BOTSWANA - GENERAL

1995
SUMMIT effectively marks South Africa's re-emergence as a power in the subcontinent

BY CHRIS WHITFIELD
POLITICAL CORRESPONDENT

Gaborone — South Africa came back in from the fold yesterday when President de Klerk and Nelson Mandela joined other regional leaders in probing ways to deal with the conflict racking Lesotho.

The joint diplomatic initiative — the first time Mandela and de Klerk have acted in concert outside the Republic — effectively marked South Africa's return to the regional fold and its re-emergence as a power on the subcontinent after the years of isolation.

The meeting also brought de Klerk and Zimbabwean President Robert Mugabe together for the first time, a moment Mugabe said "should have happened long ago".

The mini-summit of leaders — called together only late on Tuesday night — decided to form a task group that would meet-in South Africa today to begin seeking ways of defusing the Lesotho crisis.

Also at the meeting were Botswana President Quett Masire and Lesotho Deputy Prime Minister Setomela Baholo.

De Klerk and Mandela — who flew to Botswana separately yesterday morning — were accompanied by Foreign Affairs Minister Pik Botha and Umkhonto we Sizwe head Joe Modise respectively.

Mugabe, who chaired a
STATE PRESIDENT FW de Klerk stepped out of his plane on Wednesday morning at Seretse Khama Airport, Gaborone.

At last he was to meet the one leader in Southern Africa, in Africa, that he had wanted to meet most but had been turned down.

Robert Mugabe, president of Zimbabwe, chairman of the Frontline States, had refused to meet De Klerk, banning even ministerial contact.

The ban was upheld until drought and a threat of mass starvation forced the then transport minister, Denis Norman, to hurry to Cape Town for a meeting in 1992.

Late last year Foreign Minister Pik Botha hosted his counterpart, Nathan Shamuyarira. But Mugabe himself remained elusive, and as the election dates were set and the campaign started up, it must have seemed to FW that he would leave office without shaking the hand that rocked Ian Smith out of office.

Then came Lesotho, and the rebel soldiers demanding a 100 percent pay increase, and the loyalists, fighting them.

Suddenly, Pik Botha was in Maseru to talk to the warring factions after a call for assistance from prime minister Ntsu Mokhehle.

Mountain fiasco
It was this fiasco in the mountains, where poorly armed rebels had skirmished with the headquarters brigade that turned the tide in De Klerk's favour.

Pik's midnight calls to the United Nations, Organisation of African Unity and the Commonwealth, bore fruit.

The call came to De Klerk on Monday, from Botswana president Sir Ketumile Masire, stating that the Frontline States chairman, Mugabe, would like to meet him and ANC president Nelson Mandela in Gaborone on Wednesday morning to discuss the crisis in Lesotho.

Appointments were hastily cancelled, for this was the trip of De Klerk's lifetime.

He had met the leaders of Morocco, Ivory Coast, Nigeria, Namibia, Zambia, Mozambique, Swaziland and Madagascar, but compared to Mugabe, all these trips and meetings amounted to nothing.

Mugabe, the man from just across the Limpopo, who mouthed socialist slogans and supported the armed struggle, but made purchases from South Africa at the height of sanctions, had turned him down.

This was his chance.

It would also come in handy in the elections, the picture of FW shaking hands with Mugabe, completing the opening of doors in Africa for the New Nats, which would make good poster material for the black farm hands to wave during the road show.

And so, at 9.07 on Wednesday morning, De Klerk stepped out of his ZS NNP private executive jet (which made no headlines when it was bought) on to the wet tarmac at Gaborone.

The handshake State President FW de Klerk has been waiting for. Zimbabwean president Robert Mugabe greets De Klerk during a joint meeting with ANC president Nelson Mandela and Botswana president Quett Masire.

He had reason to smile, for behind his jet was the Air Zimbabwe Boeing that Mugabe borrows from the national airline when he flies around.

His prey was here and he was stalking that prey with tenacity. He was met by Masire.

The purpose of the meeting was to be Lesotho, but even South African Government aides agreed that "that would also be discussed".

The main event was the meeting of FW and Mugabe.

And then there was Mandela, the shadow president, if media and opinion polls are to be believed.

His role was somewhat undefined, although he was accorded the status of a head of state, arriving in a smaller plane but met by Masire.

It was believed that Mugabe, a seasoned tactician who plotted the revolution that brought down Rhodesia, had made Mandela's attendance a condition of the meeting, ostensibly to ensure that De Klerk does not gloss in glory alone and abuse the meeting for electioneering purposes.

Many saw Mandela's presence as symbolic, a kind of passport to De Klerk's international pleasure, a necessary presence but effectively amounting to nothing if, indeed, Lesotho was the subject.

There is no denying that it was discussed but what input could Mandela make, by virtue of the ANC's involvement in the TEC, when that body was failing to deal with the East Rand violence, or effect a subpoena against a recalcitrant police commissioner in KwaZulu? But it was still important that he was there, for it showed that in the eyes of his African brothers, he was the shadow president. But Wednesday belonged to De Klerk, thanks to the rebels in Lesotho.

Backdrop
That the fighting in Lesotho only formed a backdrop through which the meeting could take place can be gleaned from the lack of urgency in the result of the meeting.

After listening to a briefing by deputy prime minister Mr Sebotse Bakofo, the presidents took no concrete action to halt the fighting.

Instead, a committee was formed, to look into the causes and recommend the way forward.

Questions abound. Does this mean Bakofo's report which Mugabe said gave the delegations "a concrete picture of events in Lesotho" was rejected, inadequate or just simply unsatisfactory?

If, as Mugabe said, the situation in Lesotho was cause for "great concern", why not act on the report given by such an exalted person as the deputy head of Lesotho?

Or was the real purpose of bringing De Klerk and Mugabe together accomplished?
Botswana's president deep in debt

STAR AFRICA SERVICE

Gaborone — The president of Botswana, Sir Ketumile Masire, has reportedly admitted he was in arrears on his loan from the National Development Bank, but blamed "the worst drought in living memory" for his problem.

According to the 'Gazette' newspaper, Masire would not confirm how much he owed but a document leaked to the press and dated September said his debt of R709 800 was R297 000 in arrears.

The newspaper reports that Masire has undertaken with the bank to clear all his arrears by the end of the month. However, he called on newspapers to "refrain from this witch hunt," which he said was "unethical."

The newspaper points out, however, that the situation at the National Bank was of public interest as it faced closure "partly because of the failure of our leaders to meet their obligations both as borrowers and leaders."

Already, about 120 workers at the bank have been laid-off in a restructuring of operations. Students at the University of Botswana have demanded that "those at the top" should pay their debts "like everyone else."
Botswana ministers in loan scandal

GABORONE. — The opposition Botswana National Front has called for an inquiry into all state-run financial institutions after revelations that several Botswana cabinet ministers and MPs are among those whose total arrears on bank loan repayments run into millions of rands.

Among those in arrears are the president, Quett Masire, who owes R297 000; Botswana Democratic Party MP Ronald Sebego (R900 000), cabinet ministers Patrick Baloyi (R500 000), Fonthshego Kediklole (R380 000) and Ray Malomo (R78 000).

Vice president Festus Mokae said several public enterprises in Botswana were "in serious difficulty", among them the National Development Bank.

He said that the NDB had outstanding loans of R118 6 million as at last March.

Mr Mokae said much of the money may be irrecoverable.

The bank reduced its staff by 127 in a restructuring process.

The Botswana National Front said that the collapse of the bank was "directly due to the abuse of authority and corruption by state officials" and demanded the immediate reinstatement of the 127 workers who "should not be made victims of the corruption of state officials".

It said: "The BNF demands that the outstanding balances and arrears be paid forthwith, and the estates of those who are unable to pay be sequestered as part of an exercise to resuscitate the operations of the NDB."

The government said on Monday there would be no salary increases for public servants this year, and the new revelations are bound to have political repercussions for the ruling party as it prepares for an election this year.
Cost-cutting at Botrest has reached the point where it has terminated its across-the-counter ADR facility in New York, and its listing on the London Stock Exchange, leaving the shares listed only on the JSE. If you thought things could not get worse at Botrest, read on. The latest annual report retells the familiar story of excellent operating performances at the Selebi-Phikwe mine being overwhelmed by Botrest's staggering debt structure.

Far from being whittled down or even just contained, the debt mountain is rising inexorably. Last year saw the fifth debt restructuring agreement reached between the Botswana government and Anglo American Corp: in terms of which bridging finance will continue to be fed to the base metal producer. A subsequent amendment raised the ceiling on the provision for emergency funding and the agreement provides for the further subordination of debt and other measures to allow Botrest to continue operations.

Net loss attributable to Botrest shareholders totalled P656.4m (Botswana Pula) in the year to December (1992: P433.2m loss), pushing the accumulated deficit to P2.8bn from the year ago P2.2bn.

Reasons are low base metal prices and the crushing amounts of deferred royalty payments, deferred interest payments and unrealised forex losses. These swamped an excellent operating performance, which saw a record 3.4 Mt of ore milled and the production cost per ton of metal down by 6% despite a 12.7% rise in the Botswana inflation rate during the year.

Botrest chairman Michael Forman echoes his recent predecessors in saying dividends are never going to be paid, so it has to be asked why Anglo has not closed Botrest to stop the steady cash haemorrhage. The answer probably lies with the strategic requirements of the greater Anglo group and Botswana's importance as the world's largest producer of gem diamonds. Botrest is a large employer, and keeping it in operation keeps the Botswana government happy, which is fine with De Beers.

The share price still swings like a pendulum. It has moved from 100c to 45c and back to the current 60c over the past year — and the punters have never forgotten the unexplained miracle that drove the stock from 45c to 550c in 1987.

The chances of that being repeated in some future base metal price orgy — we should be so lucky — seem the only reason for keeping the JSE listing going.
Botswana lends money to IMF

Gaborone — Botswana will become the first Southern African country to lend money to the International Monetary Fund in a reversal of the trend prevailing in most of Africa.

The loan of 12.5 million pula (about $4.5 million) will be used to bolster the IMF’s Structural Adjustment Fund, which is used temporarily to offset shortfalls in the balance of payments in countries where there is an IMF financial reconstruction programme. Recipients of such assistance in Southern Africa are Zambia and Zimbabwe.

"Diamond-rich Botswana, whose foreign reserves are running at about $4 billion, is only the fourth African country to lend money to the IMF. Egypt has advanced $12 million, Morocco $8.6 million and Tunisia $2.3 million.

Professor Clark Leith, director of research at the Bank of Botswana, says the IMF has been having problems in raising enough cash. "The IMF thinks that those countries that have benefited from such help in the past should now help others. The approach is that there should be more support for the Third World countries from their neighbours who can afford it," he says. — Star Africa Service.
Ball to head new bank

OWN CORRESPONDENT

JOHANNESBURG. — Former First National Bank managing director Mr Chris Ball has agreed to return to South Africa to head a new community housing bank.

The PWV Regional Community Bank was to be established as a funding agent for a housing plan announced yesterday by PWV Premier Mr Tokyo Sexwale.

According to the plan, 150,000 low-cost houses would be built, funded by the government, members of the Life Officers Association of SA and contributions from construction companies.

Mr Ball, 58, who would be the new bank’s chief executive was embroiled in a squabble with former president Mr P W Botha in 1987.

Mr Ball left South Africa in 1989 to join the London-based Private Bank and Trust.

Mr Sexwale said yesterday Mr Ball was “just the man for the job”.

Tokyo Sexwale unveils housing plans — Page 5
Botswana wants 6.7% growth this year

GABORONE — Economic growth in Botswana is expected to jump to 6.7% in the 1994/5 financial year from 1.6% in 1993/4, says Vice-President and Minister of Finance and Development Planning Festus Mogae.

"We performed badly in 1992/3," Mogae said. "Growth halved to 4% from the previous year, and last year to 1.6%, but we have reached the bottom."

However, Mogae said in an interview that he was not optimistic of any early reduction in unemployment or an improvement in wages.

"Our budget is balanced. We cannot create demand. We have increased jobs in the public sector. There are road and construction projects worth 500-million pula," he said.

Government funding of development would be curtailed, and the private sector would be encouraged to play a larger part in the economy.

"New engines of growth will have to come from the private sector. We are creating a climate to encourage that," he said.

To stimulate investment, exchange controls could be abolished within three years. Some parastatal operations would be privatised.

"We have maintained a stable exchange rate and have the most liberal forex policy on the continent."

"We are now examining the possibility of totally abolishing exchange controls over the next three years," he said.

Foreign exchange reserves were healthy. "For the time being our reserve levels are comfortable. They are worth 17 months of import cover ... the government's cash balance is comfortable, but we must husband these resources and use them."

After a recent cut in company tax and a reduction in the top marginal rate for individuals to 35% from 40%, Mogae saw room for further cuts.

He said government revenues were expected to fall, and thus spending would have to be reduced. -- Reuter.
Botswana poll: date decided

Gaborone (Botswana) — President Masire has announced that his country's general election will take place on October 15. His Botswana Democratic Party is expected to retain power for the fifth successive time.

However, Michael Dingake, vice-president of the main opposition Botswana National Front, expects to win 15 seats against the three currently held.

The president of the BNF, Dr Kenneth Koma, left for Moscow yesterday for eye treatment and is expected back on September 17.

The BNF manifesto includes a proposal that 30 percent of all elected members be women.

Star Foreign Service.
ECONOMIC problems could mean a stronger showing for Botswana's opposition in next month's polls, writes Barry Baxter in Gaborone.

Voters in Botswana, a country with a rare record of political stability for Africa, go to the polls next month against a background of economic problems more often associated with the rest of the continent.

Political and economic analysts in the diamond-producing southern African state say there is little doubt President Ketumile Masisi's Botswana Democratic Party (BDP) will win the election on October 15.

But the emergence of economic problems such as unemployment, rife elsewhere in Africa, could mean a stronger showing for the opposition Botswana National Front (BNF).

"Botswana has a small formal employment sector and school and university leavers with high expectations. But even graduates are not finding jobs, a situation previously unheard of in Botswana," said stockbroker Alan Norrie.

"What is government going to do with them? We have had a lengthy recession, new jobs have not been created. Companies have closed, jobs have been lost," he added. The election will be the seventh in Botswana, which gained independence from Britain in 1966 and has since enjoyed rare democratic stability.

The country has enjoyed healthy economic growth thanks to rich diamond deposits — in 1987, diamonds accounted for 80 percent of export earnings.

But last year diamond revenue dropped to US$850 million (about R3.5 billion) from more than R1.6 billion (about R3.7 billion) the year before.

The diamond boom started an unprecedented rush to the towns in which the urban population grew by 33 percent in the 20 years to 1991.

The population of Gaborone grew from 17,783 to 33,468.

Latest available figures show the jobless rate rose to 29 percent in 1992 from 27 percent in 1991.

Rapudi Madipane, acting executive secretary of the BDP, acknowledged that the rival BNF had gained support because of the dissatisfaction of unemployed youth.

The BNF had three seats in the 34-member parliament dissolved earlier this month. The BDP held the remaining 31.
Botswana goes to the polls soon

President Masisi predicted to win majority despite recent problems.
All not as it seems on eye of Botswana poll

AFRICA

The Weekly Mail Guardian

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Managing PHOTOGRAPHERS in Botswana
Botswana holds elections

THE people of Botswana, possibly Africa's most stable democracy, voted yesterday in general elections that could loosen President Ketumile Masire's virtual monopoly on power.

Political analysis said the main opposition party, the Botswana National Front (BNF), led by Kenneth Koma, could win up to 10 of the 40 seats at stake with the rest going to Masire's Botswana Democratic Party (BDP).

The BNF, which holds three of the 36 seats in the current Parliament, predicts it will win 15 seats.

Koma said his party would win more but for alleged electoral cheating by the BDP, which has been in power since Botswana gained independence from Britain in 1966.

Sapa-Reuters
Early poll gains for Botswana opposition

GABORONE — Early results from Botswana's elections showed gains for opposition parties yesterday, but the ruling Botswana Democratic Party (BDP) seemed certain to retain its 36-year grip on power.

Incomplete results of local council elections held on Saturday, along with polling for the 40 seats in the national parliament, showed likely defeats for BDP MPs in at least three constituencies.

If the council results are matched by parliamentary results — the first of which were expected later yesterday — at least one cabinet minister could lose his seat.

Election officials said voting in the seven post-independence elections had gone smoothly and turnout had been good.

Political analysts and opinion polls had predicted the main opposition Botswana National Front (BNP) of Kenneth Koma could win up to 10 seats against the three it had in the previous parliament of 34 seats.

Analysts said support for the BNP had been boosted by the rising number of jobless in the towns and by recent government corruption scandals.

"I am very, very confident of victory," President Ketumile Masire said when he voted in Gaborone. "The opposition will be trounced." — Sapa-Reuters.
Ruling party wins Botswana election

Opposition trebles its parliamentary seats

GABORONE. — The ruling Botswana Democratic Party (BDP) was declared the winner of Botswana's general election today after taking 23 seats in the Southern African nation's 40-member parliament. Declaring the BDP the winner, Chief Justice Moleleki Molama said that President Ketsumile Masisi's ruling party had 23 seats and the opposition Botswana National Front 10. Final results are expected later.

The opposition party has more than trebled its number of parliamentary seats from the last assembly when it held only three.

The last constituency in the 40-seat parliament, enlarged from a previous 34-member assembly, will be fought later this month after the death two weeks ago of its incumbent MP. The BNP said it planned to seek a government of national unity.

"That is the only way we will be able to solve the problems of this country," said BNP leader Kenneth Koma.

Mr. Masisi's Botswana Democratic Party (BDP) has ruled Africa's most stable democracy since independence from Britain in 1966.

Election supervisor Nathaniel Mmano said voting had gone smoothly on Saturday.

University of Botswana sociologist Patrick Molotsi said opposition parties' gains corresponded to a move in the population from rural areas to towns.

Mr. Molotsi and other analysts said government corruption scandals and a slowdown in economic growth were key factors in voters turning away from the BDP.

Political analysts said they expected little change in government policy after the election. "The once pro-Marxist BNP now endorses a free-market economy, as does the ruling party, but has not as yet formulated clear policies," said a Western diplomat.

The government last year introduced major reforms, including floating the shilling, freeing interest rates and removing import and export restrictions.

Under pressure from the World Bank, the International Monetary Fund (IMF) and Western donor nations who underline annual aid of up to $350 million ($297.5 million), the government also abolished price controls on key commodities and liberalised a formerly strict foreign exchange regime.

A World Bank representative in Kenya said that booming world prices meant coffee exports would earn 50 percent more than last year's $250 million ($167.5 million). But he said streamlining state firms was proving difficult and controversial.

The government says it has earmarked some 250 state firms for privatisation, the biggest privatisations Africa has seen since the West began pushing for major reforms four years ago.

Niger leader ousted by vote

NIAMEY. — Niger's new prime minister Abdoulaye Souleye has been voted out just 18 days after he was appointed.

A no-confidence motion in his minority government was yesterday carried by 46 votes to 30. It said the government was no longer able to govern and was incapable of dealing with economic problems.

Mr. Souleye was appointed on September 28 to replace Mahamadou Issoufou, whose Niger Party for Democracy and Socialism (PNDS) defected from the ruling Alliance of Forces for Change (AFC) to an opposition coalition, giving it 48 of parliament's 83 seats.

President Mahamane Ousmane said on Friday that if the opposition won the vote, he would take all steps to ensure stability. — Reuter.

'Somaliland' troops seize control of airport

NAIROBI. — The president of self-declared Somaliland republic said his troops had seized control of Hargeisa airport and were chasing clan militia towards the border with Ethiopia.

Aid officials said 13 foreign aid workers were flown from Hargeisa yesterday to the Red Sea state of Djibouti as a protective measure after sporadic shelling of the city.

"We took the airport at 10am. Our troops have cleaned it out and it is now completely in our hands," President Mohamed Ibrahim Egal said by telephone from Hargeisa.

"The operation to take the airport began at 7.30am and by 9am we had them on the run."
Masire in with smaller margin

GABORONE. — President Ketumile Masire's ruling party won Botswana's seventh elections since independence yesterday, but with a reduced majority.

With six seats still to be announced, the ruling Botswana Democratic Party was declared the winner with 23 seats compared to 10 won by the opposition Botswana National Front (BNF).

The BNF said it planned to seek a government of national unity. — Sapa-Reuters
Botswana still sparkles

BY CLAIRE GEBHARDT

All that glitters is not gold — in fact it's probably uncut diamonds.

Who would have believed that the fastest growing country in the world in the 1970s and 1980s was not one of the newly industrialising economies in East Asia but a small country in sub-Saharan Africa.

Botswana's GDP grew by a mind-boggling annual 14.5 percent between 1970 and 1990, according to the latest World Bank publication on developing countries.

It slowed to an enviable 8.5 percent between 1980 and 1991.

Botswana is the quintessential commodity-exporting economy, relying for 90 percent of its export revenues on one commodity — uncut diamonds.

But the World Bank says Botswana's impressive economic performance is not due solely to the unusual commodity it exports.

It also resulted from careful attention to three things — maintaining a stable macroeconomic environment through the use of prudent fiscal policies; maintaining an aggressive exchange-rate policy that helped export activities; and providing a hospitable policy environment for foreign direct investment.

Cash surplus

For most years during the past two decades Botswana achieved a cash surplus in its budget. The government had no domestic debt and foreign borrowing was almost always on soft terms so that the government's debt-service obligations remained low.

"In good times the government built its reserves, which it then ran down in leaner times. "It's 50 percent holdings of the Debswana Diamond Company and the imposition of royalty taxes on diamond mining contributed to healthy growth in revenues that supported rising expenditures on education, health, infrastructure and an expansion of government services — all while the government was maintaining a budgetary cash surplus."

The World Bank says Botswana was unusual among the Sub-Saharan African economies in making frequent changes to its nominal exchange rate.

This, and its low inflation, meant that its real effective exchange rate remained relatively stable through the 1970s and the early of the 1980s.

It depreciated after 1984 when the US dollar strengthened markedly.

"This aggressive exchange-rate policy kept Botswana competitive in international markets. "Export earnings in US dollar terms grew at almost 18 percent a year between 1978 and 1981 with most of these earnings representing volume, not price, increases."

The rapid expansion in Botswana's export volume was mainly due to an increase in the productive capacity of the mining sector, financed largely by foreign direct investment.

"Moreover, it obtained the latest technology in mineral exploration and extraction and gained entry to international markets on favourable terms for many of its mineral exports."

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R130-m brewery deal in Botswana

The Argus Foreign Service

GABORONE. — In its biggest privatisation deal so far, the Botswana Development Corporation has sold 46 million shares in its Sechaba Investment Company for more than R130 million.

The company will now become a holding company for Kgalagadi Breweries and Botswana Breweries, both of which operate under a management contract with SA Breweries.

Shares will be on sale first to Botswana citizens and residents, then to non-residents from December 16.

Sechaba will become a holding company for 60 percent of both Kgalagadi Breweries and Botswana Breweries. The remaining 40 percent will be held by SA Breweries, which will retain control through its double voting rights agreement.

Chief executive officer of Stockbrokers Botswana Alan Norris said: "BDC must be congratulated on this major planned privatisation of its brewery assets which represents a solid investment opportunity in the long-term."
Recall of tenders impacts on Engen Botswana

Gaborone — The surprise recall of Botswana Railways fuel supply tenders had impinged on the performance of Engen Botswana in 1994, according to its latest annual report.

Managing director Guy White says the contract, to supply an estimated 20 million litres of fuel, could have doubled Engen Botswana’s turnover.

In the annual report to August 1994, chairman Pitsie Smit says the group, which is 70 per cent-owned by Engen of South Africa, confidently expected to win the business.

Our tender was the most competitive. However, for reasons which are still unclear to us, the tenders were recalled.

Subsequently, the business was split between Engen, BP (the incumbent supplier) and Total.

Engen was awarded a contract for approximately 25 per cent of the total amount, but purchases during the 1994 financial year were only five per cent of the expected volume.

Smit has promised shareholders he will continue to obtain clarity on the situation.

Nevertheless, turnover was up from 43,976 million pula in 1993 to 53,192 million pula.

He attributes this to contracts to supply fuel to the government’s Central Transport Organisation in the north of Botswana, and to the Botswana Concessions’ copper and nickel mines at Selebi-Pikwe.

The group’s attributable profit for 1994, after transfer of 1 million pula to the stock profit equalisation reserve, was 26 per cent up, from 2,42 million pula in 1993 to 3,05 million pula.

Earnings per share were 25,4 thebe, against 15,1 thebe in 1993.

A dividend of six thebe has been declared — one thebe up on 1993. — Sapa.
No fireworks likely when Botswana eases controls

WHEREAS the liberalisation of SA's exchange controls is expected to be a pivotal financial event, the easing of Botswana's controls will have a limited effect on SA and Botswana, according to analysts.

The move, however, means non-residents could now open foreign currency accounts in Botswana following the liberalisation of the country's exchange controls, which started on January 1, said the Bank of Botswana.

The Bank said the changes "should make Botswana a much more attractive loco for investment and commercial activity, by making foreign exchange more readily available and facilitating foreign transactions through the reduction or removal of bureaucratic regulations".

Analysts said the move allowed residents to invest outside Botswana. This fact meant SA could enjoy some extra investment in property and equities.

But as Botswana's pension funds could already invest up to 50% of their funds in SA or elsewhere, the new investment would be limited and confined to private individuals.

Individuals would now be allowed to buy shares, property or other investments worth up to 100,000 pula a year, the analysts said.

One analyst said private individuals had previously been able to get money out of Botswana using "very relaxed" travel allowance rules.

"It is basically a formalisation of the status quo," he said.

The Bank said the relaxation of exchange controls would allow residents' global earnings to be taxed.

An analyst said it was likely that the remaining minor restrictions on non-resident investment — which included a limit on the amount of shares which could be held by a non-resident — would be scrapped.

But such restrictions were rarely an obstacle in the country as the Bank of Botswana was usually willing to make exceptions.

"The Bank is not seen as an opponent here."

One said the healthy state of Botswana's foreign exchange reserves — which were equivalent to that of SA — in proportion to its population meant the country could easily afford the move.

The Bank of Botswana's financial statistics last month pegged its reserves at $1,445bn at the end of September. This was equivalent to 30 months of import cover.

"As most of the money circulating in Botswana is from government, the pula didn't budge when they announced the move."

"The pula is a managed currency attached to the rand."

The government's money, derived mainly from diamond sales, was spent mainly on parastatal and infrastructure spending, which was behind the country's 1980s boom.

"This spending then slackened off, but there are signs that government is getting its cheque book out again."
BOTSWANA BUDGET DEFICIT LIKELY

GABORONE — Botswana, considered a rare African success story for almost three decades of stability, could register its first budget deficit this year, a bank official says.

A drop in exports, especially in the leading diamond industry, and a fall in world diamond prices combined to threaten a deficit just two years after a budget surplus of more than $100 million (about R350m), said Mr Lawrence Clarke, deputy governor of the state Bank of Botswana.

"The country's traditional exports, diamonds and beef, did not perform well," Mr Clarke said on Wednesday. "This is likely to force the country to introduce some major cost-cutting."

Mr Clarke said despite the gloomy outlook, there was little cause for deep concern. Foreign reserves and government cash balances could "cushion the situation", while spending cuts would solve the problem, he said.

Despite growing unemployment and complaints of corruption, the ruling Botswana Democratic Party easily won re-election last October.
Botswana students invade parliament
Gaborone — Botswana President Ketumile Masire was whisked away by helicopter yesterday when school pupils and students from the University of Botswana invaded the National Assembly.

But their stay was brief. They were quickly ejected and later armed policemen and soldiers guarded the parliament.

Dr Masire was not harmed and was hurried away by the presidential guard as helicopters hovered overhead.

Earlier in the day rioters were chased into the centre of Gaborone where police beat them with batons.

The students were rioting against what they call police inefficiency in investigation of the murder of a 14-year-old girl, Seemets Mogomotsi last November in Mochudi, about 40 km north of Gaborone.

The students smashed windows at Standard Bank and Barclays Bank and a few businesses.

Four suspects, including the girl's father who is still being held, were arrested for the murder. — Star Foreign Service, Sapa.
Gaborone tense in wake of riots

AN 18-year-old youth was shot dead by police, shops had their windows broken and four cars were burnt out in continuing riots in and around the Botswana capital of Gaborone yesterday. (12)

A number of students and pupils, including a blind boy and a girl of 12, are being treated for injuries after clashes with the security forces.

Unemployed people have joined students and children in mounting barricades amid reports of stonings of cars and attacks on businesses.

With tension running high, further trouble was expected over the weekend. (13)

Defence Force troops and police from the para-military Special Support Group patrolled the streets of Gaborone and Mochudi, about 40km to the north, in the wake of last week's riots by University of Botswana students - ostensibly over the ritual killing of a 14-year-old Mochudi girl, Segametsi Mogo-motsi, in November.

On Thursday, President Ketumile Masire had to be escorted from the National Assembly in Gaborone when it was invaded by students, who later damaged two banks and looted shops in the city before being dispersed with bird-shot and teargas. - Sapa
Ritual murder suspects released

Gaborone reels after three days of riots

Gaborone — Botswana President Ketumile Masire called for calm in the capital Gaborone yesterday after three days of riots which left at least one youth dead and two policemen seriously wounded.

A 24-year-old teacher, Mercy Modimedi, was also in hospital in critical condition after she was stabbed during the riots.

More than 60 people have been arrested, and the University of Botswana has been closed indefinitely following student demonstrations.

Rioting began after suspects arrested in connection with the alleged ritual murder of a schoolgirl, Seiponele Molemele, in Mochudi, 40 km north of Gaborone, were released.

Masire said the suspects were released because of lack of evidence, although the murdered girl’s mentally retarded father was still in custody because he had implicated himself.

The president added that the suspects could be rearrested if more evidence implicating them was forthcoming.

Masire warned that he had instructed police and the army to restore law and order.

"Riots are foreign to our way of life. We will not allow them to take root in our midst lest they become a way of life, as is the case in certain other countries." He accused the rioters of having a hidden agenda, and said their behaviour had nothing to do with the ritual murder of the girl in November.

Since January 25, her former school friends in Mochudi have rioted sporadically after police released three of the four suspects.

Dr Kenneth Khama, leader of the opposition Botswana National Front, also called for calm, but said the closure of the university was unlawful. He demanded the immediate release of detained students unless there were valid charges.

He claimed the people had lost confidence in the government and its handling of the matter.

— Sapa.
Botswana’s shine wears off

There are several historical factors that have contributed to this scenario.

Britain, in the process of transferring power to Botswana, in 1965, established the Legislative Council dominated by chiefs and prominent tribesmen. In 1964, some members of the council who were not chiefs formed the Botswana Democratic Party (BDP), while remaining closely aligned to the chiefs and loyal to the council itself.

When the first election was held in 1968, as expected the BDP party of Sir Seretse Khama, a son of the Bangwato chief, won with a large majority. This was to be the trend throughout the successive six general elections held between 1969 and 1984, albeit the last with a lesser majority.

One of the fundamental problems in Botswana is that despite the constitutional democracy, the government has not been receptive to criticism from civil society. Legislation and other mechanisms available to the state have been used to stifle and restrict civil society.

For example, trade union committee members are not allowed by law to be full-time officers of trade unions. There has been only one official strike in the past 32 years. Other labour unrests, including the one this year, were declared illegal and brutally suppressed.

The government press is subject to constant criticism and threats from government ministers. Some newspapers have been threatened with legal suits while others have had their editors — who happened to be foreigners — declared "persona non grata."

President Ketumile Maile in February this year chided a journalist, Oupa Mokone, of The Gazette, which had run extensive coverage of divisions in the ruling party.

Women's organisations, teachers' unions and church groups have also been accused of being politically inspired by the opposition when they raise grievances on matters that affect them. The paternalistic nature of Botswana's democracy manifests itself clearly when groups try to question government decisions.

Despite criticism from the opposition, a lot of progress has been made in social development programmes. For instance, 85% of the children aged between seven and 13 years enjoy free education. The illiteracy rate has fallen from about 90% in 1965 to about 20% at the present.

Preventive health programmes have also been very successful. Over 70% of the children under five are immunised against common child diseases. Consequently Botswana has one of the lowest infant mortality rates — at 43 in every 1,000 — in developing countries.

The October 1994 general election was a litmus test for the ruling BDP and served as a wake-up call. Since the highest number of seats the opposition has obtained is six — and that was in 1984.

However, last year the Botswana National Front (BNF) obtained 13 in the 40-seat parliament. It is also significant that the boycott of BNP support lies in the urban and peri-urban areas, while the BDP maintains its firm grip on the rural areas.

The BFN won most seats in the main cities like Gaborone, Lobatse, Selibe-Phikwe and Francistown. The opposition made gains in the election by campaigning for the lowering of the voting age from 21 to 18, establishment of an independent electoral commission, introduction of postal voting for the citizens currently leaving outside Botswana and the introduction of a proportional representation electoral system.

These issues are supposed to be normal constitutional provisions in a liberal democracy, but the BDP
For speculators only

Activities: Base metals producer in Botswana.
Control: Botswana government and Anglo American.
Chairman: D J Hudson, MD; B V Stewart.
Capital structure: 17,8m ords. Market capitalisation: R174m.
Share market: Price: 80c, 12-month high, 85c; low, 55c. Trading volume last quarter, 14,000 shares.

Year to December 31

<table>
<thead>
<tr>
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<th>'91</th>
<th>'92</th>
<th>'93</th>
<th>'94</th>
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<tbody>
<tr>
<td>Labour (Pm)*</td>
<td>2,173</td>
<td>2,600</td>
<td>2,254</td>
<td>2,672</td>
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<tr>
<td>Accumulated def (Pm)</td>
<td>1,774</td>
<td>2,207</td>
<td>2,664</td>
<td>2,133</td>
</tr>
<tr>
<td>Turnover (Pm)</td>
<td>261</td>
<td>216</td>
<td>198</td>
<td>264</td>
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<tr>
<td>Metal produced (0000)</td>
<td>37,4</td>
<td>38,6</td>
<td>38,2</td>
<td>38,3</td>
</tr>
<tr>
<td>Earnings (c)</td>
<td>(2,075)</td>
<td>(2,430)</td>
<td>(2,957)</td>
<td>(1,937)</td>
</tr>
</tbody>
</table>

* 1 Pula = R0,71.

This company's only rationale for continued operation is that it provides jobs for nearly 5,000 people, almost all Botswana citizens, and injects some economic life into an area of the country which would be moribund without the mine.

The company will never pay dividends. Year after year, this sad message is faithfully relayed by whoever is unlucky enough to be the current chairman. This time it is Derrick Hudson: "... it is not envisaged that dividends will ever be paid."
The fact is that Anglo American and the Botswana government, which jointly control Botswana RST (Botrest), hold huge subordinated loans; so do the World Bank and the European Community.

Early mining and metallurgical problems forced ever increasing injections of capital — far beyond what the feasibility studies envisaged. Meanwhile, government provided substantial infrastructural access. By the time it became clear the right business decision would be to flee, it was too late.

That aside, the mine operated with conspicuous success last year, producing almost 40,000 t of metal (copper and nickel in concentrate) and realising an operating profit of P36m. Unfortunately, all this is swallowed up by interest charges, royalties and exchange losses. The bottom line is a net loss of P269m, making the accumulated deficit a mind-blowing P3,1bn.

There is a glimmer of light for loan providers, if not for shareholders, in expected price rises for nickel. The London Metals Exchange overhang, which peaked recently at 160,000 t, is in free fall as supplies from Commonwealth of Independent States plunge and demand surges in line with growing stainless steel production. The price is about US$3/lb now but analysts expect this to rise to $4.50/lb-$5/lb — and some optimists believe $8/lb is possible over three to four years.

If this prophecy is fulfilled — and maintained for a while — then Botrest's income will grow exponentially. This kind of spike — last seen in 1983 — could enable it to repay some of those loans. Sadly, this line of argument can't be applied to copper. The market view is that the metal's run is now over, curtailed by perceptions of substantial new production coming on stream from various new mines.

There seems little practical reason to maintain the listing on the JSE. Of course, it does give speculators an easy nickel/copper play at a low entry price. — David Glasser
Tax incentives plan

BOTSWANA was planning to become an international financial services centre which could offer SA companies tax incentives once exchange controls were lifted.

The Botswana Development Corporation has appointed a team, which includes British merchant bank Flemings, to look into the possibility.

An analyst in Gaborone said yesterday this followed the World Bank's recommendation that Botswana reduce its dependence on diamonds by developing as a financial services centre.
Botswana eyes financial role

Gaborone -- Botswana is considering becoming an international financial services centre. A team of experts has been appointed by the Botswana Development Corporation (BDC) and the finance and development planning ministry to look into the proposal, the BDC said yesterday.

The Botswana government believes the country could provide collective investment undertakings and be an ideal regional headquarters of international companies. It could offer selective exemptions from taxation and exchange control regulations.
The end of the road for Botswana’s wild west

The isolated Kalahari Desert of Namibia and Botswana will be opened up by the Trans-Kalahari Highway. DUNCAN GUY of the Argus Foreign Service hitch-hiked the length of the route.

Buitepos — “Tsa-me-aar daa” (Heavy day). “Ko-me-nose aha” (Cold night). “Ela ndi na the po” (Little sex on the road). Namibian road construction worker Gerhardus Coetzee joking as he starts another day on the Trans-Kalahari Highway. His work, with frequently broken, is confined to the Namibian end of the road, where only 2km remain surfaced.

Across the Botswana border, there is still a km of construction to go through this isolated “west end”, where people complain that all development in the country has happened in the east.

Completed

Once completed, in early 1998, Durham and Walvis Bay will be directly linked by tar.

The completion of the road will probably see the end of the legendary cattle treks from the west, across 600km of arid land, to the Botswana Meat Commission abattoir at Lobatse. Already trucks, called “cattle trains”, have reduced much of the trekking on feet.

The road will probably see the end of the legendary cattle treks from the west, across 600km of arid land.

Isolated towns like Kang will have more petrol stations and hotels, and the old border post at Buitepos will be Namibia’s main gateway, operating round the clock.

Life will change radically along the Trans-Kalahari.

“I don’t think people realise it at the moment,” says Deon van Vuuren, pioneer entrepreneur in Buitepos where he has established a petrol station, bungalows and a workshop, and has plans for a truck stop.

Over the border, in Botswana, is a remote farming centre where Cecil John Rhodes once settled Boer farmers among San communities to create a buffer against German South West Africa.

Local entrepreneurs wanting to apply for border sites are still unsure exactly where the T-junction connecting their town to the new road will be.

“T-junction is over or less decided in terms of the alignment,” says Armando Longuan, Botswana’s Permanent Secretary for Works, Communication and Transport.

He adds that it is more tech nearly efficient for the route — a Southern African Development Community initiative — to make the town.

Goeas to the Namibian border, via the T-junction, will be the last leg of the route to be completed.

Botswana will then be a year away from its next national and local elections. The most recent elections, in October, saw remarkable gains by the opposition Botswana National Front (BNF). But the Botswana Democratic Party remains in power, and in the majority on the Gaborone district council, although the number of BNF seats jumped from one to eight last election.

“If the BNP wins, and the road is not yet finished, we shall change its course to follow the existing dirt road through Ghanzi to Francistown,” warns BNP councillor Elia Matsu.

Matsu has stuck to a promise allowing Ghanzi’s poorest of the poor, who could not afford self-help housing units, to claim their own plots of land.

He too is applying for a business site at the T-junction — wherever that will be. “The west has been neglected and so have the minority tribes out there,” Matsu says.

Close to the farmsite at Kang, the Waybide Bar attracts the town’s loggers without too much competition from other watering holes. But that won’t last. Buildings are already going up, including hostels and petrol stations.

Before the town came it was difficult to bring building materials and cement along the appalling dirt road,” says businessman John Khesa.

“We were always even with the government for not developing this side of the country. I think the majority of people stayed in the east because they were scared of living here.”

Matsu says that will change with the expected boom.

MODERN-DAY COWBOY: Rehakale Ramitswe, a “cattle train” driver, with his live cargo in the barren Kalahari.

The Trans-Kalahari Highway will spell the end of cattle drives.

EXPECTING A BOOM: Ghanzi local politician Elia Matsu, who has already unilaterally allocated plots to the town’s poor, says he would like to change the route of the Trans-Kalahari Highway to benefit his town.
Price war, poor demand hurt plant

Soda Ash

Botswana to be liquidated

Mungo Soggot

SODA Ash Botswana, the plant owned by the Botswana government, AECI, Anglo American and De Beers, announced yesterday it had applied to the Botswana High Court for liquidation.

AECI, responsible for managing the plant, which has cost more than R1bn, said the liquidation would not have a material effect on AECI's results. AECI had already provided R50m for Soda Ash's losses in its year-end statement in December. This would cover AECI's obligations to creditors and the cost of liquidation, AECI finance director Neale Azelson said.

AECI, which has a 26.5% stake in Soda Ash, had put R237m into the plant. The Botswana government has a 46% stake and Anglo American and De Beers 12.5% each.

AECI MD Mike Smith said that Soda Ash had been hit by declining demand for soda ash since 1990, by a fierce price war and by escalating fixed costs.

Analysis said Soda Ash had faced stiff competition from cut-price imports from the US. Soda Ash has in the past accused US producers of dumping, naming world leader American Natural Soda Ash as the major culprit.

AECI's executive director, Johnny van Leeuwen, said the slump in demand for soda ash — used in detergents and for making glass — had begun when the company came on line in 1991.

The plant, which is a major feature of Botswana's diamond-dominated economy, employs 566 people. Botswana has one of the biggest soda ash deposits in the world.

Smith said the company stakeholders had been negotiating a restructuring and refinancing package for the plant with the Botswana government and the company's bankers since the last quarter of last year, but could not settle on a solution which suited everyone. "The shareholders are not prepared to continue bearing the full burden of providing financial support for the company at these levels."

Smith said the combination of circumstances which had affected Soda Ash were "beyond the reasonable expectation of shareholders" in 1998 when the venture had been approved. Since it had come on line the plant had been downscaled, "but not enough", and it remained unviable.

The company's cash shortfall was R137.2m in the year to December 1994 and it had budgeted for a further shortfall of R223.3m for the year to December 1995.

Smith said the plant, which had benefited from import protection, had had about 75% of the SA and neighbouring states' soda ash market. It had not been set up with the export market in mind. The liquidator would probably be appointed on Friday. He did not know whether the liquidator would sell the plant or shut it down.

The Botswana government had, for some time, indicated it wanted to reduce its stake in the ailing operation, he said.

"Smith's predecessor, Mike Snitter, said last year Soda Ash's performance had shaved 18c a share off AECI's earnings. AECI's share closed yesterday at R80.50 from a previous R80.75."
Soda Ash Botswana files for liquidation

BY JOHN SPIRA
CHIEF BUSINESS WRITER

Soda Ash Botswana (SAB) is to be liquidated. At stake are more than R1 billion and nearly 600 jobs.

AECI, the major private shareholder in the project — the others are Debevoise and Anglo American Corporation — and SAB yesterday announced that the board of the company had passed a resolution for its liquidation. It is applying to the High Court in Botswana for the appointment of a liquidator.

According to AECI: "Following discussions between the shareholders and lenders of SAB regarding the long term viability of the company, a decision has been taken to apply for the liquidation of SAB. This decision was taken with regret after all other options had been pursued."

The Botswana government has a 48 percent stake in the company and, should the liquidators decide to close the operation, the effect on the country's economy could be severe.

Since it started operations in 1991, it has consistently incurred operating losses and has required substantial financial assistance from shareholders.

AECI said previously its financial under-performance was the result of a structural and cyclical decline in demand for soda ash since 1990 and a cost structure that had risen to unsustainable levels.

