factor prices in South Africa and Zimbabwe were on average more competitive than in Zambia.

South African and Zimbabwean contractors could invariably offer lower bids for jobs in Zambia because they obtained cheap building materials, including sand and stone from their home countries, undercutting their Zambian counterparts who could only source building materials at treble the price.

Smart lamented that not a single Zambian contractor had submitted tenders for the construction of the multi-million dollar Sun International Hotel project in Livingstone, Zambia's second largest city.

Big names in the construction industry in South Africa had scooped the lucrative contract.

Smart said Zambian contractor's problems had been exacerbated by liberalised market policies, a problem which Zambian entrepreneurs would have to contend for many years to come.

Richard Healey, the president of the Zambian Association of Manufacturers (ZAM), said he hoped the government would implement proposals submitted to the budget office for the 2000 fiscal budget.

Among these was a suggestion for a zero-rated duty on all imported raw materials used in the manufacturing industry.

Healey said the battered local industry faced an uphill battle in the regional free market which was due to come into effect next year and would be implemented by the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (Comesa).

Zambia is a member of both SADC and Comesa.

Healey was however optimistic that the year 2000 offered great opportunities for Zambian manufacturers and said he hoped to work closely with the government to ensure success.

David Mphumba, Zambia's commerce minister, said the government would assist the business community but urged Zambian industry to improve the quality of its products in order to compete favourably on the international market. - Independent Foreign Service
Zambia plans to improve education

LUSAKA—Zambia’s education system is continuing to deteriorate and concern is growing in government circles.

Education Minister Godfrey Miyanda says 760,000 children have been denied the right to education because of various problems, the biggest of which is a shortage of teachers.

Now the government has said conditions of service will be improved for teachers, who have long complained they live in virtual poverty, with an average monthly salary of about $65. The government plans to double or treble the teachers’ pay from next year.

The programme, which has received massive donor support, will cost about $12bn.

In 1996, there were 1.5-million children enrolled in 4,053 government and grant-aided primary schools. The lack of education has produced an army of street children.

Primary-school enrolment between 1990 and 1995 grew only 1.2%, compared to 3.2% annual population growth.

According to Education Permanent Secretary Sichalwe Kasanda, nearly 1.7-million pupils from grades 1 to 9 and 225,000 pupils in grades 10 to 12 are in government and private schools. There are 30,000 trained teachers and 9,000 who are unqualified.

Opportunities after school are severely limited. There are 4,800 students in teacher training colleges, 4,500 university students and 23,000 students doing distance education.

It is in this context that the government launched the Basic Education Sub-sector Investment Programme to increase enrolment, improve learning and increase annual teacher graduates from 1,800 to 3,000 within five years.

HIV/AIDS has taken its toll on teachers—600 of them died in 1997 and 1,000 died last year.

Miyanda emphasises that all professions owe their achievements to their education. "This is why teaching is a noble profession."—AIA.
Privatisation delays lower Zambia GDP forecast

**Mandala Msiska**

Lusaka - Zambia's economy would grow only slightly this year because of delays in selling its vast mining empire and fresh friction with Western lenders, Finance Minister Kachama said yesterday.

Kachama said real gross domestic product (GDP) growth would come in at just 2.4 percent compared to an official forecast of 4 percent.

The economy contracted by 1.9 percent in 1998.

"We will see some positive growth, about 1.5 percent or thereabouts," said Kachama.

"We are still recovering from the turbulence of last year. The economic situation remains very fragile."

He said the main problem for Zambia was the delayed privatisation of the mines of the Zambia Consolidated Copper Mines (ZCCM), which caused fresh friction with Western lenders, leading to a freeze in balance of payments assistance.

Zambia did not receive any balance of payments financing in September and October. This, coupled with heavy dollar demand from oil companies and millers and strong Christmas spending, had put intense pressure on the Kwacha.

"Balance of payments funding is directly linked to the sale of the mines," said Kachama.

"Government is determined to conclude the sale of the mines." Senior financial analysts, however, doubted Kachama's GDP forecast.

"Negative GDP growth is possible," said George Chabwera, the chairman of the Zambia Association of Chambers of Commerce and Industry.

Key Zambia indicators pointed to trouble, the analysts said. Commercial lending rates had stagnated at about 40 percent against the central bank's lending rate of 45.5 percent.

The treasury said an inflation target of 10 percent for 1999 could not be met.

Inflation stood at 25 percent in the 12 months to October and was forecast to remain steady there until next year.

But the expected sale of ZCCM's main assets of Nkana, Mwami and Mnusa to Anglo American plc and Finance Minister Kachama's credit ratings are due to be sold by the year-end.

With an external debt burden of US$4 billion, annual servicing means Zambia badly needs any money for infrastructure repair or health at a time when it is fighting a battle against HIV/AIDS.

Many HIV/AIDS victims in Zambia are professionals and the country does not have cash to train replacements so that as it is losing manpower. Reuters
INSIDE MINING

Aids takes its toll on Zambian copper belt

The sun is less than two hours above the horizon in the Zambian copper belt town of Kitwe and people are already sheltering in the shade. Among them is a group of three street children sitting under a tree. Two of them are Aids orphans.

"Some Mondays you come in and no one has died. Just this morning I came in and they told me two people had died over the weekend," says the underground manager of a Zambian copper mine.

Others working on the same mine say the death rate from Aids is lower – fewer than 20 a year – but that it is still worryingly high.

This week Susan Shabangu, our deputy minister of minerals and energy warned that up to 45 percent of South African miners could test HIV-positive.

Officially, Zambia's general HIV infection rate is between 30 and 40 percent, not fundamentally different from South Africa's. Yet, the increase in the infection rate is showing no signs of slowing in Zambia.

"These are Sensenta's patients. In a different context, about one in a 1000 South African gold miners dies every year from mine accidents. A cynical view holds that, humanitarian concerns aside, the impact of the disease on the pool of skilled labour will be muted in an era of downsizing and retrenchments. But even this early on in the Zambian epidemic this view does not hold water." The financial manager of another copper belt mine says that when he recently interviewed people to hire a bookkeeper, two of his shortlist of three candidates were HIV-positive. Although it is against the law in Zambia to discriminate against those with HIV, the HIV-negative candidate got the job. Similarly, one out of two information technology specialists shortlisted for a position tested HIV-positive.

"If you need 10 electricians you have to train 12 because two will have died by the time they are trained," says another manager on the mine.

It may already be too late for South Africa to avoid the painful experience Zambia is going through, but it is not too late to act.

Mines need to begin quantifying the cost of Aids to their operations and spending that money on slowing the spread of the disease.

Spending money on Aids prevention now will save thousands in death benefits, downtime and training in five years' time.
Zambia gets $2.5m aid package from Norway

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Zambia blocked from joining SADC