"This combination of circumstances was beyond the reasonable expectation of shareholders in 1988, when the venture was approved," said AECI.

The costs it would incur as a result of liquidation would not differ materially from the provision it had made for such an eventuality in its 1994 accounts.

The liquidation of SAB would not effect this year's financial results, AECI said.

The company was initially financed via R320 million in equity and R600 million of debt.

The Botswana government has also ploughed substantial sums of money into the company.
AECI moves to liquidate SABot

BY JOHN SPIRA
BUSINESS EDITOR

Soda Ash Botswana is to be liquidated. At stake is more than R1-billion and nearly 600 jobs.

AECI, the major private shareholder in the project (the others are Dehoff and Anglo American Corp), and Soda Ash Botswana yesterday announced that the board of the company had passed a resolution for its liquidation.

It is applying to the High Court in Botswana for the appointment of a liquidator.

In a statement AECI said that following lengthy discussions between the shareholders and lenders of Soda Ash Botswana regarding the long term viability of the company, a decision had been taken to apply for the liquidation of SABot.

"This decision was taken with regret after all other options had been intensively pursued."

The government of Botswana has a 48% stake in SAB and, should the liquidators decide to close the operation, the impact on the economy of the country could be severe.

Losses

Since it started operations in 1981, SABot has consistently incurred operating losses and has required substantial and ongoing financial assistance from shareholders by way of interest free loans and other financial support.

SABot’s cash shortfall was R106-million (R143-million) in the financial year to December 31 and a further shortfall of R171-million (R331-million) had been budgeted for this year, AECI said.

AECI has on several past occasions noted that SABot’s financial underperformance had been the result of a structural and cyclical decline in demand for soda ash since 1980, along with a cost structure that has escalated to unsustainable levels.

It now observes: “This combination of circumstances was beyond the reasonable expectation of shareholders in 1988, when the venture was approved.”

AECI says the costs it will incur as a result of liquidation will not differ materially from the provision it has made for such an eventuality in its 1994 accounts. Accordingly, the SABot liquidation would not have an impact on the current year’s financial results.

SABot was initially financed via R320-million in equity and R600-million of debt.

In addition, the Botswana government has ploughed substantial sums of money into it in the form of supporting infrastructure.
Soda Ash millions up in smoke

SHAREHOLDERS and bankers in Soda Ash Botswana must be sitting on the edge of their seats, hoping their R1.3-billion investment does not turn into a ghost town "in the middle of nowhere".

An application has been made to Gaborone's Botswana High Court to liquidate Soda Ash Botswana. The project, owned by the Botswana government (49%), AECI (26.5%), De Beers (12.25%) and Anglo (12.25%), was set to replace southern Africa's imports of soda ash and was hailed as one of the region's most important economic projects.

The project cost R320-million, of which R60-million was funded through interest bearing loans.

The project's main lenders are First National Bank, UAL, Standard Bank, Barclays Bank of Botswana, Barclays Bank plc and Standard Charter of Botswana. Further investments were made by Botswana's government in related infrastructure.

According to AECI, the decision to seek liquidation followed lengthy discussions between shareholders and lenders regarding Soda Ash Botswana's long-term viability.

Operational since 1991, Soda Ash Botswana has incurred losses, requiring financial help from shareholders via interest-free loans and other support. Its cash shortfall was P166-million in the financial year to December and a further shortfall of P171-million was expected for the same period to December this year.

AECI says Soda Ash Botswana's woes stem from a structural and cyclical decline in demand for soda ash since 1990, accompanied by a cost structure that has escalated to unsustainable levels.

Another factor has been a fierce price war. Previous international suppliers to South Africa have had to deal with poor global conditions, as well as a new southern Africa competitor, and responded by dropping prices and increasing volumes.

Soda Ash Botswana has accused US producers of dumping, naming American Natural Soda Ash as the major culprit. Even during the plant's construction, a US supplier proved at being squeezed out of the SA market, cut its credit terms to its SA agent, AECI's subsidiary Chemserve, from 150 days to 30 days. Chemserve had been appointed to market Soda Ash Botswana's product in South Africa.

At the time, Soda Ash Botswana's management thought it had underestimated regional demand by 50,000 tons. The plant was expected to produce 300,000 tons annually but demand last year slipped to about 230,000 tons.

Soda ash is used in making detergents, glass, pulp, paper and various bleaching agents. It is also involved in vanadium extraction and processing.

The liquidation application comes at a time when demand in southern Africa is hardening even though prices are not.

In its last financial year, AECI made a R585-million provision for Soda Ash Botswana. Yet there was talk of recovery and an upgrade. And, just last month, the Botswana government denied a newspaper report that it planned to close the project.

As recently as March, the SA Board on Tariffs and Trade decided to maintain a 10% duty on soda ash to help the company.

The liquidator was expected to be appointed on Friday. Given market conditions and Soda Ash Botswana's huge debt, it will not be easy to save R1.3-billion worth of infrastructure. The plant was constructed in the remote Sua Pan, about 180km from Francistown.

The Botswana government built a railway line and provided water, electricity, access roads and about 600 houses for the 3,000 people who live there.

Those not employed by Soda Ash Botswana supply support services to the plant and its workers.

Because overhead powerlines would have interfered with the flight path of flamingos, R58.5-million was spent on an underground electrical system.

Zilla Efrat
Millions 'lost' by Soda Ash creditors

GABORONE — Spoornet, which is owed 3 million pula (R2.5m) by Soda Ash Botswana, now in provisional liquidation, has refused to carry further consignments from the plant pending negotiations with the liquidator.

On Friday three Botswana banks, two of which are said to have lent money to Soda Ash, and a third which is a subsidiary of a SA bank involved in the venture, lost market capitalisation of 12.65-million pula as the Botswana share market closed.

Barclays was bid down 6.2%, losing 8.5-million pula; Standard Chartered was bid down 2.4%, losing 2.9-million pula; and First National, a subsidiary of FNB SA, was bid down 1.25%, losing 1.3-million.

Soda Ash MD Len Larson at the weekend blamed a high interest burden for causing the company's failure.

Mineral resources and water affairs ministry spokesman Blackie Marole said the total unsecured exposure by lenders to Soda Ash could be as high as 150-million pula, while the Botswana government was facing costs of 550-million pula

Soda Ash, which is owned by the Botswana government, AECI, Anglo-American and De Beers, applied for liquidation last week. — Sapa.
SA GLASS-MAKERS relying on Soda Ash Botswana, which was put up for provision-

cal liquidation last week, expect to know on

Thursday whether the plant will close and

force them to find other soda ash sources.

PFG-Building Glass MD Keith Luyt said

SA glass makers — including Consol and

PFG which were Soda Ash’s main buyers

— had met AECI and Chemserve, Soda

Ash’s import agent, and agreed to stick to

existing contracts. The glass makers

would reassess the situation on Thursday

when the liquidators’ preliminary decision

was due on whether to keep the plant going

for a future sale or close it.

The liquidators are Vorster Pereira and

Gaborone-based KPMG Allin & Peat.

Luyt said PFG, which sourced all its

soda ash from the Botswana plant, would

carry on buying from the plant while it

operated — which was slightly cheaper

than using other imports. Consol Glass MD

Dave Spindler said Consol bought its soda

ash from many sources.

Spornet yesterday qualified a report

that it had refused to carry further con-

signments from the plant pending negotia-

tions with the liquidator. A spokesman said

it would carry soda ash for the plant’s

clients’ accounts if Soda Ash Botswana

paid in advance. Sapa reported that Soda

Ash owed Spornet R2m.
Gaborone — A newspaper yesterday alleged that Botswana was pushed by the South African government, De Beers and Anglo American into investing in the failed Pula 900 million (about $88 million) Soda Ash Botswana.

"In 1985, South Africa was desperately looking for friends in black Africa to prop up its apartheid government. The presence of the then foreign minister, Pik Botha, at the official opening of the plant was evidence of South Africa's interest in the project, as was the Southern African Customs Union agreement to protect Botswana soda ash from cheaper imports from the United States," the Botswana Gazette reported.

"We also know that the agreement between the government and the De Beers diamond cartel was up for renewal and De Beers was anxious to tie down Botswana's production of diamonds.

"The government is totally ill-equipped when it comes to international trade. We cannot help asking whether Anglo American and De Beers, which so dominate the Botswana economy, are not just fair-weather friends."

"Shareholders in Soda Ash Botswana are the Botswana government with 42 percent, and three South African companies: AECI has 25.5 percent and AAC and De Beers: via Anglo American Industrial Corporation, 25.5 percent. Anglo American has a controlling interest in AECI.

The liquidators were meeting yesterday with Soda Ash shareholders and the company's bankers in a bid to keep the plant running for 90 days to find time for a buyer."
BOTSWANA SODA ASH

Down but not out

The chances of stitching together a deal to rescue Botswana Soda Ash from liquidation appear to be receding. However, Johannesburg-based joint liquidator Laurie Pereira says there's no possibility the highly sophisticated, R2bn investment on Botswana's Sua salt pan will cease operations.

The contradictions are easily explainable: on one hand, lengthy discussions between the private shareholders, the Botswana government and the lending banks failed to produce an acceptable solution. Since resolution of the problem lies firmly within this grouping, quite why they should now produce the rabbit from the liquidation hat is a puzzle. On the other, the liquidators will want to keep Soda Ash in operation as a going concern for as long as possible: this will make it much easier to sell than if it's in mothballs.

Soda Ash was originally commissioned in 1991 at a capital cost of about R1bn, much of which was supplied through loans provided by a consortium of banks which include First National, Standard, UAL, Standard Charter Botswana and Barclays Botswana. About three-quarters of these were guaranteed by shareholders, including the Botswana government; the balance is unsecured. This doesn't include large sums devoted by government to the provision of infrastructure.

The liquidation of Soda Ash clearly took the banks by surprise. Discussions between the shareholders began late last year to find ways of extricating the company from the classic investment trap: Soda Ash came into full production just as world prices fell and SA's recession took hold. Since then, Soda Ash's costs have escalated at a rate roughly in line with inflation, much of it of a fixed nature as the company renews government's infrastructural capital

About two months ago these talks were expanded to embrace the banks. One of Soda Ash's problems is that though it still returns a negative cash flow at the operating level, it was also required to meet interest payments and the redemption of loans. Shareholders were required to subsidise the shortfalls from their own resources.

AECI MD Mike Smith says the problem was in producing a package which satisfied the requirements of every party. Eventually it proved an impossibility. That's when the shareholders, the Botswana government (48%), AECI (26.5%), Anglo and De Beers (12.75% each) called it a day.

If there is any criticism, it is that the private shareholders didn't sing the company's distress louder and earlier.

AECI has provided a total of R305m as write-offs: this includes R237m invested in the plant and further amounts to cover AECI's share of continuing losses.

Soda ash is produced internationally, principally in Europe, the US and Australia either from natural sources or chemically. The Botswana material was considered world class but it had to compete under hostile circumstances: long distances from its major users coincided with dumping by those companies which previously supplied SA and wanted to retain the market at a time when world demand was slumping.

More recently, Kenyan producer Magadi, part of the Australian-controlled Pencro group, has been actively capping SA domestic prices. Ironically, with Soda Ash's supplies now under threat, local consumers will scramble for product and will probably be forced to pay premiums over the prices which would have ensured Botswana Soda Ash's viability.

They put a brave face of it though: customers like Consol, PPG Building Glass and Metal Box Glass say they are not that concerned, either they have sufficient stocks or they can easily switch to external supply sources. The estimate is that there is probably about six to seven weeks of soda ash either in stockpile or in transit.

The immediate problem facing the liquidators is how to keep Soda Ash in operation. There are always problems associated with mothballing metallurgical processing plants — principally that they often require major expenditure on rehabilitation. Another feature is that it is easier to attract potential buyers to a going concern. Clearly, the liquidators will look to the banks to provide bridging finance; as the FM went to press no-one was prepared to comment on this aspect.

Aside from the money lost — and about which there will be subsequent post mortems — it is the Botswana government which inherits the biggest headache. What it won't want is a moribund town and railway system with nowhere to go. That suggests it will seek to keep the operation intact, perhaps with an international partner, though it is noticeable that the global majors have kept their distance.

David Glass

Agriculture

Spade work

The White Paper on Agriculture, released this week, is an attempt to merge the policy interests of the commercial (largely white) and small-scale or subsistence (largely black) farming communities.

It draws a distinction between past policies aimed at food self-sufficiency and the current social policy needs. But the paper evades the trap of using the market and pricing mechanisms to support the indigent.

While it sets out to promote policy goals at both national and provincial levels, the paper basically remains an open-ended. But, as could be expected in the new political dispensation, the paper is heavily weighted in favour of social and developmental considerations. Commercial farmers can therefore prepare themselves for a less than helpful attitude regarding their financing pleas of the past, as the new policies will be heavily focused on the needs and demands of small-scale farmers.

While farmers would still be able to count on a helping State hand in the case of climatic and other disasters, this would exclude the "normal" drought relief assistance of the past, as farmers now have to factor this in as a normal farming risk for which they have to make provision.

The wide-ranging document is the result of a "dynamically inclusive" process of deliberations, merging the policy views contained in the previous government's White Paper, the ANC's agriculture policy document and inputs from the land and Agriculture Policy Centre.

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Angola’s plan to cut inflation

Lisbon — Soaring inflation in Angola is blocking an economic restructuring agreement with the International Monetary Fund.

In an interview with Portugal’s Diario de Noticias newspaper yesterday, Augusto Tomas, finance minister, said inflation, running at a monthly average of 40 percent, was the stumbling block to implementing the IMF deal.

"The fight against inflation is one of our fundamental goals. We aim to reduce public spending, set credit limits and readjust interest rates," he added.

Tomas has said he hopes to meet IMF officials in Washington in July or August to discuss the reconstruction of Angola’s war-ravaged economy. The country is 80 percent dependent on foreign imports to feed its population of 10 million.
Botswana seeks ILO help: Botswana has asked the International Labour Organisation to help it with a survey into the introduction of a national old-age pension scheme. There are few government social benefits in Botswana and old-age pensions were promised by the ruling Botswana Democratic Party during the elections last year.
Construction begins on Botswana casino complex

BY ROSS HERBERT

Construction on a casino complex at the Gaborone Grand Palm Hotel and Casino Resort in Botswana will begin this month, said Global Resorts Management, which took over management at the weekend.

Chief executive Ernie Joubert said the organisation intended to "seek casino licences in all nine provinces in South Africa and become a major player in the casino resort sector."

However, because of delays in the legislation and licensing of South African casinos, Joubert said the group had moved its plans ahead and would launch casino operations in the rest of Africa.

The casino is scheduled to open by the end of the year. The Protea group will manage the hotel.

Jackson Mphafudi has been appointed chairman of Global Resorts South Africa (GRSA). He also is chairman of Matla Leisure Holdings.

"It is my ambition to help GRSA not only achieve a substantial stake in the South African casino and tourism industry, but also to emerge as a truly global player," Mphafudi said.

GRSA and Matla will work together to encourage black ownership and employment in the casino and tourism sector.

Moss Ngwenya, the acting chief executive officer of the National Tourism and Environment Development Initiative, has also been appointed to the GRSA board.
Drought more than lack of rain

Caitlin Davies in Francistown

At the end of every important occasion in Botswana, comes the rallying cry "Pula".

Pula is the name of Botswana's currency, but on these occasions, people are not calling for money; they are calling for rain — the meaning of pula in the local Setswana language.

And in February the rains did come. But it was a case of too much, too late. A two-day downpour left 10 people dead in Palapye, central Botswana, and more than 1 000 homeless in Masemongela in the northeast.

Most of Botswana is covered by the Kalahari Desert. Kalahari is a corruption of the local name Kgalaagadi, meaning the Great Drying Up or the Great Thirst. Despite the February floods, the "great thirst" is here again.

The result is drought, water restrictions, the suspension of development projects and severely threatened wildlife.

January rainfall was "much below average" and cumulative rainfall from October 1994 continued to be "deficient", say the meteorological services.

The country is drier than during the previous two planting season. Crops planted early were devastatingly affected by the October to January dry spell. Most either failed to germinate or soon died.

About 70 percent of Botswana's 1.3 million people depend on the land, growing sorghum, millet, beans, melon and vegetables.

The planting season normally begins with the rains in November, but by January, many farmers in the north-east had done nothing because of lack of rain. The area was already threatened by a serious drought.

In Boteti in the north, villagers say this year's drought is the worst since the 1930s. At Sekeka, further east, nothing was planted. Elsewhere, the only crop was watermelon, most of which has been eaten by now.

Botswana needs 122 000 tons of maize annually. There is about 20 000 tons in stock, says Montsho. The shortfall of 98 000 tons has to be imported, mainly from neighbouring South Africa.

Last year sorghum was imported from as far away as Italy.

"Thirty years ago we ground our own sorghum," says one farmer.

"These days we rely on our young employed people (relatives) with cash to buy us sorghum from shops."

Whenever there is a drought, farmers — mostly women — suffer.

"The men plough for us long after they have ploughed their own fields, and then it is already very late," says Rose Masogo, a farmer.

"After ploughing," adds Limo Kamwi, "the men hire us to weed their fields. As we need the money, we have to accept their pay. We go out to weed their fields and little time is left for our own fields."

"Then we do not have transport to carry our harvest home, and again we have to hire the transport from men, says Mashama Mangala, another farmer.

"While male politicians blame drought for food shortages, women farmers fault the whole structure of agriculture."

Botswana has about 276 000 households, and almost half are headed by women, says the 1991 census. They depend on agriculture, although they do not own land.

The majority of women marry under a community of property, which means legally they can't get title deeds. They don't own cattle and have limited access to markets.

Credit programmes often require self-contribution or security, which most women don't have. Married women, meanwhile, can't get credit without their husbands' help.

The women's group, Emang Basadi, warned last year that if women are not involved in planning and implementing agricultural projects, basic food production will continue to decline. — AIA
Soda Ash Botswana expects purchase offer

Michael Urquhart (12) 80132 1988

AN offer for the purchase of Soda Ash Botswana was expected by July 21, provisional liquidators said yesterday.

Joint provisional liquidator Laurence Pereira said an offer, the only one received so far, would be made to purchase the plant, assets and business of the company as a going concern.

The liquidation of the company, jointly owned by the Botswana government (49.5%), AECI (28.5%) and De Beers and Anglo American (12.5% each), was announced at the beginning of last month.

It was placed in liquidation after declining demand for soda ash coupled with escalating fixed costs led to continued losses. A rescue plan negotiated with the Botswana government had fallen through, and shareholders had bailed at continuing to cover the company's losses.

Although Pereira would not reveal who the prospective purchasers were, or the terms, he said they were looking at taking over the company as a going concern and restructuring it.

The offer would be submitted to the creditor banks, which had a right to all the company's plant and other assets. Should the offer be considered insufficient, negotiations would have to take place to determine an acceptable price.

In a statement yesterday the liquidators said they expected the sale of the plant to be completed before the next meeting with shareholders and creditors.

At a meeting with creditors earlier this week, the liquidators indicated they were satisfied with results for June, and directed creditors to continue operations for July.
Hyundai asks for time

BY ROY COCKAYNE
PRETORIA CORRESPONDENT

Bilateral negotiations are currently taking place between Botswana and South Africa about extending the two-year dispensation granted to Hyundai Motor Distributors (HMD) to allow it to convert its Botswanan facilities to comply with new customs regulations.

The new regulations, which were effective from April 1 this year, closed the loophole that allowed motor vehicles to be imported into the Southern African Customs Union under full rebate without any major investment in plant or employment.

Hyundai projects manager Les Watson said it was difficult for a company to achieve CKD manufacturing when it had to build a facility from inception.

He confirmed the company had submitted a business plan to the Botswana authorities in terms of which 100-million pula (R130-million) would be invested to convert its semi knocked down (SKD) car assembly operation to supply vehicles from completely knocked down (CKD) kits.

But Watson stressed Hyundai as a company — and not its SKD facility — would convert to CKD manufacturing.

Watson said the plan was to build a totally new CKD plant from inception in Gaborone which, because of the demands of CKD, would be six times larger than its current SKD premises.

Converting to CKD means Hyundai will have to introduce several new production processes and activities. These include such things as welding jigs, an expensive paint shop and trim section for finishing the inside of vehicles.

In terms of the business plan, the first CKD vehicles should be off the assembly line in 1999.
Soda Ash
awaits sale
(12) CT(BR)13/95

BY DEBRA TOMSBEY
MINING EDITOR

The provisional liquidators of Soda Ash Botswana are expected to finalise the sale of the company as a going concern by early next month.

Soda Ash Botswana's shareholders are the Botswana government, which has a 48 percent stake, and three companies in the Anglo American group, which hold the remaining 52 percent.

The provisional liquidators — Laurence Peveris and Thomas J Piper — said last night they had been informed that an offer to purchase the assets and business of the company would be submitted by July 21. As soon as they had received the offer they would submit it for consideration to the bank's creditors in whose favour the plant and all the assets of the company were encumbered.

Should the provisional liquidators and bank creditors consider the offer too low, negotiations would begin so that an acceptable price could be determined.
Botswana in talks with SA on Hyundai venture

ROY CORANNE

Negotiations are under way between Botswana and South Africa on extending the two-year dispensation granted to Hyundai Motor Distributors to allow it to convert its Botswana facilities to comply with new customs regulations.

The new regulations, which were effective from April 1 this year, closed the loophole that allowed motor vehicles to be imported into Southern Africa Customs Union countries under full rebate without any major investment in plant or employment.

Les Watson, the projects manager at Hyundai, said it was difficult for a company to achieve completely knocked down manufacturing when it had to build a facility from inception.

He confirmed the company had submitted a business plan to the Botswana authorities in terms of which 100 million pula (R130 million) would be invested to convert its semi-knocked down car assembly operation to supply vehicles from completely knocked down kits.

But Watson stressed Hyundai as a company — and not its semi-knocked down facility — would convert to completely knocked down manufacturing.

He said the plan was to build a new completely knocked down plant from inception in Gaborone which, because of the demands of the operation, would be six times larger than the company's current semi-knocked down premises.

Converting to completely knocked down meant Hyundai would have to introduce several new production processes and activities. These included welding jigs, an expensive paint shop and a trim section for finishing the inside of vehicles.

In terms of the business plan, the first completely knocked down vehicles should be off the assembly line in 1999.

But Watson said the company would do its best to work within the two-year exemption period if an extension to this exemption was not granted.

"That is a bridge we will cross when we come to it," he said.

Watson said Hyundai now produced about 1,400 passenger vehicles a month with about 90 percent of them destined for the South African market.

He said the plan was for production to increase to 2,500 units a month when the completely knocked down facility came on stream in 1999. The new facility would also create more jobs.

Watson said Hyundai would employ about 720 people when the completely knocked down facility came on stream, compared to the current workforce of 452. "We are the biggest private industrial employer in Botswana, which obviously has some meaning to the Botswana government," he said.

Watson said Hyundai would continue to oppose the new completely knocked down definition.

The company said the implementation of this definition was contrary to the requirements of the General Agreement on Tariffs and Trade to which South Africa was a signatory.

"We are still pursuing our opposition to this definition with the customs union through the Botswana government. But I can't comment any further on it because we don't know what the future holds," Watson added.
Botswana, Anglo may buy Soda Ash

Mungo Seegot

THE Anglo American group and the Botswana government could buy back Soda Ash Botswana, which they put up for liquidation last month, sources said yesterday.

Some combination of the original stakeholders in the project — which included Anglo American, chemical company AECI, De Beers and the Botswana government — would bid for the operation.

It appeared that without a hefty debt burden — which would be wiped out with the liquidation — the operation, which started up in 1991 just as soda ash prices dived, could work, especially since prices were rising. Furthermore, demand in SA — which bought about 90% of its product — was picking up. "It looks as if they are going to go back and buy it off the chopping block, which is a very nice way of getting rid of the debt," said one source.

AECI had a 26.5% stake in the operation and Anglo American and De Beers 12.5% each. The Botswana government had a 48% stake. The operation is estimated to contribute 5% to the diamond-dominated country's GDP.

The shareholders applied to the Botswana High Court for liquidation last month. The company was then put into provisional liquidation. Joint provisional liquidator Laurence Pereira said last week he expected an offer to buy it as a going concern by Friday.

There was no comment yesterday from AECI, Chemserve (which imported Soda Ash's output into SA), liquidators Vorster Pereira or the operation's main creditor, First National Bank. PFG Building Glass, one of Soda Ash's main customers, said its main concern was the reliability of supply from Soda Ash. PFG MD Keith Luyt said he would want "a lot more commitment on reliability and security of supply".

When AECT — which according to industry sources would probably carry on managing the operation even if someone else bought it — announced the move to liquidate the operation, it blamed declining demand for soda ash, escalating costs and a fierce price war. It had provided R386m for Soda Ash's losses in last year's accounts. It was reported that Soda Ash's liabilities amounted to about R700m.

Another source said it appeared that the American Soda Ash Corporation (which was one of Soda Ash's fiercest competitors) and which had expressed interest in the operation, would not bid for it.
Debswana agreement

DEBSWANA Diamond Company had reached agreement with the Boiswana Mining Workers' Union on wages and conditions of employment, it said yesterday.

A 7.5% wage increase across the board and an individual performance award of 2% would be paid retroactively from April 1.

8/21/95
Anglo to bid for bust Soda Ash Botswana

BY ANDY DUFFY

Anglo American and associates De Beers and AECl are bidding for Soda Ash Botswana less than a month after putting the troubled business into provisional liquidation.

The companies — which together had held 51.5 percent of the company — tabled their bid late last week and said they expected an announcement early this week. The other Soda Ash shareholder, the government of Botswana, has made clear it would also bid.

Anglo American refused to detail its proposals or say whether the deal would fully cover the plant’s liabilities, which stand at R1.3 billion against R1.1 billion of book assets.

But an Anglo American spokesman said the group hoped to persuade creditors, including the main victim First National Bank, that any deal was preferable to the company’s failure.

“There must be a better solution than winding the thing up,” the Anglo spokesman said.

Soda Ash Botswana has made losses for its shareholders for a long time. Discussions are going on and these issues are being dealt with.

Liquidator Laurence Pereira said the business would be sold as a going concern. He said Soda Ash Botswana was not insolvent on book value, given the shareholders’ total R315 million investment in it.

There was only one bid on the table and he could not say whether creditors would recoup their losses.

“There is no deadline for bids but we’re under pressure from the customers. The banks want this resolved. I believe there will be an announcement this week,” he said.

The deal is likely to be seen as a sharp move by Anglo American.

The ABCI-managed plant had gone down under the burden of rising costs and falling demand. Cleared of its bank debt, the operation could exploit a recent recovery in demand.

First National Bank, in which Anglo American has a 26.1 percent stake, refused to comment, but said it did not expect an announcement until next month.
Anglo, Botswana bid for soda ash plant

Mungo Sogget

The former shareholders of Soda Ash Botswana — the Anglo American group and the Botswana government — were the only bidders for the provisionally liquidated company and the bid results were expected by Friday, sources said yesterday.

Liquidator Vorster Pernel said the parties involved remained locked in negotiation and an announcement was expected towards the end of the week.

Anglo American and the Botswana government have confirmed that they are bidding for the operation. Sources said it appeared the plant's creditor banks held the key to the "fine tuning" of the former shareholders' bid.

Anglo American's AECL, which operated the plant, had a 26.5% share. Anglo American and De Beers 12.5% each and the Botswana government 40%. When they put it up for liquidation, they blamed escalating costs and low soda ash prices. Soda ash is used in glass and detergents.

Reports have said liabilities total about R760m. Analysts said with a reduced debt burden the operation was viable.
With the deadline for acceptance of an offer to buy Soda Ash Botswana’s assets out of liquidation barely 24 hours away as the FM went to print, a self-imposed censorship was imposed by most of those involved.

Anglo American Corp financial manager David Fish confirms that Anglo, De Beers and AECI, together with the Botswana government — in other words, all Soda Ash’s shareholders — have made an offer to buy the assets but not the company.

Fish won’t disclose the terms other than to say that a small premium has been offered over the amount which shareholders believe the creditors would receive if the plant is broken up and sold out of hand.

It isn’t possible, with this scant information, to calculate the eventual payout.

Asked to comment, joint liquidator Laurie Pereira’s hasty response is: “Look, I’m under an embargo. It is very complex and involved. The negotiations which are going on right now are delicate and I certainly wouldn’t want to say anything which might jeopardise their success.”

Soda Ash was put into liquidation by its shareholders at the end of May after extensive negotiations failed to produce a solution to apparently intractable financial difficulties, most related to the costs of servicing large loans. Capitalisation was 236.7m pula, of which accumulated losses left only 20.7m at liquidation.

A further P408m was contributed by shareholders in the form of loans. In addition, a consortium of banks granted P367m in secured loans. Fish says the final position is that there are loans of R458m guaranteed by shareholders and a further R140m non-guaranteed.

The deal has all the marks of a classic squeeze, with shareholders liquidating the company and returning to pick it up at a bargain basement price, debt-free. Angry letters to the daily press testify to this perception.

But Soda Ash’s troubles began when the project was initiated. It was premised on a rapidly depreciating rand, high inflation and continued economic expansion. The rand fell but not at the rate expected, inflation soared and southern African economic growth went into reverse; the world economy softened and increasing quantities of soda ash were offered at ever-lower prices.

Soda Ash was bound by local transport charges, indexed to soaring inflation.

Discussions among shareholders last year were expanded in March to include the lending banks. These include First National, Standard, UAL, Standard Chartered Botswana and Barclays Botswana. Shareholder representatives were at pains to explain that transport costs make Soda Ash cash-negative even at operational level; when interest charges are added, the load on shareholders is unbearable. “As it turned out,” says Fish; “we were selling transport — not something we wanted to hold in.”

It is possible, with hindsight, to criticise the decision to undertake the project.

But that’s crying over split milk. For now, the issue is how to rescue the situation.

Insiders say Anglo American Deputy chairman Leslie Boyd played a leading role in structuring the time-limited bid which, even if unsuccessful, will keep shareholders “in touch” with the lending banks.

Fish discloses that shareholders have resolved to stand ready to pay employees fully if the banks reject the proposal. “And we will also assist trade creditors not allied with shareholders if the offer is accepted,” he adds. This is a pretty cunning way of pressuring the banks.

However, if the proposal is accepted, the new company to be formed to own the assets will be held equally by the Botswana government and the Anglo grouping.

Pereira confirms the offer by shareholders, the only one to come out of many previously interested parties, is time-limited. “But I’m convinced,” he adds; “it will be extended. I am really hopeful of success. I keep saying this operation is much bigger than any of the parties. There’s a town out there (at Suu Pan) with 3,000 people dependent on Soda Ash for their livelihood.”

Pereira’s statement of the obvious is understandable. Unfortunately, hard economic realities may get in the way.

David Gicusa

SARDANA BAY

Slick move

Opponents of the R4.7m mini steel mill at Saldanha Bay have been thrown into disarray following the disclosure that the Strategic Fuel Fund (SFF) is set to conclude an agreement with Iran to store 15m barrels of oil at the bay’s storage facility.

The environmentally sensitive steel mill issue is being probed by a commission headed by Judge Jan Styn.

A surprised Steyn says “we find it an extraordinary state of affairs” that the public had not been involved in the decision to hold oil at the strategic storage facility.

But SFF GM Kobus van Zyl says the deal received Cabinet’s blessing last September.

He adds government was kept fully informed of the negotiations with Iran.

The increased oil tanker traffic might, in fact, take some of the heat off the environmental focus on the steel mill — especially as it might now be seen as the lesser risk to the bay’s sensitive waterfowl areas.

The mill — a joint venture between Iscor and the Industrial Development Corporation (IDC) — poses no risk to the environment. It is a myth that it poses a threat to the bay’s ecosytems,” says IDC MD Carel van der Merwe.

“All necessary steps have been taken to ensure that the proposed steel mill will produce no pollution, no smoke and no liquid effluent at all. I would have thought that the movement of oil tankers in the bay would always pose some risk.”

Meanwhile, Iscor MD Hans Smith says all activities at the site of the proposed mill will stop unless the commission reaches a favourable conclusion by mid-August.

The reason is that the mini-mill — design capacity 1.2Mt hot rolled coil a year — will take three years to reach full production. Unless the first sod is turned in time, the export-dedicated plant will miss the current upturn in global steel markets.
AECI may lower Soda Ash stake

AECI, Anglo American's chemical business, was likely to cut its stake in the resurrected Soda Ash Botswana in a deal which would allow the original shareholders to bag its assets at a substantial discount, sources said yesterday.

It appeared AECI would reduce its exposure to the operation in the new company to be formed, they said. AECI had opted for a smaller stake than its original 40%, while the other original shareholders — De Beers (25%), Anglo American (12.5%) and the Botswana government (40%) — would also reshuffle their shares in the company.

AECI, which provided R306m for Soda Ash's losses in last year's accounts, is expected to continue managing the plant. Soda Ash Botswana was provisionally liquidated in June, since when it has emerged the original shareholders are going to buy it back.

An AECI spokesman said only be hoped there would be an announcement made this week.

A source said finalising the bid had been delayed by protracted negotiations with Soda Ash's creditors and with the Botswana electricity utility and Spoorne, which serviced Soda Ash.

The high costs of these services, which

Soda Ash

Continued from Page 1

had been linked to Botswana's inflation rate, had been one of the problems which had forced the former shareholders to put the operation up for liquidation. The shareholders had also blamed their decision on a slump in soda ash prices.

One analyst said the high fixed costs of the original operation meant it was cheaper to import soda ash from the US.

A source said the negotiations had probably given Anglo American the chance to make these costs less harsh and generally to make the company more competitive.

Soda Ash's creditors, led by First National Bank, have not commented since it became clear last month that the original shareholders were going to buy it back off the chopping block.
R150m offered for Soda Ash

By Andy Duffy, Staff Writer

Anglo American Corporation, ABCI and De Beers have offered R150 million for the assets of Soda Ash Botswana, the company they put into liquidation in June.

The group—which bid in partnership with the Botswana government—said yesterday it would honour loans to Soda Ash worth R460 million as part of the deal.

But creditors, including First National Bank and Standard Bank, would have to recoup another R140 million of Soda Ash's debt from the purchase price.

The creditors would also be offered 8 percent of a new company created using the assets, which could also help recover the borrowings.

The Anglo companies would each hold 14 percent in the new firm, with the Botswana government holding 50 percent.

Anglo said Soda Ash's creditors had confirmed they would accept the offer. Standard and Barclays Botswana have, already, set aside provisions against its debts.
R150m offered for Soda Ash Botswana

Mungo Sogg
80/8/18/95

THE former shareholders of provisionally
liquidated Soda Ash Botswana — Anglo
American, AECI, De Beers and the Bo-
tswana government — said yesterday they
had offered to buy its assets for R150m.
Anglo American told a Soda Ash share-
holders' meeting that an undisclosed slice
of this money would go towards paying
unsecured debt of R140m. First National
Bank, Soda Ash's lead creditor, declined to
say how much would be paid without con-
sulting the other banks in the consortium
of creditors.
The shareholders remained liable for
secured loans of R460m. Soda Ash's credi-
tors had accepted the deal.
Anglo American finance director David
Fish said as no one else had put in a bid the
former shareholders had decided to come
forward. If another company had bid for
the operation, Anglo would have been "de-
lighted", but no one else would have been
able to secure such a favourable deal.
A new company would be formed in
which the Botswana government would
have 50% and Anglo American, De Beers
and AECI 35%. AECI would have a smaller
exposure than its previous 28% stake.

Continued on Page 2

Soda Ash
80/8/18/95

Continued from Page 1

In addition to the amount the sharehold-
ers would pay towards Soda Ash's R140m
of unsecured loans, they had offered
bank an 8% stake in its equity to compen-
sate for the remaining portion of unguar-
anteed outstanding debt. The banks still
had to decide whether to accept this part of
the deal. If they did, the Anglo American
group would share 45% of Soda Ash's equi-
ity three ways.
The shareholders put Soda Ash up for
liquidation after the operation had been hit
by lower soda ash prices and high fixed costs.
Soda Ash provides 8% of the SA market
for soda ash, used in glass and detergents.
Soda Ash chairman Johnny van

Loewen said costs would be far more
favourable as the shareholders had negoti-
ated or were negotiating new contracts for
key costs such as transport and electricity.
This would be the key to making the opera-
tion viable.
Fish said none of the original company's
tax breaks were included in the new deal,
but that the deal was "highly satisfactory".
Soda ash prices had picked up. The new
project would not be funded by any third
party interest-bearing debt, but he did not
anticipate that the shareholders would
have to pour more money into Soda Ash.
Van Loewen said the provision of
R23m in last year's accounts for Soda
Ash's losses was adequate. At worst, Soda
Ash would incur a "small cash deficit".
R150m
Soda Ash
offer

BY ANDY DUFFY

Anglo American Corporation, AECI and De Beers have offered R150 million for the assets of Soda Ash Botswana, the company they put into liquidation in June.

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But creditors, including First National Bank and Standard Bank, would have to recoup another R140 million of Soda Ash's debt from the purchase price.

The creditors would also be offered 8 percent of a new company created using the assets, which could also help recover the borrowings. The Anglo companies would each hold 14 percent in the new firm, with the Botswana government holding 50 percent.

...
SODA ASH BOTSWANA

Sackcloth and ashes

Details of the deal between Soda Ash Botswana’s shareholders and the company’s creditors — specifically the lending banks — reveal the extent to which the lenders have been penalised.

Asked why the bank consortium wasn’t represented at last week’s press announcement, Anglo American Corp finance manager David Fish, nonplussed at first, finally responded with: “well, they’re probably in mourning.” And it certainly appears they have cause to be, though the extent of their losses hasn’t yet been quantified.

Soda Ash was financed by its shareholders — Anglo American, De Beers, AECI and the Botswana government — and by borrowings from a bank consortium led by First National and including Standard, UAL, Standard Chartered Botswana, Barclays Botswana and Barclays Dusseldorf. These loans totalled about R600m and were either guaranteed by the shareholders or secured against the company’s assets.

Shareholders have agreed to buy Soda Ash’s business and assets for about R150m. This includes R29m for the Germiston rail terminal, R64m for all other assets and about R57m for stocks, debentures and cash.

Effectively, therefore, the arithmetic suggests that, after deducting the German sovereign-guaranteed loan of R115m, about R485m is left as bank loans. That is reduced to R335m by the purchase price (R150m); about 70% of the outstanding balance will be repaid by shareholders. This leaves the new company, which may be called Nata Ash, without debt.

The point of interest is that the 70% applies to guaranteed and unsecured loans equally and the purchase price is applied in reducing both similarly. As partial compensation, the banks will get up to 8% of the equity. The balance will be held by the Botswana government (50%) and private shareholders (42%).

But apparently it has also been agreed that any profits will be split between government and other shareholders on a basis which is still secret. However, it is known government’s share includes all taxes, royalties and impost. Any new capital expenditure requirements will also be funded in the same way. To cap it, Botswana has undertaken that decisions will be made with the agreement of private shareholders.

A further feature which requires clarification is the arrangement which is to apply in future to rail transport and housing repayments. When the decision was taken to proceed with Soda Ash, part of the deal was the construction of a rail line and township.

Soda Ash was required to repay these infrastructural costs on a mortgage basis and also to guarantee large volume use of the railway. Substantial penalties were applied — in the tens of millions, says a source — if soda ash volumes weren’t met. This was a major contributor to the company’s financial difficulties. Fish says these factors no longer apply but won’t add anything further. It must be a problem for Botswana whose rail system operates at large losses. The commencement of government will be deciding where to apply its substantial capital.

Assuming present trends of demand and prices continue, it is unlikely the original investment will ever be recovered on a real return basis. This raises questions about why the Anglo American group decided to persist with the investment — economic sense would have been to withdraw. This suggests the group’s real interest in the project is to protect its substantial diamond interests in Botswana.

Soda Ash chairman Van Leeuwen and Fish... laughing all the way to the banks

David Gleason
A few years ago South Africa was raiding the country. Now Botswana is a close ally. Staff Reporter MXOLISI MGXASHE spoke to Botswana's Minister of Presidential Affairs.

Working together again

BOTSWANA does not regret the heavy price her people and government had to pay in supporting the struggle against apartheid, because the sacrifices the country made have paid off.

Botswana’s Minister of Presidential Affairs, Ponatshego Kedikilwe, made this point during his visit to Cape Town to attend a Southern African Development Community (SADC) conference on security and defence.

Mr Kedikilwe said the price his country paid was in the form of constant military raids by South Africa which left several people dead, an economic blockade and espionage.

“We were walking a very tight rope. But the point had to be made and we made it very clear that apartheid was something we could not entertain, although we were trading with apartheid South Africa and were heavily dependent on her for a number of essential commodities because our industries were still in their infancy.

“I think that was a thorn in their flesh. They didn’t like it and saw it as an attitude of ‘naughty and recalcitrant boy’. More so that we were attempting to practice a multiparty democracy, which was what they were avoiding. To them this was a very bad example for the oppressed in this country,” he said.

The minister said he was, however, happy that all this was now history and the two countries were like true sisters working towards strengthening not only their bilateral relations, but also co-operating with each other and other neighbouring states in building what they hoped would one day be a very strong regional union.

He cited the issues discussed at the regional ministerial conference on inter-defence and security as an example and the fact that the region was now menaced by strong criminal syndicates of drugs and car smugglers who were efficient and sophisticated.

Mr Kedikilwe acknowledged that the threat to the SADC state’s security which existed during the days of apartheid no longer existed, but this did not mean all kinds of threats had ceased.

“We are still faced with hunger, unemployment, poverty, underdevelopment and drought. These are the new threats we want to work together with you in finding lasting solutions to. With goodwill and determination we must succeed,” he said.

He saw, for instance, the recent signing of the first protocol on shared watercourse systems by SADC countries recently as a great step forward towards the resolution of the problems faced by the region.

The protocol was signed by heads of state and government from the 11 SADC member states on August 29 in Johannesburg.

The signing followed “very lengthy and difficult negotiations” by SADC governments and it started in December 1991 in Lusaka.

According to a statement released by the SADC environment and land management sector, this legal instrument will go a long way in assisting member states in avoiding any possible conflict in the use of shared waters.

Its main goal is to promote environmentally sound, integrated management and equitable use of water resources in shared river basins in the region, with a view to enhancing the socio-economic upliftment of its peoples.

The protocol also includes an article on settlement of disputes. It also recognises the various international declarations, conventions and agreements in the field of water resources.

It also stresses the need for critical research that should be done by the river basin management institutions which will report to SADC’s monitoring unit and the council of ministers through SADC’s environment and land management sector.
S Africa’s revival worries others

US and UK firms leave Botswana for SA again

By Pamela Dube

During President Nelson Mandela’s three-day state visit to Botswana last week many sensitive issues were left in the background.

It was not until Mandela’s last day that he was confronted with bread-and-butter issues — the Botswana business community’s fears of losing investment to South Africa and cross-border crime.

The Botswana business community, is uncomfortable about South Africa taking business from the smaller economies.

During the economic sanctions against South Africa, Botswana enjoyed the high flow of investment from international corporations.

When some major American and British companies pulled out of South Africa, they found the economically and politically stable Botswana a safer haven.

These trends remained in place for at least a decade, boosting the Botswana economy.

But when the process of democratisation started sweeping across South Africa four years ago, these same companies started reinvesting in South Africa — leaving Botswana’s government and private sector panic-stricken.

While other states in the region had for some time been battling with high unemployment rates, Botswana continued to prosper.

Until 1993 Botswana’s unemployment rate was below 10 percent. But the past two years have seen the rate rising rapidly when major international companies moved operations to South Africa.

This trend, said Botswana Confederation of Commerce, Industry and Manpower president Mr. Neo Moroka, led to many small and medium businesses liquidating and some cutting down on their labour force.

Retrenchments were now becoming common.

But these new developments do not only threaten the region’s smaller economies. If an urgent solution is not found to Botswana’s increasing unemployment problem, South Africa will be forced to deal with “an influx of job-seekers, with serious social problems for South Africa”, Moroka warned.

The unemployment rate was also threatening
Botswana row over hangings

Execution of five people have roused the ire of human rights groups

GABORONE - HUMAN RIGHTS organisations are outraged over the execution by the Botswana government of five criminals last month despite appeals for clemency to President K. M. Mokgosi.

The executions bring to 38 the number of people hanged since independence in 1966, and there are no plans to abolish the death penalty, says Deputy Attorney-General Abednego Tafa.

Leading the protest is the Human Rights Centre - Dishwano - which wrote to Mokgosi before the executions. Dishwano also asked him to abolish the death penalty, the practice of which places Botswana among 102 states which still enforce it.

The centre told the president an abolition of executions would bring the penal code into line with the constitution which proclaims "respect for human life", the most fundamental of all rights.

It says it cannot sanction executions, even for murder. "One wrong is not corrected by another and the principle of an eye for an eye has no place in the law. An individual who has violently killed another human being has committed a universal and unforgivable crime."

"A state which punishes this crime with death is guilty of enforcing a cruel and inhuman punishment as well as violating the respect for human life as enshrined in the Universal Declaration of Human Rights and the African Charter on Human's and People's Rights," says Dishwano.

Amnesty International was also involved in the appeal for clemency. It circulated letters asking people and organisations worldwide to write to Mokgosi, Foreign Affairs Minister Lieutenant-General Mompati Merafe, Chief Justice Molope Mokama and the president of the Appeals Court, Justice Amisah, to oppose the executions.

The Roman Catholic Bishop of Gaborone, Boniface Setlalekgosi, says he also opposes the death penalty, but the Press is divided. While the Botswana Gazette advocates its abolition, Molepolole The Reporter says the nation cannot afford to respect the life of people who have demonstrated disrespect for life.

"Why pardon somebody who consciously and carefully plans and orchestrates the death of another man? Just because South Africa has abolished the death penalty is not a reason enough for Botswana to consider doing the same. At least in our situation, it has so far never been used to settle political scores. There is no reason why it should be scrapped," - Somewa Correspondent.
Outrage at Botswana executions

GABORONE. — Human rights organisations are outraged over the execution by the Botswana government of five criminals, after appeals for clemency to President Ketumile Masire.

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"Why pardon somebody who consciously and carefully plans and orchestrates the death of another man? Just because South Africa has abolished the death penalty is not a reason enough for Botswana to consider doing the same." — Reuter.
Botswana gears up to attract investors

GABORONE — The Botswana government is drafting a six-year development plan, to go into effect in April 1997, to attract foreign investors, says President Ketumile Masire.

He told the Gaborone parliament on Monday that national development plan number eight would have the goal of encouraging the private sector.

The country's eighth post-independence development plan would cover the period April 1997 to March 2003 and was expected to be presented with the 1996/97 budget next February.

"Botswana will move aggressively into a period of growth based on diversification of its economy into manufacturing and tradeable services," Masire said.

"Investors whose activities help further the objectives of our diversification policy will be given priority in the allocation of land."

Government departments' operations were being examined to improve efficiency and productivity and to deal with various problems cited by investors, he said.

"Reviews of the organisation and methods of operation of nine out of 11 ministries have been completed.

"Reviews of the other two will be completed by the end of the year," he said.

Reviewing current development projects, he said that the private sector would be called in to speed up roadworks stalled by inefficient government implementation.

"Government has," he said, "found that some of its in-house construction teams are very slow in their delivery.

"Some road projects will now be awarded to the private sector."

Masire said that the Botswana Telecommunications Corporation was working on a direct microwave link with Namibia by next year. Digital capacity would be provided on the links with SA later this year.

According to Masire, there would be 11,000 new lines available to domestic subscribers by March.

"We will have to develop a range of new activities whose combined impact will be adequate for economic growth," Masire said. — Reuters.

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Zimbabwe's quelea a threat to neighbours

HARARE — Zimbabwe's neighbours have expressed fear over the security of their seed crop because of the lack of control over that country's quelea population.

Failure to control Zimbabwe's quelea non-
Johannesburg — The business and assets of the former Soda Ash Botswana will be transferred to a new company, Botswana Soda (Botash). This will secure Botswana's role as a significant producer of soda ash for the future.

The shareholders of the former Soda Ash—the Botswana government, Anglo American, De Beers and ABCL—made an offer to the provisional liquidators to acquire the business and assets of Soda Ash. The company's creditor banks accepted the offer.

The Botswana government will own 50 percent of the new company and the rest of the former shareholders will each hold an equal share of the remaining 50 percent.

The creditor banks will also acquire an 8 percent stake in the company from the private shareholders in Botash.

Success

Harry Calver, the deputy technical director of Anglo American, has been appointed chairman of the new company.

Calver warned that the new company could not achieve success overnight.

"While we have negotiated more favourable conditions with our suppliers, and despite both increasing production in 1995 and the fact that our new company is not burdened with any debt, market conditions for our products remain difficult."

He said he remained optimistic that these challenges could be overcome with the commitment and support of all stakeholders.
Botswana questions economic policy in face of rising inflation

FROM BRITISH

Gaborone — Monetary policy in Botswana is likely to be tightened to counter double-digit inflation, a senior economist has said.

"Inflation has been in the 10 to 11 percent range for most of the year and shows little sign of following South Africa's inflation rate downwards," said Keith Jeffries, an economist at the University of Botswana.

He predicts a rise in interest rates and tighter monetary policy to curb consumer credit as well as further market devaluations of the pula.

"It seems likely that real and nominal interest rates will have to rise to bring Botswana into line with South Africa and support the commitment to continued liberalisation of exchange controls on capital movements," he said in the Botswana Stock Exchange's November economic review.

Botswana's discount rate is 13.5 percent, but Jeffries did not specify how far he saw rates rising.

He predicted further decline in the value of the pula to support Botswana's export-driven economy.

"Exchange rate policy is governed by the need to maintain export competitiveness, especially in the southern African region. Given the recent decline in inflation in South Africa, the pula will need to depreciate against the rand."

He sees the pula weakening to about R1.26 by the end of the year and to R1.23 by the end of next year.

"Against the dollar, we would expect to see the pula fall from its current value of $0.337 to $0.35 by the end of the year, and to $0.32 by the end of next year."

"Although competition from cheaper South African commodities should eventually have a beneficial impact, we expect that inflation will remain at about 10 percent for the foreseeable future."

Jeffries said government's estimate that Botswana's economy grew 7 percent in the past fiscal year is too optimistic, but a prediction that it will grow by 4.8 percent in this fiscal year may be too pessimistic. He puts this year's growth at a maximum of 3 percent.

"Principal commodity exports were sharply down in real terms in 1994/95," Jeffries said. "Government spending is projected to be have been flat."

"The mining and government sectors account for nearly 60 percent of GDP and it is unlikely that recovery in the rest of the economy will have been sufficiently strong to produce total growth in GDP of more than 4 to 5 percent."

The most recently published official figures are growth of 4.1 percent for the year to June 1994 and a contraction of 0.3 percent for the comparable period in 1993. The fiscal year ends March 31.
BOTSWANA - GENERAL

1996 - 1997
R270m pipe contract sealed

OWENS-CORNING Pipe, Botswana, has been awarded a R270-million contract for the supply of 220km of glass-reinforced polyester pipe for the R2.5-billion North-South Carrier water project in Botswana.

The GRP pipe will have a diameter of between 1m and 1.5m and will stretch from the Sashe River in the north-east of Botswana to Gaborone in the south and then to Lobatse, providing water for Mmadinare, Selebi-Pikwe, Palapye, Morupule, Mahalapye, Mochudi, Gaborone, Tlokwe and Lobatse.

The pipe will be delivered over a period of three years.

The overall contract includes the construction of the Letsibogo Dam on the Sashe River.

Owens-Corning Pipe Botswana is a joint venture between Owens-Corning Fiberglass Corporation of Toledo, Ohio, the Botswana Development Corporation and Motswe-di, a group of private investors from Botswana.

Bryan Lerner, general manager of the Botswana operation, says the contract will open up new opportunities for the use of GRP pipe for other water transfer systems around the world.
Botswana Ash (Botash), the reconstructed Soda Ash Botswana, says monthly targets are being met and production is on track to cater for a slight upturn in demand.

Chairman Harry Calver says the company recently hit a record monthly production figure of 23,000 t. "But the market in southern Africa is experiencing slow growth, and there is still strong international competition."

And that competition is still from the US, says acting MD Tony Forsyth. In May last year, when the Pula990m (US$332m) Soda Ash was placed in provisional liquidation, Forsyth, then technical director, said closure of the plant would be a disaster for the industry worldwide and that
30% of Botswana women have HIV

GABORONE: About a third of sexually active women in Botswana are infected with HIV, the virus that causes AIDS, the Health Ministry said yesterday.

The ministry based its estimate on a survey of pregnant women between 15 and 49 who were tested during prenatal care.
Botswana steps up war on AIDS

BY DEREK JAMES

Gaborone — Botswana’s private sector, increasingly worried about the impact of AIDS on the economy, has called on concerned organisations to join forces.

This follows figures released by the Ministry of Health on the prevalence of AIDS among pregnant women between the ages of 15 and 49.

In Gaborone, the figure was 28.7 percent and the country’s average was more than 30 percent.

The Ministry tests pregnant women for HIV when they attend antenatal clinics. About 90 percent of pregnant women in Botswana attend clinics at least once during pregnancy.

The United Nations Children’s Fund predicts there will be more than 60,000 AIDS orphans in Botswana in the next four years.

The SOS Children’s Village is the country’s only orphanage. A spokesman stressed the need for careful planning, including the fostering of AIDS orphans and victims, but said the onus was on the government.

A spokesman for the Princess Marina Hospital said nearly 50 percent of all beds were occupied by AIDS and HIV sufferers. — Independent Foreign Service.
Botswana announces budget deficit

BY BARRY BAYER

Gaborone — Botswana yesterday announced a deficit budget for the fiscal year 1996/1997, the second in the recent history of the diamond-rich country.

The annual budget was presented yesterday.

Finance Minister Festus Mogae told parliament the 636 million pula (about R827 million) shortfall would be financed from government cash balances.

"Total expenditure and net lending of 6.057 million pula will exceed total revenues and grants of 5.421 million pula," Mogae said.

"Consequently, government cash balances will be reduced by 692 million pula as amortisation exceeds estimated external borrowing."

Mogae warned drawing down the cash balances could only be a short-term solution for the country, which is trying to diversify from its traditional dependency on commodities.

"The 1996/97 budget has been prepared against a backdrop of declining growth, while implementation of existing policies is calling for the allocation of more resources," Mogae said.

"The need to control expenditures cannot be over-emphasised," he said.

The government's cash balance at the Bank of Botswana was 6.852 million pula at the end of September last year.

Foreign reserves stood at 13.212 million pula in December last year, equal to 23 months of import cover.

Mogae also announced a further easing of the country's foreign exchange controls. Mogae said the relaxation would give further impetus to the government's attempts to promote diversification of the economy away from diamonds.

The limit on remittances by temporary residents, mostly contract workers, which was restricted to 50 percent of gross earnings, will be removed and they will now be permitted to remit their entire after-tax income.

Foreign currency borrowing from non-resident sources by permanent residents will be permitted up to 100,000 pula for individuals and 1 million pula for companies. The limit on outward institutional investment will be increased to 65 percent from 50 percent of total assets.

Botswana increased allowances substantially early last year, allowed offshore investment and approved local foreign exchange accounts for residents. — Reuters
Botswana, Russia sign diamond deal

Gaborone — Russia and Botswana had agreed to exchange information to harmonise methods of selling diamonds to ensure equitable sharing of the market, industry sources said yesterday.

The memorandum of understanding was signed at the weekend by Evgeny Bychkov, who heads the Committee on Precious Metals and Precious Stones of the Russian Federation delegation to Botswana, and David Magang, the Botswana mineral resources and water affairs minister. It said the two countries would also explore the feasibility of creating an appropriate forum to promote liaison and co-operation between all major producers of diamonds.

Botswana is one of the world's largest diamond producers. The mines are operated by Debswana, a fifty-fifty partnership between De Beers and the Botswana government. Botswana diamonds are marketed exclusively through the Central Selling Organisation. Diamond exports, which in 1994 accounted for 75 percent of all export revenues and contributed about 30 percent to GDP, totalled $3,72 million pula (about R4,95 million). — Reuters
Botswana pins hope on diamond deal

BY HELEN PALMER

Gaborone — Botswana hopes its diamond industry will benefit from the signing of last month’s understanding between De Beers and Russian producers.

Botswana has three mines that it operates with De Beers in a joint venture called Debswana. Its output accounts for 80 percent of Botswana’s export earnings.

“As a major producer, Russia is an important player and if it can co-operate with other major producers including ourselves it means we can all manage the market and we can all equitably share the market,” said Beledzi Gaolathe, the Debswana managing director.

Botswana has $4.7 billion in foreign reserves and is one of only four African states classified as “upper middle-income” countries by the World Bank.

But its diamond industry has lost some of its sparkle recently. In last month’s budget speech, Festus Mogae, the finance minister, reported that growth in the mineral sector had fallen in 1994-95 to 3.1 percent compared with 4.1 percent the previous year.

Like other major producers, Botswana has been hit by instability in the world market caused by the freezing of Russian and Angolan diamonds on to the market outside the control of De Beers’ Central Selling Organisation. Depressed demand has led to quotas on producers. De Beers takes 85 percent of Botswana’s output.

Gaolathe was confident diamonds would contribute more in the future. But the government has realised how fragile an economy that is based on a single source of income.

Diversifying into areas such as banking, manufacturing and tourism has become a priority, with an emphasis on the private sector’s role in creating jobs.

More than half of Botswana’s population of 1.4 million is under 16. Diamonds provide capital, but they provide relatively few jobs. This leaves the government with the challenge of ensuring that future generations benefit from the windfall.

Quill Herman, the governor of the Bank of Botswana, said the country was well-placed to manage the transition, thanks to its handling of the 1980s boom in which GDP rose by an annual average of 11.3 percent in real terms.

Diamond profits have been locked away in the bank and earnings have been spent on infrastructure, which should stand the country in good stead as it seeks to diversify into new ventures, he said. — Reuter
IN DEEP WATER

Dogged by bad luck since its inception, embattled Botswana Ash (Botash) is in trouble again. Operations were suspended when a flood-retaining wall at Sun Pan was breached. The brine pans from which the plant produces soda ash are said to be under several metres of water.

A more detailed assessment is expected soon and the company says it has 'enough stocks to meet demand for two months. But this must be cold comfort for shareholders.

Only five weeks ago, Botash chairman Harry Calver said production at Botash was back on track. The P200m (R732m) Soda Ash Botswana, from which Botash was restructured, went under at the end of May, unable to shoulder a heavy debt burden. The Botswana government held 48% of the equity, AECI 26.5%, Anglo and De Beers a joint 25.5%.

The original shareholders bought the insolvent company back for P114m with no debt burden.

The Botswana government is still the main shareholder with 50% of the equity. Other holdings are: Anglo 14%, De Beers 14% and AECI 14%. A spread of banks, rather unwillingly, hold the remaining 8%.

In the restructuring, lending banks got 'only about half of their money back. Guaranteed loans, reportedly as high as P200m, were paid by the government. The unsecured exposure by banks totalled P150m. ■
Construction starts on Hyundai’s R135m Botswana vehicle plant

By Roy Coranne

Pretoria — Construction of a completely knocked-down production plant for Hyundai in Gaborone in Botswana at a cost of at least R135 million is expected to start next month, says Benson Gimbungu, the assistant-director of Botswana’s ministry of commerce and industry.

But Gimbungu said Hyundai from Korea would like to invest in the project to make it a production centre for Africa and Europe in addition to supplying countries inside the Southern African Customs Union.

Gimbungu said Hyundai would have ISO 9002 certification at its current plant by June this year, which would allow it to supply vehicles anywhere in the world.

The plant would probably be larger than expected and involve an investment of R160 million, though Hyundai of Korea had not mentioned the size of its investment.

Gimbungu said the plant would have a capacity of 37,000 vehicles a year. The 512 people employed at Hyundai’s semi-knocked-down assembly plant would probably be increased to about 1,000 by July 1998 when Hyundai converted to completely knocked-down manufacturing.

The plant’s output could be increased by 60 percent by introducing a double shift.

He said indications were that “ground-breaking for the project will be in the first week of April”.

Gimbungu said the Hyundai plant was a private venture and did not involve any subsidies or investment by the Botswana government, though the 12ha site for the plant had been sold to Hyundai at cost.

Gimbungu said the Botswana ministry of commerce and industry was negotiating with South Africa over vehicle quotas.

The plan approved for the construction of Hyundai’s plant involved the construction of a completely knocked-down plant within 32 months. The outside limit for the completion of the project was 48 months.

A spokesman for the South African department of trade and industry confirmed bilateral negotiations had been concluded between Botswana and South Africa about extending the two-year dispensation granted to Hyundai to allow it to convert its Botswana facilities to comply with new customs regulations introduced last year.

The regulations took effect on April 1 last year and closed the loophole that allowed motor vehicles to be imported into the customs union under full rebate without any major investment in plant or employment.
Crisis-swamped Botswana Ash (Botash) is gambling on a massive insurance claim — possibly in excess of R250m — to stave off a second liquidity crisis.

Heavy flooding brought soda ash production at the Sua Pan plant to a halt on January 25. The company says that normal production is due to resume in June, but industry experts consider this an optimistic forecast.

Even if the shutdown is limited to four months, Botash is in deep trouble. Its stockpile of 51 000 t at the beginning of the year has dwindled to 27 000 t.

Chairman Harry Calver says the company is in discussions with its insurers, but refuses to put a figure on the claim. “It would be inappropriate to discuss the nature of the claim and the amount involved at this stage.”

But relief — though at a price — is on the horizon as the Diamond Bulker steams towards Durban. Botash has bought the ship’s entire 27 000 t prirme American soda ash cargo.

This soda ash belongs to arch-rival Ansac (the US producers’ cartel) American Natural Soda Ash Corp) which only last year Botash accused of “flooding the local market.” Ansac sells its soda ash in SA to the chemical and high purity metallurgical industry at a 30% premium on the normal price of about US$130/t. Botash is buying the Diamond Bulker’s cargo at the $160/t premium price, but will not pass on the premium charge to its customers.

A competitor says: “We believe Botash is going to be buying from Ansac at the premium price, but it’s not going to be charging the premium price to the marketplace. They’re going to be linking it to an insurance claim.”

“There’s talk that Botash will buy 50 000 t from Ansac at the premium price — which is $880. If I was the underwriter of the insurance claim, I’d be horrified.”

In an attempt to play down the dwindling stock crisis, shareholder Anglo American claimed in early March that Botash had an adequate stockpile and could meet demand “for at least two months.”

Local industry needs 300 000 t of soda ash a year. Until the January flood, Botash provided about half. Ansac 105 000 t and Kenya’s Magadi enterprise 45 000 t. Botash’s record monthly production is 23 000 t.

Ansac has been supplying soda ash to Botswana Ash — it was placed in provisional liquidation with liabilities of R682m. Having failed to generate profits, the company had relied on unsecured loans from its shareholders (the Botswana government, AECI, De Beers and Anglo American), as well as bank borrowings, to get it through its regularly recurring cash flow crises.

Three months later, its shareholders announced a controversial offer to buy back the assets and operations for about R150m. Last October saw the rebirth of the operation as Botswana Ash.

Ansac claimed recently that Botash had already failed and would show a loss of $57m for 1996. Hoey sums up the story: “Liquidated last year, had a change of boiler first couple of months this year, and now it’s shut down for five months.”

Ansac agent in SA John Crawley is sceptical of Calver’s on-stream-in-June pledge. “It’s a difficult thing to predict. You’ve got a unique situation and I don’t think that anybody could really calculate how long that plant is likely to be out.”

“All right, June-July is an estimate. But it’s not like building a house. You’ve got a chemical process there and it depends on being able to harvest a particular brine. Now that brine is being affected by the condition of the pan, which in turn is being affected by the weather.”

But Botash’s Calver reiterates: “Considerable work has to be done in regard to the bringing the ponds back into action, and current estimates indicate the recommencement of production in June.”

Free Trade Agreement

Dangerous Liaisons?

At last, negotiations for a free trade agreement between SA and the European Union (EU) can begin. That is if the South Africans are interested in the deal.

The case has been on the agenda of the EU Council of Ministers for four months, and on Monday it eventually mandated the European Commission to open nego-
BOSWANA SPLASHES OUT ON ARMS

The Botswana government is spending millions of dollars on arms purchases, in a bid to modernize its military and expand its capabilities. This is part of a broader strategy to enhance security and deter potential threats.

The decision to allocate funds for arms acquisitions is a response to changing regional dynamics and the need to maintain a competitive edge. Botswana, being a member of the Southern African Development Community (SADC), recognizes the importance of having a robust military to support regional peace and stability.

The government has prioritized the procurement of high-end weapons systems, including fighter jets, submarines, and advanced surface-to-air missiles. These investments are aimed at bolstering the country's defense capabilities and ensuring readiness in the event of any security challenges.

However, the expenditure on arms is raising concerns among analysts and international observers. There is a debate on the wisdom of diverting resources from other sectors such as education, healthcare, and infrastructure development.

The government justifies these expenditures by emphasizing the need to protect national interests and maintain territorial integrity. They argue that investing in defense is a prerequisite for ensuring peace and prosperity within the country.

Despite the vocal concerns, the government has proceeded with the arms purchases, underscoring its commitment to national security and defense preparedness. The Botswana military is expected to benefit from these modern acquisitions, enhancing its operational capabilities and deterring potential adversaries.

The implications of such a significant outlay on arms are multifaceted, including the economic impact, geopolitical considerations, and regional security dynamics. Botswana's actions are likely to influence the balance of power in the region and contribute to ongoing discussions on arms control and disarmament.

In conclusion, Botswana's decision to splurge on arms reflects a strategic approach to safeguarding national interests. While this move is intended to bolster defense capabilities, it also highlights the complexities involved in balancing economic priorities with defense spending. The international community and regional partners will be closely monitoring these developments, as they shape the security landscape in the Southern African region.
Botswana's president calls for regional economic integration

Tim Cohen

CAPE TOWN — Botswana President Ketumile Masire, in SA yesterday on a state visit, stressed the need for regional integration, calling for the speedy conclusion of talks on the southern African Customs Union deal.

Addressing the constitutional assembly, Masire said Botswana was also looking forward to a new customs agreement which would “hopefully provide a solid agreement for trade and investment”.

He said the 1969 agreement between SA, Lesotho, Swaziland and Botswana, later joined by Namibia, was “no longer sustainable” as it subordinated sovereign states to the whims of another.

Maire said SA had a greater opportunity to advance than other countries in the Southern African Development Community because it had a developed economy and was “less dependent than the rest of us”.

There was a subtle threat to Third World countries from the present world economic order. When Africa met specifications for aid laid down by world economic powers, the aid was simply not forthcoming and when countries got into what appeared to be a lift going up, they discovered it was going down.

He described the SA government's RDP as a “masterpiece of creative thinking”, which was showing the way for development in other countries.

Peaceful and democratic advancement in SA would have a salutary effect on SA's neighbours, “assuming that the neighbours for their part have their houses in order”.

South Africans should vow to never again allow their country to be torn apart by violence, and said it was regrettable that some pockets of violence remained.
Botash resumes limited production

Edward West 81/3/96

Botswana Ash (Botash), which lost two months of production after flooding brought the soda ash plant to a halt on January 30, has commenced limited production from its unaffected ponds.

An Anglo American spokesman said yesterday that repair work would take several months to complete and production would be increased in phases from an output of 40%, Botash's capacity prior to the flooding, to 300,000 tons a year, which could be increased to 330,000 tons if market conditions warranted it, he said.

Botash's operations were suspended in January when a flood retaining wall at Sua Pan was breached and the brine pans from which the plant produced soda ash were flooded. Limited production began last month.

Anglo, De Beers and ABCI each hold 14% of Botash, with the Botswana government holding 50% and a spread of banks owning the remaining 8%.

The company was put up for liquidation last year by its shareholders, which then bought their assets back. Botash had more than 23,000 tons of soda ash in stock, which included some of the 27,000 tons being imported from its main competitor, American Natural Soda Ash Corporation. About 17,000 tons of the 27,000 tons still had to be delivered.

Local industry needs about 300,000 tons a year, of which Botash supplied about half before the flood.

The spokesman said Anglo American was unwilling to disclose financial details of Botash's business plan as discussions were being held with its insurers on the flood damage. Soda ash prices were, expected to firm, worldwide over the next 12 months.
Much of the industry’s exports go to the UK, where a ban is in force for the next few months.

And, as if that were not bad enough, lung infections could carve another unhealthy slice off within three years.

Though contained in one area, the disease could spread to others. It does not harm people but the European Union will not allow imports of affected meat.

President Ketumile Masire has expressed deep concern that Botswana’s beef industry, already in decline, might not survive.

From a contribution of 7.4% of GDP and 20% of export earnings in 1981, the beef industry contributed only 1.6% of GDP and 4% of export revenue in 1994.

Beef export cash revenue increased threefold over the 13 years but inflation never dropped below 10% and the annual slaughter fell by a quarter.

More than 75% of Botswana’s beef is exported to the EU and half of that to Britain.

“We will lose 40% of our export sales,” says Martin Mannathoko, CE of the Botswana Meat Commission.

Agriculture Minister Roy Blackbeard has told parliament he will plead a case that Botswana be exempted from the UK ban as its cattle grazed on free range.

“Mad cow disease has never been recorded in Botswana and our disease control and the free range cattle production system make it highly unlikely that it ever will be,” Blackbeard said before leaving for the UK.

Cattle lung disease is spreading rapidly in Ngamiland, which borders Namibia. Under a presidential order, all cattle in the region not in fenced farms are to be shot.

More than 85% of cattle slaughtered at the three abattoirs come from traditional, unfenced tribal ranges. “Some sell us only one beast. Most offer between one and 50 animals. But, collectively, we get most of our beef from them,” says Mannathoko.

Masire says the eradication order is the only way to stop the disease from engulfing the country and spreading to neighbouring states.

“My government will implement the decision with all the authority and means at its disposal,” he says.

Last week, units of the Botswana Defence Force, the police Special Support Group and veterinary teams moved into Ngamiland. A veterinary control fence from the Okavango Delta and along a section of the border between the two countries is being reinforced.

The abattoir at Maun, which slaughters cattle from Ngamiland, has been closed. “There are no cattle to slaughter,” Mannathoko says.

It has not been determined how many cattle are free range and affected by the eradication order but Mannathoko estimates 20,000 will be lost out of an annual 166,000 throughput — 12% of exports.

Special relief measures will be tailor-made to aid restocking, says Masire.

Farmers will get P300 per head compensation for the first 70% of cattle shot. When the area is disease-free, herds will be resocked. “This will take three or four years,” says Mannathoko.
Johannesburg — Soda ash production in Botswana was back to 50 percent of normal levels after flooding stopped the plant’s operations in January, its main shareholder Anglo American said yesterday.

"Botswana Ash recommenced soda ash production on April 12, following an 11-week shutdown."

"Plant start-up went smoothly and production is now running consistently at 50 percent of normal levels," Anglo said yesterday.

"It is anticipated that full soda ash production levels will be established by September or October 1996," it said.

Torrential storms in January in the catchment area, 90 percent of which is in the Zimbabwe and Sua Pan areas, resulted in severe flooding.

This caused damage to the main supply pipeline, from the well field and the eventual breach of the berm wall on March 4. Water from the pan caused partial flooding of the solar ponds.

Anglo said pumping of water from the flooded ponds started on April 12 and ended on April 28, when a total of 10 million cubic metres of water had been pumped from the ponds to the pan.

Salt harvesting was started last Saturday. The company said insurance covered the damage and the interruption to business.

"It would be premature to quote numbers at this stage, however, we believe that the claim will be resolved to the mutual satisfaction of Botash and the insurers," it said. — Reuters.
Vision of 50,000 cars and 1,000 employees

First sod turned at Hyundai’s R234m Botswana assembly plant

By Roy Colway

Gaborone — Hyundai Motor Distributors yesterday reached a milestone in the southern African region with a sod-turning ceremony for a R234 million manufacturing facility.

HW Baik, the vice-president of Hyundai, said the company intended to be part of the economic growth of Botswana and the entire southern African region.

“In conjunction with our local partner, Hyundai Motor Distributors, we are planning initially to produce 3,000 cars a month at the new facility.

“Once annual production reaches 50,000 units, it will become viable to establish an automobile component manufacturing industry in Botswana,” Baik said.

The factory’s 20ha site, in the Gaborone West industrial area, will house full vehicle assembly and related facilities such as warehousing, a body shop, a paint shop, an assembly line, trim shop, an outdoor test track, a container park and a holding and dispatch facility.

Neville Frost, the marketing director of Hyundai Motor Distributors, said the completely knocked-down (CKD) plant would be capable of producing other vehicles.

“We want to keep our options open,” he said.

The earliest the new plant would be up and running would be the end of next year, he said, adding that CKD manufacturing should “not add materially” to the cost of its vehicles.

The local content of the vehicles would initially be 25 percent, but rise to 40 percent within two years. The company was also looking to broaden its base to include commercial vehicles, he said.

An investigation into the existing infrastructural resources offered in the area, such as services, transport and the availability of a reliable labour force, identified the Gaborone site as ideal for the purpose.

The company envisages up to 1,000 employees at the new plant by the time production is at full capacity.

Much of the plant's operation would be highly labour intensive, providing much needed employment in the southern African region, said Frost. This would, however, be combined with advanced, hi tech equipment in some areas — such as the paint shop — to bring the factory in line with Hyundai's commitment to provide quality products.

The company currently has 1,600 employees in Botswana, Namibia and South Africa — a figure set to increase to about 2,200 once the new assembly plant becomes operational.

Hyundai has 20 self-owned dealerships in southern Africa.
Debswana income tops 2-billion pula

GABORONE — Debswana's diamond production rose 8% last year to 16.8 million carats, the Debswana Diamond Company said yesterday.

Presenting the company's annual report for the year to December, MD Baledzi Gaolathe said Debswana's net income had surpassed 2-billion pula for the first time. But this had been primarily due to the declining value of the pula against the dollar.

Debswana's net income for 1995 was 2 188-million pula from 1994's 1 817-million pula.

Debswana is a 50/50 partnership between the Botswana government and De Beers Centenary AG. The company is not listed on the Botswana Stock Exchange.

"The company has continued to contribute significantly to the economic growth of Botswana," Gaolathe said.

"Revenues from diamonds accounted for 75% of the country's export earnings, about 85% of government revenues and 30% of GDP."

In line with other producers, who market through De Beers' Central Selling Organisation (CSO), Debswana is selling to a quota. Gaolathe does not expect

"In the short term I do not see any further improvement," he said.

"But generally speaking the trend is positive. The global market improved as evidenced by a record sale of diamonds by the CSO," Gaolathe said.

CSO sales had reached $4 531m last year, up 6.6% on 1994's $4 260m.

Gaolathe confirmed Debswana was stockpiling diamonds, but refused to disclose details. In April, diamond market analysts in Botswana estimated the stockpile at $550m.

Production at two of the company's three mines was up over the year compared with the previous year.

Jwaneng raised production 15.5% to 10.5 million carats. At Orapa output was up 12% to 5.4 million carats. Production at Letlhakane fell 13.2% to 398 000 carats. — Reuters
Botswana bomber deal unnerves neighbours

Southern African countries should refrain from military buildup which could provoke an arms race and cause tensions in region, says Namibian foreign minister

By Ross Harding

Staff Foreign Service

Botswana, in a move that represents a massive increase in defence spending, has agreed to purchase a squadron of 13 F-5 fighter-bomber aircraft from Canada.

The deal is worth US$50 million (R215-million) and could put Botswana roughly on par with South African air capabilities.

This follows a deal announced in January in the Netherlands under which Botswana will spend $65 million for 50 German Leopard tanks, 200 troop carriers and a variety of weapons. In addition, Botswana is buying 36 British Scorpion tanks.

Exactly why Botswana needs heavy armour and the ability to strike and bomb is unclear. The Botswana government could not be reached for comment, but a reporter for the Botswana newspaper Mmegi, who wrote several stories on the deals last week, said he was told by the Botswana government that it needed the tanks to help with anti-poaching and border-control efforts.

The sudden surge in arms spending drew sharp criticism from Namibia and an announcement that Namibian president Sam Nujoma is scheduled to fly to Germany this week for high-level talks.

Namibian Foreign Minister Theo-Ben Gurirab has criticised Botswana’s arms purchases as provocative and unnecessary.

“It is in the interests of all of us Treaty Organisation.

A German foreign ministry spokesman would not provide details, but said Germany had initiated talks with the Netherlands on the sale.

When the costs of training 13 pilots (estimated at $50-million), maintenance, fuel, radar systems, air strips, munitions and aircraft storage are added, Botswana’s arms purchases are likely to require more than R700-million in spending, compared to its present defence budget of R633-million.

Botswana earlier announced plans to expand its army from 7 000 to 10 000 troops.

Mmegi reported the government refused to provide details of the Canadian deal, stating only that it involved some aircraft.

However, the Canadian foreign ministry confirmed that the aircraft were F-5s that had been upgraded in the past few years.

According to a US military aircraft expert, the F-5s are roughly the same capability as the Zimbabwian Mig-21s and South African Mirage F-3s and are capable of air-to-air combat and bombing.

Mmegi reported that Namibia has signed a military co-operation agreement with Russia, which will include equipment, maintenance and training.

“We do not see it as an arms race,” said Jack Twiss, a Dutch foreign ministry spokesman.

“The way the Botswana government has behaved in the recent past indicates that they will deal in a very sound way with this shipment of tanks.”
Hyundai expands in Botswana

By Roy Colayne

Gaborone — Botswana's motor industry is the second-largest net foreign-exchange earner after minerals, despite being in its infancy, said Kheledi George Kgoroabo, Botswana's commerce and industry minister.

He emphasized the motor industry's importance and Botswana's need to attract foreign investment to create new jobs when he spoke at the recent ground-breaking ceremony for Hyundai's new completely knocked down (CKD) plant in Gaborone.

Locating the project in Botswana signified the benefits of a strong partnership based on mutual trust and cooperation between the investor, Hyundai Motor Distributors (HMD), and the host country, he said.

Kgoroabo said it indicated the confidence HMD had as a large foreign investor in Botswana's economy, despite the decline in direct foreign investment in Africa. Investment was now flowing to eastern and central European countries after their political and economic reforms.

He said the government sought to promote investment that provided better prospects for the socio-economic development of the country through economic diversification and employment-creation opportunities, and that earned export revenue.

The contract for design and construction co-ordination of the new CKD plant has been awarded to the Botswana office of Stewart Scott International the consultants.

Geoff Stephenson, a director of international operations for Stewart Scott International, said the design work would be done in South Africa and the construction would be monitored by its staff in Botswana.

A Korean team would design the assembly line and equipment.

The plant was designed to be labour intensive, but the parts would not be manufactured locally.

The factory's 20ha site in the Gaborone West industrial area will house an assembly line, a tour shop, an assembly line, a trim shop, an outdoor test track, a container park and holding and dispatch facilities.

HW Bail, Hyundai Motor's executive vice-president, said the company planned to produce 3 000 vehicles a month at the new facility in the beginning.

Bail said once the yearly production reached 50 000 units it would pay to establish a vehicle component manufacturing industry in Botswana. That would have further employment creation spinoffs, he said.

Kgoroabo said the industry was still in its infancy with only four assemblers, three in the truck sector and only Hyundai in the passenger car sector.

He said most of the production was for the South African market.

South African motor manufacturers have felt the effects of Hyundai's entry to the market, where it claims to have gained an 8 percent share of the market for passenger cars.

South African motor manufacturers have been actively lobbying the South African government about Hyundai's unfair advantage and calling for a level playing field ever since Hyundai launched its first models.

Hyundai started its semi-knocked down (SKD) operations in Botswana in 1993 with sales of fewer than 100 cars a month. Neville Frost, Hyundai's marketing executive, said monthly sales now average 1 600 units. Frost said sales would rise to about 3 000 vehicles a month and get the new CKD plant off to a good start.

Criticism of Hyundai should cease once its CKD plant is operational, he said. The Motor Industry Development Programme, effective from September last year, applies to all Customs Union countries and encourages all SKD operators in the region to move to CKD operations.

Kgoroabo said CKD assembly was preferred because it offered better opportunities for both investment growth and further employment growth without the region.

He said total employment had increased from fewer than 200 in 1993 to 800 last year. Motor vehicle exports had increased from 3 621 units in 1994 to 15 066 last year, a 300 percent growth rate.

Of these figures, Hyundai's units were 3 342 in 1994 and 14 607 last year, he said. Hyundai employs 519 people at its CKD facility. Its workforce will increase to 1 000 employees when the CKD facility becomes operational by the end of next year.
Botswana beefs up its military

Johannesburg: A costly military build-up by peaceful, sparsely-populated Botswana — which has been shopping for tanks and fighter-bombers worth $100 million (R375m) — has baffled diplomats and political experts.

Western states seem divided over the wisdom of selling arms to the land-locked Southern African state, which is stable and democratic but has a smoldering border dispute with Namibia.

Canada said on Wednesday it sold Botswana 13 CF-5 fighter-bombers last month for around $50 million (about R237.5-million) and would start delivering them later this year.

The Netherlands also agreed in January to sell Botswana 50 German-made Leopard tanks and other hardware in a deal that newspapers estimated was worth even more.

But Germany, which has a say in sales of its arms to third parties and forbids their export to conflict zones, has raised the planned arms delivery with the Dutch.

A Bonn government spokesman declined to give more details, but Western diplomats said the tanks were a sign Bonn objected to the deal and might be trying to block it.

Richard Cornwell, regional expert at Pretoria’s Africa Institute think-tank, has echoed comments by puzzled diplomats: “I can’t understand it. What does Botswana need all these arms for?” he asked.

“There is no obvious reason for a military build-up and even then, what do they want main battle tanks for? I’d hate to see what they will do to the country’s roads,” he said.

Botswana, which has also said it will expand its army from 7,000 to 10,000 troops, said the build-up was part of a long-term plan to beef up its deterrence capability.

Local newspapers quoted government officials as saying it was designed to beef up border anti-poaching patrols.

Botswana, which has a population of 1.4 million people who live mainly from diamond mining, is vast and made up mostly of desert and swamp. It has been at peace since national father-figure Sir Seretse Khama, whose son Ian now heads the army, led it to independence from Britain 30 years ago.

“Maybe the government is worried Ian Khama wants to re-enter politics and has given him some expensive toys,” Cornwell said. Other analysts said fears of internal unrest could be the key.

Whatever the reason, Namibia — with the same population but even more vast — is disconcerted by the build-up, reported to include 36 brand-new British Scorpion tanks.

The two states asked the International Court of Justice in May to resolve a dispute over a tiny mudbank island on the Chobe river along their 1,000km border.

“It is in the interest of all of us in the region to refrain from anything that looks like a military build-up,” said Namibian Foreign Minister Theoben Gunatata.

“That could lead to tensions and misunderstandings and provoke an arms race — the last thing Southern Africa wants.”

Canadian and Dutch officials said they had no qualms about selling arms to Botswana, which also borders Zimbabwe and the region’s real superpower, South Africa.

“It is one of the more stable African countries, with a good human rights record and sound governance and it’s not engaged in internal or external conflict,” said Canadian Foreign Affairs spokesman Rodney Moore.

“We certainly consider that Botswana is unlikely to become a regional security threat.” — Reuter
Watery welcome for new chief of Botswana Ash

NEWLY appointed Botswana Ash managing director Paul Henry has had a baptism of water since taking office in January.

In mid-February, heavy rains in the catchment area of the Nata river caused the pan to flood. The borm, built to protect the 22km² of solar ponds from which common salt is crystallised and harvested, became damaged by the torrents.

The water level climbed by 6,3 metres: January 1995's rainfall of 14mm paled against the 300mm of 1996.

The mine's 549 employees, 400 casual labourers and a full battalion of the Botswana Defence Force began to reinforce the wall. More than 90,000 sand bags and 12,000 old tyres were deposited along the part of the 12km wall facing the inflow. The pan is protected by the Sua sandspit on the south side.

Botash pumps brine from 79 wells spaced at 2km intervals across the pan. Firstly, the sodium chloride is crystallised out in the solar ponds, then the sodium carbonate is recovered in the plant.

The plant was never in danger of flooding, but the solar ponds were. The borm was breached on March 3, but the pre-emptive action reduced the speed at which the panwater flooded the solar pond and two-thirds of it was saved.

All the wells had been accessible by vehicle until the rains came; now none of them are.

The well platforms were damaged by the flooding, as were 5,5km of the main pipeline to the plant. "We had no way to access the wells and had to order airboats," says Mr Henry.

The biggest problem was to save the rest of the solar pond from damage and to recover the lost area. A TV news report of how a plastic tube was used to prevent the Vaal river from flooding Vereeniging gave Botash the idea of using such a tube to build a temporary water barrier.

"We commissioned a Durban company to make us one 4,5km long. It was installed on April 3 and we borrowed the pumps Ekoms uses to reverse the flow of the Vaal river at Sterkfontein to pump 10-million cubic metres of water out of the solar ponds," he says.

Soda ash production started again 11 weeks after the January shutdown. The well fields began to pump in May and salt harvesting began again six weeks ago. Full capacity should be reached by October.
Botswana buys arms as the world wonders why

PRETORIA. - Botswana's government appears determined to continue beefing up its military in spite of unease in some neighbouring states at its massive arms purchases.

As part of a military build-up begun six years ago, the landlocked southern African nation has spent hundreds of millions of dollars on arms, a jet airfield and military training.

But it is recent reports of new purchases that have drawn attention to Botswana, even though the country has no history of aggression.

According to the reports, Botswana has gone shopping for thirteen F-5 fighter-bombers from Canada at an estimated cost of about $50 million. Military experts say the F-5s will give the Botswanan air force combat capabilities similar to neighbouring Zimbabwe.

The country, which plans to enlarge its 6,000-strong army by 42 percent, has also bought 36 British Scorpion tanks and entered into a $53 million deal with the Netherlands for 50 used German Leopard tanks and 200 troop carriers.

This has temporarily made Botswana sub-Saharan Africa's largest current weapons importer, according to political analyst James Zaffiro, a visiting professor at Natal University.

After independence from Britain in 1966, the sparsely populated nation pursued a policy of peaceful co-existence with its neighbours.

But during the apartheid era, it was the victim of numerous raids by the security forces in South Africa.

And after majority rule came to South Africa in 1994, fears arose that a possible civil war in the former apartheid state might spill over into Botswana, according to Professor Zaffiro.

It appears that there is still unease in Gabarone over South Africa's military might. Botswana President Ketumile Masire has made it clear that "serious dangers remain in the region," and Botswana needs to be ready to defend itself.

Professor Zaffiro said: "Distrust, uncertainty and internal disagreement over the proper course of bilateral relations with South Africa remain. Once burned, twice shy."

But military analysts believe the more likely clash would be with Namibia, Botswana's western neighbour.

Namibia and Botswana have a long-running dispute over Sedudu, an island on the Okavango River, which forms the border between the two nations. The two countries almost went to war over the island after Namibia's independence in 1990 and the dispute resurfaced earlier this year.

Botswana's High Commissioner to South Africa Oteng Tebape holly denies that his country is beefing up its military because of Sedudu. "There cannot be any link between the dispute we have over the island and our military build-up," he says.

"The case is before the International Court of Justice and both parties will honour the court's decision."

Reasons Botswana has advanced for its arms purchases include the need to build its capacity to assume its growing role as a peacekeeper on the African continent.


One Western diplomat in South Africa says there is no need yet to panic over the country's military expenditure, which is equivalent to about five percent of its gross domestic product.

"If, however, the military spending remains at such a scale for the next five years then there would be a basis to question the country's economic priorities," he noted.

Botswana presents a picture of poverty amid wealth. Its 1994 per capita gross national product of $2,800 per annum was higher than that of middle-income nations like Russia and Costa Rica. Its foreign reserves grew by 10.5 percent during 1994/1995.

However, about 60 percent of its 1.4 million people are poor. Many are also jobless. Unemployment affects 25 percent of the active population, according to official estimates, and 45 to 50 percent, according to economists. - Sapa-IPS.
JSE: 36 years in perspective

1964 - Bank rate raised from 3.5% to 4.5%
1965 - Bank rate raised to 5%, company tax raised to 31.5%
1966 - September 6: Prime Minister Vorster assassinated, Bank rate raised to 6%
1967 - September 30 - Bank credit severely restricted
1972 - Smithsonian Agreement in late 1971. Major currency realignment: devaluation of Rand by 12.8% leads to a changed outlook for SA economy. Free gold price rises from $44 in January to $65 in December
1976 - June - IMF gold auctions commence; Soweto August - Gold hits low of $103
1980 - March 21: Sharpeville riots, heavy overseas selling
1981 - May 31: SA leaves the Commonwealth
1986 - December: Index closes at a new high despite poor state of the economy
1988 - September: Bank rate raised from 12.5% to 14.5%
1991 - The market reaches new highs as sanctions are lifted, sanctions are lifted
1992 - March: Pro-reform referendum passes, confidence returns to the market, 89 of the indices are up 109 years old
1993 - The market is seen as gold and industrial index, while reform progress brought global reintegration. Gold shares staged a recovery.
1994 - Pre-election hopes and fears subsided into reality, sideways swings from May
1995 - Gold shares hit lows in November but industrials and overall index were buoyant all year following impeachment by the ANC. Inclusion of Global Share indices intensified foreign interest
1996 - June 7: A new era is heralded on the Johannesburg Stock Exchange, JSE, the Johannesburg Equity Exchange: a new era in South Africa's bourse, the 21st century.

By Nancy Myburgh

Johannesburg - From today, the graph above, or at least its daily counterparts, may start to look a bit more jagged. Today marks the first day of fully automated equities trade on the Johannesburg Stock Exchange's new Jet system. Mining and golds, the last sectors left on the open trading floor, were transferred to the onscreen system on Friday.

The trading floor may be dark now, but computer screens in brokerage houses and banks are flickering with South African stock traders.

The new system has been heralded for bringing greater liquidity and volatility to the equities market.

It will be first come, first served; everyone will be able to see at a glance on a trading screen what orders are on the book for any particular stock and now that orders are matched automatically by the system.

Industrial shares moved on to the jet system last Monday. The industrial index swung 40 points that afternoon; traders said it would have been only 20 points on the old trading floor. Part of that was first-day jitters, but they said, but a faster pace of trade would characterise the new system.

So the JSE indices — the all share, all gold, industrial, metals and minerals, and financial — are likely to get a new lease on life as they approach middle age.

Though the stock exchange is 109 years old, the indices are only 36.

They were first published by the Rand Daily Mail in 1960 and were taken over by the JSE in 1978.

The indices reflected 80 percent of the shares in their sectors. They were reviewed last March to reflect all the shares in the sector.

The all share 40 index, the industrial 25, the financial 30 and the gold 10, reflecting the top stocks in each of those sectors, were also introduced last year for index futures trade.
Simon Barber

IN A bullish assessment of SA’s prospects, US personal investment magazine Money picks 12 SA stocks in its July issue which it says should post 40% dollar gains over the coming year if the rand stays at about R4.30 to the dollar.

Money writer Junius Ellis, who says the dozen SA selections he made in the July 1994 issue have appreciated by an average of 62% in dollar terms, is unfazed by the rand’s devaluation and says he is still ‘‘convinced of SA’s enormous potential for profit on a continent starved for progress’’.

He classifies his picks as three mining-related groups, Anglovaal, Gencor and Samancor; four cyclicals, Amcoal, Dulker Mining, AECl and Sappi; and five growth stocks, M-Cell, Naspers, Waltons Stationery, Absa Bank and Stellenbosch Farmers’ Winery.

Merrill Lynch, he believes, is likely to spur a surge of US interest in SA equities when it begins supplying brokerage clients with research on 300 stocks covered by recently acquired Smith Borkum Hare.

The first seven picks on Ellis’s list trade over the counter as American depositary receipts in the US, while the rest are available on the JSE via US brokers at commissions in line with those charged on US stocks.

With the lower rand reducing the fixed costs of the mining companies and increasing export proceeds in rand terms, Ellis sees industry earnings growing by well over 20% in the year ahead and by over 15% if metals start appreciating in line with gains recently posted by other commodities. Devaluation should help Amcoal boost earnings 35% over the next 12 months.

Dulker should benefit similarly, ABSA portfolio manager John Lieckman convinced Ellis, and had the

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added attraction of being a potential Amcoal takeover target. Lieckman also backed the AECl pick, citing increased demand for fertiliser.

Ellis follows Sanlam’s Gerrit Smit in liking Anglovaal, whose earnings, Smit believed, should be significantly boosted by its stake in Anglovaal Industries. The latter is seen as benefiting from the effect of the weak rand on sales of competing imports.

Smit also told Ellis he was ‘‘snipping up’’ Amcoal shares and pointed the writer towards Waltons, ABSA and SFW. Carmen Maynard, Johannesburg-based manager of the New York-traded closed-end New SA Fund, liked Gencor and Samancor. Mark Breeden, London-based manager of the closed-end SA Fund, told Ellis he fancied Sappi, M-Cell and Naspers.
Squatting grows

By Lekopane Mooketsi

FRANCISTOWN – Botswana faces a squatting problem in urban areas because of poverty, acute shortage of accommodation and high rents.

In the northern town of Francistown a squatting camp known as Somerset West has an estimated population of 1,600 people. The camp was demolished in 1993 by the town council, but almost immediately came back to life.

The shacks are made with paraphernalia of plastic materials, broken bricks and iron sheets with huge stones placed on top of the roofs.

The council does not provide sewerage or sanitation systems. Pools of stagnant water block pathways and garbage is strewn everywhere.

No place to stay

Most residents of this camp say they allocated themselves plots illegally because they have no place to stay.

Rent for low-cost houses go from Pula 500 to 3,000 (R539 – R836) way beyond the reach of the unemployed and marginally employed. Prices of plots range from P8,000 to P40,000 (R10,256 – R51,178).

A father of five children, Ashford Mpolu, says he moved to Somerset West a “long time ago” from his village in the North East district. He earns a living by selling zinc buttons and coffee tables.

Mpolu said the squatters are waiting to be allocated new plots by the council.

Another resident Sezani Mazongo, mother of six children, says she survives by doing casual jobs like washing clothes for other people.

She vows that she will not go back to her village because there is more poverty there. “We do not own cattle for ploughing so what can we eat in the village?” she asks.

Mazongo says she is not worried about her health in the squatting camp, but is more concerned about finding a job. Mazondo is one of the squatters who had their shacks demolished by the town council in 1993. But she is happy now because “they never bothered us after the elections”.

An ailing 58-year-old man, Albert Mudula says: “They applied for plots which have not been allocated. He settled in the squatting camp in 1982.

The member of parliament for the area, Vain Mamela, says the council has been allocated a piece of land in the western part of the town where the squatters were to be allocated new plots. He blamed the government for delaying development of the new site.

“The money is there, but government is just taking its time,” he says.

– Africa Information Agency
Botswana arms itself

Botswana’s government appears determined to continue beefing up its military despite unease in some neighbouring states at its massive arms purchases.

As part of a military build-up begun six years ago, the landlocked Southern African nation has spent hundreds of millions of rands on arms, a jet fighter and military training.

But it is recent reports of new purchases that have drawn attention to Botswana, even though the country has no history of aggression.

According to the reports, Botswana has gone shopping for 13 F-5 fighter-bombers from Canada at an estimated cost of about R200 million. Military experts say the F-5s will give its air force combat capabilities nearly on a par with neighbouring Zimbabwe.

Botswana, which plans to enlarge its 6,000-strong army by 42 percent, has also bought 36 British scorpion tanks and entered into a R132 million deal with the Netherlands for 50 used German Leopard tanks and 200 troop carriers.

This has temporarily made Botswana sub-Saharan Africa’s largest current weapons importer, according to political analyst James Zaffiro, a visiting professor at Natal University.

National security strategy

Zaffiro, who has written extensively on Botswana’s foreign policy, notes that “while never a military threat to any of its neighbours, including Namibia which has protested against these sales as ‘provocative and unnecessary’, Botswana’s leaders clearly do not believe it is time to abandon ongoing efforts to complete implementation of a comprehensive national security strategy.”

After independence from Britain in 1966, the sparsely populated nation pursued a policy of peaceful co-existence with its neighbours, seemingly content to reap the benefits of the diamonds from which it derives most of its income.

But during the apartheid era it was the victim of numerous raids by the security forces of its powerful neighbour, South Africa.

The realisation of majority rule in South Africa in 1994 gave rise to fears of a civil war that might spill over into Botswana, according to Zaffiro.

It appears that there is still unease in Gaborone over South Africa’s military might. Botswana’s President Ketumile Masire has made it clear that “serious dangers remain in the region”, thus Botswana needs to be ready to defend itself.

“While cooperation (between Botswana and South Africa) is possible, friendship is still to be achieved,” says Zaffiro. “Distrust, uncertainty and internal disagreement over the proper course of bilateral relations with South Africa remain. Once burnt, twice shy.”

But military analysts believe the more likely clash would be with Namibia, Botswana’s western neighbour.

Namibia and Botswana have a long-running dispute over Sedudu, an island in the Okavango River, which forms the border between the two nations. Both claim Sedudu as theirs.

The two countries almost went to war over the island after Namibia’s independence in 1990 and the dispute resurfaced earlier this year.

Botswana’s high commissioner to South Africa, Oeng Tshabe, hotly denies that his country is beefing up its military because of economic priorities

One Western diplomat in South Africa says there is no need yet to panic over the country’s military expenditure, which is equivalent to about five percent of its gross domestic product.

“If, however, the military spending remains at such a scale for the next five years, then these would be a basis to question the country’s economic priorities,” he notes.

Botswana presents a picture of poverty amid wealth. Its 1994 gross national product of R15 200 a year per head was higher than that of middle-income nations like Russia and Costa Rica. In Africa, only Gabon, Mauritius and South Africa achieved higher scores.

Its foreign reserves grew by 10.5 percent during 1994-95 to about R16 billion, sufficient to finance 23 months of imports—a situation many other developing countries would envy.

However, about 60 percent of its 1.4 million people are poor.

Many are also jobless. Unemployment affects 25 percent of the active population, according to official estimates, and 45 to 50 percent, according to economists.
Botash overcomes floods, turns to expansion plans

Edward West

BOTSWANA Ash (Botash) appears to be recovering after a massive campaign to save the operation from floods which forced an 11-week shutdown.

The company, which was bought back by its shareholders Anglo American, the Botswana government and some banks after a liquidation last year, is now planning to expand.

The still cash positive and MD Paul Henry believes shareholders will not have to provide for losses this year. An interim insurance claim on damage and loss of business is expected to boost cash resources. A final claim — the full value has yet to be determined — is expected to be made next year.

Water still covers about 700km² of the Makadikadi Pans, an area which was little more than salt pan and scrub last year, but Botash’s operations have resumed, with salt production at full capacity and soda ash at 82% of normal production levels.

However, stark production figures tell little of the drama which unfolded when the pumps and machines were halted because of rain. Last week, management provided the first details of the rescue operation to save Botash.

On January 25 water from the Nata River started pouring into the pan from Zimbabwe at a rate of 250,000 cubic metres a second, diluting the 1-brine soda ash feedstock which is pumped from beneath the salty crust of the mines. Botash operates more than 100km of pipework in the wellfield, which comprises 79 wells over 200km² in Suo Pan.

The brine is pumped out of the wells, concentrated in solar ponds, and crystallised by further evaporation. Salt is harvested, while the remaining carbonate-rich brine constitutes the feedstock for the soda ash extraction process. By February 13, Suo Pan was flooded and wave action started eroding a major berm wall. Management faced a crisis. The solar ponds, which cover 22km² and are protected by the wall, were in danger of being flooded. Water had also damaged 5.5km of the main brine feedstock pipeline, and several wellheads were damaged.

The next day the Botswana army was called in to help save the wall. A battalion made up of 460 troops, 40 trucks and jeeps, and a landing craft was mobilised. Besides 570 Botash employees, 400 casual labourers were employed.

Earthmoving equipment from Orapa mine 400km away and contractors assisted with road buildings and repair work. Botswana was secured for used tyres.

More than 20 000 tyres and 90 000 sandbags were laid to strengthen the berm wall. The salt bagging plant was used to help fill sandbags and more than 300 hours were laid over 18 days to strengthen the wall.

Solar ponds

On March 14, in spite of these efforts, water gouged a 20-metre gap into the wall, partially flooding one of the solar ponds. A worker fell into the water and drowned.

In January, when over 300mm of rain was recorded compared with only 14mm in the same month a year before, Suo Pan became a 800km expanse of relatively shallow water. The water level has fallen since then.

The tyres and sandbags helped, but as the water began receding, it began eroding the wall beneath the level of the barrier. Botash management found that the Yarrows water barrier was being used in the streets made up of two polyethylene pipes filled with water in 50-million polyethylene bags. About 5km of the bags were immediately ordered and erected as temporary barriers against the water. Pumping began in the solar ponds on April 12 and more than 10-million cubic metres of water was pumped out using pumps borrowed from Eskom. A dredger, imported from Holland, is currently strengthening the wall further.

Because only part of the solar pond was flooded, production was started up earlier than expected, as brine had been concentrating in the unflooded crystallisers.

The halted production also threatened the company’s market share. About 27 000 tons of soda ash was bought at a premium from Botash’s competitor, American Natural Soda Corporation (Anseal). About 11 000 tons of salt were also bought in.

Henry says the purchase of the soda ash represented the biggest liquidation they over the period. He says he is not in a position to disclose the value of the full insurance claim yet, but it is likely to be substantial. The company has about 32 000 tons of soda ash in stock.

Once production has fully resumed, Botash intends expanding. Capital expenditure of 5-million pula for 18 new wellheads is planned to increase the brine feedstock supply.

Last year Botash sold about 160 000 tons of SA’s estimated total annual market for soda ash of 295 000 tons. The plant has a maximum capacity of 300 000 tons. Anseal holds sway over the 50 000 ton-a-year detergent market, a more lucrative market for soda ash than the industrial market.

Henry says Botash has been unable to break into the detergent market because the soda ash at Suo Pan contains micro-organisms which give the product a pink sheen. SA’s consumers, however, insist on having “whiter-than-white” detergent, effectively barring Botash from this market.

Botash is investigating two possible solutions: one is to erect a crystallisation plant, or the cheapest option using the brine. Botash was formed when creditor banks accepted an offer by shareholders to buy back the assets of the operation after a presentation by the vision to the board in June last year when the company, then known as Soda Ash Botswana, had debts of about N600m.
Out of a pickle

PM 5/17/96

At last things appear to be panning out for Botswana Ash (Botash). Having survived the worst floods recorded in Botswana's history, the company has resumed limited production earlier than anticipated.

Located at Sua Pan, the company produces soda ash and salt by naturally evaporating and crystallising liquid brine pumped from 40 metres underground into open solar ponds.

Production was stopped in January, due to widespread flooding of the ponds. The rains added to a litany of woes which the beleaguered company has undergone. Originally called Soda Ash Botswana — the company was reconstituted after being liquidated in May last year. Fierce competition from the American Natural Soda Ash Corporation (Ansac), which has been accused of dumping product on the SA market, added to the project's travails. After the flooding competitors gleefully expected Botash to be out of production for at least the rest of this year.

And ironically, in order to maintain deliveries during the 11-week shutdown, Botash was forced to buy 27 258 t from the Ansac cartel. It also drew from its own stockpile for two months.

But now to sweeten the pill even further, Botash chairman Harry Calver says the cost of the disaster is covered by insurance. "We are covered for both damage and business interruption, and the insurers have indicated this incident is included. We cannot evaluate the claim until the end of our financial year in March next year, but we believe it will be resolved to the mutual benefit of Botash and the insurers."

The facility is producing at 52% of capacity and expects to be back to full production of 190 000 t/year by October.

Botash is 50% owned by the Botswana government, with the Anglo American Corp, De Beers and AECI each holding 14%. The remaining 8% is held, rather unwillingly, by lender banks to the original Soda Ash Botswana. Anglo and De Beers manage the operation.

In the restructuring, the original shareholders effectively bought the company, free of the debt that had crippled it, for P114 million. "Botash was viable from the day we took it over," Calver says. At the time of the liquidation order, Soda Ash blamed a high interest burden for the company's collapse. Overall losses for 1995 had been forecast at P171m, of which only P20m would have been a trading loss.

The banks reportedly lost P450m and were offered the 8% holding. Their secured loans of about P200m were paid.

Calver puts world demand for soda ash at 40 Mt/year, but Botash's market is SA. The country uses 250 000 t/year.

Planning for Botash is based on a 25-year mining lease granted by the Botswana government, but it is more likely an open ended agreement. "Reserves," says Calver, "have been estimated as enough for world consumption for 100 years."

He believes the naturally produced product is edging synthetic producers out of the market. "The cost of synthetic production is higher, and the quality not so good. Synthetic plants worldwide are closing."
Idiots, boozers are not wanted in Botswana

Norwood doctor is appalled by form he is obliged to fill in before a patient can emigrate to our neighbour: and follow-up by Star shows their government isn’t joking

By Nikki Whitfield

Idiots, imbeciles and the feebleminded, beware - Botswana doesn’t want you.

And that’s official – there’s even the Coat of Arms stamp and a lot of bureaucratic jargon to prove it.

An incredulous Norwood doctor found himself presented with a form this week by a patient wishing to relocate to the state on South Africa’s northern border.

“They won’t let me in unless a doctor completes this,” the patient told him.

The GP drew it nearer. At first glance, it looked normal enough. It had the words “Medical Report” printed in large, bold type. It started with: “I hereby certify that on the ... day of 19... I examined ... and found him/her to be 1) not suffering from the disabilities referred to in Note 1.”

But then the doctor scanned the page to see what ailments he had to pronounce his patient free from. They were: a) being an idiot; b) being an imbecile; c) being a feeble-minded person; d) being an epileptic; e) having had a previous attack of insanity; f) suffering from constitutional psychopathic inferiority; and g) suffering from chronic alcoholism.

“I thought he was joking,” said the doctor, who faxed the form through to The Star before performing the necessary examinations – so far as he could - and dutifully filling it in. “But he was deadly serious. He said they wouldn’t let him into the country without having the form filled in by a doctor.

“In my opinion, I think the person who wrote the form is an idiot.”

But the Botswana government is adamant. It does not want imbeciles or alcoholics who have been at it so long they have become chronic.

An immigration official even went off to find the form when asked by The Star if it was for real.

“Yes, form 4, here it is,” he said, and then reeled off the disabilities deemed undesirable.

“If you want to stay in Botswana, you have to have a doctor say you don’t have these conditions. Any doctor, as long as he’s qualified.”
Botswana holds ‘liberal’ prospects

Patrick Wadula

BOTSWANA has a “liberalised exchange control regime” for SA exporters, attorney Neil Armstrong told delegates at a Werksmans seminar on “Doing business in Botswana”.

He said dividends and capital gains on equity investment received from a foreign source could be taken freely out of Botswana — but subject to tax.

Capital repayments on loans, usually after a two-year moratorium, were freely remittable in foreign currency.

A company operating in Botswana could invest up to 1-million pula, or 20% of its gross turnover, in capital investment offshore.

Armstrong said a company operating in Botswana but which was foreign controlled could borrow up to four times its equity locally without reference to the exchange control authority.

“The commercial banks in Botswana are actively looking for good projects to which to lend,” said Armstrong. The Bank of Botswana had been known to grant loans in excess of a company’s equity on an individual case basis, “particularly when the project involves development and employment creation”.

Botswana Telecommunications Corporation planned to develop a cellular network system, which would be put out to tender.
Union debate on investment role

Reinhard Grawitzky

COSATU affiliates appeared divided on the establishment of union-controlled investment companies, especially because such companies had been bidding for radio stations, and this could undermine Labour's broad opposition to privatisation.

Unionists opposed to investment companies have questioned the strategy of unions effectively going into business, the motivation of those involved and the ultimate impact on the labour movement.

Such concerns come in the wake of a joint bid by Primedia and a number of consortium partners including the Mineworkers Investment Company and SA Clothing and Textile Workers Union (Sactwfu) Investment Company.

An increasing number of unions in recent months have formed investment companies including the Food and Allied Workers Union, SA Railway and Harbour Workers Union, National Union of Metalworkers of SA, Communication Workers Union and the SA Commercial, Catering and Allied Workers Union.

COSATU itself is in the process of forming an investment company, but was not prepared to comment on this development.

Unions including the Transport and General Workers Union (TGWU), SA Municipal Workers Union and the Chemical Workers Union were presently debating the issue with some reservations.

One union source said he wondered how such a move would be reconciled with the labour movement's mission.

"As a labour movement we should be servicing our members and we would not be achieving this if we were sitting in boardrooms the whole day."

But another union source whose union had formed an investment company said there was nothing wrong with establishing investment vehicles as long as there were clear guidelines as to how workers would benefit, and which would safeguard against the move benefiting an elite.

TGWU assistant general secretary Harold Harvey said yesterday that the union was looking at its long term investment strategy. An investment company was only one of a number of options which could include establishing an asset management company to manage excess union funds."
Nothing to celebrate

Sparsely populated Botswana celebrates her 30th anniversary of independence amid hunger and misery

By Lekopanye Mooketsi

GABORONE – Botswana has much to celebrate at its festivities today to mark its 30th year of independence from Britain.

But behind the success story of democracy and the rise from Africa’s second poorest country to the second richest, lies a very disturbing development.

Although government revenue is 8.9 percent higher than expenditure – the only such case in Southern Africa – and foreign reserves to pay for imports are the highest on the continent, 55 percent of households do not earn enough or earn just enough to keep their families housed and fed, according to the latest Poverty Datum Line study.

Sechele Sechele, editor of the independent weekly newspaper Mmegi, points out the anomalies.

Significant strides

"There have undoubtedly been significant strides since independence. The government has been prudent and money has gone into building up the infrastructure.

"But there is also poverty which has resisted an inflow of people to the towns, with the consequences of unemployment, crime and poor living conditions."

He criticizes the recent big spending on military hardware.

"They say it is for the development of the army but do we need guns more than full stomachs?"

The disgruntlement of ordinary people is summed up by Kenathats Ramaja, a 24-year-old telephone technician from Mahalapye village, 200 kilometres north of the capital Gaborone.

While being proud of the fact that the country is no longer a colony, he laments the rise in poverty:

"It appears that the government has abundant resources, but most people still live in poverty."

Yet average economic output is about R15,000 a year for each of the 1.3 million people. The national coffers have become so full that foreign reserves are enough to pay for 24 months of imports.

"I do not think there is anything worth celebrating. There is no development and the government looks after foreigners only."

Flashback: Botswana’s President Sir Ketumile Quett Masire reviews a parade at the National Stadium in Gaborone during the country’s 14th Independence celebrations.

For pensioners, the situation is even worse as their incomes are static. Says 61-year-old Samuel Mamawayana: "We are starving and goods are expensive."

"The puzzle as to why there is poverty in a land of plenty is partly explained by the fact that mining, mainly diamonds, accounts for 48 percent of the annual economic output, but only four percent of formal employment. Much money is going to only a few people."

Agriculture is responsible for 80 percent of employment, but contributes only five percent to national earnings.

The government gets 22 percent of its revenue from the subsidies paid by South Africa for the country being part of the duty-free Southern Africa Customs Union.

No economic activity is involved – it is just money pouring into the government coffers.

Politically, the country is the envy of much of the continent, with multiparty democracy. Elections are free and fair, and human rights are observed.

On that score alone, Botswana is far ahead of most countries in Africa. But the government should spare more than a thought for the huge section of society that is living in miserable conditions.

The R5 million being spent on the independence festivities should be giving the politicians some cause for conscience – African Information Afrique.

• South Africa’s neighbours are concerned that a planned trade pact between the economic giant and the European Union will harm intraregional trade.

South Africa is currently negotiating with the EU over a far-reaching trade pact which it hopes will unlock the doors of Europe’s tightly regulated markets – while opening up the former pariah to European-manufactured goods.

"Any agreement between South Africa and the EU will have to be monitored," warns the Namibian Economic Policy Research Unit (Nepru).

The current Sacu agreement prohibits the entry of goods imported under a bilateral agreement to other Sacu members.

Under the Sacu arrangement, goods are traded within the union free of duty and quotas, with one third of all revenue and duties going to Sacu members. – Sapa-Ips.
Business and government in Botswana agree on privatisation

BARREY BAXTER

Gaborone — Botswana’s private sector has listed parastatals and government departments it considers ripe for privatisation in a report welcomed by the government at the weekend.

“Our analysis showed there is substantial potential for privatisation in Botswana,” Modiri Masaanayi, the director of the Botswana Confederation of Commerce, Industry and Manpower, said on Friday.

The report, compiled by Coopers & Lybrand the accounting firm, named the Botswana Meat Commission, Botswana Telecommunications Corporation and loss-making Air Botswana as top candidates for public share issues.

“Opportunities for quick successes should be identified to demonstrate that the programme can obtain results,” the report said. “At least one public issue should be promoted to attract public attention to the programme.”

Festus Mogae, the finance minister, welcomed the report.

“The issue of privatisation has been exercising our minds for some time,” he said.

Botswana Telecommunications Corporation had a trading profit of 18,5 million pula (US$2.7 million) in its last financial year. It has 60,000 subscribers, with demand growing at 20 percent a year.

The report suggested privatisation as a joint venture competing in a freer telecommunications environment with other newly licensed operators.

Two cellular network licences were expected to be granted soon. Botswana Telecommunications Corporation will bid for one with a partner.

Botswana Meat Commission had a 40,8 million pula operating profit in the last financial year. It has capital and reserves of 167 million pula.

Botswana Airways has 270 staff, a higher number than the seats on its three aircraft. Though debt of 75 million pula was written off in 1994 after capital restructuring, the airline lost 2,1 million pula last year. A similar loss is projected for this financial year.

The report listed seven parastatals and departments for immediate privatisation and suggested five others as candidates to hand over certain operations to the private sector.

Immediate privatisation was also suggested for the debt-ridden Botswana Housing Corporation.

Botswana Savings Bank was named as a candidate to go private, but it was felt unlikely there would be interest. Significant contracting out of services was recommended for Gaborone City Council, Botswana Railways, the supply department and the government printer.

The Botswana Power Corporation was not seen as a candidate for a privatisation project.

More than 20 other parastatals, departments and councils not examined in detail were listed as possibly suitable for complete or partial handover.

The report said a start should be made by running the public sector along more commercial lines. “An arms’ length relationship should be established between government and parastatals which would give the parastatals greater freedom in taking pricing, operational and investment decisions,” it said.

“There will be be significant revenue for the government,” the report said. “This could all amount to hundreds of millions of pula annually.” — Reuters
Botswana's plans to target the private sector as the force behind further economic development won't be achieved unless government moves quicker on its privatisation programme, says international fund manager Mark Mobius.

Mobius heads the emerging markets division of international investment group Templeton Asset Management. Market sources credit him with placing a major share of foreign investment in Botswana.

Representatives of Botswana's private sector identified several government enterprises at the weekend which they say are ripe for privatisation.

A report by accountancy firm Coopers & Lybrand, released by the Botswana Confederation of Commerce, Industry and Manpower, identified the Botswana Meat Commission, Botswana Telecommunications Corp and Air Botswana as prime candidates.

Says Mobius: "Unless you give the private sector the opportunity to manage large entities, such as the telephone company and large transportation systems, it will never develop as the economic driving force."

"A good example is the tourism sector. With land tenures of five or 15 years, there's no way that anybody is going to put substantial amounts of money into developing the industry. That's something the government must move on."

Inhibiting further capital flows into Botswana is the lack of potential investments. "There are not enough places to put our money," says Mobius.

In its annual report, the Botswana Development Corp (BDC) said it would privatise 41 of its 114 public corporations within five years. It had divested from eight and was negotiating on another seven. Chairman Kenneth Matambo describes the BDC's financial position as "worrisome." Without the proceeds from these divestments, it would have been in financial difficulties.

Mobius supports, at least for now, the often criticised policy of the Bank of Botswana of not moving to stop the slide of the Botswana pula with the rand.

"I see nothing wrong with linking them," he says. Unless Botswana can diversify its income base, allowing the pula to strengthen against the rand would seriously damage its exports, most of which go to SA.■
Group interviews were conducted this technique encouraged

**VISANT BUSINESS**

Botswana's citizens woke up last week to learn their economy was about to be transformed.

SA entrepreneur Jan du Plessis Visser, president of little-known, Botswana-registered Universal Investment Co, made the front pages of the country's newspapers with the announcement of a US$7bn oil-from-coal project intended to generate income of up to $20m/month. The promised investment is double Botswana's entire 1995 gross domestic product of $3.5bn.

Unknown to most people in Botswana, however, Visser has been in the news before. Three months ago (Business July 26) the FM told how Universal Investment Co was offering bargain loans in SA at 12%, the only proviso being that you had to buy shares in the company to qualify.

Visser's holding company was the impressive-sounding Universal Securities Corp of Delaware, in the US, with claimed assets in excess of $900m and apparently earmarked for public listing on the Wall Street and Canadian stock exchanges. And then there was back-up from affiliates like the Bank for Trade & Commerce (Botswana) and the UK's Universal Securities Plc.

The trouble is that Visser forgot to mention Universal Securities Corp was dissolved last September, the UK Plc was struck off and dissolved in July 1994 and that the criminal investigation department of the Botswana police had started a probe into the local Universal Investment Co and its rival for Trade & Commerce — which was not authorised to conduct banking business.

Visser told readers of the Botswana Gazette and Midweek Sun that layouts for two new coal mines had been prepared and an application for a mining lease would be submitted within three months. A 1500 ha township had already been surveyed for 12 500 workers, which is more than the total work force in Botswana's combined diamond, coal, nickel and copper mining industries.

Universal investment, in a joint venture with a "Rumanian corporation," would work in co-operation with some of the largest synthetic fuel research corporations in the US, Germany and Japan. For funds, said Visser, there were continuing "discussions with investors" in Malaysia, Dubai, Hong Kong and Taiwan.

The venture would include his latest Botswana-registered finance house, Global Mining & Development Bank. However, the Bank of Botswana says an application by Global for a banking licence has been rejected.

The central bank's Governor, Quill Hermans, says: "Visser has not broken any law, but he has violated the Banking Act in that he registered two companies with the word bank in their names. They will have to be de-registered."

Visser is a difficult man to contact. His address in Botswana is a Gaborone postbox; there is a telephone listing for him at an address in Lawley Street, Waterkloof, Pretoria, but the number rings unanswered. However, our man in Gaborone was granted a brief audience.

Visser refused to reveal the location of his coal mines: "There are too many sharks in the market." Reminded that Botswana has no oil refinery, he replied: "We will build one."

He told the Botswana press his companies would provide workers with a hospital, police station, post office, churches, technikon, shopping mall and recreation club. He even intended to give them a casino.

His plans have attracted interest in high places. The Office of the President has called for a report from the Ministry of Mineral Affairs. And the curiosity of the police has also been rekindled. CID chief Edwin Batshu says: "We are looking into it."

So is it all just pie in the sky? After all, Sasol — the world leader in oil-from-coal technology — manages to produce 100 000 BPD of crude oil equivalent at its Secunda plant. A Sasol spokesman describes the whole thing as "highly questionable." Visser has not approached Sasol and "we are not aware of the details of his proposed process."

In any case, say oil industry analysts, there are some obvious obstacles. The first is the absence of a market — key areas of SA are already supplied by Sasol's Secunda plant.

The second is the inherent unprofitability of turning coal into liquid fuel at current or expected oil prices. Thirdly, Sasol owns the relevant technology and is hardly likely to license it to a potential competitor.
Botswana’s iron fist

GABORONE - Botswana’s military build-up is raising eyebrows in the region, particularly as relations with neighbouring Namibia are strained.

Diplomatic tension between Namibia and Botswana has been simmering since a dispute over Sedudu Island on their border. After Zimbabwean President Robert Mugabe’s mediation failed, the matter was referred to the International Court of Justice in The Hague.

Namibia has also threatened to pipe water from the Okavango river in Botswana.

Botswana’s rapid military growth has kept President Ketumile Masire, Defence Minister Ponatshego Kedikilwe and the army commander, Lt General Ian Khama, on their toes as they justify the need for a bigger arsenal. They are supported by the foreign affairs minister, Lt General Mompati Merafhe (the former defence minister and army commander).

They say much of the budget is intended to maintain the army and provide essential infrastructure.

The P27 million Botswana Defence Force (BDF) budget raised hell in parliament and sparked a row even among members of the ruling party.

The military build-up includes a new P9.4 billion airbase south of Gaborone, dubbed "The Eagle Project," and the purchase of 36 Scorpion tanks from Britain at undisclosed cost and more than a dozen surplus CF 5 fighter bombers at P250 million from Canada and 15 American-built fighter bombers.

AS Botswana continues to shop for more arms, planes and tanks, its neighbour Namibia is watching with a wary eye. Botswana’s military build-up has worsened simmering tension between the two countries. AIA reports...

Gaborone, dubbed “The Eagle Project,” and the purchase of 36 Scorpion tanks from Britain at undisclosed cost and more than a dozen surplus CF 5 Fighter bombers at P250 million from Canada and 15 American-built fighter bombers.

The opposition argued that priority had to be given to rising unemployment, housing problems and poverty. “Why should we put up such a sophisticated and costly facility when people are starving?” asked opposition party leader Dr Knight Maitse.

Defenders of the project say just because there is peace now does not mean Botswana does not need defence capability.

It has been rumoured that the airbase was sponsored by the West, led by the United States, as a move to control the region by creating an “Israel in Botswana.”

Recently, American Secretary of State Warren Christopher touted a plan to create an all-Africa peace-keeping force to be trained in Botswana.

The latest diplomatic hassle came when Germany blocked the BDF’s bid to procure 50 second-hand German-built Leopard Fighter bomber tanks and 200 trucks from the Netherlands valued at P7.4 million dollars. This was after Namibia, a former German colony, advised the Germans that the Dutch had violated an agreement forbidding weapons to any country outside the North Atlantic Treaty Organisation.

The German vice chancellor and foreign minister, Dr Klaus Kinkel, was in Botswana in July to tell the government they could not have the tanks. He confirmed Namibia had lobbied against the sale.

“We will get them somewhere else,” responded Maitse — adding they were disappointed by the Namibians’ conduct. He said as a sovereign state Botswana had the right to enter into any deal without interference from other countries.

In a bid to counter Botswana’s move, the Namibians have signed an agreement with Russia for military training. - AIA
Weak pula won't hold back Botswana's budget surplus

Barry Baxter

Gaborone — Diamond-rich Botswana's 1997-98 budget should focus on a weakening pula and better incentives for foreign investment, analysts said last week.

The budget, to be released today, is once again expected to show a surplus. Festus Mogae, the minister of finance, said in December he expected Botswana to record its 15th consecutive surplus in 1997-98, thanks to higher diamond revenues.

Botswana is well on course for a surplus in the 1996-97 budget year, ending next month, despite initial forecasts of a $36 million pula (R795.1 million) shortfall, reflecting windfall profits in pula terms on the country's dollar reserves.

The pula — which shadows the rand — stood at R3.35 at the start of last year but had fallen to R3.27 by the end of December. This year it has strengthened only slightly to R3.28, despite the strong rally in the rand.

Standard Chartered's managing director in Botswana, Les Gibson, said Mogae should explain why the pula had been allowed to slip against the rand. "There was reason for the pula to drop with the rand, but a 3 percent drift down against the rand over the past few weeks is puzzling," Gibson said.

On the tax front, Alan Norrie, the acting chairman and chief executive officer of the Botswana stock exchange, predicted cuts in personal taxes and a widening of tax bands.

"My guess is that the top rate of personal tax will come down to 25 percent (from 30 percent) to match company tax," he said.

Norrie said he hoped to see more company tax incentives such as accelerated write-offs for capital expenditure. "At the moment if you put a building up in Botswana, it takes 25 years to write it off," he said.

Norrie said tax on overseas earnings could be introduced as a precursor to the total abolition of exchange controls. Although he believed this would not happen this year, he did, however, see substantial further liberalisation of Botswana's exchange controls.

Charles Middleton, the managing director of Barclays Bank, said he hoped for better investor incentives.

He said the government should concentrate on offering better incentives to small business to help lower unemployment, which affected nearly 30 percent of the workforce.

"It is imperative that the growth in that sector," Middleton said. — Reuters
Botswana pursues financial hub status

GABORONE — Botswana is pursuing aggressively legislation to set up the diamond-rich country as a regional financial and banking service centre, Vice-President Festus Mogae said yesterday.

Parliament has recently passed a series of laws, including the Bank of Botswana Act and the Collective Investment Undertakings Act, which are paving the way for the country to become an International Financial Services Centre, he said.

Legislation has reduced corporate and personal income tax and exchange controls. Mogae, who is also finance minister, said individuals could now hold foreign exchange accounts inside the country or abroad. Legislators have passed seven pieces of legislation protecting potential offshore investors and the banking system against money laundering and other fraudulent activities, he said.

Officials hope the financial centre will provide additional revenue for the economy, which depends heavily on diamond production.

In his budget speech in parliament this week, Mogae said it was the government's intention to "adopt a phased approach to the development of the services centre, concentrating on the development of niche markets for which known demand exists, and marketing that attracts high quality clients".

Potential offshore banking has been given a boost by last year's deregulation of the telecommunications sector, leading to the introduction of local Internet service providers. Cellular telephones are expected to be available to consumers this year.

Because of its production of diamonds, Botswana is projecting a 6.8% growth in its gross domestic product for the 1996/97 fiscal year ending in April.

Botswana has benefited from some offshore banking of its own. It generates millions of dollars in revenue from interest on investments overseas using its foreign exchange reserves, which Mogae said amounted to almost $3.05bn.

The country's positive financial position is in spite of setbacks in the secondary cattle industry. Mogae estimated his government spent about 800-million pula in fighting an outbreak of cattle lung disease in the northern Ngamiland district in 1996. Almost 800,000 head of cattle were destroyed, and the government reimbursed farmers more than $4m.

The livestock sector was also affected by "mad cow" disease in Europe.

Over the past year, beef consumption fell dramatically in Germany and Britain, where Botswana exports the bulk of its beef and related products. — Sapa-DPA.
No jobs for the boys in Gaborone

Leropanye Moketsi

Gaborone — It is almost five years since Mogasini Orekgeng, a resident of Gaborone, registered with the labour and social security department as a job seeker. He is still unemployed.

Each morning, Orekgeng joins the thousands of who queue up outside the offices of the labour department in the hope of finding a job.

The department acts as an employment agency by keeping a register of the jobless and finding the right people for companies.

Orekgeng, an aircraft technician, had to leave the armed forces in 1992 because of ill health. He is now looking for employment as a driver.

Though unmarried, he has two children to support.

He is still hopeful, but criticises the government for having done too little about the unemployment problem.

Kagisumo Mosibibidi, mother of 10, says she has been job hunting since October last year. She is looking for a job as a cleaner. Her husband is also unemployed. The family is barely surviving by working the fields.

Orekgeng and Mosibibidi are part of a rapidly swelling army of jobless.

Every year the numbers are reported to increase as school drop-outs and retrenched workers join the ranks of the jobless.

Even university graduates face difficulties, and sometimes it takes months or even years before they find any gainful employment.

According to the government's 1994 Household Income and Expenditure survey (the latest available), the number of unemployed increased from 61,285 in 1991 to 59,637 in 1994.

Today unemployment is reported to be in excess of 100,000.

According to the survey, unemployment is highest among the youth, especially junior and secondary school leavers.

The survey found the rate of unemployment among this group increased from 17 percent in 1991 to 28 percent in 1994.

The highest rate of unemployment was found to be among the 15-24 year age group. From 51 percent in 1991 the rate rose to 61 percent in 1994 among the 15-19 year age group, and from 22 percent to 36 percent among the 20-24 year age group during the same period.

The survey confirms Botswana's high inequality in income distribution.

The country's poorest 40 percent earned 11.6 percent of the national income, while the middle-income group, also 40 percent, earned 28.1 percent.

The rich, who comprise 20 percent of the population, earned 59.3 percent of total national income.

According to the annual economic report, released by the finance and development Ministry, the rapid increase in the rate of unemployment poses a huge challenge to the government.

This is especially true during a time when there is slow economic growth and therefore inadequate growth of new employment opportunities.

It says employment prospects for the future will depend on the success of government policies to stimulate the economy, especially the manufacturing and construction sector.

A bitter irony for those seeking work is that while there is widespread unemployment in the unskilled sector, Botswana still depends on expatriates in the engineering and teaching fields. — Independent Foreign Service/AIA
Rand drag on pula worries
Botswana central bank trying to attract investors

Gaborone – Botswana is concerned about the effects the fall of the South African rand, to which Botswana’s pula is linked, is having on foreign investment.

The pula is linked to the rand to protect exports and has been pulled down 25 percent alongside the rand against most major currencies over the past year.

Questioned by concerned delegates among a group of representatives of 35 Singaporean businesses, Bank of Botswana deputy governor Linah Mohohlo hinted at a change in policy.

“I do not want you to be discouraged from investing in the country because you believe the rand is going to go down and take the pula with it,” she said.

“It is no good making money by opening a business in Botswana and seeing it slip away from you,” said the chief executive officer of the Singapore Trade Development Board, Barry Desker.

“This is a controversial issue. We are quite responsive to what is happening in South Africa. We are looking to see if maybe we should be doing something else instead of remaining with the current peg and the current ways we have of doing things,” Ms Mohohlo replied.

As part of Botswana’s policy to diversify its economy away from reliance on diamond revenues by promoting manufacturing industries, the pula is tied to a basket of currencies in which the rand is dominant.

Almost all Botswana’s non-diamond exports are sold into South Africa.

Conversely, more than 80 percent of Botswana’s imports come from South Africa. Diamonds, which account for 80 percent of all export revenues, are sold in US dollars used largely to bolster Botswana’s foreign reserves.

Because of the pula’s slide, the reserves are at a record level of 30 months of import cover.

It was important for any exchange rate to be competitive, Ms Mohohlo said, but the bank was not insensitive to the concerns expressed by investors. – Sapa
De Beers listing puffs up Botswana bourse

AT LEAST 10 FOREIGN companies are expected to list on the Botswana Stock Exchange this year, Louis Nchindo, chairman of the exchange, said on Friday, after the BSE's market capitalisation increased 50 times with the De Beers listing. "No fewer than 10 companies, with headquarters in London, Paris, New York, Tokyo and other centres, will have to go so," he said.

Apart from the De Beers listing, the exchange has seen 25 companies list their shares, bringing the total market capitalisation of Botswana companies to 33.8 billion pula, he said.

The listing of De Beers, which opened at 1.25 pula, is expected to boost the BSE's capitalisation to 35 pula.

Nchindo said the listing is a boost for the Botswana economy and for infrastructure and institutional investors. "We identified Botswana as a major investment opportunity and have been working with the Botswana government to promote cross-border investment," he said.

The Botswana government, through its Botswana Stock Exchange, is keen on involving institutional investors and institutions in the capital market, he added. The Botswana government is working with the country's three main institutions, namely the Batswana government, the Botswana Stock Exchange and the Botswana Stock Exchange, to promote cross-border investment.

The De Beers listing is a boost for the Botswana government, which is keen on promoting opportunities in Africa and beyond. The government has said it will invest about 2.5% of this money in Botswana. — Reuters
R100-m contract for ABB

By Russel Molefe

A JOINT venture led by ABB Industry, a member of the world's leading electrical engineering consortium ABB Group, has been awarded a R100 million contract by Botswana's Water Utilities Corporation to build three water pumping stations.

The project forms part of Botswana's R1.5 billion scheme - the biggest construction project in that country's history - to bring water to the fast growing industrial southeastern region from the more endowed northeast.

The project also includes Grinaker Botswana, which will handle the civil construction works while Kentz will be the sub-contractor for mechanical systems and installation.

Construction is expected to start this month and the three pumping stations will, when completed, have a combined capacity totalling 118 000 cubic metres a day.

Completion of the project, which will benefit domestic, industrial and commercial users in Mahalapye, Mmadinare and Selebi-Phikwe is scheduled for November next year.

Commenting on the awarding of the contract, ABB Industry managing director Mr Derek Jones said: "The project emphasises ABB's strong commitment towards development in the region.

"ABB is supplying the most advanced technology available to provide this vital natural resource to the people of Botswana cost-effectively and efficiently."

ABB Industry is a supplier of process engineering, industrial turnkey project business and also manufactures electrical equipment.

Jones said the ABB Group employs 217 000 people worldwide. Orders in 1996 amounted to R151.2 billion."
Botswana accused of ostrich mentality

K Letsolo in Maun

The Botswana government is being accused of hiding its head in the sand when it comes to involving citizens in the lucrative ostrich industry. The country, which has the largest wild ostrich population in the world still only has nine registered farmers — and one of them is the president.

Two years ago, 300 Botswana turned up for a meeting in the capital Gaborone, eager to become ostrich farmers. Last month, at a similar meeting in the eastern part of the country, only around 15 showed up.

"I'm upset," says Maun ostrich farmer Tim Longdon. "Those potential ostrich farmers were so dissatisfied with the industry regulations and now their interest has waned. Ostrich farming is still seen as an industry controlled and dominated by whites."

According to the Department of Wildlife, since 1984 there have been 289 inquiries from people wanting to establish ostrich farms. Out of these, only 18 people submitted proposals and three were approved. The remaining proposals have not been approved because the applicants have not yet provided proof that they own the land they want to farm the ostriches on.

Despite government promises that it would review the national ostrich policy, Botswana still feel excluded — with the possible exception of President Ketumile Masire, himself an ostrich farmer.

Longdon says the regulations remain very complicated and include management plans, financial forecasts and getting permission for land — all of which frighten people off. Wildlife officer Thato Sejob will not agree. She denies that the regulations are complicated and explains applicants must submit management plans "to ensure that [they] have a clear understanding of what they are getting involved in."

Tell that to Botswana Paramount Chief Tawana II. "I can read and write and I've got a degree, but I still couldn't fill in the forms," he says.

Tawana wants to set up a community-based ostrich project in the delta village of Shorohe where villagers would collect ostrich feed, catch chicks in the wild, and make jewellery.

Tawana says he has the land, he's written three proposals and European Community donors are interested. But he's been greatly discouraged by the registering process.

Like Longdon, Tawana believes ostrich farming is an ideal alternative to the present cattle dilemma, as local farmers wait for the partial restocking of the 250,000 cattle slaughtered last year by the government because of lung disease.

Longdon suggests giving dispossessed farmers two adult birds to mate. Once a chick is 10 months old it can be sold for R1500 — three times what farmers got in compensation for each slaughtered cow."

He started farming in 1988 and currently has about 300 birds. Longdon sells the meat (low in cholesterol and calories) to lodges in the Okavango Delta, the skins to a tanning company and the feathers and to a business in the southern village of Serowe. — Okavango Observer
GABORONE — Despite opposition from members of parliament, the government of Botswana has gone ahead with its decision to approve a controversial B62,3 million loan to bail out debt-ridden locally-owned contractors.

This is the second time that the government has bailed out citizen contractors. The first attempt last year was abandoned because of public disapproval.

Some of the companies are reportedly owned by relatives of President Ketumile Masire and cabinet ministers. The money is to be repaid over seven years at nine percent interest. As part of this package, 30 percent of government building projects will be reserved for local contractors, to enable them to repay the loan.

Botswana’s construction industry faced difficulties in the early ’90s at the end of a boom period. As recession escalated, most of the local construction companies were forced to close.

The introduction of Chinese building companies, who undercut the prices charged by other companies, also made things tough for the indigenous contractors. Many of these then abandoned government projects that were only partly completed.

**Rescue package opposed**

The rescue package is being opposed by members of the ruling party as well as the opposition.

The representative for Gaborone West, Paul Rantao, who belongs to the opposition Botswana National Front, said that although he was not opposed to local people being given preferential treatment, the conditions of the rescue fund must be expressed formally.

"The government cannot finance people to repay their debts especially since some of the citizen contractors who are to be bailed out are insolvent," he said. It was not all citizen contractors who would benefit from the fund but just the chosen few.

An MP of the ruling Botswana Democratic Party, Jacob Nkate, said the decision was a risk that even the commercial banks would not undertake.

Nkate also emphasised that while he was not opposed to the idea of empowering citizens, the "government is creating a cartel of a small number of companies who are a monopoly and who act as a lobby group for their interests. In fact the people that they want to help are driving around in Mercedes-Benz cars." — A/A.
Botswana Power Corporation and Eskom recently signed an agreement which provides for a firm power supply of up to 410 megawatts to Botswana until 2000. A spokesman for the Botswana utility said it was the third accord between the two. It was initiated by the need for future additional sources of power. The utility had various options and Eskom was best placed to provide this export, he said. The utility first bought power from Eskom in 1960.

— Independent Foreign Service/AD: Gaberone
Botswana to curb pula’s strength

Kasane — A main aim of Botswana's exchange-rate policy is to prevent the pula from becoming too strong, Linah Mohohlo, the Bank of Botswana’s deputy governor, told businessmen at a conference.

At the First Southern Africa International Dialogue on Smart Partnership for the Generation of Wealth, she also defended Botswana’s interest-rate policy.

Rates had risen but, were lower than those of Botswana’s main trading partner, neighbouring South Africa. Botswana’s bank rate is 12.5 percent against 17 percent in South Africa.

She said interest rates in Botswana were aimed at encouraging private savings.

Although Botswana saved between 30 and 40 percent of its gross domestic product, most came from the government.

“Of course the government is running large budget surpluses, but in the longer term this will probably not be the case,” she said.

“It will be necessary to boost private household savings. Monetary policy is therefore taking a long-term outlook.”

Botswana is forecasting a 14th successive budget surplus for 1997/98. The Bank of Botswana has been criticised for indirectly linking the pula to the South African rand, which depreciated 22 percent on a trade-weighted basis last year.
President calls for regional business forum

Kamohelo Masisi, the president of Botswana, proposed yesterday the establishment of an emerging nations business forum for southern Africa and round tables to bring together governments and their private sectors. "This would create the environment for promoting southern Africa as a growth area," Masisi said at a business conference hosted by Botswana, which was attended by 14 African countries.

He said he wanted to explore the setting up of a regional Southern Africa Business Advisory Group. He pointed out: "There would be national action groups in the individual participating countries with members from the government, the private sector and the workforce."

Business councils in each country would monitor progress. Masisi said southern Africa would have to promote joint investment so that roads, railways, power and water could be organized on a regional and co-operative basis. — Reuters, Kasane.

(12) (BE) 8/0/97
Botswana RST

**Bombed-out fundamentals**

Only a metal price clairvoyant should consider investing in this one.

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**One has to** assume the only reason Botrest stays listed is that stockbrokers would hate to lose the commissions which, inexplicably, this stock continues to generate.

**Activities**: Base metals producer at Selebi Phikwe, Botswana.

**Control**: Botswana government and Anglo American.

**Chairman**: D J Hudson. MD: J M Rech.

**Capital Structure**: 18m ords. Market capitalisation: R12m.


**Year to December 31**

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</table>

*1 Pula = R0.81

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Botrest has remained in business courtesy of emergency funding from the European Community, the Botswana government, World Bank and Anglo American.

Justification for this is obviously the employment spin-offs.

Anglo has probably gone along with the various debt restructurings because keeping the Botswana government happy presumably has goodwill benefits for the all-important Debswana diamond operations.

The investor in the street should avoid Botrest unless he has worked out a foolproof way of divining movements in the share price in relation to the nickel and copper metal prices.

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Brendan Ryan
Botswana to privatise in bid for efficiency

GABORONE — The Botswana government is drawing up a framework for the privatisation of certain government enterprises in a bid to improve efficiency, and a white paper is expected towards the year-end.

Although policy is still being formulated, government has already indicated the partial privatisation is likely to affect the Botswana Telecommunications Corporation, Air Botswana, the Botswana Agricultural Marketing Board and the Botswana Livestock Development Corporation. Certain cleaning, catering and other nonmedical functions have also been earmarked for outsourcing to private contractors.

The Botswana Confederation of Commerce, Industry and Manpower has urged government to privatise enterprises such as Botswana Railways, Botswana Meat Commission, the Central Tender Board and Botswana Housing Corporation, as well as to outsource the services of certain departments, such as the architecture and building service department, the printing and publishing department and the accounting unit of the finance and development planning ministry.

Botswana is drawing up policy on the future of state enterprises, writes Prof Molema

Abdalla Gergis, senior research fellow at the Botswana Institute for Development Policy Analysis — an independent body which advises government on policy — emphasised that plans did not only revolve around the sale of public enterprises. They would also involve leasing of public sector assets and transfer of management contracts or the deregulation and liberalisation of activities previously restricted to the public sector.

The confederation has campaigned for privatisation of state-owned enterprises hoping it will enable them to compete in southern Africa.

"We have to learn to do business with little protection and to compete with other businesses. This is crucial since the world is moving towards open markets," policy co-ordinator Ditshaba Molobe said.

He warned that people's mentalities would have to change. Botswana had few entrepreneurs and people would have to be educated and given the chance to take part in privatisation.

"If the people are not behind the programme it will fail. One fortunate thing about Botswana is that unlike many other countries, it is not privatising under pressure from the World Bank and the International Monetary Fund. So it can implement its privatisation policies gradually," he said.

Botswana's move to privatisation has been met with caution in other quarters amid warnings that the transfer of government assets should be handled delicately. Traditionally, governments have been privatising sectors which are seen to be inefficient, but that does not guarantee success," said university of Botswana economics lecturer Sennye Obuseng. If the necessary environment was created to reduce government participation it should be taken advantage of.

"However, the big problem in this country is that we have very few people with capital and or sufficient expertise to run enterprises similar to the ones run by government. Alternatively the companies might be taken over by the multinational companies, but this is doubtful because the market base is very small and not that attractive," he added.

"I'm not very optimistic that the government will get buyers who can provide what the government cannot provide now."

He said the most important thing was to try to give the customer good service, rather than doing it for the sake of transferring a monopoly from the state to the private sector.

Botswana Stock Exchange CE Rupert McCommon said he hoped privatised companies would be attracted to the exchange because this would allow the government to most efficiently distribute resources to the people. "We also believe privatisation through the stock exchange will allow companies to develop in the most efficient way possible."

Some parties argue that privatisation will simply mean giving away national assets to foreign companies because locals cannot afford to buy them, as well as exacerbating unemployment. Botswana's most radical trade union, the 30,000-strong National Amalgamated Local and Central Government and Parastatal and Manual Workers' Union, staunchly opposes the privatisation of state enterprises, saying it would lead to massive retrenchments.

"We are worried about the privatisation. It has created some socio-economic problems such as poverty and an upsurge in crime rate in other African countries," said administrative secretary Samuel Molaoedi.

The union's fears are largely aggravated by a chain of retrenchments that beset Botswana's industry during the economic slump from 1991. The layoffs pushed the unemployment level to about 24% in a country where 60% of people live below the poverty line.

The government's 1995 statistical bulletin paints a disheartening picture of the poverty level in the country — it says those in the top 20% of income earners have 24 times more cash than those in the bottom 20%.

Prof Molema is a freelance writer for Business Day.
Botswana’s removal of San triggers controversy

Prof Malema

GHANZI — The government has begun removing the San people of the Central Kalahari Game Reserve in Botswana to a site outside the park, a step which has sparked controversy within the community.

The moves, to make way for tourism developments, have left the Basarwa people (a San clan) divided. Some do not want to leave while others who have moved have become embroiled in infighting over the allocation of land.

Botswana government ministers said this week that their plan to move the clan from the main settlement, Xade, to New Xade, a site outside the park borders, by the end of this month was going smoothly and that most people wanted to move. The new site is 80km to the west of Xade, which is in the northwestern part of the country.

They said the clan would be given a “new and modern life”, replete with better clinics, schools, water reticulation, financial assistance for businesses, farm plots and livestock.

The park was established in 1961 to protect animals that the hunter-gatherer San people depended on. Officials said the Basarwa, who had been based within the reserve area for centuries, had grown dependent on outside aid as levels of game had declined.

Local Government, Land and Housing Minister Patrick Balopi said: “A great number of people are willing to move, and by last Thursday 81 families out of 160 in Xade (the largest Basarwa community inside the park) said they would like to move. The Land Board has allocated plots for 102 families which will be issued with title deeds.”

Residents named the new site “Xquenukwekwe”, which means “searching for a new life”.

Balopi said the community’s living arrangement was the first in Botswana to have been “completely pre-planned” by government. Water would be piped in, costing government P13m.

However, human rights groups said that several hundred families had not yet said they would move.

The newly settled group has complained about tensions which have arisen among the Basarwa subgroups — the Bachanakwe, Balolongwe and Bangologa — which speak distinct dialects. The three groups are being given surveyed plots next to one another in New Xade, and say they were not consulted on allocations. Each group appeared to be vying for what they perceived to be better sites or were unhappy about who they were put next to.

A new resident, who called himself Ramadonga, said he would not be able to hunt. Officials had confiscated his guns and traps just before the move.

The Central Kalahari Reserve is off-limits to commercial hunters, but the Basarwa were allowed to hunt with bows and arrows. The area round New Xade is also a nonhunting area, although the San have special privileges.

Ramadonga said the transplanted Basarwa were facing problems, including the loss of donkeys and goats to predators. Yet the main reason why they had moved was because game had dwindled in the park, and predators had been killing their livestock. Government had refused to compensate them unless they moved, he claimed.

Human rights groups, including the First Peoples of the Kalahari and the Gaborone-based Ditshwanelo Human Rights Group, have opposed the move, saying government is bribing the Basarwa with promises of riches. Ditshwanelo claims some Basarwa have been beaten by soldiers in a bid to persuade them to leave the reserve.

Government denies the claims, saying its development programme forms part of existing aid for all Botswana.

Blair in move on political awards

Own Correspondent

Junior MPs, former ministers and prominent political figures, are not affected.
Botswana outpaces SA in stock market stakes for 1997

Neil Behrmann

LONDON — Botswana has outpaced Johannesburg by a wide margin in the central and southern African stock market race this year.

It rose 41% in US dollars in the first five months, according to Standard Bank London. Namibia was next best with gains of 16%, SA and Kenya 14% and Zimbabwe 10%. Ghana was the only loser, declining 10%, mainly because of the poor bullion price hit Ashanti gold mine.

“Sub-Saharan markets have become popular with emerging fund managers since the beginning of 1996,” said Christopher Hartland-Peel, a specialist on sub-Saharan at Standard Bank London.

The relatively poor showing of the Johannesburg market and the rand’s last year encouraged the fund managers to switch to alternative African exchanges, Peel said.

Similarly to other embryonic emerging markets, however, large parcels of shares cannot be bought and sold readily. The market capitalisation of SA shares is about $280bn, but Zimbabwe’s capitalisation is only $6bn. Nigeria $4bn, Kenya $2.2bn, Namibia $600m, Botswana $400m and Ghana $200m.

Hartland-Peel said banks have been at the forefront of Botswana’s rise. Barclays Botswana soared 78% and Standard Chartered 62%. Sechaba, the brewer, and Coca-Cola bottler had risen by a third. Mse are, a food and distribution company, and First National Bank were also popular shares.

He said despite the market’s strong performance, Botswana was still cheap. The economy was set to grow 6% this year, the average price earnings ratio was 7.7 and dividend yield 7.3%. Barclays and Standard Chartered’s PEs were below 6. The disadvantage was illiquidity; said Hartland-Peel.

The Zimbabwe exchange fell 7% in May following a spectacular run in the past few years. A 2% interest rate hike to 25% on Friday caused further weakness. Yet analysts said holders of Zimbabwean shares were still doing well. Since 1993 Zimbabwe’s industrial equity index had surged about 50% in US dollar terms and last year alone, the market soared 93%.

One analyst said even though real inflation adjusted, earnings growth was estimated at 12% in 1997 and the market was looking expensive at its peak in April. The historic price earnings ratio was 21 and forecast 1997-level 16.

Nevertheless, the analyst said corporate results had been impressive and leading companies, Delta Corp. and Barclays Bank had reported profit improvements of 20%-25%. Barclays shares have increased by more than 1 000% since June 1993, when the market was opened for foreign investors.

Another analyst said other leading Zimbabwe shares were Meikles Africa, a hotel group which reported a 53% earnings gain during the past financial year. Hippo Valley, a sugar concern, TSL, which was involved in tobacco auctions and Edgars, the retailing chain.

He said Namibia, which rose by 36% in dollar terms last year and continued to do well, had an average historic PE of 12. The share with the largest market capitalisation was Namibian Minerals which incurred a loss last year. The company and ODM were producers of diamonds.
Lobbyists oppose move to uproot Botswana clan

Campaigners say a San clan should be able to choose to leave its Kalahari game reserve, writes Prof Malema

GABORONE — An international human rights organisation has joined Botswana rights campaigners in trying to persuade the country's government to halt its move of the Basarwa San clan from the Central Kalahari Game Reserve.

London-based human rights body Survival International said it was seeking additional international support to lobby against the move, which is in line with the government's new tourism policy adopted in 1992.

The biggest Basarwa community is being moved from Xade, to New Xade, 60km outside the park, to make way for game lodges and tourism ventures.

Local groups campaigning against the move include the Gaborone-based Ditshwanelo organisation and the Ghanzi's First People of the Kgalagadi.

Survival International has called on those opposing the move to write to President Ketumile Masire.

Survival International said that as the reserve's original inhabitants, the San people and the Baikalagad were living in accordance with a "right recognised by international law and by the constitution of Botswana".

"They should be able to choose either to leave or stay inside the reserve, and they should participate in the management of wildlife," the human rights body said.

Survival International said that action should be taken only after there had been full consultation with the communities' chosen representatives.

This comes shortly after Local Government, Lands and Housing Minister Patrick Botlopi said that 81 out of 160 families in Xade — the biggest Basarwa community in the park — had agreed to move.

They would be given better clinics, schools, water reticulation, financial aid for businesses, farm plots and livestock, he said.

However, San residents of other park settlements said they could not face an uncertain future away from their forefathers' graveyards.

"We originate in the area together with the wild animals," said Amogelang Segwetsane of Kukama settlement.

"If government is committed to developing us, then developments should be brought to the area."

He alleged that government was also bringing people into the park to explore for diamonds.

He said a confined life was not in accordance with Basarwa culture. Some of his people had been moved to Kaudwane settlement outside the park last year and "have been fenced in, in an area of 9km".

Xade headman Tsele Sekalawe said people were moving out of the reserve because they had been promised money.

"But I am worried that we will lose out on new hunting and tourism revenues," he said.

Mothonelo community headman Mogolswane Gotsatsiwe said residents were tired of being resettled.

Many had, he said, previously been moved within the park, from Metsiamang, Gopem, Mothonelo, Kikau and Kukana to Xade, and faced being moved again.
Botswana's new bills to aid investors

Prof Malema

GABORONE - Three bills aimed at attracting more investment to Botswana were tabled at the opening of parliament yesterday.

The Income Tax Bill and the Capital Transfer Tax Bill seek to amend existing acts, while the Export Credit Reinsurance Bill provides for new legislation that will protect Botswana-based exporters against monetary risks that might result from business transactions with parties outside the country.

The Income Tax Bill, tabled by Assistant Finance and Development Planning Minister Lesedi Mothibamele, will provide tax rebates of up to 20% on taxable income for a given year if a company contributes to social services such as education. It also proposed that taxable income for individual residents will apply only from 20 000 pula upwards, while companies tax will drop from 25% to 15%.

According to the Government Gazette, the Export Credit Reinsurance Bill aims to "protect exporters against the risk of monetary loss arising out of the failure, by foreign buyers, to pay the exporter for goods received, whether that failure arises out of insolvency of the buyer, or arises out of political reasons".

The Capital Transfer Tax Bill seeks to cover the disposal of a company's property during re-structuring or the merger of two or more companies, as long as the re-structuring does not prejudice shareholders.
Botswana govt denies forcing San to move

Consequently, they said, about 350 Basarwa agreed “voluntarily” to move west on government trucks from the reserve’s largest settlement, Xade, to a new tent village dubbed New Xade. There, they believe they will receive development aid.

“There is no future for the Basarwa,” he said.

He said Basarwa leaders had asked the government to involve them in tourism development by acting as guides, wildlife officers and hotel employees.

Those who agreed to leave cite government promises of Western-style homes, shops, health and education services — and even liquor stores.

Government officials — including two senior ministers — sped into the tent village last week, promising to spend 10 million pula (about $12 million) on development.

Botswana’s minister of local government, land and housing, Patrick Belo, denied the government was unfairly “pressuring” the Basarwa to move.

At least two Botswana human rights groups — the First Peoples of the Kalahari and the Dikgwanalo Human Rights Group — have accused the government of bribing the Basarwa and threatening to cut off all government aid.

George Kg crosha, minister of commerce and industry, said he hoped the Basarwa would open “bottleshops ... to sell chibuku (traditional liquor).”
Botswana media proposals under fire

By Richard Nyberg
Gaborone

Botswana's journalists are receiving support from several international media and human rights institutions in their campaign against the government's draft mass media communications bill, which local editors have described as being a "monster" and "very sinister".

The bill, which was given to the media about two weeks ago for comment, is to be debated in parliament next month. It provides for wide-ranging powers for the government minister in charge of information to appoint members to a national broadcasting board and a "self-regulatory" press council.

The minister has the final say in any appeal in the case of refusal of a broadcast licence.

It also stipulates that Botswana citizens must own 80% equity in media organisations. Critics argue that this runs against the government's policy of trying to entice foreign investment.

Many of the existing newspapers are owned by foreigners.

According to Edge Kanyungolo of the London-based International Centre against Censorship, provisions of Botswana's bill were "a little bit sinister". Kanyungolo, a Malawian, flew to Botswana to attend a weekend "emergency" workshop by the country's media to thrash out a response to the draft legislation.

Clive Emdon, director of South Africa's Independent Media Diversity Trust and executive member of the Freedom of Expression Institute, said many of the clauses contained in Botswana's bill reflected the approach authorities in the former apartheid regime took in hindering the work of his country's media.

"This is clearly the kind of legislation that will erode press freedom," he told participants of the Gaborone workshop. - Sapa-dpa.

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Bill threatens Botswana media

GABORONE — Botswana, one of Africa’s wealthiest and most liberal states, has lost much its “soft” reputation, with journalists concerned that a tough new media bill poses a serious threat to free speech.

The draft Mass Media Bill, which goes before Botswana’s cabinet on July 9 and could be enacted by mid-August, calls for stiff new penalties for foreign and local journalists who break yet to be named rules.

Under the bill, all media members, including foreign journalists, would have to join a state-appointed national press council which would enforce media regulations with prison terms and fines, according to government officials.

The bill, which also requires all media companies to be 80% owned by local shareholders, would force the country’s only two national newspapers, the Botswana Guardian and its sister, The Midweek Sun, to be closed or sold.

Both newspapers are 100% owned by William Jones, a British businessman based in Botswana.

Local independent newspapers have described the proposed new bill as “shocking” and “heavy-handed.”

The Southern African press freedom watchdog, the Media Institute of Southern Africa (MISA), has termed the legislation “a serious potential threat to freedom of expression and the free flow of information,” while the Paris-based lobby group Reporters sans Frontières said in an open letter to President Ketumile Masire it was concerned the draft legislation included “restrictive measures”.

The Vienna-based International Press Institute (IPI) also weighed in on Saturday, telling Masire the proposed legislation was “an unacceptable infringement on press freedom”.

“Botswana has often been cited in recent years as one of Africa’s few shining lights, where the press operates freely and fairly,” IPI director Johann Fritz said.

“The enactment of this bill will serve to nullify previous progressive efforts,” he said, urging Masire to scrap the measures.

Fritz said the proposals contravened the Universal Declaration of Human Rights and a resolution protecting press freedom passed at a recent Southern African Development Community meeting hosted by Botswana.

“You cannot bring a harsh law like this in without providing guarantees for press freedom,” said Midweek Sun editor Shimolelo Boitumelo on Friday. “I do not think that even Abacha has done what the Botswana government is trying to do,” Boitumelo added, referring to Nigerian dictator Sani Abacha, criticised for his country's human rights record.

Keto Segwai, editor of the Guardian, the country’s largest weekly, called on the government to allow individual media outlets to accredit their own journalists, instead of requiring a state registry.

Segwai also noted the state was largely controlling the local press through the official news agency, the Botswana Press Agency (BOPA), and the state-run Botswana Daily News.

The government “is already dictating stories to BOPA. What will be able to stop officials in future from dictating who should get press cards?” he asked.

The Tswana-language paper, Mmegi, has also condemned the bill. — Sapa-AFP
Botswana optimistic on new trade in ivory

(from Reuters)

Gaborone — Botswana hopes restricted sales of ivory to Japan will lead to sustainable trade. George Kgoroba, the commerce and industry minister, said on Monday.

A world forum on endangered species last month eased a seven-year-old global ban on ivory trade, giving Botswana, Namibia and Zimbabwe conditional approval for sales of ivory to Japan from their “excess” elephant herds.

Kgoroba said Botswana would do everything to abide by the rules laid down by the Convention on International Trade in Endangered Species (Cites).

“We will then show the next Cites meeting our track record and apply to trade in our future production,” he said. “If poaching increases and leads to illegal trade, we could find ourselves back on Appendix I.”

The 138-member Cites transferred elephants of the three countries to Appendix II — a list of endangered species tradeable under control — from the no-trade Appendix I list.

Under terms of the agreement Botswana would be entitled to sell 25.6 tons of raw ivory, Zimbabwe 23 tons and Namibia 13.8 tons in 1999, under an international reporting and monitoring system.

Kgoroba said his country’s ivory would be sold in Japan with the help of the Japanese Ivory Carvers’ Association.

“We are looking at many alternatives to actually conclude the sale. One is an auction in Japan,” he said.
Bushmen battle for control of Okavango game reserve

KATE MOSHEI

Gaborone — "When I was a child, my family benefited only a little from tourism," says 25-year-old Keitiretse Kwere, as he sits outside his thatched mud house in the village of Khwai in Botswana.

"It was only elders with tracking skills who were employed by safari companies. But now there is a change because younger people are employed. Today we want to build our own camps, run our own safaris and manage the land for ourselves," he says.

Kwere is a professional safari guide and the secretary of Khwai's interim management committee. The issue here, he says, is control of the land. The land in question is Moremi Game Reserve in the Okavango Delta, one of the richest wildlife areas in the country.

Khwai village sits on the northern boundary, once the domain of white crocodile hunters and known as Lucas Camp. When the game reserve was set up in 1968, Basarwa (Bushmen) at Xuko were moved to the north bank and founded what is now Khwai.

The original population of 200 has grown to 284, mainly because people were brought in to work at the nearby lodges and the department of wildlife camp.

The community recently formed committees to sell baskets and thatching grass and has started cultural groups to entertain tourists, but no locals yet manage or run their own safaris. "The government and the safari companies talk of community participation, but we are still workers, not participants," says Kwere.

It is only since 1991 that the community has become more outspoken about its rights. Many people are bitter at not being compensated when they were moved from Xuko. They have also firmly dug in their heels when it comes to relocation.

In the past few years, villagers say the government has tried to move them several times because Khwai is within a wilderness area. Though the villagers want to control the land and run their own safaris, this seems unlikely until the leases of the existing three safari lodges have expired and until the community has registered a trust.

Khwai borders two wildlife areas created under a 1981 land-use plan of the delta region. The villagers are suspicious of assurances by consultants hired to draw up land-use plans that the community will be involved in managing the areas.

One of the consultants, John Benn, said the plan would "integrate the rural masses" into tourism for the first time. "Since 1962-63, when white hunters arrived in Botswana from east Africa, until now, the Botswanans have never been involved in tourism excepting by employment in safari camps as trackers etc. . . . now you are expected to come up with your own ideas on how you are going to manage these areas and how you will utilise the natural resources," he said.

"What about the safari companies operating in the area?" asked one villager. "Do you think they are just going to give in after profiting for so long?"

Today they are suspicious that they will have no control under a joint venture.

"We don't want to sub-lease to safari camps; we want our own camps. Safaris can book and come there," says Kwere.

"But when we say this, we are asked whether we have the skills. The answer is: the camps we have in Khwai are working because of us."

Richard Bell, a senior parks planner in the department of wildlife, insists the Khwai villagers are not being pressured into a joint venture and that it's "fair enough" that they want to build their own camps. But he doubts this will happen before they register a trust.

The Tswana Land Board, which is in charge of renting out the land, says Khwai will not get management control until the lodge leases have expired, and that is not until the next century — Independent Foreign Service/AIA

BATTLE FOR BIG BUCKS The Basarwa people of Khwai want the income from the Moremi Game Reserve to benefit their village
Air Botswana set for privatisation

Gaborone – Air Botswana expects to be given the go-ahead to start its privatisation operation next month, after it announces details of its first-ever profitable year.

“We were told by government that as soon as we become profitable, we would be privatised,” general manager Joshua Galeforolwe said.

“At the end of March, we recorded the first net profit ever in Air Botswana since it was formed in 1965.”

Figures will be announced during August. Mr Galeforolwe took the airline from annual R25-million losses to a profit in three years.

He already has a plan for privatisation. “We have been talking to many parties, including the International Finance Corporation. They have made us a proposal which we are taking up with government.” – Supac®
Sweden to assist state in electrifying villages

The Swedish government is co-sponsoring a project of the Botswana govern-
ment for the electrification of 14 villages. Christina Rheem, Sweden's amba-
sador to Botswana, said the development co-operation between the two coun-
tries, since its commencement last year, had been guided by the principle of
improving the living conditions of the poor. To date, she said, Swedish sup-
port to Botswana had amounted to about $1.5 billion (R1.85 billion).

In an unrelated subject, a study conducted by the Botswana Institute for
Development and Policy Analysis had revealed that although the government
had access to basic education, there continued to be questions regarding the
quality of services provided and their distribution, especially among the
rural population. According to the study, the distribution of educational re-
sources tended to disfavour rural and remote areas. Children in these poor
areas therefore did not enjoy educational equity intended by the Basic Educa-
tion Policy, the report stated. — Independent Foreign Service/AUA, Gaborone
No viable market in sight for proposed Botswana colliery

FROM SAPA

Gaborone — The viability of a proposed 80 million pula (about R100,58 million) colliery over the Mmamabula coalfield in Botswana has been thrown into question.

This comes after Ribison Gabonowe, the Botswana mining commissioner, confirmed on Saturday that a mining application by Makgadikgadi Investments concerned only a preliminary licence. "There are no mining plans, no environmental nor water studies," he said.

The field has 500 million tons of measured reserve and a further 20 000 million tons are indicated.

Makgadikgadi says the main customer for the colliery is expected to be a power station, which is not yet a definite part of Botswana's planning nor a confirmed part of the southern Africa power pool. It hoped coal would also be sent 1 500km to South Africa's iron ore plant at Saldanha Bay, although there is, as yet, no direct nor heavy traffic rail link between Botswana and Saldanha Bay.

Makgadikgadi said South African power utility Eskom's Matimba power station could source 2,5 million tons of coal a year from the colliery, which is 90km from Matimba, even though there is no rail link between the two and Matimba already has established South African suppliers on its doorstep.

Jock Burden, the managing director of Makgadikgadi, said on Saturday that the company had applied for a mining lease to establish the colliery at the town of Mmamabula, 160km north of Gaborone.

"I have a strong feeling we will be in production next year," Burden said. "One million tons of high quality steam coal and some metallurgical coal will be produced in the first year, rising to several million tons a year."

Burden said Iscor Mining, the South African mining company and subsidiary of steel maker Iscor, had been invited to participate in the venture. "We are stalling other investors, waiting for Iscor."

However, Jannie Grimes, Iscor Mining's general manager, expressed reservations. "We looked at it, but were not interested, mainly because of the logistics," he said. "The field is too far from the market. It would not be viable."

"If a power station is built on the field, that might change the picture as regards the steam coal, but for the metallurgical product it is too far away to interest us."
southern Africa's unwanted people

EXPULSED, DEPRIVED AND DISPOSSESSIONED
Botswana Press freedom fears

Vociforous protests lead to delay on controversial bill which lexkpenyelo Mookete.

(12) Mar 22/7 1997
Referendum in Botswana

Prof. Melema
GABORONE — Botswana is preparing for a referendum in September to test public opinion on important constitutional amendments.

The proposed amendments, which have to be certified by the current parliamentary session which ends next month, include restricting the presidential term to an aggregate of 10 years.

President Ketumile Masire has already been in power for about 16 years, but there has been speculation that he may intend retiring.

Other proposals include a reduction in the voting age from 21 to 18 years, the introduction of an independent electoral commission which will be chaired by a High Court judge, and the extension of the franchise to absentee nationals.

The office of the elections supervisor, Nathaniel Mmona, said the referendum date had not been confirmed although September 27 was being discussed.
BASARWA VOW TO FIGHT MOVE

Botswana plans to resettle San hunters

GABORONE: San living in the Kalahari are fighting to stay on their ancestral land while the government insists they are destroying wildlife and must move out.

Hundreds of Basarwa San have been trucked out of the Central Kalahari Game Reserve because the Botswana government believes they pose a threat to wildlife. But the remaining 1,300 Basarwa, most of whom are still hunter-gatherers, say if anyone knows about conservation, it is they.

"The government is only protecting its interests for economic reasons at our expense," says spokesperson Mr Aaron Johannes. "We are not ignorant when it comes to conservation.

"We don't only kill and eat animals, we know how to nurture them." The reserve was created in 1961 (when Botswana was a British protectorate) to conserve wildlife and to preserve enough land for traditional use by hunter-gatherer communities.

But for the past 10 years the government has been trying to relocate the villagers, ostensibly to provide "economic emancipation". It has offered little proof for its claim the Basarwa threaten the environment in Africa's third largest game reserve.

"Why did it take the government such a long time to say the environment is not suitable for people?" asks Mr Goseke Kukuri, office manager of Kgelnani Kweni, the First People of the Kalahari. "It is not a sound reason to move people out."

The Basarwa argue that they have lived with and protected the wildlife for "many, many years", and unlike commercial or part-time hunters they kill for the pot.

Though villagers have been promised cattle if they move, the usual response of the Basarwa is "Diphologolo ke dikgomo tsa rona (wildlife are our cattle)".

A 1985 fact-finding mission appointed by the Ministry of Commerce and Industry confirmed that virtually all the residents are still hunter gatherers, particularly the largest group, the G/wikwe, who use bow and arrow to hunt.

However, the mission found that "the integrity of the reserve as a haven for wild animals and the Basarwa lifestyle has become increasingly precarious" thanks to the "relentless pressure from cattle owners for more land" and the destruction of wildlife habitat outside the reserve.

The government, which has always argued that no one is being forced to leave, says it needs to protect mineral deposits in the reserve and develop tourism (De Beers has a diamond mine at Gope).

Mr EGM Mhlauli, permanent secretary in the Ministry of Lands, dismisses fears that cattle ranching will be introduced and says "logically, projects which are wildlife orientated will be promoted and tourism is one of them".

According to Mhlauli, the real problem is one of conflicting land uses. "In 1961 it was assumed that residents of the reserve were strictly hunter-gatherers and would always remain so. Over time it has become clearer that many wish to become settled agriculturalists, raising crops and tending livestock."

Yet villagers say it is the government that has encouraged this new sedentary lifestyle, and a 1992 Botswana Christian Council report warned that "with the creation of settled communities, the Basarwa are being fitted into an alien mode of existence".

In the 1980s, people from the other six villages in the reserve were promised livestock and farming tools if they moved to Xade, which would then become a permanent settlement. The reasons for creating such a settlement within a game reserve remain unclear.

Those from Metseamanong were told that the move was to protect wildlife at Metseamanong, but nothing was said about the need to protect wildlife in Xade.

Ms Kadiwe Gaoberekwe, who was moved from Metseamanong with promises of cattle and goats, is suspicious of any further resettlement. "They failed to compensate us then. How can we trust them now?" she asks.

As early as 1985, wildlife and veld foods had been virtually eliminated within a 40km radius around Xade, yet more and more people were relocated there. Then, abruptly, all developments were frozen.

As most of the Basarwa in the reserve are still hunter-gatherers, they can't see why they can't be allowed to stay and coexist with the animals.

In the meantime, does the government have a clear policy on protection of wildlife? The 1985 mission was clearly confused by its terms of reference and reported that "there is no indication as to what the extent of wildlife conservation should be". — Independent Foreign Service
Cresta hotels to develop Okavango

GUY OLIVER

Gaborone — A 40 million pula (US$5.4 million) luxury hotel is being planned by the Cresta Hospitality hotel chain, which is part of the Zimbabwe-listed group TA Holdings, in the heart of the Okavango delta.

The hotel is part of a strategy to tie up the top-end international tourist market for destinations in Zimbabwe’s Victoria Falls, Botswana’s Chobe National Park and the delta.

Cresta has already established the upmarket 160-bedroom Mowana Lodge with conference facilities in the Chobe National Park, and is awaiting a decision from the Zimbabwean authorities for a site in Victoria Falls.

It is proceeding with an environmental impact survey for a planned five-star hotel within the environmentally sensitive Okavango inland delta.

The group is also on the expansion trail in South Africa, with the opening of a Best Western hotel in Pretoria on December 1 and the scheduled opening of another hotel in Umtamvuna Rocks in February next year. It is also prospecting for a Cape Town site, Dries Netting, the sales and marketing manager for Cresta in South Africa, said yesterday.

Locally, Cresta caters for the corporate market and operates Best Western hotels in Bedfordview, Pretoria and Sandton. Cresta received the rights to Best Western hotels in South Africa in 1993 and is included in the marketing strategy for the 3,800 hotels in 68 countries.

Barry Pickett, the Gaborone-based managing director of Cresta lodges, conceded that the Okavango project was environmentally sensitive and declined to confirm the projected costs and bedroom numbers. But a source close to the project in Maun said projected costs were about 40 million pula.

With marketing offices in Germany, Australia, the US, the UK, South Africa, Botswana and Zimbabwe, the business strategy is to ensure international tourists divide their time at the three Cresta destinations in the Chobe, Okavango, and Victoria Falls, Pickett said.

Clients at Mowana Lodge, at present its only recreation-oriented property, stay an average of 60 hours before moving to other destinations such as Sun City and Cape Town. Cresta’s planned Okavango development is a lynchpin in the company’s three-pronged strategy in the region.

The main objections to the Victoria Falls development concern privacy and the additional strain to existing infrastructure, he said. But should the application be approved, the development could start before the end of the year.

Although Pickett was guarded about the planned Okavango hotel and acknowledged the possible wrath of environmentalists, he said it would be aimed at the same clientele the company services at Mowana Lodge and hopes to service at Victoria Falls.

Since entering into a joint venture agreement with the Botswana Development Corporation in 1987, Cresta has expanded rapidly in Botswana.
Eight years ago a World Heritage Site representative visited the Okavango inland delta system to inspect it for possible recognition. The reception he got from the Botswana Democratic Party government of President Ketumile Masire was described as the most inhospitable he had yet received.

Last year, however, the delta region was granted World Heritage status during the growing spat over Namibia's plans to tap the Okavango river to alleviate water shortages in Windhoek.

In those seven intervening years, Botswana showed little more than contempt for the wetlands it now jealously protects from Namibia's avarice.

The lacklustre timing of the World Heritage Site representative in 1989 coincided with Botswana's grand designs for the delta: the Southern Okavango Integrated Water Scheme.

The scheme called for drastic measures with no sympathy for conservation.

The water needs of the De Beers Orapa diamond mine were to be provided by the delta.

The damming and dredging of the Boro, one of the delta's main channels, would further provide for large-scale agricultural projects in the region.

By the time delta residents and tour operators had spoken to the government's plan, dredging equipment was on the streets of Maun.

Vociferous objections by residents and tour operators were joined by Greenpeace, the environmental action group.

The threat by Greenpeace to launch a worldwide "Diamonds are Death" campaign cowed both the government and the De Beers Botswana Mining Company (Orapa). It was subsequently decided that the mine's water needs could be met by underground supplies closer to the mine.

But desires for the delta's agricultural usage did not die so abruptly. The delta's wilderness and its wildlife have now been effectively imprisoned by cattle fences.

Ironically, if Botswana's water scheme had gone ahead, the dam would now be high and dry.

"We've just been through the worst drought this century," said Peter Smith, a vegetation ecology specialist and independent consultant. "Last year was probably the worst that has ever been."

Why is the government so protective about the delta when it comes to Namibia, but conveniently forgets its own misguided attempts to exploit the resource?

A report by Smith to the Botswana government on the effect of the Namibian pipeline plans concluded that the runoff would be so negligible that it would be almost impossible to calibrate because of the 1 percent built-in error margin. On the evidence, he was in favour of the project for its humanitarian concerns.

But on this issue, the Botswana government sides with the environmental lobby, which believes in the Okavango river's absolute sanctity.

Attitudes may also have been hardened through plain old bad diplomacy.

According to one source, the Namibian government took the attitude that no matter what the decision, they would take the water.

"Namibia was serious about its water concerns, with the construction of a system of canals and pipelines connecting Windhoek to groundwater in Crookfontein and the plans for connecting a 250km pipeline to the Okavango river."

But fortuitous rains have cooled tensions between the two neighbours for at least four years.

A commission established in 1995 with the consent of Angola, Namibia and Botswana, funded in the region of $80 million by the UN's Global Environment Facility, will assess the Okavango river from source to delta and produce a fully transparent integrated management plan, says Steve Crear, the Windhoek-based study manager.

However, the Namibian pipeline issue is not part of the commission's study at this stage, and any usage of the delta by Botswana is a grey area, Crear says.

Part of that grey area is tourism, which remains an expatriate-dominated industry in the Okavango delta, largely out of the state's reach.

But recent proposals for a 40 million pula ($32 million) hotel development in the wetlands provides an avenue for the state to exploit the potential tourist riches that the delta promises.

The concern of environmentalists is that the proposed development will have an influence on the very essence of the delta and might herald the first of many such large-scale projects.

The Botswana government has been redeemed in the eyes of many environmentalists through its hard-line approach to Namibia's plans.

But in spite of the low-key attitude of hotel developer Cresta and its partner, the Botswana Development Corporation, the planned hotel is causing fur greater concern among conservationists than the Namibian pipeline saga ever did.
We are not a threat to wildlife, say Bushmen under threat of relocation

Nobody knows more about the importance of conservation than we do, say villagers as they battle against Botswana government’s efforts to move them.
Botswana journalists draft ethics code

GABORONE — Botswana journalists have drafted a code of ethics in a bid to forestall government efforts to put in place a press council largely influenced by government appointees.

A two-day weekend workshop convened by the Media Institute of Southern Africa was addressed by Presidential Affairs and Public Administration Minister Ponatshego Kedikilwe, whose portfolio includes responsibility for information and broadcasting.

"The watchdog role of the press is a serious responsibility that entails high public expectations about prevailing standards of journalistic practice," Kedikilwe said. In June his office proposed a Mass Media Bill which would have set up a press council and controlled the registration and accreditation of journalists.

Kedikilwe said the standards pertaining to journalism in Botswana had long been a source of justified concern to government and the public. "If the watchdog is to assume responsibility for watching over itself, it must come up with socially acceptable guidelines for its professional behaviour, as well as credible procedures for upholding the agreed norms," Kedikilwe said.

A code of ethics should secure the freedoms Botswana had upheld and continued to uphold: respect for the rule of law and order and the due processes of a democratic dispensation.

The Mass Media Bill, seen by the press as a move to control the media, brought to a head many years of antagonism between the press and government.

"The fibre of the ethics of journalism is somewhat tarnished when a journalist depicts himself or herself as majoring in partisan politics and taking journalism as a minor subject. We detect quite a dose of this in this country," Kedikilwe said. — Sapa.
Bushmen to leave land, says expert

Gaborone - Bushmen were hoodwinked by the Botswana government into moving into areas that were not their own. The Bushmen, who have lived in the Kalahari Desert for centuries, were promised land and assistance to help them adapt to their new environment. However, it is now clear that the government's intentions were not genuine. The community was left without proper resources and support, leaving them worse off than before. This situation has caused much controversy and debate about the government's policies towards indigenous peoples.
New acts aim to diversify economy

Prof Malema 14/11/97

GABORONE — The Botswana parliament has enacted laws aimed at boosting investment confidence in the country in a bid to diversify its economy, which relies heavily on mining.

The passing of the Capital Transfer Tax Act and the Export Credit Reinsurance Act are the latest moves aimed at boosting nontraditional exports which exclude mining and beef.

The Industrial Property Amendment Bill, which still has to be approved by parliament, is also part of the package.

Government ministers have said the introduction of the laws will help to make the country's businesses more competitive as well as extend protection to exporters.

Finance and Development Planning Junior Minister Lesedi Mlothibamele said the Capital Transfer Tax Act was aimed at companies which intended merging to improve their capital base.

"The Capital Transfer Tax Act is being amended to exempt the transactions relating to mergers of companies, where there is no change in the beneficial ownership of the assets, from payment of capital transfer tax," he said.

The same concession would be extended to companies which reorganised, restructured or merged with others to improve capitalisation before listing.

The Export Credit Reinsurance Act seeks to open the markets for companies with nontraditional exports by providing commercial and political risk cover to local exporters, enabling them to compete on equal terms in the international markets. The law will cover the failure of importers of goods from Botswana to pay due to insolvency or cash-flow problems.
Debswana gearing up and up

IF a shortage of gem diamonds develops at the beginning of the next century, as some believe it will, Botswana will be one of the main beneficiaries, writes KENNETH GOODING.

Diamonds already account for three-quarters of Botswana’s export earnings, one-third of its GDP and 60% of government revenues. All this is generated by Debswana, a company jointly owned by the government and De Beers.

Debswana is the world’s biggest rough (or uncut) diamond producer in value terms but it intends to become even bigger. It is investing 1.4 billion pula (about $410 million) to expand its Orapa mine, the biggest capital project ever seen in Botswana.

A feasibility study for the expansion was completed as long ago as 1994, but the scheme was put on hold because of weakness in the diamond market. The go-ahead was eventually given last year and, in order to make up for lost time, the project has been put on a “fast track”.

Approval for the project coincided with the signing of another five-year marketing contract between Debswana and De Beers’ UK-based Central Selling Organisation. The government also extended Debswana’s mining lease until 2017.

Debswana hopes the Orapa expansion will double the mine’s annual output to 12 million carats (one carat is one-fifth of one gramme) as early as January 2000. This would take Debswana’s total annual production to at least 24 million carats.

Extra output this year will result from a switch from a six-day to a seven-day working week. This was at first resisted by the unions but now, according to Derrick Moore, general manager of the Jwaneng mine: “The employees love it. It gives them more money and more time off.”

Jwaneng, for the time being the biggest mine in the group, is widely believed to be the richest diamond mine in the world.

“Moore adds: “Jwaneng’s output has been increasing almost continuously since it came into production (in 1982). Now we will consolidate as well as cut costs.”

Seven-day working will help a great deal. It will give Jwaneng a 14% increase in carats produced this year — from 11-million in 1996 — and boost productivity as mining and plant will shut down for only 13 days a year for maintenance.

Once the expansion at Orapa is finished, production costs will fall rapidly because output will be doubled with only 200 more employees, compared with the present 2,560 and only a 20% rise in overheads.

A new treatment plant capable of handling 17.5 million tonnes of ore a year will be included in the project, some 17 storeys high and destined to be the tallest building in Botswana.

Dave Porter, head of the so-called “Orapa 2000” project team, admits that completing the expansion by January 2000 is a tough target. If problems occur, they will probably be associated with the availability of construction capacity in southern Africa.

“I feel it might be reaching its limits as there are other big projects in the pipeline,” — Financial Times
Wild tourists wreck parks in Botswana

KATE MOSHEI
INDEPENDENT FOREIGN SERVICE

Maun, Botswana - Campsites covered in human excrement, tourists serenading wildlife with car alarms, macho men taking pot shots at hyenas. What has tourism come to in Botswana?

These are just some of the horror stories among professional guides working for mobile tour operators in Moremi Game Reserve and the Central Kalahari Game Reserve.

While tourist numbers are at record levels, some self-drive visitors appear not to have heard the saying: Take nothing but photographs, leave nothing but footprints.

Instead, they litter campsites, which are often strewn with toilet paper, and leave rubbish bags at the site instead of taking them away.

In a letter to a local newspaper this month, Derek Flatt from the Hotel and Tourism Association of Botswana tells of drivers baiting hyenas with meat and shooting them.

When another tourist remonstrated with them, the men reportedly ambushed him in the ablution block and "threatened him with a 'lekker' good thumping".

The department of wildlife confirms that the behaviour of some visitors leaves a lot to be desired.

According to the Regional Tourism Organisation of Southern Africa (SADC), going on holiday is a democratic right - but what about the hosts?

In a 23-page paper presented at a SADC meeting in Namibia early this year, future environmental plans were given only passing mention.

Self-drive campers are increasing. In Botswana's central and southern parks, 97 per cent of visitors are overnight campers. Of these, 35 per cent come from South Africa.

Only nine per cent of paying visitors are tour operators with clients, although they stay an average of four nights.

While there are no figures for the northern parks, anyone who stands on Maun's main road on a South African public holiday chokes from dust as tourists roar past.

Mr Flatt argues that the draft management plans for the northern parks encourage self-drive tourists at the expense of those on tour at a safari lodge, or with the mobile operators. This, he says, increases management problems and minimises revenue.

In Mr Flatt's view, a licensed guide working for a local company is easier to control than a self-driver, and has a vested interest in "maintaining the aesthetic aspects of our parks".

The self-driver, on the other hand, makes a limited contribution, stopping only to buy fuel, food and drink and to pay park fees. - Independent Foreign Service/Africa Information Afrique
Trade help for Botswana

GABORONE — Small and medium-scale companies in Botswana will gain access to the information highway and its trade-related information with the introduction of trade point associations later this year.

The co-ordinator of the planned Botswana Trade Point Association, Victor Sebolao, said the project in Gaborone was expected to be fully operational by the end of this year and information "service stations" would be established around the country.

Businesses unable to afford their own technology would be able to join the association for a small fee. It was hoped that the Botswana government would sponsor the trade point project.

He said the establishment of "trade points" would bring Botswana into line with Mozambique, Zambia and Zimbabwe which had such associations to assist entrepreneurs who had no information about the potential of their products on the international market.

Trade points were designed to stimulate competitiveness and trade efficiency, he said.
Botswana teams up with the UN to train black entrepreneurs

Prof Mpho Molema

GABORONE — A programme aimed at empowering blacks in the business sector, thereby facilitating their involvement in government plans to privatisate certain sectors of the economy, is expected to take off next month.

Enterprise Botswana, a programme initiated by the Botswana government, the Botswana Confederation of Commerce and Industry and the United Nations is aimed at providing training for aspiring entrepreneurs so that they can participate fully in the private sector.

The organisation's MD Horatio Mahloane said: "We have to increase the participation of the citizens in the private sector and that can be achieved only by providing them with proper business training, linking them to the financial institutions and teaming them up with foreign companies in joint ventures."

The move represents a bid to address the problems highlighted in a World Bank report which called several years ago for an inherent problem of the Botswana economy to be addressed — namely its domination by government and foreign companies. The report cited the lack of entrepreneurial skills, and the lack of access to credit and information, as the major factors hampering the advancement of local entrepreneurs.

"After training people we have to link them to the financial institutions and experts from the Business Advisory Service so they can participate fully in an economy which is being liberalised," Mahloane said.

Facilities such as trade point associations — giving local entrepreneurs access to trade information on the information highway — would play a major role in linking the businessmen with the outside world, he said.

"We know that the Malaysians and the Swedes have shown a lot of interest in this country. The Swedish have cut their aid to government and now want to redirect their efforts to supporting the private sector," Mahloane stressed. "And of course there are some multilateral organisations trying to source that kind of help from citizens in this country wanting to form joint ventures with Botswana," he said.

The main aim was to train citizen entrepreneurs who would be able to produce internationally marketable products and who could form networks with colleagues in the rest of Africa.

A similar programme championed by the UN had been successful in Latin America and Ghana, he said.
Key Botswana posts go to women

By Derrick James

Gaborone – The long-awaited reshuffle of President Ketumile Masire's cabinet had one major surprise and that was the complete takeover of the key ministry of local government, lands and housing by women.

The new minister is Dr. Margaret Nusha, once-time Botswana High Commissioner to the United Kingdom, and her deputy is the forcefulJoy Maumagki, an appointed member of parliament from Francistown.

The choice of these two women is particularly significant in that the ministry oversees the House of Chiefs and traditional authorities, and to have women overseeing men is remarkable in this conservative country. The minister of education is also a woman, the long-serving Dr. Gaotsiwe Chicope, who was once the minister of foreign affairs.

Masire has given a strong message to women in Botswana and some encouragement to the youth by his carefully considered appointments.

He indicated earlier that he would not remain president much longer and has left a further reshuffle in the hands of his likely successor Festus Mogae.
Natchix brings Botswana joint venture to fruition

KARYN MAHARAJ

Durban — National Chick (NatChix) had brought its R6.5 million joint venture in Botswana to fruition with the delivery of its first hatching of 30 000 day-old chicks to the local broiler industry. Mike Walne, the managing director, said at the weekend.

Walne said NatChix, Africa's largest independent producer of day-old chicks for the broiler industry, would not only set Botswana "well on the way to becoming self-sufficient in meeting the chick needs of its growing broiler industry, but would also provide enough capacity to enable the country to become a chick exporter".

In addition, the new venture — National Chick Botswana — would unlock much-needed capacity at the company's hatching operations in Gauteng. These operations have previously been the source of supply to Botswana and have been hard-pressed to meet demand from NatChix's South African customers.

Walne said as a first phase, NatChix would commission three incubators, with a combined capacity of 100 000 chicks a week, at fortnightly intervals over the next six weeks. By the end of September the new company would be able to supply 50 percent of Botswana's day-old chicks, he said.

Botswana will soon become self-sufficient and in time become a chick exporter

"During the next 18 months we will double our capacity to 200 000 chicks a week, thus making Botswana self-sufficient with enough additional capacity to provide for market growth as well as to meet the needs of Namibia." Namibia is supplied long-range from the Western Cape at present.

NatChix’s joint venture partner, Botswana’s Associated Investment Development Corporation, has under its umbrella Tswana Pride, the largest broiler producer in Botswana. Tswana Pride, which will eventually take 40 000 chicks a week from National Chick Botswana, has been a NatChix customer for 15 years.

The Botswana operation is the third move NatChix has made into markets outside South Africa. The company has a joint venture hatchery operation in Lesotho that is being expanded with the addition of a 15 000-chick-a-week incubator. A new R2 million hatchery in Swaziland is a joint venture with Swazi Chick Limited.

Walne said the developments in neighbouring countries were "building blocks" in a four-year expansion plan to lift NatChix's total production in southern Africa from 1.1 million to 1.5 million chicks a week and "entrench it as by far the largest supplier to independent broiler producers in the region".
Botswana tackles old mistakes

Gaborone – As Botswana celebrates 31 years of independence today, it will also be embarking on a period of political activity more intense than it has ever seen since it became independent from Britain in September 1966.

Last week, the United Action Party (UAP) announced its registration and intention to challenge the ruling Botswana Democratic Party (BDP), which has been in power for all of the 31 years, and the established opposition Botswana National Front (BNF) at the elections due before the end of 1998.

Both opposition parties have identified unemployment, growing moral decay and a lack of concern for the opinions of the people as the major ills of Botswana.

The emergence of the new party follows the shock loss in 1994 by the BDP to the BNF of 10 constituencies in the 40-elected member parliament. There was a 17.4% voter-swing to the opposition. The BDP had never before had less than 70% of the seats in parliament.

UAP founder Lepetu Setswelafo said in a weekend interview: "There's really no active political leadership in Botswana today. The BNF is asleep waiting for government mistakes. The BNF is going to freedom square and waving its fist, and the BDP ministers are really only fighting fires."

Mr Setswelafo was a long-time member of the BDP, as were many of his supporters. The party was in retreat at Kanye on Sunday to elect officials and come up with its campaign platform for the 1999 election. It will be launched publicly next month.

"The BDP has reached a plateau; the men and the women of the BDP are no longer able to grow beyond where they are. They are not equipped to cope with what the country needs now," he said. "When Botswana were still good followers who would listen to their leaders, they were okay. Today, people have opened up politically, they can see what this country represents in terms of its wealth, in terms of its potential, and they compare that with what they are getting out of the deal."

Mr Setswelafo said this applied not only to the youth. "The older people have in the last 10 years undergone a tremendous transformation. "They have to confront not only their own problems, they have to deal with their children and grandchildren who have to go back to the villages because there are no jobs. That same BDP government that took the children to school is not able to absorb them into urban society."

That jobs are the major political bargaining chip in Botswana, the BDP would not dispute. It has embarked on an investment and training policy to create employment, but few jobs have yet been created.

Unemployment is officially 21%, but if informal employment is taken out of the equation, near 40%. Since 1994, formal sector employment has increased by only 5,600 or 1.5%.

Mr Setswelafo adds to this a poor quality of education and moral decay. Botswana's education policy is hailed by the government as a model in Africa. Of all children between the ages of 4 and 15, 75% are enrolled in primary or secondary school.

Primary education is almost universal, secondary education accessible to about 60% of children, but the government has started an ambitious school building programme.

Mr Setswelafo does not dispute these figures, but questions the quality of education meted out to those children that do go to school. He says teachers are poorly trained.

In the 1994 election, some of the fence-sitters came down to vote for the BNF, but out of 600,000 registered voters, less than 400,000 went to the poll.

Despite that, the BNF recorded its first increase in share of the poll. It took 37% of votes cast against 27% in 1996. The BDP lost votes for the first time, taking only 54% of the poll against 65% in 1999.

The UAP, says Mr Setswelafo, is a party of young liberal conservatives. He is 54.

BDP leader and Botswana president Sir Ketumile Masire is 72. Mr Setswelafo says: "Our party will represent a professional culture more than a political one. We have the outlook of young businessmen."

The UAP planned to solve the problems of Botswana together with those of its people.

"We want to deepen the level of consultation and communication between Botswana ... to involve the communities and stakeholders in identifying what the real issues are," he said. "There must be a move away from the mode of government which says 'We will do it for you' and then just throws money at problems."

"It is Botswana's substantial foreign reserves - 19.4-billion pula at the end of May - that give rise to the cry that Botswana is rich, its people poor," he added. – Sapa
GABORONE — Botswana’s citizens have voted in favour of amending the country’s constitution to allow for three electoral reforms.

The voting age will be lowered to 18 from 21 years, citizens resident outside of Botswana will be allowed to vote, and the office of supervisor of elections will be scrapped in favour of an independent electoral commission.

Only one in six of Botswana’s 370,173 registered voters, and one in 12 of those older than 21, voted in the referendum on Sunday.

Elections supervisor Nathaniel Mmono said he had been expecting at least a 50% turnout. “It was nearer 17%.” Voting was limited to those registered for the 1994 election.

In answer to the three proposals, 59% supported lowering the voting age, 73% voted yes to establishing an independent electoral commission, and 70% to allow Botswana residents outside the country to vote. Lowering the voting age has increased the electorate by 53,000 potential voters and could reduce the ruling Botswana Democratic Party’s share of voter support.

Botswana's game is declining 'sharply'

Prof Malema

Gabon — The numbers of most species of game had declined sharply in the northern part of Botswana where many game reserves were concentrated, Botswana wildlife and national parks department director Sedia Modise said this week.

Departmental surveys had indicated that wildebeest and hartebeest had been particularly hard hit. Their numbers had declined by 90% in the area. Elephants, however, were the exception and their numbers had been increasing significantly.

Modise said cyclical droughts, the expansion of human settlements and illegal hunting were associated with the decline in numbers. Hartebeest had declined by 15,000 from 1987 figures of 280,000, while wildebeest had declined by 45,000 from 270,000.

Local conservation groups have lashed out at the government's buffalo fences aimed at controlling the spread of foot and mouth disease, saying these are the main contributing factors to the decline in wildlife in the northern part of the country.

Both the Kalahari Conservation Society and the Okavango People's Wildlife Trust have called for the removal of the fences. They say the northern border fence with Namibia must be taken down from the point where it meets the rerouted Kwando buffalo fence up to the Kwando River. This is to restore the migratory route between Botswana and the Caprivi Strip and to accommodate the formation of an internationally protected area.

The Okavango People's Wildlife Trust said the Kwando buffalo fence had reduced the habitat available to the wildlife of the Okavango/Kwando area by about 25%.
Botswana to appoint team to investigate privatisation

Prof Malema

GABORONE (12) The Botswana government is to set up a task force soon to look into the privatisation process. Finance ministry officials say financial affairs deputy secretary Gerald Tshoteti said last week a statement would probably be made this week concerning the team's composition, the date it would begin its investigation and its terms of reference. The finance and development planning ministry has been urging stakeholders in the past two weeks to nominate candidates for the task force.

The latest move ends uncertainty about the government's position on privatisation plans proposed by the business consortium, the Botswana Confederation of Commerce, Industry and Management, which has called for the privatisation of certain sectors owned by local and central government.

In August last year, the confederation called for the partial privatisation of, among others, the Gaborone city council, the Central Transport Organisation, Botswana Savings Bank, Botswana Railways, Botswana Housing Corporation, Botswana Telecommunications and Air Botswana. Privatisation plans have been tacitly endorsed by government which has already partially privatised some sectors.

However, government moves towards privatisation have been opposed by the radical National Amalgamated Local and Central Government Workers Union. The union wants a study to be carried out on the full effect of privatisation before the process takes off.
$14m pipe facility opens in Gaborone

The recent opening of a $14 million pipe-making plant in Gaborone has provided new opportunities for the marketing of glass pipe in the Southern African Development Community. 

Corning Corning Pipe Botswana (OCPB), a joint venture between the US glass fibre producer and Botswana investors, 'We want glass fibre pipe to be recognised as an important and versatile material in the infrastructural development and water supply which is crucial in the southern African region,' said Bryan Lenar, the OCPB general manager.

Glass Reinforced Plastics (GRP), now a world-class engineering material, is revolutionising the installation of infrastructure particularly in water conveyance systems in developing countries. Most countries in the drought-ridden region have invested in short- and long-term water schemes to bring water to areas of need, such as the multibillion rand Lesotho Highlands water project. — Independent Foreign Service/Africa Information Afrique, Gaborone ET (BR) 4/11/97.
Investment agency bill goes to Botswana's parliament

Prof Malema

GABORONE — Legislation aimed at attracting local and international investment to Botswana is due to be debated during the parliamentary session beginning today.

According to the Government Gazette, the legislation seeks to convert the Trade and Investment Promotion Agency into an effective organisation which will attract, encourage and facilitate local and foreign investment.

It will also promote investment and exports within and outside the southern Africa region.

The new agency will be called the Botswana Export Development and Investment Authority.

The move follows a set of recommendations in a study by International Development Ireland Ltd which was commissioned by the commerce and industry ministry in 1995. The report reviewed critical areas of the existing agency, and urged the government to give it a new name rather than merely restructure it.

The study said the agency, responsible for export development and investment promotion, had weak internal structures which hindered the drive for investment. So the new structure will have promotional programmes with clear, measurable objectives and specific policies for achieving them, and a time-related plan and budget for implementation.

The structure will be headed by a board of directors and will publish information relating to investment in, and exports from Botswana.

The Botswana Export Development and Investment Authority will be charged with the task of encouraging new investments and expanding existing ones, and will identify partners in or outside Botswana for business joint ventures.

"It will recommend to government changes in the statutory and administrative framework relevant to the investment and export climate of Botswana," the Gazette said.
Botswana has a no-nonsense future

Gaborone – Festus Mogae, who is expected to replace outgoing President Quett Masire at the top of Botswana's political ladder early next year, is no newcomer to the country's economic and political scene.

Masire announced yesterday that he would retire at the end of March next year.

Mogae served under Botswana's first president, Seretse Khama, in the Ministry of Finance and Development Planning. In 1972 he was appointed director of economic affairs in the ministry and became permanent secretary in 1975.

He served as Botswana's alternate governor on the boards of the International Monetary Fund, the African Development Bank and the International Bank for Reconstruction and Development. He represented Botswana on the Commonwealth Fund for Technical Cooperation and was a director of De Beers, BCL Limited and the Bank of Botswana.


He is seen as a no-nonsense strongman, capable of disciplining the ruling Botswana Democratic Party.

"He does not shun the opposition as Masire did. He is more responsive," said opposition leader Michael Dingake.

Mogae's immediate challenge will be to win the party's presidential nomination (the president of the winning party automatically becomes president of the country) before the 1999 election. – Sapa
GABORONE - Botswana president Sir Ketumile Masire yesterday announced his retirement from active politics.

"The old order changes, giving place to the new," Masire told the Botswana parliament in Gaborone, acknowledging the successes of the country's economy over the past 31 years. He plans to retire at the end of March next year.

With growth projected at 5.8 percent per annum, unemployment growth at 4.8 percent per annum, a budget in surplus and debt servicing at a mere 3.5 percent of export earnings, Masire said the Botswana he had shown the country was an internationally acclaimed success story.

"First, as vice-president from 1966 to 1980, and then as president to date, I have been a part of the fortunes and misfortunes of Botswana over those years."

"I retire with a deep sense of gratitude for the support I have received from my colleagues and the nation. I retire confident of Botswana's future. There are compatriots who will continue our traditions of democracy and consultation and our prudent economic management and administration," Masire said.
Botswana’s ‘Midas’ Masire bows out

JOHANNESBURG: Botswana’s president, Sir Ketumile Masire, who announced his retirement from active politics yesterday, will go down in African history as one of the few leaders to leave office voluntarily and one who transformed his country from being dependent on aid to one of the continent’s richer nations.

He has been president for 17 years.

Riding on the crest of a booming diamond mining industry, set to be the world’s biggest by the year 2000, Masire has been able to do for Botswana what most of his African counterparts are struggling to achieve — harness natural resources for the people’s benefit.

Husbanding the new-found diamond riches, Masire and his colleagues in government have achieved 14 years of budget surpluses. Foreign reserves top 20 billion pulas (about R25bn).

In 1984 he led the Botswana Democratic Party, which has ruled Botswana since independence 31 years ago, to a 68% victory in elections.

In 1994, the BDP lost 10 seats to the Botswana National Front, which had taken advantage of rising unemployment to woo protest votes. Official unemployment is running at 21%. Statistics show that since 1994, formal sector employment has increased by only 1.5%.

The opposition says Masire’s political fortunes have gone full circle and his resignation could be a case of good riddance.

“THERE IS Much critic of his leadership. He does not seem to have control over his party,” BNF vice-president Mr Michael Dingake said yesterday.

“There is so much arrogance in the public service that people are beginning to react.”

Born on July 23, 1925 at Kanye, 75km from Gaborone, Masire matriculated and trained as a teacher in South Africa. He started a secondary school at Kanye.

Masire’s political roots go back to his service in colonial tribal administration and later in the Legislative Council and Executive Council. He helped launch the BDP (then the Bechuanaland Democratic Party) in 1962 and became its secretary-general. He was first elected to parliament in 1965 and appointed Deputy Prime Minister by Sir Seretse Khama.

In recognition of the role he played at the constitutional talks in London, he was made vice-president of the newly independent Botswana in September 1966.

But he appeared to lose touch with his constituency and was defeated in the first post-independence election. He was made a specially elected member and was reappointed vice-president and Minister of Development Planning.

Always calling himself “a farmer on loan to politics”, Masire took up farming in 1956. He now owns farms throughout Botswana and is well known for developing ostrich farming.

He has also worked as a journalist for the African Echo, becoming a director of the newspaper.

He is co-chairperson of the Global Coalition for Africa and first vice-chairperson of the OAU. — Sapa
Retiring with dignity

Botswana’s Masisire will go down in the annals of African history as one of the few African leaders who quit without being forced to do so, reports Sapa...

Ketumile Masisire ... Botswana’s president who has ruled the country since 1980 and will quit politics in March next year. PIC: AP

Botswana president Ketumile Masisire, who announced his retirement from active politics on Monday, will go down in the annals of African history not only as one of the continent’s few leaders who voluntarily left office but also as a leader who transformed his country from aid dependency to one of the richer nations in Africa.

Riding on the crest of a booming diamond mining industry, set to be the world’s biggest by 2000, Masisire has been able to do for Botswana what most of his African counterparts are struggling to achieve – harness natural resources for the people’s benefit.

Botswana produces about 17 million carats of diamonds annually and the figure is expected to rise to 23 million by 2000. 

Husbanding the new-found diamond riches with a conservatism rarely seen in Africa, Masisire and his colleagues in government made Botswana the economic miracle of the continent. The country has had 14 years of budget surpluses and its foreign reserves now top more than $50 billion.

Often described as small in size and big in ambition, Masisire is a politician whose ideas and energy have got things done in Botswana. He has been president for 17 years.

In 1984 he led the Botswana Democratic Party (BDP), which has ruled Botswana since independence 31 years ago, to a 68 percent general election victory.

The BDP won 29 of the 34 seats in the National Assembly. In the 1989 poll, the party increased its lead by two seats. The gains were eroded in 1994 when the BDP’s seats in the assembly dropped to 27 despite the creation of six new constituencies.

The opposition Botswana National Front (BNF) took advantage of rising unemployment in the country to take 10 seats from the BDP. The BNF’s successes were widely attributed to a protest vote by unemployed youths.

The official unemployment rate is running at 21 percent. Statistics show that since 1994, formal sector employment has increased by only 1.5 percent.

The political landscape in Botswana has also undergone some change since 1994.

Five days before the 1997 independence celebrations, the United Action Party, under former BDP member Lepete Setswaelo, was registered and announced that it would contest the 1999 general elections.

According to the opposition, Masisire’s political fortunes have gone full circle and his resignation could be a case of good riddance to someone who has overstayed his welcome.

“Masisire is not very popular. There is much criticism of his leadership. He does not seem to have control over his own party,” BNF vice-president Michael Dingake said on Monday.

He said he was concerned about growing government arrogance. “The people feel the government looks down on them. There is so much arrogance in the public service that people are beginning to react,” Dingake said.

Born Quett Ketumile Joni Masisire on July 23 1925 in Kanye, a town 75km south-west of Gaborone, Masisire matriculated and trained as a teacher near Vryburg in South Africa.

Honorary doctors

He started a secondary school in Kanye, in what was then British Bechuanaland. He and his wife, Olebile, have six children.

The current chancellor of the University of Botswana, Masisire was awarded an honorary doctorate of philosophy by the university. He also has three honorary law doctorates – from St John’s New York College, Williams College in Massachusetts, and Sussex University in the Britain.

Ohio University in the United States conferred an honorary doctorate of humane letters on him.

Masisire’s political roots go back to his service in colonial tribal administration and later in the Legislative Council and the Executive Council.

He helped launch the BDP (then the Bechuanaland Democratic Party) in 1962 and became its general secretary. He was first elected to Parliament in 1965 and was appointed deputy prime minister by Seretse Khama. A year later the finance portfolio was added to his office.

In recognition of the role he played at the Botswana constitutional talks in London, he was made vice-president of the newly independent Botswana in September 1966.

As the country prepared to celebrate its first birthday, Masisire became the first minister of development planning.

But he appeared to lose touch with his constituency and was defeated in the first post-independence election. He was immediately made a specially elected member and was reappointed vice-president and minister of development planning.

In a cabinet reshuffle the same year, Masisire again got the finance portfolio. He retained his government portfolios until he became president in 1980.

Always calling himself “a farmer on loan to politics”, Masisire took up farming in 1956. His commitment to agriculture saw him being awarded the Africa Prize for Leadership for the Sustainable End of Hunger in New York in 1989.

He now owns extensive farms throughout Botswana and is well known for developing ostrich farming.

He has also worked as a journalist for the African Echo, becoming a director of the newspaper. He was subsequently editor of the BDP journal, Tshitsamoye.

Queen Elizabeth II awarded Masisire an honourary knighthood in 1991 – the Grand Cross of the Most Distinguished Order of Saint Michael and Saint George.

He was chairman of the Southern African Development Community from 1980 until September last year when Botswana handed over the chair to South Africa.

He is co-chairman of the Global Coalition for Africa and is the first vice-chairman of the Organisation of African Unity.
Japan gives Botswana debt relief

Pretoria — The Japanese government has given Botswana $164 million pula (R6.6 million) in debt relief aid to buy government vehicles.

The Japanese embassy announced in a statement in Pretoria that the grant would "contribute to the further development of the economy of the Republic of Botswana and the enhancement of the welfare of its people."

It said the Botswana government would use the money to buy vehicles to alleviate its transport problems, so government officials could "carry out their duties in a more effective manner."

The statement said the Japanese government had given Botswana a grant of about $1 million pula (about R55 million) in February. — AFP
Botswana moves to combat corruption, economic crime

Claire Pickard-Cambridge

THE Botswana government had established a directorate aimed at combating corruption and economic crime, Botswana’s Vice-President and Finance and Development Planning Minister, Festus Mogae, said last week.

Mogae, who is to succeed President Ketumile Masisi in March next year, was outlining investment opportunities in Botswana to delegates at a conference in Gaborone. He said his government was committed to ensuring a conducive environment for investment and believed the directorate would be among measures aimed at ensuring transparency and accountability.

An ombudsman or parliamentary commission, an “activist auditor-general” and “a combative and vigilant public accounts committee” were all intended to ensure a climate of accountability.

He argued that the macroeconomic environment in Botswana was shaped by policies supportive of trade and investment. These included a prudent fiscal policy with low rates of company and personal taxation; and adequate foreign reserves with three years’ import cover. He said exchange rate policy was also geared towards maintaining competitiveness of nonmineral exports and promoting the diversification of industry and trade in the economy.

Trade policy was geared to opening new markets for Botswana’s products within the SA Customs Union, of which it is a member, within the SA Development Community and internationally.

Mogae also punt investment opportunities in the financial services sector, saying unit trusts and many market equity and retirement funds were available, along with domestic bond issues and reinsurance schemes.

A number of dual listings had been made on the Botswana Stock Exchange which he claimed was the fastest growing exchange in the world. The intended establishment of an international financial services centre would usher in more investment opportunities in offshore businesses.

Botswana had been experiencing rapid economic growth of 7% a year, and had a track record of balance of payments surpluses for the past 15 years. Its privatisation programme was in place and joint ventures were being encouraged between government and the private sector. Foreigners wanting to buy businesses could have 100% foreign ownership guaranteed if this was desired and government considered it appropriate, Mogae said.
First Botswana bond 47% oversubscribed

GABORONE — Botswana's first bond issue was oversubscribed by 47% ahead of its debut on the local bourse tomorrow, the Botswana Development Corporation said yesterday.

Corporation finance manager Kumbalani Munamati said the strong response to the 50-million pula ($13.5m) bond had dispelled fears that the domestic market was too small to absorb the issue.

"It has been overwhelmingly accepted by the market, 73.55-million pula was applied for," Munamati said.

The bond issue is aimed at developing Botswana's capital market to enable the government to cut funding to parastatals. "The government loaned 3 700-million pula to the parastatals last year, and to the private-sector banks only 70-million," Munamati said.

The bond was a private placing by SA's Investec Merchant Bank and is redeemable after seven years at 14% a year, with a semi-annual coupon. Applications for up to 4.5-million pula were allocated in full with larger amounts scaled back.

"We wanted as many investors as possible so as to grow the market and particularly to attract domestic participation," Munamati said.

To further encourage the domestic market, Investec took a significant slice of the issue onto its own book to stimulate secondary market trade.

Munamati said although he did not expect much foreign interest in the bond issue, he hoped after tomorrow's listing it would attract some investment from abroad. — Reuter.
Pula bond issue oversubscribed by 47% ahead of tomorrow's debut

Botswana's first bond issue was oversubscribed by 47 percent ahead of its debut on the local bourse tomorrow, the Botswana Development Corporation (BDC) said yesterday. BDC's finance manager, Kumbakani Munamati, said the strong response to the 50 million pula (R53.6 million) bond had dispelled fears that the domestic market was too small to absorb the issue.

"The bond issue is aimed at developing the capital market in the country to enable the government to cut funding to parastatals. "The government loaned 2.7 billion pula to the parastatals last year; the private sector banks only 70 million," Munamati said. The bond was a private placing by South Africa's Investec Bank and is redeemable after seven years at 14 percent a year, with a semi-annual coupon.

Applications for up to 4.5 million pula were allocated in full, with larger amounts scaled back. "We wanted as many investors as possible so as to grow the market and particularly to attract domestic participation," Munamati said. — Reuters Gaborone.
Botswana probes privatisation option

GABORONE — Botswana has appointed a task force to draft a white paper on privatisation, with the emphasis on citizen-owned businesses taking over parastatal corporations and the work of government departments.

The task force was expected to assess the different objectives that might be achieved by complete privatisations, partial privatisations and the commercialisation of some activities of government.

The Botswana Confederation of Commerce Industry and Manpower has identified seven parastatals and government departments suitable for immediate privatisation. Five others were selected as candidates to hand over parts of their operations to the private sector. — Sapa.
Bid for Botswana cell phone service

Sam Kamphodza

GABORONE — Botswana Telecommunications Authority (BTA) has accepted tender bids from Portuguese and French-dominated consortiums to operate a cellular telephone service in Botswana.

BTA executive chairman Moses Lekaikau announced on Wednesday that the bid from Botswana Vodacom Cellular — a joint venture partnership of SA’s Vodacom and Botswana Telecommunications Corp — was not successful but would remain under consideration if the French or Portuguese bids were not confirmed.

Mascom Wireless Consortium, a consortium made up of Portuguese Telecoms, TS Mswa of Zimbabwe and a Botswana citizen-owned company, while Vista is made up of French Telecomms and five Botswana companies.

France Telecomms has had experience in eastern and western Europe, Africa and Asia. It has 3-million subscribers in France and 15 000 in Côte d’Ivoire. Portugal Telecomms also operates cellular services in its former colonies, Europe and Asia.

The successful tenderers will have to pay 1-million pula each for a 15-year renewable licence.
Botswana - General

1998 - 1999
Pressure on the media as Masire departs

Does a court case against a tiny newspaper signal a hardening of attitudes in one of Africa's oldest parliamentary democracies?


They are charged under Section 59 of Botswana's Penal Code, which says it is an offence “to publish any false statement, rumour or report which is likely to cause fear and alarm to the public.” They face up to three years in prison and a fine.

The case arises from a report written by Phaladi and published in the Okavango Observer, a small but influential newspaper edited by Davies.

The story, headlined “Terror Squad shocks Maun” and published in September 1995, was about the alleged activities of a criminal gang called MaWestern, which was wreaking havoc in the town of 30 000 inhabitants. The gang’s activities have since subsided, and the financially troubled newspaper closed last year.

The case, in which the journalists are accused of spreading alarm, is the first of its kind in Botswana, and comes at a turning point in its history, prompting many Botswana to say it reflects a hardening of government attitudes towards civil rights.

At the end of March President Ketumile Masire, who took over in 1980 when founding president Seretse Khama died of cancer, steps down from his post. He announced last year that he would go voluntarily, an unusual step on the continent where leaders tend to cling to positions.

Masire’s departure ushers in a new generation of leaders, led by economist and president-to-be Festus Mogae.

The Media Institute of Southern Africa and the country’s Human Rights Centre see the Maun case as an attack on press freedom and an erosion of human rights. Its outcome could be a pointer to what lies ahead for the country in terms of free speech.

Ominous clouds have been gathering on that front for about 12 months. Last year, government tried to push the restrictive Mass Media Communications Bill through parliament, but after protests from the independent press it was referred back to its drafters.

Among other things, the Bill proposed a code of conduct for journalists and control of newspaper registration by government. It would have required all journalists to obtain State permission before covering official events. Infringement of these rules would have carried fines of up to R13 000.

Brian Thoka of the SA Institute for International Affairs emphasises that Botswana is “far from being about to explode.” External factors will force Mogae to handle free speech issues with some delicacy, he says, for the new leaders do not want to jeopardise the country’s longstanding status as a democratic beacon in Africa.

Botswana has a relatively strong position in Africa. The International Monetary Fund and the World Bank have bestowed their blessings upon the country as a cradle of democracy and economic success. Since independence in 1966 it has nurtured a free-market economy based largely on rich diamond and copper-nickel exports (diamonds account for 80% of exports). The country has a strong democratic tradition, with regular elections. Its GNP/capita stood at US$2 800 in 1994. The population is just over 1.5m.

Africa Institute current affairs specialist Herman Hanekom says he does not believe that in the short term Botswana is likely to harden its attitude on civil rights issues.

“With the sensitivity of issues like the land dispute with Namibia, the new leaders will be at pains not to raise the concern of the international community,” he says. But he foresees a new style of leadership emerging: less tolerant than that of Masire, though not necessarily repressive.

“it might even become more liberal than it is now,” says Hanekom.

“With the continuing territorial dispute between Namibia and Botswana now at the World Court, Botswana will not want to do anything stupid that will provoke international outrage. This is particularly so with human rights issues. As for the long term one can only sit, wait and see,” he says.

But Sandy Grant, an independent analyst in Botswana, says what worries him about the Davies/Phaladi case is “that the government can haul out this penal code at any time in the future. What is to say there will not be another story which will allegedly alarm the public?”

“It seems incredible that so much should now turn on the outcome of one bizarre court case. But if this case is indeed to be pursued by the State, one magistrate in Maun will soon be deciding the fate of an entire nation,” he says.

In announcing his retirement, Masire quoted Tennyson’s The Death of King Arthur: “The old order changes, yielding place to new/ and God fulfils himself in many ways/ test one good custom should corrupt the world.”

For many, the case of Davies and Phaladi, which will be heard in Maun on February 16, will indicate whether the good custom set by Masire and his generation is coming to an end, and whether the long season of contentment is about to turn sour.

Justice Mailea
Boswana in bid to promote investment and exports
Botswana RELAXES foreign exchange controls

Gaborone - September 9

Adriaan de Beer, a retired Bank of Botswana economist, said yesterday that the ministry of finance has relaxed foreign exchange controls.

"This is a significant move," Mr. de Beer said. "It will allow for greater flexibility in the foreign exchange market and will help to reduce the burden on businesses."
Union pull-out puts Botswana's privatisation process in jeopardy

Gaborone — Botswana's privatisation process is in jeopardy as the country's most militant union has pulled out of the government privatisation task force.

The 30,000-strong National Amalgamated Local, Central Government and Parastatal Manual Workers Union announced its withdrawal three months after joining.

"We are afraid that we cannot stay in the process aimed at privatising state enterprises any longer," said Johnson Motshwarkgole, the national organiser.

"Our fear is that if we stay in the task force, at the end of the day we are going to be asked to vote. If we happen to be in the minority we would be unable to challenge the outcome because, democratically, it would be taken that we were part of the process."

Organisations scheduled for privatisation are: the Gaborone City Council; Central Transport Organisation; Agricultural Services; the National Savings Bank; Botswana Railways; department of supply; the Housing Corporation; the telecommunications authority; Meat Commission; Power Corporation; Air Botswana; and the ministry of finance, and development planning accounting unit.

"Privatisation exacerbates income disparities and poverty as it enriches the new owners and denies the rest the ownership they had through the state," the union said.

The fear of the unions is that privatisation is going to be a vehicle for enriching the wealthy rather than improving efficiency and keeping costs down.

Botswana is officially estimated to have 64 percent of the population living below the poverty datum line, although unofficial estimates say that it could be as high as 84 percent.

The union's move coincided with a two-week visit by Dr Abdu Haibez Shaik, World Bank's adviser on the privatisation process.

He urged the privatisation task force in Gaborone to speed up its work.

The deputy head of the privatisation task force, Emang Mapharyane, who is also the chief executive of the embattled Housing Corporation, has said they would be soon making a countrywide tour to explain the need for privatisation.

The task force is due to submit its report by the end of May this year.
Mogae, Nujoma end border dispute

GABORONE — The presidents of Namibia and Botswana have pledged to increase co-operation in trade, tourism and environmental protection and put aside a border and refugee dispute.

At the end of a three-day meeting on Friday, Botswana President Festus Mogae and Namibian President Sam Nujoma also denounced Angolan rebel leader Jonas Savimbi for destabilising the government of their mutual neighbour, Angola.

They repeated past assurances that they would accept the decision of the World Court in The Hague in a case being argued on a dispute over an uninhabited island in a river which forms part of the nations' border.

Tension in the Caprivi region rose earlier this year when Botswana granted political asylum to 15 alleged secessionist rebels from Namibia, including Namibia's former opposition leader Mishake Muyongo. Nujoma said another 250 Namibians who fled into Botswana were misled by their leaders and were welcome to return to Namibia with no threat of retribution.

Nujoma said he would run for a third term as president of Namibia. — Sapa-AP.
Botswana’s beef trade profit rises

Prof Malema

GABORONE — Botswana’s beef industry profit surged by 2.5-million pula to 12.7-million pula last year compared with 1996, according to the Botswana Meat Commission’s annual report.

However, the throughput of animals for 1997 was one of the worst since independence, with 127 151 cattle, 2 842 sheep and 2 115 goats slaughtered compared with 145 462 cattle, 4 369 sheep and 3 445 goats in the previous year.

'Abattoirs' profits were largely due to cost control measures and favourable exchange rates against major currencies which strengthened against the pula.

Europe remained the major market for Botswana beef and hides. The new market in Norway, where the sales amounted to 31.5-million pula or 11.1% of turnover was the third biggest in the first half of the year.

However, the Norwegian market was hampered by strict requirements imposed for salmonella testing, as the result of the outbreak of mad cow disease. This led to a 25% drop in beef prices across Europe, but prices recovered toward the end of the year.

Sales to SA declined from 15.8% of turnover in 1995/96 to 11.4% in 1996/97. This could be attributed to the closure of the Maun abattoir at the outbreak of cattle lung disease.

Government reacted to the disease by destroying 300 000 cattle, and setting aside an emergency fund to restock the area. At least 60 000 cattle will be distributed to the farmers as part of the restocking programme.
GABORONE: Praising the 'economic miracle' Kgetumile Masiore began, Bill Clinton said he was honoured to be present as Masiore prepared to hand over the reins to Festus Mogae.

President Bill Clinton yesterday told a cheering crowd of 3,000 Botswana that their country held the promise of a new Africa.

Speaking on the lawns of State House on the fifth leg of his six-nation Africa tour, Clinton said: "We have seen the promise of a new Africa... its roots are here deep in your soil for you have been an inspiration to all who cherish freedom.

"Africa is determined to support all those who follow your lead," he told outgoing President Kgetumile Masiore and president-designate Mr Festus Mogae.

To the ululations of the crowd, Clinton said: "Our trip has taken us from Africa's western rim to its southern shore, from its smallest villages to its most modern cities, from its youngest democracy, South Africa, to its oldest, Botswana."

He paid tribute to Masiore for his economic leadership of Botswana and the peaceful handover of power to Mogae. "Botswana's success was built by its people and by the dedicated leaders they chose," he said.

"First as vice-president and minister of finance, you sparked the engine of an economic miracle."

Now Masiore was ensuring the peaceful transfer of power that had come to characterise Botswana, Clinton said.

"I am deeply honoured to be among those to be here as you leave your distinguished tenure," he added.

Turning to Lady Olebile Masiore, seated with Ms Hillary Clinton, the US president reminded the crowd that as a teacher she had personally taught many US Peace Corps volunteers and aid workers their first words of Setswana.

"You ensured that many young Americans came home with a lifelong love for your country and this continent," Clinton said.

"Now we are building on that spirit of co-operation to renew our partnership for the future." Together the US and Botswana could help all men and women in Africa secure the freedom that was their birthright.

Before Clinton spoke, US Congressman Edward Ryce presented Masiore with a framed resolution recently passed in the US House of Representatives commending Botswana's commitment to democracy.

Ryce, one of the Republican members of the house and chairperson of the Africa Affairs Committee, said Botswana had played a constructive diplomatic role in Africa and the world.

"This resolution recognises all of this," he said. "But above all it commends the people of Botswana for their commitment to democracy."

The resolution had won bipartisan support and been unanimously approved by the International Relations Committee and the entire house.

"I believe this was a demonstration of the high regard in which Botswana is held by the American people," Ryce said.

Clinton will be in Botswana until tomorrow. — Sapa
Botswana's President to Retire
Business Day Report (13) 8/23/13

Bosswana company to start building Volvo cars next year.
Botswana group to buy car parts from SA

ROY COKAYNE

Pretoria — The Motor Company of Botswana, the assembler of Hyundai vehicles in southern Africa, would acquire automotive components worth R250 million a year from South Africa, Billy Rautenbach, a major shareholder in the company, said yesterday.

He said Hyundai, which has not been reporting its sales figures to the National Association of Automobile Manufacturers of South Africa, would be making an announcement on this early next month.

He said “it looked positive” that they would start reporting to the association.

Rautenbach was speaking after the opening of the company’s new R250 million completely knocked down (CKD) vehicle plant in Gaborone.

He said the plant, which would also start assembling Volvos next year, would reach its 40,000 vehicle annual capacity within two years.

He said this entire capacity was for the southern African region. About 80 percent was destined for South Africa.

He said full production of the Hyundai Accent would start in May, with about 500 to 600 units a month produced.

Production of the Hyundai Elantra would start in August and would reach over 1,000 units a month by the end of the year.

He said cars made at the plant would initially have a local content of about 30 percent.

Nissim Franco, a partner and shareholder in the plant, said the plant would initially employ 1,200 people. Rautenbach said 500 people were employed at the group’s semi-knocked down (SKD) plant, but they would be moved to the new plant.

The SKD operation would close at the end of next year.

Franco said it was time for Hyundai to raise a white flag to its competitors, as a sincere invitation to them for peaceful co-existence for the benefit of consumers.

Motor makers in South Africa have long complained about Hyundai’s non-compliance with the provisions of the motor industry development programme.
New Hyundai plant 'a watershed'

Stanley Mapholoegela

THE Motor Company of Botswana, distributors and manufacturers of Hyundai cars, which successfully launched its new plant this week, said it marked the turning point for the company.

Hyundai Motor Distributors (HMD) MD Billy Rautenbach said the completion of the plant was a "watershed in exposing Hyundai’s commitment to the local market".

He said by going the "completely knocked-down" (CKD) route, HMD would be able to remain competitive in the long term.

Cost reductions on vehicles are not expected, and we will be able to continue to be price competitive, as consumers have come to expect of us," he said.

The new plant will replace the semi-knocked down (SKD) plant in Gaborone.

"While benefiting the local car buyer market and stimulating economic activity, the Motor Company of Botswana's new CKD plant also addresses the doubts expressed by both the public and motor industry as to Hyundai's long term plans on the subcontinent," Rautenbach said.

The R350m CKD factory is on a 20ha site in Gaborone and will provide direct employment to about 1 200 people.

Rautenbach said production models of Hyundai Accent are expected to roll off the assembly line from the May this year, although pilot models began rolling off the line earlier this month. Production of the face-lifted Hyundai Elantra is anticipated in August, with production of the Sonata and the new Volvo S40 and V40 models scheduled for 1999.

CKD project manager Janie Viljoen said the 35 000m² plant has been constructed in a highly flexible way to allow expansion from an initial design capacity of 27 000 units to a future potential of 60 000 units a year.

By 2000, projected annual production figures for Hyundai models would be 30 000 new cars and 10 000 units for Volvo, he said.

"The CKD plant is capable of producing up to six models using batch assembly techniques. Many new component suppliers are heavily involved in the successful launch of the factory through the local sourcing of almost 100 specialised components.

"Facilities at a new CKD plant are in line with those of other leaders in the local motor industry, and incorporate some of the most advanced process equipment from Europe, Korea and America," he said.

High import tariffs formed the basis for the decision to establish local production.

About 52 dealerships currently operate in SA with a further two dealerships, in Gaborone and Francistown, servicing Botswana.
Mogae promises to create jobs

GABORONE — Botswana's incoming president Festus Mogae pledged yesterday to implement the job creation and antipoverty policies of his predecessor, Ketumile Masire, but with some "refinements".

Mogae, currently the vice-president and finance and development planning minister, said that he would give priority to creating jobs and eradicating poverty when he took over his post next week.

Masire retires at the end of March after 18 years at the helm of this diamond-rich southern African country.

His ruling Botswana Democratic Party has led the government since independence from British rule in 1966.

Mogae said implementation of policies would be his prime focus until elections, scheduled for 1999. He was speaking ahead of a planned visit to the country, from Sunday, by US President Bill Clinton, currently undertaking a six-nation African tour.

"There is national consensus that most of the policies are in place. Most of the criticism, from both the opposition and our backbenchers, is that they are not being vigorously implemented,"

Mogae said Botswana's privatisation programme was likely to kick off by the end of the year.

Mogae's "own thinking" was that Air Botswana and the country's telecommunications facilities should be 100% privatised, but the drought-prone country's water utility should remain in state hands.

— Sapa-AFP.
Botswana: Inspiration to Africa - Clinton
Dependence on Gems Left Botswana Vulnerable, Says Mogae

Economy Diversification has become Government Priority in effort to create more Jobs
Botswana’s hot potato

Newly sworn in president Festus Mogae has to fight not only for his political life but also for that of his party. Pamela Dube explains why ...

In 1982, he occupied the highest office in the land for a civil servant – that of permanent secretary to the president. It was while he was still in the office of the president that Masire co-opted him into parliament after the 1989 general election through a constitutional clause for specially nominated members.

On October 13 1989, Mogae shed his civil service jacket to start life in politics with his appointment as minister of finance and development planning.

Two years later, Masire reshuffled his cabinet and removed his long-time friend, the now late Peter Mmotsi, as vice-president and rewarded Mogae with the second most powerful position in the land. Yet although Mogae continued to excel in the world of finance – continuing to serve in the IMF and World Bank – his political life did not seem to get off the ground.

His appointment as vice-president was not universally welcomed in Botswana Democratic Party structures. When he became president yesterday, he was also appointed party president – the leader of a party that still considers him an outsider.

Officially Mogae only joined the party in 1989 when Masire dragged him along to parliament, and his rise to the top was in a way at the expense of the party old guard.

He faced the real politics of the party when, just before the 1994 elections, he went to the BDP conference and lost the party’s deputy president position to his rival, Patson Sekechwe.

Threat to Mogae

Kedikilwe, who served as minister of presidential affairs from 1992, was – and is – not the only threat to Mogae’s rise to the top position. BDP stalwart Daniel Kwelelobe’s ambitions for the presidency are also known.

Unlike both Mogae and Kedikilwe, Kwelelobe was long baptised into BDP politics, and has served as BDP general secretary for over a decade.
Botswana president sworn in

GABORONE - Mfumisile Mogae, sworn in as Botswana's president yesterday, has said he would promote private sector development, raise productivity and take "calculated risks" to protect one of Africa's strongest economies.

The former vice-president and finance minister was sworn in to lead the Southern African nation, diamond wealthy but still racked by poverty, at a colourful ceremony on the steps of parliament, watched by a cheering crowd of around 7,000 people.

It was unclear whether Mogae would name his cabinet yesterday or wait the 14 days allowed by the constitution.

Mogae (58) replaces the long-serving Sir Keitumetse Masire, who stepped down at midnight on Tuesday in a smooth transition of power, a rare gesture in African politics. Masire (72) ruled Botswana for 18 years.

Mogae pledged to tackle Botswana's poverty and high unemployment.

"I pledge to continue to work to promote private sector development and to engage constructively with the labour representatives to achieve poverty alleviation through employment creation," he said.

Despite its diamond-driven economy, Botswana has acute poverty problems and an official unemployment figure of 21 percent.

"We have to take calculated risks to ensure that we do not jeopardise the phenomenal development strides that we have already made in previous years of hard-won gains," he said.

"Commitment to increase private sector participation in the economy, sustainable environmental management, population management and regional integration will be the pillars of economic policy."

Mogae urged an all-round improvement in productivity. "We cannot go very far unless productivity is improved throughout the economy at policy, management and operational levels."

This vast, drought-prone country has a population of only 1.5 million.

Sapa-AFP
Masire’s exit: Was it so righteous?

Dawood Dithato

International tributes poured in this week for President Ketumile Masire of Botswana, who resigned this week before his term of office ended.

After 18 years as head of state, Masire ducked out of office as his party began to face the challenge of preparing for its toughest election battle next year.

The tributes cited the country’s stable democracy, sound economy and Masire’s “righteousness and magnanimity” which saw him resign despite the absence of constitutional barriers to remaining in office.

But his departure may have been less voluntary than due to an intensive campaign that ultimately forced him to resign in a hurry and as a bitter man, fed up with lawlessness and the ill-discipline of his lieutenants, who had become unmanageable and affected his ability to rule effectively.

Masire had found himself in an unenviable position — a victim of debilitating intra-party factionalism that has paralysed and torn the ruling Botswana Democratic Party (BDP) apart. The camps are led by the Minister of Foreign Affairs, General Mompati Merafhe, and the Minister of Works, Transport and Telecommunications and BDP secretary general, Daniel Kgwadi.

Even more worrying for Masire was the dawning realisation that his ruling BDP may well lose next year’s election to the opposition Botswana National Front.

The ruling party recently contracted the consultancy services of University of Pretoria academic Professor Laurie Schlemmer to revamp its tarnished image.

The editor of the leading weekly newspaper, Mmegi/The Reporter, said recently the months preceding the elections “will be a matter of life and death for the ruling party, confronted with a serious prospect of being so close to losing in three decades”.

The BDP did not win the last elections in 1994 by a wide margin. The results marked considerable change in Botswana’s politics, and the ruling party faces heavy odds during the elections in 1999.

University of Botswana lecturer in constitutional law, Key Dingake, says “there is a real possibility that the 1994 election tremor may produce an earthquake in 1999 and a new government will be born”.

But election results alone do not tell the whole picture; neither do they explain the reasons for the BDP’s dwindling electoral fortunes and its deep-seated troubles.

Research by the University of Botswana Democracy Research Project shows that the youth, workers, urban residents and better-educated citizens mostly support the opposition, while the relatively older, more conservative and rural people tend to support the ruling party.

The youth say the government’s inferior education system limits their employment prospects. They are also unhappy about the government’s refusal to lower the voting age below 21 years.

Masire’s anxieties grew after a credibility crisis following the exposure of rampant corruption and mismanagement in government and parastatal organisations, seemingly sanctioned by government leaders and officials.

Kenneth Good, an associate professor of political science at the University of Botswana, says the state has been swindled of millions, sometimes with the connivance of ministers and senior government officials who award inflated government tenders.
New-style president for Botswana

DARREN SCHUETTLE

Gaborone — Festus Mogae, who was sworn in as Botswana's third president on Wednesday, is a new-style African leader committed to running his diamond-rich country like a business.

"I think governing nowadays is about economic management. A new generation of leaders ... is aware that delivering to our people is about improving their economic lot," he said.

Mogae, who is 58, pledged to keep the country's oldest democracy on the free-market path that has made it an African success story and the envy of its neighbours.

"Employment is a priority for all our countries, whether it is Zimbabwe, Zambia, Uganda, Kenya, South Africa or Botswana," Mogae said.

Botswana, thanks to its diamond wealth, boasts huge foreign reserves and is one of the continent's fastest-growing economies. But it also suffers from stubborn double-digit unemployment and a widening gap between rich and poor.

With elections due next year, opposition parties are pressing the government — which recently delivered its 16th surplus budget — to create more jobs.

The Botswana Gazette said in an editorial on Wednesday: "There is a totally unacceptable level of poverty in the country which, if left unaddressed, will threaten the basis of our democracy."

Mogae, who was previously Botswana's finance minister, promised to speed up the government's economic plan to create jobs by luring foreign investment. But he ruled out unsustainable spending.

"My own conviction is that we have as attractive package as you can find anywhere and we have to give it a chance to take effect."

In an attempt to reduce its dependence on diamond mining, which accounts for 75 percent of annual exports, Botswana is using a package of low taxes, liberal exchange policies and a $2 billion capital investment plan to lure foreign companies and jobs.

Mogae said the policies were paying off, with Korea's Hyundai recently opening a new plant near Gaborone and Sweden's Volvo also expected to build one.

"We expect in the region of 4 percent growth in employment," Mogae said of the recent fiscal year that ended on Tuesday. This was a rise from 1.5 percent growth the previous year.

Another growth area was Botswana's world-famous game parks, which Mogae said would be opened to more tourists but not at the expense of their fragile ecosystems.

Mogae strongly endorsed a US-Africa trade proposal that favours trade over aid, saying it would open markets for his trade-dependent country. — Reuters
Ian Khama’s new job could help govt’s unity

John Dludlu

The nomination of Lt-Gen Ian Khama to the post of Botswana vice-president has triggered a major re-alignment of political forces in the country, with a new powerful alliance emerging within the ruling Botswana Democratic Party (BDP), say analysts.

Newly inaugurated President Festus Mogae completed his cabinet on Friday by proposing Khama, freshly retired Botswana army commander, as his vice-president.

However, in terms of the amended constitution Khama’s nomination, already backed by the BDP’s governing structures, will have to be voted upon by MPs. Khama, already a presidential affairs and administration minister, will also have to get a constituency.

It is understood the popular Khama, a Bangwato paramount chief by birth and son of Botswana’s founding president Seretse, will fill a rural north seat to be vacated by one of BDP’s MPs.

Khama’s nomination was seen by some as a snub to newly appointed Finance Minister Ponta Batsile, BDP chairman and leader of one of the two BDP factions. Kenneth Kotel, of SA’s Africa Institute, says Khama was selected because Mogae did not want to be associated with any of the factions.

This could be the first step towards forging party unity ahead of next year’s election, some analysts believe.

A Botswana observer says Khama, riding on his father’s respected name, will strengthen Mogae’s rather weak support within the crucial rural communities.

Last week, Mogae said that although the BDP factions were not policy-inspired, but the result of personality clashes, they could be damaging in the election.

Richard Cornwell, of the Midrand-based Institute of Security Studies, interviewed before Khama’s nomination, said Khama’s entry into politics was due, in part, to concern by his family that the Khama legacy was being betrayed by corruption within certain BDP elements and in government.

Mogae has denied these suggestions, saying today’s African leaders are more concerned about corruption than their predecessors. Botswana has an anti-corruption directorate.

He has assured investors that he will not deviate from sound economic policies. Although expressing disappointment at the slow response of investors to government incentives, he said his administration would resist the temptation to “do more. There are no quick fixes,” he said.

Botswana received a fillip when Volvo said it would assemble at least two of its models in the country.
Botswana moves against corruption and charges 196

( ) 8 | 4 | 9 | 8

John Dludlu

NEARLY 200 people have been charged in Botswana as the country's anticorruption agency moves to clamp down on corruption.

Interviewed at the weekend, Tymon Katiholo, head of the directorate on corruption and economic crime, said the directorate had investigated about 1,400 of the 4,000 cases it had received. Of these, 196 had led to charges being laid.

He said corrupt practices were both in the private and public sectors. They included state procurement and fraudulent licences. The cases involved "substantial" amounts of money.

In 1995, the directorate recovered 7 million pula by seizing the proceeds of corruption. "A majority of cases involve petty corruption such as someone failing to pass a driver's (licence) test and finding a way around it," he said.

There had also been major cases. "We have been able to extradite people from the UK," he said, adding that further extraditions were being explored.

Most of the cases also predicated the establishment of the unit.

The directorate was formed in 1994 amid signs that the country's image was being tarnished by cases of corruption.

Newly inaugurated President of Botswana, Festus Mogae, has denied suggestions that African governments are being soft on corruption.

He said in an interview that today's African leaders were more concerned about fighting corruption than their predecessors. Apart from the directorate, Mogae pointed to the country's "combative press" and the Botswana as safeguards against corruption.

The directorate worked closely with the police.

A survey showed that people on the ground were not aware of the directorate's work, although senior officials were.

The directorate — staffed by professionals with accounting, police and customs investigations backgrounds — was established to support other agencies such as those of the attorney-general and the parliamentary system.

Although the directorate was a government department, Katiholo said he could not complain about the unit's autonomy being threatened by attempted cover-ups by government officials.
Mogae vows to follow in Masire's footsteps

President puts focus on economy

Gaborone – Botswana's new president, Festus Mogae, promises his priorities will be the same as those of retired president, Sir Ketumile Masire.

Mr Mogae was sworn in on April 1 as Botswana's third president since the country attained independence from Britain in 1966.

The new president described himself as a member of a new breed of African leaders who were aware of the importance of economic management.

"Political governance nowadays is about economic management," he said.

"The new generation of leaders, people like President Museveni (Uganda), President Mandela and Thabo Mbeki are aware that delivering to our people is about improving their economic lot."

The Batswana would notice differences of style in government, but no dramatic switch in policy.

"Differences in our style and temperament are bound to be reflected in differences in our approaches, but strategically and technically we believe in the same sort of things," he said of himself and Sir Ketumile.

"After all, I was a senior member of the cabinet, taking part in policy formulation, and headed a ministry which was expected to take a leading role in economic policy."

Private investment, foreign and domestic, was central to Botswana's further development, but he considered the policies that had been put in place over the past few years to encourage investment were sufficient for now.

"There were unlikely to be any immediate fresh initiatives. You can never do everything, but my own conviction is that we have as attractive a package as you can find anywhere," said Mr Mogae. Unemployment figures were dropping as a result of an upturn in the economy.

"For calendar 1997, economic growth was about 6.9%, but unemployment reduced by only 1.5%." He was looking for a balance between economic prudence and entrepreneurial development.

"Botswana has fiscal strength, but that is not to say we should close our minds to new ideas and that we can afford to do everything the way we have always done it.

"On the other hand, we cannot afford to throw caution to the winds, so I am asking for a balance."

Mr Mogae has 18 months to the next election, in which time he has to consolidate his position as the Botswana Democratic Party's presidential nominee. – Sapa
Botswana parastatal's sale of firms on hold

John Dludlu

THE Botswana Development Corporation (BDC), a state-owned company with a string of investments in industrial firms, has decided to slow its sell-off programme as it prepares some of its less attractive investments for disposal.

In its latest annual report, the 27-year-old BDC says it has sold 21 companies out of the 35 initially earmarked for sale. In the process, the parastatal has raised 309-million pula.

Since the decision to slow down the pace of divestment, as the sales are called, it has negotiated and finalised the sale of only two companies for 1,1-million pula.

The decision to halt the sales, at least for now, was taken after a realisation that "most of the large, profitable companies have been sold and only small ones remain".

Most of the remaining ones still need either further "nurturing and or restructuring" to make them profitable and attractive to private investors.

Also complicating the disposals of BDC interests in these firms is the fact that the corporation is a minority shareholder.

Started in 1994, the divestment initiative was a key component of the government's strategy to empower the Botswana. By selling stakes, the corporation has contributed to the promotion of competition and efficiency.

BDC partners include foreign investors, including SA retailers, tourism operators, insurers and cement firms. The decision to suspend the divestment programme comes as the government is preparing the path for reducing its involvement in the economy.

Newly inaugurated President Festus Mogae has said privatisation could begin before year-end. The government has appointed an advisory task team on privatisation and "citizen empowerment", with a report due by mid-year.

Mogae has stressed privatisation will not be pursued for "its own sake, or because it is fashionable elsewhere". However, Botswana industry observers believe that citizen empowerment will be the main requirement if the government does decide to go ahead with privatisation.
IMF urges Botswana to accelerate sale of state firms.
World Bank says Asian tigers come second

Botswana the world's fastest growth economy

Johannesburg — Botswana, rather than the Asian tigers, had the world's fastest-growing economy between 1995 and 1996, says the World Bank in its latest World Development Indicators, 1998, released yesterday in Washington, DC.

Eric Swanson of the bank's development data group said the report showed Botswana's income a head had grown 9.2 percent during the 31-year period, compared with 7.3 percent for South Korea, the second fastest performer. China was third at 6.7 percent.

Swanson said the figures were statistical averages of the countries' annual growth over the period. The bank does not have figures prior to the period under review. Botswana's gross national product (GNP) grew by 13 percent over the period.

Tony Twine, a senior economist at Econometrix, said the growth might be faster in percentage terms but "not as impressive in absolute values" as low growth off a higher base.

He said all the bases used in studies for Africa were "very tiny". This factor, plus distortions in wealth distribution in both Africa and Asia, "are so massive that the bold comparison of the growth rate may lead to conclusions that are not really warranted because of the complexity of the underlying circumstances", Twine said.

The bank predicts that growth in developing countries would continue until the end of the century, rebounding from the temporary setback of the Asian financial crisis. This prediction depended on the success of key reforms expected in response to the crisis.

"Developing countries, excluding those in eastern Europe and the former Soviet Union, generally saw their GDP increase by more than 5 percent, while in South Asia, potentially the next region poised for economic takeoff, the region's economy grew by more than 6 percent despite slow growth in India and Pakistan," the bank says.

The bank says low-and middle-income countries significantly exceeded their long-term growth rates in 1995-96. Low-income countries grew at an average 8 percent in 1995-96, compared with 3.3 percent from 1985-95.

The rates for middle-income countries were 3.7 percent in 1995-96 and 3.3 percent from 1985-95. In sub-Saharan Africa, annual growth averaged 2.7 percent and increased to 4.8 percent for the respective periods.
Hyundai workers cry foul over retrenchments

GABORONE — Workers at Botswana's Hyundai Motor Distributors, which assembles Hyundai cars, presented a petition to government last week about impending retrenchments at the company.

Employees say they learnt of the possibility of retrenchments from media reports, after the company's GM Jannie Viljoen was interviewed by a local newspaper.

The employees say they were told about retrenchments only after the interview. The company says workers were told repeatedly there would be no retrenchments.

The company will be "downsizing" once all operations at the semi-knocked-down plant are fully phased out next year and the new completely knocked-down plant is fully operational. Hyundai cars will then be produced at the new plant.

From next year, Volvo cars will be assembled at the same plant. Management says the new plant requires more skilled and more qualified personnel than workers currently employed.

Hyundai has about 500 employees and the Motor Company of Botswana, which was set to replace Hyundai Motor Distributors (HMD), has about 300.

In the petition, HMD's employees say management wrote them letters informing them of the retrenchments and, three days later, urged the employees "to apply for voluntary retirement within an additional 10 days".

They say management came up with the "decision to retrench staff without any consultation with staff or their representatives". The workers want to know why HMD management considers them unskilled when, for the past four years, they have assembled vehicles without any complaints about their skill level.

The workers say that at the end of last year HMD CEO Bryan Simms reiterated the company's position that there would be no redundancies as a result of the opening of the new plant.

This was said during a meeting with supervisors and management. The firm says workers were told repeatedly there would be retrenchments. They were told also of the criteria required of workers at the new plant.
Debswana to fund research

GABORONE—Debswana, the fifty-fifty partnership between De Beers and the Botswana government that mines and markets the country's diamonds, is to fund a $900,000 pula environmental project in the Okavango Delta.

The project will be conducted jointly by the University of the Free State and the University of the North in SA and the University of Botswana.

It will identify and monitor the changing pattern of parasitic infections on the declining fish stock of the delta, believed to have been caused by human activity.

"Freshwater fish that have managed to survive for 400-million years are now under threat," Free State university professor and project leader Joe van As said at the launch of the project on Monday.

"The parasites pose no threat until disturbed by changes in their environment. They cannot be ruled out as a factor in the dramatic decline of fish stock in the delta." The project could also provide guidelines on tourism development, Van As said.

"The parasites are an ecological black box. They will provide information on the human impact on the environment. We will come up with a pool of data on which management (of the delta) can be based."

Debswana MD Louis Nchindo said unravelling the mysteries of the Okavango would play an important role in the development of tourism in Botswana.

Nchindo said that since 1971 the De Beers group had spent $35-million pula on environmental programmes and was continuing to spend $2-million pula a year. He said the group did business to make profit, but was also committed to improving the lives of the people in the countries in which it operated. — Sapa.
Public service salaries could lead to deficit.
Investec helps to set up new bank in Botswana

John Diu:ju

SA BANK Investec has linked up with the Botswana Development Corporation to set up the country's first merchant bank, say officials of the two institutions.

The new bank, to be formed this month, would play a vital role in the country's plans to become an international financial services centre, Botumelo Molefe, the corporation's public relations officer, said yesterday.

Kumbulani Munamati, an Investec official spearheading the latest drive into Botswana, said the plans were part of Investec's strategy to extend its products to Botswana.

As in SA, the target market was lending to professional groups and high net worth individuals.

In terms of the deal, Investec would hold a majority stake, allowing it to bring technical expertise to the proposed holding company in which the Botswana parastatal would hold 25% worth 6-million pula.

Molefe said the bank would initially have three subsidiaries: asset management; stock brokerage; and treasury and corporate finance. "What we won't be doing is retail banking," Munamati said. The partners had applied for a banking licence from the central bank.

Investec's asset management and security services, established in 1995, would be transferred into the new holding company, said Munamati.

He said the Botswana plans signified an investment of note by the group in Africa. The holding company was expected to be headed by an executive from the Johannesburg headquarters of Investec, while Munamati would head the bank.

The new stock broker would be the second after Stockbrokers Botswana, initially set up by the development corporation.

Molefe said it was the corporation's policy to have a minority interest in corporations.

Last year, Investec led managed the issue of the first corporate bond by the development corporation. The 50-million pula issue was oversubscribed, said Munamati.

"We will continue to help parastatals and private groups to raise finance," he said.

Meanwhile, the development corporation had hired ICC of Ireland to assist in plans to turn the country into a financial services centre, modelled along the Dublin centre, said Molefe.

The Irish group would help develop financial products and to build an institutional and regulatory framework to underpin these aims.
Botswana’s bourse activity grows

GABORONE — Domestic activity on the Botswana Stock Exchange has increased over the year to the end of May with average monthly trade up to 0.87% of market capitalisation against 0.74% for the same period last year — an increase of 17.8%.

Botswana Stock Exchange statistics show the value traded this year to May was 114.98-million pula — 53.92% of total trade in 1997 total trade. Domestic market capitalisation at the May close was 3168.46-million pula.

The domestic index closed at 959.66 and has added 35.45% this year. Over 12 months it has gained 98.5%.

Sapa. 9/6/98 (1)
Botswana to stick with its rand peg

Barry Baxter

Gaborone — Botswana’s central bank saw no need to pull the plug on its currency peg to the troubled rand, it said yesterday.

The Botswana pula is pegged to a basket of six currencies. The central bank would not give details, but market sources say the rand comprises 60 percent of the basket’s weight.

“As the South African central bank is taking action, it is not necessary to change our policy,” said Bailetsi Gaolathe, the Botswana central bank governor.

But we are watching what South Africa is doing.”

The pula has lost 10 percent against the dollar over the past 12 months while remaining in a 3 percent range against the rand.

Gaolathe said the central bank’s policy was to keep the pula-rand in a tight range to protect Botswana’s non-diamond exports, of which more than 80 percent go to South Africa.

Equity dealers fear that the rand’s woes could spill over to Botswana’s fledgling share market, which has so far avoided the storm blowing over emerging markets.

“The market is likely to come off in the short term. There could be increased offloading of stocks ... I think we are starting to see that already,” said Rupert McCammon, chief executive of Stockbrokers Botswana.

Other dealers said Botswana investors were getting nervous, but most were in for the long term. The actual damage to the Botswana stock exchange, McCammon said, would depend on the extent of any further fall of the rand, and thus the pula.

“Botswana is relatively crime-free and politically stable ... and an exchange rate that does not fluctuate, that much is an added incentive,” McCammon said.

But Martin Makgatle of Investec said yesterday: “We are getting close to the point where the investors will forget the underlying strength of our economy.” — Reuters
Botswana Ash on the expansion trail

JOHANNESBURG — Barely three years after going broke and two years after heavy flooding halted production, Botswana Ash, a soda ash mine joint venture between Anglo American and the Botswana government, is back in expansion mode with investments worth about 90 million pula (about R120 million) under investigation.

Paul Henry, the managing director of Botswana Ash, said the unlisted operation was now cash positive and had declared a maiden dividend in past financial year.

During the past year, the mine and plant produced about 220,000 tons of soda ash and it has budgeted for production of around 260,000 tons this year.

Soda ash, which is pumped up in solution from an old lake bed at Sua Pan in the Botswana desert, is used to make glass, detergents as well as in the metallurgical and chemical industries.

The South African market consumes about 300,000 tons of soda ash a year.

Henry said the company hoped to have a bankable feasibility study in six to nine months on the viability of expanding the mine's pumping capacity to allow it to produce 300,000 tons of soda ash a year — the full capacity of the extraction plant.

The expansion was expected to cost in the region of 30 million pula. He said the mine was also looking at the viability of a 60 million pula cleaning plant to produce white ash. The mine's production is tinged slightly with organic matter, which precludes it from a large share of the detergent market.

Henry said since about 50 percent of the mine's production costs were fixed, an increase in production to 300,000 tons a year would have a substantial effect on earnings.

"We as a team feel very bullish about where the operation can go."

Botswana Ash employs about 500 people and was built in 1991 at a cost of more than R1 billion.
Special unit officers surprised by public level of acceptance
Pula's link to the rand will not be severed

GABORONE - Botswana's central bank said yesterday there were no plans to scrap the de facto pegging of the pula to the rand despite the dramatic fall in the rand's value against the dollar.

The pula has lost 16% against the dollar over the past 12 months and a similar amount against the British pound. One pula was worth about 60.334 against the rand on Friday's close, down from 80.278 a year ago.

"We cannot say how far we will go. When the rand is under great pressure, we watch the situation carefully," governor Beledzi Gyalothe said.

While the pula is indirectly pegged to the rand, the currencies are linked through a basket in which the rand is predominant. This is to protect Botswana's fledgling manufacturing industries, which are generally in favour of a stronger currency.

Details of the makeup of the basket are not disclosed, but in December 1995 a source said it contained six currencies and was weighted 60% in favour of the rand. There has been an apparent lessening of the weight of the rand in the basket over the past 12 months.

Botswana stockbrokers fear the falling pula will adversely affect the fortunes of the Botswana Stock Exchange. Stockbrokers Botswana CE Rupert McCommon said it was likely that the continuing turmoil in the rand would affect the local market.

"The market is likely to come off in the short term. There could be increased offloading of stocks..." he said, adding that he was starting to see that already. — Reuters
Botsswana holds lid on corruption

BY CAITLIN DAVES

The Batswana are a people of contradictions. On one hand, they are proud of their country's economic progress and stability. On the other hand, they are frustrated by the persistent levels of corruption that permeate all aspects of society.

This is a country where people talk about the need for reform and yet continue to support the same politicians who have failed to deliver. The government has promised to tackle corruption, but the lack of progress and the continued presence of corrupt officials have left many feeling disillusioned.

The problem is not unique to Botsswana. Corruption is a global issue, and many countries struggle with the same challenge. However, Botsswana's situation is particularly acute because the country is heavily dependent on mining for its revenue. This dependence creates an environment where corruption is often seen as a means of preserving power and influence.

The Batswana are not without hope. There are those who are fighting against corruption, and they are being supported by the international community. The challenge is to translate this support into meaningful action.

The Batswana must take responsibility for their own future. They must demand accountability from their leaders and hold them accountable when they fail. Only then can Botsswana break free from the grip of corruption and build a brighter future for all its citizens.
diamond price falls

Botswana braces itself for budget deficit as

problems in the local market lead to a 50% drop in the price of diamonds. The decrease in the price of diamonds has had a significant impact on the economy of Botswana, which depends heavily on diamond exports. This has led to a budget deficit, as the government has been relying on diamond revenues for a significant portion of its budget. In response, the government has announced plans to reduce spending and implement austerity measures to bring the budget deficit under control. However, these measures may have a negative impact on the economy, as they could slow growth and lead to job losses. The government is also looking for ways to diversify its economy and reduce its reliance on diamond exports.
Neighbours to co-operate

Christof Maletsky

WINDHOEK — Namibia and Botswana plan to increase economic co-operation, especially in the fields of ostrich and fish farming, following Botswana President Festus Mogae's visit to Namibia, which ended at the weekend.

The two countries also intend to exchange ideas on growing seaweed to fight malnutrition in the region and on changing semi-desert areas into "green gardens" with better water utilisation.

Mogae and President Sam Nujoma agreed to maximise the use of infrastructure, including the Trans-Kalahari Highway and the Trans-Caprivi Highway and the port of Walvis Bay.

Mogae said that, apart from sharing the border, the two countries had much in common and could not afford to concentrate on problems existing between them. The presidents had been expected to discuss their dispute over control of two small islands on their mutual border, but Mogae said only that both parties would accept the ruling of the International Court of Justice.

Mogae's visiting team included government ministers and businessmen.

Botswana, like Namibia, is trying to make inroads into ostrich farming and is at an advanced stage of developing the country's ostrich industry. It is believed that Botswana has one of the largest wild ostrich populations in the world, with an estimated 60,000 birds.

However, Botswana has a shortage of slaughter facilities, forcing farmers to export live birds.

Mogae said the Peacanova fishing factory at Luderitz had impressed his delegation as well as the fish farm and research station at southern town Mariental and that they would like to learn from Namibia's experiences.

The port of Walvis Bay, he said, would be promoted among the Botswana business community.

The two presidents also expressed deep concern over the renewed fighting in Angola and called on the international community to exert more pressure on Unita to implement fully the Lusaka Protocol.
Mogae lacks grassroots support to safeguard his presidency

The political mettle of Botswana's new president, Festus Mogae, will be tested for the first time at a party congress in July next year where he is expected to face tough opposition from certain factions.

Many argue he proved a talented finance minister popular with the business community, but that he is not a natural politician. He took the presidency without election through party structure because his route to succession was smoothed by his mentor, then president Ketumile Masire.

Mogae's elevation to the presidency was not universally applauded within the ruling Botswana Democratic Party (BDP), with some feeling that Mogae did not have the proven grassroots support needed to bolster the party's fortunes.

Faced with a fight within the BDP, Mogae calculated that his vice-president would need to be an outsider who did not champion the cause of any faction.

Although Mogae denies it, it is thought he felt Ian Khama, the 46-year-old son of the party's founder-president, Sir Seretse Khama, could be relied on to use his family name to unite the party behind Mogae.

With an eye to the general elections in July next year, Mogae has been careful to bolster his chances in the event of a challenge to his presidency. However, Khama, the army commander-in-chief, is a political novice who had to win a parliamentary seat before his appointment could be ratified.

Mogae was noticeably subdued and did not hit the campaign trail when the party fought two by-elections. One of the candidates was Khama, in an stronghold made up of the Central District constituencies.

A more astute politician might have used this to stamp his own authority on the party. It is Mogae's unwillingness to plunge into the political fray that perhaps makes him a prospect of emerging as president after the BDP elections more speculative than certain when the party has its pre-election general congress in July.

Khama's absence from the 2004 elections means he has no real alternative as the next president, unless he can capitalise on his family name to unite the party. However, there is no doubt that they have good support from the electorate. But, in order to retain the presidency, Mogae will have to hit the campaign trail, projecting himself as a national leader and not as a Mogae son-in-law. However, Khama may have his own political ambitions which he may not want to hitch too tightly to the Mogae ticket. Although Mogae is the president of the party, he lacks the political clout and machinery to ensure his succession to the presidency.

There are rifts within Botswana's ruling party that suggest the presidency of the country is far from secure, writes Masabole Motseta in Gaborone.
Botswana wants to sell its ivory

GABORONE — Botswana wants to start selling tons of stored ivory to Japan from early next year, a government official was quoted as saying in the state-owned Daily News newspaper yesterday.

The southern African country needs a go-ahead from the Convention on International Trade in Endangered Species (Cites), wildlife and national parks deputy director Joseph Mathare said.

He said Botswana had stockpiled 25 tons of elephant ivory, which was kept under heavy guard, and wanted to sell the batch in one shipment to keep costs down.

At a Cites conference in the Zimbabwean capital Harare last year, Botswana, Namibia and Zimbabwe appealed for a partial lifting of the total ban on ivory sales.

They said they were faced with growing elephant populations and had tons of tusks in storage.

The conference set conditions for the sale of stockpiled tusks, to be met by September 30.

Mathare said Botswana believed it had met these conditions and now needed Cites approval before going ahead with the sale.

The conditions included that proceeds from the sales be used in elephant conservation and that the tusks be marked to ensure that countries disposing of stock did not sell ivory that did not belong to them. This was to prevent the sale of poached ivory. — Sapa-AFP.
Botswana to implement growth plan

GABORONE — Botswana President Festus Mogae pledged yesterday to implement a government programme aimed at providing long-term economic growth and improving social conditions.

The programme, Vision 2016, sets various targets to be achieved by 2016, including a three-fold increase in per capita income to $3,500, 9% economic growth a year and 12 years of free schooling for every child.

It also seeks to boost manufacturing from the current 5% to 30% of gross domestic product.

Botswana's diamond wealth has made it the world's biggest producer in value terms, estimated last year at $1.8bn.

In a public speech, Mogae also announced plans to give AIDS patients a monthly allowance of 50 pula and said the health ministry was allocated 16.5-million pula to provide the AIDS drug AZT and breastmilk substitutes to pregnant women infected with HIV.

Botswana expects 18% of its 1.5 million people to be infected with HIV by 2009.

A study released in July estimates the cost of AIDS and HIV infections in Botswana will climb sevenfold by 2004 and account for almost 5% of the country's total wage bill. — Reuter.
Botswana government to assist AIDS sufferers

BOTSWANA'S President Festus Mogae has announced that the country will give financial and improved medical assistance to AIDS patients as part of an independence anniversary package.

The announcement on Wednesday forms part of a plan to achieve the country's long-term national development agenda, called Vision 2016. The aim of Vision 2016, set up by former President Sir Ketumile Masire, is to turn Botswana into a more productive and innovative society.

Speaking at Botswana's 32nd independence anniversary, Mogae said AIDS patients will get a monthly subsistence allowance of 90 pula (R120) formerly paid only to citizens classed as destitute.

Pregnant mothers infected with the HIV virus will be provided with a mix of the AIDS drug ARV and breast milk substitutes, Mogae said.

"The Ministry of Health has been allocated 16.5 million pula for the purchase of drugs and breast milk substitutes needed to implement this programme, which I believe will significantly reduce the transmission of HIV from mother to child," Mogae told a crowd at the National Stadium in Gaborone.

Official estimates are that by 2000, 18 percent of Botswana's 1.5 million population, and one in four of the 15 to 49-year-old working population, will be HIV-positive.

Forecasts by the AIDS sexually transmitted diseases unit of the Ministry of Health give an even worse scenario.

By the year 2000, 18 percent of the population will be HIV-infected, it said. In the 15- to 49-year-old, most sexually active and working section of the population, the number will rise to 25 percent, the unit predicted.

"Supa."
Okavango gets $4m boost

GABORONE — Botswana's vital tourism industry received a boost from a US development agency yesterday, which has made $4m available to develop an ecotourism project in the inland Okavango River delta.

This was announced by the US Overseas Private Investment Corporation (OPIC), and the major beneficiary would be a project by Maun-based Game Viewers, a photographic safari operation.

Maun is the gateway town to the Okavango, which is so ecologically fragile tourists are limited under a government tourist policy that encourages small visitor groups that pay more for the experience.

OPIC executive vice-president Kirk Robertson said: "Working to support new investment opportunities in southern Africa is work that benefits all of us.... Helping to strengthen the economic link between the US and countries in southern Africa is a top priority of the US government." — Reuter.
Botswana outlines privatisation plans

GABORONE — A draft white paper on privatisation in Botswana was published this week, identifying many candidates for commercialisation and privatisation.

The report was prepared by a task force chaired by the managing director of BP Botswana and president of the Confederation of Commerce, Industry and Manpower, Neo Moreka. Representatives came from both the public and private sectors and the trade unions.

Agencies considered for commercialisation include refuse collection, medical equipment maintenance, parastatals and management of the Financial Assistance Programme ancillary services. Other targets for either commercialisation or to be made into corporations are the government printer, the computer bureau, the National Technology Centre, the information and broadcasting department, customs and excise, the National Productivity Centre and the Central Transport Organisation.

Outright candidates for privatisation are the Development Corporation, the National Development Bank, the Power Corporation, Air Botswana, Telecommunications Corporation, railways and the Meat Commission.

"The public sector ... has grown too large and has become too cumbersome for government to manage it effectively," the task force says.

Controversy surrounded the process when the largest and most militant union, the National Amalgamated Local and Central Government and Parastatal Manual Workers, walked out, saying it could not support a programme of inevitable job losses.

National organising secretary Johnson Motshwaraakgole said: "Government has made it clear that come what may they are intent on privatising certain services. (It) says it wants to improve efficiency and speed up capital development projects." (But) go to all hospitals and you will find that our members who are cooks and cleaners there are doing a decent job everyday. So why should you privatise such efficient services?" asks Motshwaraakgole.

Gerald Tupe, deputy secretary in the finance ministry, said the government was still considering the report "and therefore the views expressed in the document remain those of the task force and are not necessarily those of the government".— AIA.
Gaborone plant gets big Volvo order

Volvo's new S40 sedan and V40 estate wagons are to be assembled at the Motor Company of Botswana's (MCB) plant in Gaborone early next year, with about a third of the output destined for export to Australia and New Zealand, writes DON ROBERTSON.

The MCB, which belongs to the Wheels of Africa group, was established to produce the Hyundai range of vehicles and has the capacity to produce 27,000 units a year, with the ability to expand this to 60,000 units annually.

Tuve Johannesson, president of the Volvo Car Corporation of Sweden, says production next year will be between 3,000 and 5,000 cars.

The company plans to boost production to about 10,000 vehicles in the next four to five years.
HIV mothers in Botswana to get AZT free under new programme

PREGNANT women in Botswana living with HIV/AIDS will soon have access to AZT (Zidovudine), a drug that reduces the viral load and minimises the chances of transmission of the HIV from mother to unborn child.

The government will spend US$4 million on the drug, together with breast-feeding substitutes. The drug and the feeding substitutes will be available free.

The permanent secretary in the Ministry of Health, Dr John Mulwa, says voluntary HIV testing and counselling will be offered.

The World Health Organisation indicates that there are over 30 million people worldwide living with HIV and one million are children below the age of four.

Botswana has one of the five highest infection rates in the world, with 14 percent of the population — more than 200,000 people — estimated to be living with the virus.

Of these, 25 percent are from the sexually active and economically productive age group (15-49).

Youngsters below the age of 15 account for 40 percent.

Ministry of Health figures show that 43 percent of women attending ante-natal clinics in Gaborone and 24 percent in Francistown tested HIV positive.

A study carried out by UNICEF early this year says that there will be at least 65,000 AIDS orphans by the year 2000.

President Festus Mogae says the rate at which AIDS is spreading is due to poverty, a high rate of mobility due to migrant labour, and moral convictions such as the belief that you cannot talk about sex to or in the presence of minors.

Other factors include patriarchal dominance where a woman is a minor in issues like protective sex and family planning.

Although the government has not said exactly when AZT will be introduced, Mulwa says preparations are already under way.

"Before this programme can be implemented it is essential to ensure that the nation is informed so that people will know what is happening. More testing centres must be well equipped and health workers will need to be oriented on the use of the drug," says Mulwa.

Dr Sheila Tlou, president of the Society of Women Against AIDS, says while the government should be praised for taking steps towards introducing the drug, it should speed up the process because AIDS will not wait.

She is concerned about the idea of saving only the baby's life and leaving the mother to die.

She says the government should go a step further and make the anti-retroviral therapy available to mothers.

This is a cocktail of drugs that is believed to significantly extend the life of people with AIDS/HIV.

Currently anti-retroviral therapy is available in the country for about US$69 a month.

The Ministry of Health has said it is not in a position to provide the cocktail of drugs.

Those wanting to buy it can get it privately.

Tlou said the government should also teach AIDS awareness at primary schools.

"It is no use preventing someone from being infected at birth only for them to be HIV-infected in their teens," she says.

She is worried that there are side effects associated with AZT, as she says the drug reduces the viral load in the body, but when discontinued the load builds up rapidly, making even minor illnesses potential killers.

It is alleged to cause suppression of the bone marrow.

The Health Ministry says there are no known withdrawal symptoms associated with the dose and duration that will be used.

The ministry says the mother will be given supportive care and treatment of any diseases arising.

Health workers will be told of the importance of minimising injuries during delivery and cleaning the birth canal.

Dishwanelo, the centre for human rights, says AZT is not a treatment option for mothers and implementing it evokes legal, ethical and human rights issues that the Ministry of Health cannot solve.
Villagers fight for slice of tourism

MAUN — Several communities in Botswana are still struggling for their slice of the tourism pie and tensions abound over wildlife ownership and land management issues.

At the heart of the matter is the land use plan for the Okavango Delta drawn up seven years ago. It entailed carving up prime African real estate and handing over large chunks to local communities. Villagers would decide which safari companies to form joint ventures with and how to use the resulting lease fees.

Yet even as Dutch consultant Leo van der Heyden drafted the plan, the government was accused of failing to consult properly. Today 12 villages question why they were excluded, many community-controlled areas are rife with infighting and villagers say they are being denied traditional access to land and resources.

Although safari companies are meant to pass on management skills under joint venture agreements, many say this is unlikely in an industry riddled with racism. “We want to see jobs created and revenue generated on a sustainable basis: you cannot teach conservation to a hungry man,” said Botswana Paramount Chief Kgosi Tawana.

Tawana is angry that planners ignored the kgotla, a village forum chaired by the chief where development issues are publicly debated. He said that if the kgotla had been used, many problems could have been avoided. Others, however, were optimistic that the plan, which divides the north into two wildlife management areas totalling 20,000km², would integrate the Batswana into tourism for the first time.

The two areas — Kwando and Okavango — were divided into 22 smaller units covering hunting and photographic concessions and community areas. In effect this broke up previous concessions monopolised by a few safari companies, reducing the land held by private operators to 12% and awarding communities 30%.

The idea was to improve resource management, channel the benefits to local communities, safeguard traditional rights and make wildlife management an attractive land-use option in comparison with livestock and agriculture. But the Okavango People's Wildlife Trust, of which Tawana is president, said less than 1% of the local population was involved with a wildlife management area and 15 out of 22 areas had no community participation.

Batswana Vice-President Ian Khama said no matter how much consultation was carried out there was always a “divergence of opinion”. In a recent letter to conservation groups, Khama said government believed “consultation has been done” on the land use plan and workshops to help communities take part in managing their natural resources were still taking place.

Yet when the consultants hired to produce the community areas management plan approached delta communities in 1993, they were given a rough ride — villagers immediately questioned who had decided which areas should go to whom.

Meanwhile, the monitoring of community areas remains virtually nonexistent. The North West District Council said they were supposed to be supervised by the council and land board.

On World Tourism Day, September 27, district commissioner Michael Maforaga conceded tourism still had to prove its ability to encourage local development. — AIA.
Investment in tourism pays off for Botswana

Prof Malema

GABORONE — Botswana’s fledgling tourism industry contributed 1.2-billion pula to the economy in the past year, Modisa Mothoagae, the director of the Hotel and Tourism Association of Botswana said.

Botswana, which is ranked as the third best tourism destination in southern Africa after SA and Zimbabwe, received 835 000 tourists compared with 728 000 tourists in 1997 who brought in 662-million pula.

The figures place tourism as the third largest contributor to the gross domestic product after diamonds and manufacturing. "It is clear that tourism is beginning to flourish in this country, and very soon we will be getting over a million tourists," Mothoagae said.

Most of the tourists come from SA. Records of admission at the country’s national parks showed that 32% of visitors were from continental Europe, followed by SA with 18%, and the UK and North America with 10% each.

Mothoagae attributed the performance of the industry to "new progressive" measures taken by government regarding the lease tenure of tourists sites. Tenure has been extended from one to five years.

The decision has won investor confidence and now, more and more people are able to commit a lot of money to training staff, marketing and general developments. With this we now see the sector growing at an average of 10%," he said.

Government has set aside 17% of the land for wildlife tourism, mostly in the north. This sector, which employs 27 000 people, offers attractive views such as the rear wetland of the Okavango Delta.

Tour operators said that the occupancy rate in hotels was between 65% to 75% throughout the year. The end of March, when US President Bill Clinton visited, saw all the hotels fully booked.

"We started to see new clientele in the past year which included the American middle class and South Americans coming into the country as leisure tourists," Adams Chilsa, the director of the Chobe game lodge group of companies, said.

He said there was still a need for government to relax the immigration laws by "unilaterally taking a decision to waive visa requirements" for people coming from South America. "There are a lot of people from those areas who have disposable income and we have to liberalise our immigration laws so that they can spend their money in our tourism resorts," he said.

He pointed out that southern Africa was getting a lot of attention at the moment as more European tourists were coming into the region.

"These people used to spend their holidays in Nigeria and Kenya but they have changed to southern Africa because the political situation in those countries has deteriorated," Chilsa said.

Tour operators have called for the establishment of a tourism board to oversee the licensing and operations of the sector. Commerce and Industry Minister George Kgoroba has stressed the need to "aggressively develop" tourism in an attempt to reduce Botswana’s economic dependence on diamonds.
Plan to attract investors

BOTSWANA'S finance minister, Pontshego Kedikilwe, said on Monday the government was "scrapping" all remaining exchange controls immediately to attract more foreign investment.

"In view of our stable macro-economic environment, healthy foreign exchange reserves, as well as a sound banking system and all the remaining exchange control regulations, will be abolished," Kedikilwe said when he presented the country's 1999-2000 budget.

"This is expected to attract foreign direct investment, boost efforts to diversify the economy, and create employment," he added.

Kedikilwe also unveiled a package of incentives aimed at promoting domestic investment.

These included a reduction in the tax levied on brick-making and milling firms to 15 percent from 25 percent.

Bulk trust dividends will be exempt from income tax and investors in the Botswana Telecommunications Corporation bond will avoid capital gains tax. - Sapa
Government concerned about unfair competition in Southern African Customs Union

To boost Botswana economy

COMPETITION LAW PLANNED

REST OF BUSINESS DAY. Thursday, February 23, 1999
We don’t know what ivory is worth, says Botswana

GABORONE: Botswana, Namibia and Zimbabwe are battling to find out the value of their ivory stockpiles. With hundreds of tusks due to be auctioned to Japanese buyers within the next two months, the countries have been unable to set reserve prices.

"There has been no legal trade for 10 years. No one knows what the ivory is worth," Botswana’s wildlife director Sedia Modise said.

"We don’t know what to expect — we have been unable to establish a reserve price. The figures you hear are all speculation."

Botswana sources quote only "millions of dollars" for the country’s sale of 20 tons of ivory. Speculation two years ago, when Botswana first sought to sell the tusks, was between $250 to $500 (R1 500 to R3 000) per kilogram.

When a reserve figure is settled, it is unlikely to be published.

"We don’t want to give poachers an idea of what profits they could make," Modise said. "Even when we have agreed on a reserve, we will keep the figures close to our chests."

In terms of a 1997 agreement with Cites (Conference on International Trade in Endangered Species) allowing the sale of elephant products, the green light for trade will be given at midnight on April 18.

"I would love to trade on that day," Modise says. "But until we get written approval from Cites for this sale, we cannot say anything is okay."

Approval was given to Zimbabwe and Namibia in February, but was delayed in Botswana for logistical reasons.

"The Cites team has visited us and we have had preliminary reports that they found nothing amiss," Modise says. "I think we are looking at April, but not later than May."

He expects the three countries to auction within days of each other in their respective capitals.

Botswana had been planning to sell 25,3 tons of ivory from a 30-ton stockpile, but this is now down to 20 tons.

The ivory sold has to be of Botswana origin. Modise has given the side of caution in classifying the stockpile, some of which was seized from poachers at border posts. "Anything with doubtful documentation was put aside."

Wildlife officials say Botswana’s elephant population is between 80 000 and 100 000, but that Botswana resources can support no more than between 50 000 and 53 000 elephants.

Minister for Commerce and Industry George Kgabora, under whom the wildlife department falls, says Botswana is seeking more trade in elephant products. A new management plan for the elephant population is being formulated.

The Botswana elephant range is some 80 000 square kilometres of contiguous habitat, within which are 18 000 square kilometres of protected areas. There are also gazetted wildlife management areas. — Sapa
Gaborone ups Volvo production for export

Gaborone - Volvo models assembled at the Motor Company of Botswana, which also produces Hyundai vehicles, were to be exported to Australia, Karl Nielsen, Volvo's Southern Africa representative, said last week.

He said: "Right now the Australian market for Volvo models, which are being produced here, is 1,500 units a year." These Volvo models were currently exported to Australia from Volvo's plant in the Netherlands.

Nielsen said there were some advantages in sourcing Volvo exports from Botswana. Southern Africa was closer to Australia than Holland. It would be possible to order Volvo cars in Australia directly from Botswana.

He stressed Volvos assembled in Botswana would be of the same quality as Volvos produced at other plants around the world.

Nielsen said they were currently involved in calibrating and stabilising the assembly process for Volvos in the plant. Viljoen added that the plant was currently operating a costly offline repair section to sort out problems.

Viljoen said part of the problem was that the Volvo assembly process was more complex and there was a one-hour cycle time for tasks by operators on the Volvo line compared with a 10-minute cycle time on the Hyundai line.

This translated into 170 Volvo units a month, but would rise to 220 units a month when the station wagon was introduced.

Jannie Viljoen, the general manager of the Motor Company of Botswana, said, "Local content in the Volvo models produced was currently negligible. The target was 9 percent by the third quarter of this year."

Nielsen said this level of local content was necessary for Volvo to comply with all the financial requisites to make the export project feasible and cost-effective."
Early closure date for Botswana assembly plant

ROY COKAYNE

Gaborone - The target date for the closure of the Motor Company of Botswana's semi knocked down (SKD) assembly facility was June 30 and the bulk of the 350 employees would be laid off, said Jannie Viljoen, the general manager of the Motor Company of Botswana, last week.

Viljoen said an attempt had been made to try and accommodate as many of those employees as possible in its new completely knocked down (CKD) assembly plant. Of these employees, 25 percent had already been transferred to the new plant for the Hyundai commercial vehicle project.

"But the commercial vehicle is still in the project stage, and there is no demand so these people will find themselves on the streets for a period," Viljoen said.

He said the closure of the SKD plant was taking place earlier than expected.

He said the Motor Company had been trying to get the Hyundai volume models into the new CKD facility before the expiry of the SKD grace period, which was initially 48 months and would have meant the expiry date was at the end of 1999.

However, he said a subsequent agreement reached between the South African and Botswana governments on Hyundai's manufacturing plan changed the grace period to a total quota of 58,000 units.

"In terms of our takeoff, this quota will run out at the end of June. We have lobbied, without success so far, for this quota to be increased. We want an extra quota of 4,000 units to take us through to the end of this year," he said.

Viljoen said the CKD manufacture of the Hyundai bakkie would only begin at the plant in November this year, which meant the company would also have to pay full completely built up duties on all the units brought in from the end of June this year.

"This will be a major burden on the product at its current retail price," he said.

Viljoen said the CKD plant had a current workforce of 500, but this was in excess of its requirements. Furthermore, productivity at the plant had been low.

He pointed out motor manufacturing was a new industry in Botswana and considerable skills training was needed. But he had found some employees who came into the industry left because they did not like it.
Hyundai’s Botswana car plants in trouble

Gaborone: The Botswana Hyundai motor assembly company’s bankers have taken action to secure its undisputed rights over fixed assets and assemled vehicles at the company’s two plants.

First National Bank’s deputy managing director Alex Park confirmed yesterday the bank’s action but denied it had impounded vehicles.

"We have been perfecting undisputed claims to our security. Vehicles have not been attached," he said.

Industry and financial sources say bankers led by FNB, the government-owned parastatal Botswana Development Corporation and creditors of the Motor Company of Botswana (MCB) and Hyundai Motor Distributors are demanding that they form a management team to run the company.

They are said to be seeking the support of Botswana’s Ministry of Finance. An application for a government loan was apparently not pursued because the group did not supply sufficient information.

The Botswana Development Corporation provided some of the money to build one of the group’s plants, which cost P270 million.

Newspaper reports yesterday’s said cars at both plants had been impounded on FNB’s instructions.

Ongoing discussions

Job reaction from company officials has so far been mixed.

No official statements have been issued.

"The reports are so over-exaggerated that I cannot believe it," said Janine Viljoen, general manager of the completely knocked-down plant.

Klaas Mokalla, general manager of the semi-knocked-down plant, admitted there were ongoing discussions with FNB.

"There is an agreement of sorts. FNB was protecting its interest," Mokalla said.

Viljoen said the bank had the right to insist on certain stock levels.

"They have funded production of the cars and they want to ensure their security is in place."

Hyundai spokesperson Teresita van Gaalen said a statement would be issued later.

She said there were ongoing discussions between the group and FNB.

"The matter is under discussion and being managed by the company’s executive," Van Gaalen said.

"Negotiations in terms of corrective measures and dealings with FNB remain in progress. It is a sensitive issue. I cannot elaborate. The bank has the right to react the way it has."

Motor-vehicle exports are Botswana’s second biggest revenue earner after diamonds and, after the mines and the government, the country’s largest employer.

MCB also assembles and exports Volvo cars, the first of which rolled off the assembly line this week.

Targeted production is 50 000 Hyundai and up to 20 000 Volvo cars a year, group development manager Michael Molefe said. — Sapa
Business as usual at CKD plant in Botswana

Hyundai denies talk of plant disruptions

ROY COKAYNE

Pretoria - There had been no disruption to production at the Motor Company of Botswana, the new, completely knocked down (CKD) plant that assembles both Hyundai and Volvo vehicles for the southern African market. Teresita van Gaalen, a spokesman for Hyundai Southern Africa, said yesterday.

"Continuity of production has been assured. It is also business as usual at Hyundai Motor Distributors' retail outlets," she said.

Van Gaalen was reacting to allegations that production had stopped at the CKD plant. The speculation followed the confirmation last week by Hyundai Motor Distributors (HMD) that it was experiencing cash flow problems and might bring additional partners into the business. HMD assembles and markets Hyundai vehicles in southern Africa.

The confirmation by HMD followed First National Bank Botswana obtaining an order on Tuesday last week to allow it to protect its interest as a creditor of HMD.

However, the bank stressed the court order specifically provided for HMD to trade provided the bank's interest was protected. Van Gaalen said yesterday HMD was on schedule with its restructuring plans.

"Hyundai's executive management is engaged in a consultation process with all bankers allied to Hyundai internationally to make the full spectrum of the company's business network transparent and to position a joint management structure," she said on Friday.

Van Gaalen said yesterday that the only disruption to production had occurred at the HMD semi knocked down (SKD) assembly plant in Gaborone because of illegal strike action.

Disruption to production at the SKD would only affect Hyundai's bakkie and Sohata. This plant is scheduled to cease at the end of next month.

Van Gaalen stressed the closure of this plant was unrelated to HMD's current financial problems and the fact that the workforce had been on an illegal strike at the SKD plant since Wednesday last week.

Van Gaalen said negotiations with workers at the SKD plant had been taking place for more than a year, and the Botswana labour department had been part of and was facilitating the process.

She said the strike had been declared illegal because the workforce had not followed the correct procedures.

Unlike other manufacturers, Hyundai Southern Africa owns all its dealerships. HMD had one dealership in Rosettenville in 1993, but this had grown to 70 dealerships and after-service outlets by December last year.
CURSE OF A LADY'S BEST FRIEND

Effort to reduce dependency on diamonds has run into problems

Diamonds — the crystallised form of pure carbon which De Beers has so successfully marketed as a symbol of love — have served Botswana well for the past 33 years. Unlike other African states whose political leaders used their country’s mineral wealth to thicken their wallets, Botswana’s leaders have used the country’s share of the diamond income to build roads, housing and electricity. They have also developed human capital by investing in education, training and health.

And where investment projects yielding an adequate return could not be identified, government has been happy to park the mineral revenues at the Bank of Botswana, the country’s central bank. Earnings from these financial assets are now the second-largest source of government revenue, after mineral revenues.

Botswana periodically dips into these financial assets to bridge the gap in the budget between government revenues and expenditure. It will do this again during the current year to end-March 2000.

All this suggests that, by most measures of social and economic wellbeing, Botswana has done well, helped no doubt by the favourable profit-sharing arrangement it has with De Beers, its partner in Debswana Diamond Co. Botswana gets 60% of the gross diamond revenues as taxes. The company operates the country’s three diamond mines with an annual production of 19.8m carats.

Last year, the United Nations Development Programme (UNDP) ranked Botswana as fourth in Africa and 97th in the world, in terms of the human development index (HDI), a measure of longevity, knowledge and a decent standard of living.

But beneath the veneer of prosperity lie the triple evils of poverty, unemployment and HIV/AIDS. The roots of poverty and unemployment can be traced to the structure of Botswana’s economy and the patterns of its economic growth.

The mining sector, diamonds in particular, continues to dominate the economy. Mining accounts for more than 37% of economic output, more than 70% of export earnings and about 48% of government revenues.

The problem is that minerals are an exhaustible resource. Also, mining doesn’t create many jobs, at least not on the scale required. Unemployment is pegged at 20% of its economically active population.

Botswana’s dependency on diamonds has persisted despite efforts to diversify its economic base, by, among other ventures, developing a manufacturing sector, particularly the motor industry.

Spurred initially by import replacement incentives, and latterly by the need to grow exports, manufacturing output grew by 6.4% a year between 1987 and 1997. Despite this growth, manufacturing’s share of economic output, as measured by GDP, remains below 5%. The reason: mining and the rest of the economy have expanded as rapidly.

During the year ended March 1998, the mining sector grew at a rate of 9.5% compared with 8.3% for the economy as a whole. Mining’s better performance was due to the introduction of the seven-day working week in early 1997 which boosted production at the Debswana mines.

For the next few years, the diamond sector should continue to grow. Debswana’s Orapa diamond mine is expected to double production from 6m to 12m carats from next year. Its twin sister, Jwaneng, is also making new investments to improve productivity.

On the job creation front, the public service has expanded faster than the private sector for the second consecutive year. This is despite the government-stated policy of “right-sizing” the public service.

Of the 12 200 jobs created in the year ended March 1998, 6 900 or 57% were in general government and the balance in the private and parastatal sectors. This pattern contrasts with the Eighties, when more than two-thirds of employment growth was accounted for by the private sector.

The other weak link in Botswana’s economic chain has been agriculture, whose share of GDP fell from 43% in 1966 to about 4% last year. Bouts of drought, combined with questionable rural-support programmes, have retarded development. Attempts to boost farm production by pumping money into development programmes has resembled welfare rather than a policy to promote economic growth.

Development efforts are being further undermined by the spread of HIV/AIDS. The threatened pandemic could undo the country’s investment in the development of its human resources, halting its ability to attract foreign direct investment.

Nearly 60% of the medical and paediatric wards are occupied by Aids patients. In a recent briefing on this issue, Finance Minister Phoama Botlhoko warned that the country’s efforts to develop human resources “continue to be undermined by the HIV/AIDS pandemic, which tends to affect mostly the economically active”.

Botswana’s effectiveness in curbing the spread of HIV/AIDS will affect the pace at which the country can reduce its dependency on diamonds. Economic logic dictates that it must do so because, contrary to De Beers’ famous slogan, diamonds are not forever.
Hyundai’s problems weigh on FNB Botswana

BARRY BAXTER

Gaborone – Stockbrokers Botswana had downgraded First National Bank Botswana from a buy recommendation to a hold, based on uncertainties surrounding the bank’s lending to the troubled Hyundai motor assembly operations, the broker said yesterday.

“We believe provisions that the bank will make in its next accounts due to lendings to Hyundai Motor Distributors will be such that there will no year-on-year growth in profits,” the broker said. “However, we believe there will also be no fall in absolute profit level. Bearing in mind the present uncertainty we are downgrading FNB Botswana from a buy to a hold.”

FNB Botswana shares closed unchanged on Friday at 19 pula (R25). They dropped on March 9 from the year’s high of 25.50 pula to 20 pula and the following week to 19 pula. This was before the Hyundai troubles surfaced.

At a briefing yesterday, FNB Botswana denied reports that its exposure to Hyundai was more than that of the Botswana Development Corporation, initially reported as 100 million pula.

Botswana’s banking regulations prohibit FNB Botswana from revealing the amount of its exposure.

A statement from FNB South Africa said its Botswana operation was not at risk.

On May 4 FNB Botswana obtained a court order to secure its hold over fixed assets and assembled vehicles at the car maker’s completely knocked down and semi-knocked down plants.

Media reports on May 7 were that loans from FNB Botswana and the Botswana Development Corporation had not been serviced and there were cash flow problems.

The companies announced last week that a consortium of bankers had pledged to back them and that shareholders had agreed to provide additional equity. – Sapa
Striking auto workers at Hyundai's SKD assembly plant in Gaborone were still holding out for a 50% pay rise this week — six weeks before the plant is due to shut down permanently.

The SKD (semi-knocked-down) operation completes assembly of vehicles imported in semibuilt form. It is giving way to a nearby CKD (completely-knocked-down) plant in which vehicles are assembled from scratch.

Hyundai officials say they are confused by the two-week-old strike. The 350 workers were told a year ago that the plant would close at the end of June 1999.

There was temporary hope that the SKD plant would remain open until the end of 1999 if Hyundai was granted an increase in the quota of 56,000 vehicles it could build there at the reduced CKD import duty rate. SKD vehicles attract higher duties.

But after the quota request was turned down, it was confirmed to workers on April 13 that the June closure deadline remained. While some employees would be retrained for CKD operations, most would lose their jobs.

Hyundai workers do not belong to a union but are represented by a workers' committee. Company human resources spokesman Martin Lombard says the company was told on May 4 that workers would strike the following day. They have been out ever since. He says management learned of workers' demands only on May 10. Bottom line is a 50% pay rise "before they will even talk about retrenchments and severance packages". Lombard describes the 50% as "extraordinarily high", though it's not bad compared to last year's 125% demand, which was also accompanied by strike action. That ended with an increase of just over 10%.

Lombard describes the strike as unprocedural and illegal. Hyundai is trying to persuade Botswana's Department of Labour to declare it as such.

Hyundai vehicles built at the SKD plant include the Bakkie, Sonata and Tiburon. Lost production so far is about 500.
Botswana sees 56% growth in bank credit

Claire Pickard-Cambridge

The Botswana economy is experiencing high economic growth, but a 56% expansion in bank credit last year is an inflationary concern, says the Botswana Institute for Development Policy Analysis in a briefing paper.

High economic growth, estimated at 7% to 8% for the nonmineral economy in 1998/99, has led to an upsurge in inflation which reached 7.3% in March.

However, the institute warns that growth of non-traditional exports is being curbed by sluggish economic growth in neighbouring markets such as SA and Zimbabwe.

It appears that the diamond market may have bottomed out. Diamond sales by the Central Selling Organisation (CSO) in the first three months of the year indicate a small market recovery, and as long as there is no economic slowdown in the US, this year should see a healthier international diamond market.

With increased diamond production as the expansion of Orapa mine nears completion, Botswana will sell more diamonds through the CSO, boosting the balance of payments.

The institute says one of the most striking aspects of the present boom is that employment has not grown significantly — although real nonmining GDP grew 36% between 1991/92 and 1997/98, formal sector employment grew only 10% over this period.

There was also employment growth in government. Employment in the private and parastatal sector was lower in March 1998 than it was in March 1992.
Botswana braces for its first deficit in 15 years

BARRY BAXTER

Gaborone – The Bank of Botswana estimated yesterday that the deficit for the year to March 31 would be 1 billion pula (R1.33 billion) instead of the originally estimated surplus of 186 million pula.

The bank is also pessimistic that the government will be able to contain the deficit for the 1998-99 fiscal year to the estimated 400 million pula.

Botswana has enjoyed budget surpluses since 1983-84. “The move to a deficit after 16 years of budget surpluses does not signal a shift to an expansionary fiscal policy,” said the central bank.

Presenting the bank’s annual report yesterday, Baledzi Gaolathe, the bank’s governor, said that as at the end of calendar 1998 the calculated deficit for 1998-99 was 800 million pula. “With three months of figures to go, our estimate is 1 billion.” – Sapa
Botswana’s central bank calls 1998 a good year

Gaborone - The Bank of Botswana described 1998 as "a good year", with strong growth, a good employment record and a slowdown in inflation.

It said Botswana had had faster economic growth in 1998 than in 1997 and employment for the 12 months to March 1998 rose fastest than in the past five years. Inflation reached its lowest level in 13 years in July.

On the less positive side, the balance of payments weakened and the pula depreciated against all currencies except the rand and the Zimbabwean dollar.

Expenditure, both public and private, rose at a more rapid rate than in 1997.

Growth accelerated to 8.9 percent in 1998 from 7.2 percent in 1997, with the fastest growth in mining (9.5 percent) and general government (11 percent) and a worrying decline in agriculture from 2 percent to 1.2 percent in 1998.

Inflation reached a low of 5.0 percent in July, September and October 1998, the lowest in 13 years. However by year-end it was 6.4 percent versus 7.8 percent in 1997. The prime rate was 14 percent at year-end, the same as at the end of 1997.

The Botswana stock exchange’s overall index reached a record high of 976 in August and capitalisation increased by $88 million pula (R1.17 billion) to $2,225 million pula. In dollar terms the exchange was down 14 percent compared with a 92 percent rise in 1997.

The bank sees unemployment as a matter of key concern, with the official rate at 22 percent in 1995-96. Options to create employment are a review of policies, intensive public works schemes, curricula review and attracting foreign investment. - Independent Foreign Service
GABORONE — The government of Botswana is to probe its crisis-ridden "financial assistance policy" to combat fraud by companies and attract more investment with a view to diversifying the economy.

This comes at a time when the unemployment rate is estimated at 35% and most of the assistance policy projects are showing a greater failure rate that is largely attributed to rampant abuse by beneficiaries.

The finance ministry said in its brief of intent to review the scheme that most of the investing companies had been defrauding government by "inflating project employment levels with a view to getting higher grants".

The policy report is expected to explore possible areas of stimulating foreign direct investment through the assistance policy facility as an added incentive to potential foreign investors.

The present determination of the policy capital grant did not take into account important differences between sectors. "Some industries are labour-intensive and others are capital-intensive, but the determination of the capital grant is the same," the ministry said.
Botswana extends deadline to bolster voter registration

GABORONE — Botswana’s Independent Electoral Commission (IEC) is frantically trying to bolster the number of potential voters in the elections due to take place later this year.

In a bid to encourage more people to vote, the IEC on Friday announced a supplementary registration period from July 17 to the end of the month.

"Both valid and expired Omang cards (identity cards) will be accepted at the supplementary voters' registration, which will be held from 17 to the 31 of next month," a statement from the office of the secretary of the IEC, Gabriel Seeletso, said on Friday.

The move comes after a bill by Ian Khama, the vice-president and presidential affairs minister, aimed at amending the electoral law. The bill was tabled on Wednesday.

The parliamentary session, which started last Monday, is expected to take five weeks before President Festus Mogae dissolves it to pave the way for MPs to canvass and contest the elections.

"Parliament is scheduled to be dissolved around July 16, but there might be some changes as there are a number of bills and motions that will have to go through. But the most important of them all is the one calling for the amendment of the electoral law. We feel that those who do not have passports as their only form of identity document should be allowed to register for elections," said Paul Rantao, spokesman for the leading opposition, the Botswana Congress Party.

Although the elections date has not yet been announced, it is believed that the country’s eighth elections will be held in October this year.

Botswana has experienced one of the most disappointing turnouts at registration points in its history. Less than half of the 900,000 people who are eligible to vote have registered so far.

According to Seeletso’s office, only 389,000 people have registered.
Banking bolsters bullish bourse in Botswana

Prof Malema

GABORONE — The Botswana Stock Exchange is in a bullish mood, trading above the 1000-point barrier for the second time since the beginning of the year.

Dealers described the market as "very good" on Monday and expressed optimism that it would continue at this level, unlike the previous bullish period that started on March 15 this year.

"We opened at 1 099,62 points and the market is still strengthening on the back of Botswana Insurance Holdings Limited and Barclays Bank of Botswana's share prices which are carrying the record highs," said the bourse's CE, Rupert MacCannon.

At the close last week, Botswana Insurance and Barclays had picked up 10 thebe to 10,50 pula and 4,70 pula, respectively.

Martin Makgatle of Investec Securities Botswana said: "We expect that its (Barclays) share price will continue to rise as the financial institutions are to release their good interim results at the end of June." The move saw 71872 shares worth 360,731 pula being traded by Friday last week.

This pushed the number of shares traded this year to 14,8-million, worth 68,8-million pula, ahead of the "impressive" interim results that dealers expect from three financial institutions this week. These are Barclays, Standard Chartered Bank and the First National Bank of Botswana.

Barclays saw its net interest income grow by 13.1% to 110-million pula at the end of last December. Its earnings a share rose 26.8% to 170.3 thebe for the same period.

Rival Standard Chartered Bank's net interest income at the end of last December shot up 23% to 96.7-million, while share earnings grew 22.5% to 234.1 thebe.

"We expect all financial institutions to do well in the coming weeks because of their impressive results," MacCannon said. He cautioned that FNBB might be affected by financial problems at the Hyundai operation. Botswana Insurance's performance is linked to its results at the end of March.

"I think the investors are coming back to look at the emerging markets in the liquidity markets," Makgatle said.

However, dealers said the bond market remained flat in its efforts to attract foreign investors as domestic investors were not prepared to sell.

"It is very unlikely for domestic investors to trade because the bond market is very small. The other problem is that they have become less attractive to foreign investors because they have to pay tax," Makgatle said.
Credit will help fund group’s portion of Orapa mine expansion

De Beers bags R455m loan from four Botswana banks

JONATHAN ROSENTHAL
COMMODITIES EDITOR

Johannesburg - De Beers concluded a R350 million pula (R455 million) loan facility yesterday with four banks in Botswana to help fund its portion of the 1.6 billion pula Orapa diamond mine expansion, the diamond group said yesterday.

The project would double Orapa’s diamond production to about 12 million carats a year and increase Botswana’s diamond production to about 25 million carats.

De Beers said the funds had been raised through loan agreements signed with Barclays Bank of Botswana, First National Bank of Botswana, Standard Chartered Bank Botswana and Standard Bank Botswana.

James Allan, a diamond analyst at Barnard Jacobs Mellet, said the increased production coming out of Orapa would put a surplus of diamonds on the market unless there was strong demand growth in markets such as Japan and Asia.

Allan said the timing of the project had most likely been planned to coincide with a decline in diamond production from the Argyle mine in Australia.

"It has added additional supply into the market at a time when supply and demand is in balance."

But the increased supply would not influence the price because it fell under the control of De Beers, which could either absorb the excess production through the Central Selling Organisation or impose a production quota on the Orapa mine.

"It raises the proportion of De Beers diamonds produced from Botswana and increases the proportion of world production that is under the direct control of De Beers," Allan said.

De Beers said the expansion was the single largest investment project in Botswana and would have a positive influence on the country’s economy. Construction jobs have increased the number of employees on the mine from 800 to 2,000, while the project will create 200 permanent jobs.

De Beers gained 80c to R49,80 on the JSE yesterday...
Botswana is the diamond value leader

20% increase in output from the Okant property in Canada.

From Sapa. — Figures released in Botswana and secured from De Beers show that in 1998 Botswana maintained its ranking as the world's number one producer of diamonds by value.

The country's production was worth $6.6 billion at an average price per carat of $97. World production was shown as being worth $13 billion.

The Botswana diamonds accounted for 29.5% of the total, Russian production for 23.5%, and SA for 13.4.

Production from countries within the Southern African Development Community accounted for 69.5%.

Botswana will further consolidate its position during next year when production is expected to increase by 30% as expansion at the Orapa mine comes on stream.

Second in value production was the Democratic Republic of Congo, with a position it is likely to lose next year as production in Botswana increases. It also produced with low-quality stones.

With production at 25.9 million carats, average value was $17/carat, with the total at $469 million.

Botswana leads world in diamond production

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On the other hand, Australia was expected to produce fewer diamonds.

"The challenge for De Beers and the Central Selling Organization (CSO) is to supply demand for the world's growing production," the analysts said.

"For this CSO sales would need to be around $6 billion a year," they estimated.

Australia also produced high-quality gems at $207/carat, but total production was in 11th place, with 5.4 million carats.

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Steep rise in visitors to Botswana

Sello Motseta

BOTSWANA earned about $185m from tourism last year and the number of visitors to the country increased by about 50%, according to official figures.

Figures cited in the latest edition of the World Tourism Organisation’s Tourism Marketing Trends and those supplied by Botswana's Central Statistics Office also indicate that Botswana ranked third in the Southern African Development Community region — after SA and Zimbabwe — in the number of foreign visitors to the country.

However, it is not clear from the official statistics how many of the people visiting Botswana are actual tourists. During 1997, it is thought there were 1.083-million visitors of which only about 870,274 were tourists.

But the number of visitors reportedly rose to 1.521-million, with about 50% of them coming from SA.

The rise is significant given that the Bank of Botswana ranks tourism as Botswana's third largest foreign exchange earner after minerals and motor vehicle exports.

The tourism sector, which ranges from the waterways of the Okavango Delta to the Kalahari Desert, employs 9,500 people, of whom 53% are skilled, a recent survey conducted by Botswana Tourism Development Programme says. This is despite the fact that USAid has spent more than $25m to encourage community participation in the industry.

The Botswana Wildlife Training Institute is training personnel in the wildlife and national parks department, but this has not yet included people indigenous to the Maun area around the Okavango delta.

This is likely to become a contentious issue because direct revenues from licence fees and charges last year were 177.4-million pula, but rural communities received only 15 million pula, from the use of natural resources in their areas.

This is despite the fact that a wildlife and national parks department report projected that in 1998 new concession lease agreements would generate revenue from lease rentals, resource royalties and fees totalling 5188-million pula.

A two-year development programme funded by the European Union is drawing up a tourism master plan and identifying areas for expansion. The programme also covers development in rural areas.

The tourism industry is associated with wildlife, the natural environment and the national parks and reserves, which cover 31% of Botswana's total land area.
Orapa expansion nears completion

GABORONE — Debswana Diamond Company, a joint-venture between De Beers and the Botswana government, said last week that its Orapa 2000 mine expansion will run at full production in two months.

The mine commission manager of the Orapa 2000 project, Bernard Busani, said the scheme was 65% complete and the remainder would be completed before the end of the year.

"We are in the process of commissioning part of the project. That includes putting water and ore in all the equipment that we have installed," Busani said.

The shareholders of Debswana, the largest diamond producer in the world gauged by value, signed a 1.4-billion pula agreement in 1996 aimed at expanding the Orapa mine, which is about 600km north of the capital, Gaborone.

It is the largest mining project to be undertaken in the country and will double the caratage production at the mine to 12-million, starting from next January.

Sales contracts will be extended by another five years and all diamonds will be sold through De Beers's London-based Central Selling Organisation (CSO).

The expansion project is expected to make Debswana the dominant company in the Botswana diamond industry. Since the diamonds were discovered in the country nearly three decades ago, Debswana has been a major player, with its three mines — Jwaneng, Orapa and Letlhakane.

"If all goes well we will be running at full production in October this year," Busani said.

Two of the four planned modules in the project are undergoing tests and the other two are scheduled to be tested in September.

Sources at the Bank of Botswana say Debswana, which sells 85% of its diamonds through CSO, is expected to have a positive effect on the economy when the first "trickling" from the project comes on stream in the last three months of the year.

"The situation will lead to surplus revenues which will offset the 400-million pula projected budget deficit that was projected at the beginning of the year," a source said.

The projected deficit was attributed to the Asian financial crisis.

However, industry sources are optimistic that economic slowdown in Botswana has bottomed out and are hopeful that the international diamond market will improve again.
Bushmen call for improved land rights

Prof Malema

GABORONE — The two-year-old dispute between Botswana’s government and the resettled bushmen of the Central Kalagadi Game Reserve took a new twist this week when the bushmen called for improved land rights.

Speaking at a news conference, representatives of the two bushman human rights groups, The First People of Kalahari and the Working Group of the Indigenous People of Southern Africa — Botswana chapter, said they were seeking talks with government to secure their own land rights to the Central Kalagadi Game Reserve.

“We believe that we are the Indigenous people of southern Africa, yet we have lost our land and we have been removed from where we were,” said Mathambo Ngakayaaja of the Working Group of the Indigenous People of Southern Africa.

Government cattle trucks entered the Kalagadi reserve in 1997 and relocated residents from Xhade to New Xhade — 65km outside the reserve — to pave the way for tourism development, largely based on wildlife.

Commerce and Industry Minister George Kgoroba has since promised them a “new life”, with water supplies, clinics, a school, beer halls, brick houses and livestock.

More than 1 200 people were resettled in New Xhade, while others were taken to Kaubwane, 5km south of Kutse Game Reserve.

“We did not voluntarily move out of the reserve. Some of the people feared that the Botswana Defence Force would come and shoot them,” Ngakayaaja said.

The two human rights groups said people had to move out of the reserve because they were told that they would be denied basic services, such as water and schools.

The resettlement of the bushmen outside the reserve sparked controversy between local and international human rights organisations. Further, the move led to diplomatic friction between the British government and Botswana.

The British government proposed an urgent conference at the height of the resettlement to address both the “deplorable living conditions of the bushman” and to find “an acceptable solution to the plight of the bushman”.

However, the British attempts failed when they could not agree with the Gaborone administration on the agenda for a conference.

The bushman communities are regarded as impoverished. “Poverty, unemployment and drunkenness are at a peak in New Xhade as opposed to Xhade, where they were able to live off the land,” Ngakayaaja said.

New Xhade is barren and they are not able to produce craft in New Xhade because they have no natural resources. Neither can they live off the land as they used to when they were staying within the reserve.”

Spokesman for the First People of the Kalahari, Aron Johannes, accused government of breaking its promises, saying this had resulted in some people moving back into the reserve.

He said people who had been moved from the satellite areas of Mseamanong, Mothomelo, Kikao and Kukama had gone back to those places.

According to a junior minister of local government, lands and housing, Boametswe Molgothu, only 297 cattle and 14 buck have been allocated to 57 families. Livestock had been allocated in phases due to financial limitations and to enable government to monitor the process.
ON THE ELECTION TRAIL

Botswana President Festus Mogae's recent announcement that elections will be held in October this year has established a fervent of political activity. A recent poll indicates that the BDP can expect at least one of nine of the parties contest the elections. The opposition not only the BNP, but also the Democratic Party (DP) is expected to participate. The opposition parties are expected to release their manifestos soon.

The election campaign promises to be a close race, with both the BDP and the opposition parties vying for support from the electorate. The BDP, under President Mogae, has been in power for the past 20 years and is expected to face tough competition from the opposition. The opposition parties have been active in campaigning, with promises to bring about change and improve the lives of the people.

The election will be held on 21st October 1999, and the results are expected to be announced shortly afterwards. The outcome of the election will have significant implications for the future of Botswana, with the possibility of a new government coming to power.

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THE EPIDEMIC

COPING WITH AIDS
Companies have to take stock

Organizations in many parts of the country have already experienced significant increases in the cost of providing health services to those affected by HIV/AIDS. This has led to a rise in the prices of healthcare services. To combat the increasing demands, organizations have implemented strategies to manage their healthcare operations efficiently.

In many areas, organizations have adopted strategies to reduce costs and improve services. For example, the government has implemented a national program to provide antiretroviral therapy to HIV-positive people. This has helped to reduce the cost of healthcare services and improve the quality of care.

Many organizations have also implemented strategies to increase their revenue. For example, some organizations have increased their fees for services. Others have sought partnerships with other organizations to share costs and increase their resources.

In conclusion, organizations need to take stock of their healthcare operations and implement strategies to manage the increasing demands. This includes reducing costs, increasing revenue, and improving services to ensure that they can continue to provide high-quality care to those affected by HIV/AIDS.

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SODA ASH

BOTSUANA GEARS UP TO SCRUB US

The sale of US soda ash exports to South Africa is on the rise, with annual sales of more than US$500m, boosted by the world's top four soda ash producers. The sale of soda ash has been rising at a compound annual growth rate of 6.2%.

The sale of soda ash is expected to continue to rise, with annual sales reaching US$750m by 2020. The sale of soda ash is expected to account for about 30% of Batswana Soda Ash's exports.

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STATE OF NATURAL GAS

SA markets see a bright outlook

The natural gas market in South Africa is expected to see a bright outlook in the coming years. The sale of natural gas is expected to increase by 50% by 2025, with the production of natural gas expected to increase by 30%.

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Johannesburg, 17 August 2019

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SOUTH Africa prepares to amend its domestic gun control policy. It can learn from the approaches adopted by other countries, in particular those in western Africa, many of whom have much stricter firearm laws.

While several western countries are known for their prohibitive gun-control policies, it is a little-known fact that, in a region many believe is awash with weapons, some Southern African countries have very effective gun control laws.

Botswana stands out in particular, with a stringent control policy — and very little gun crime.

At present there is a total moratorium in the country on the issuing of licences for handguns.

Police commissioner Norman Moleboge says the only people allowed to possess and carry handguns are serving members of the police and defence force, and a limited number of officials in the prisons and national parks departments.

But even this is restricted — most members of the police are not armed with firearms unless they are carrying out special operations.

This means that the police in Botswana are not targets for firearm theft like their counterparts in South Africa. Last year alone, 1,775 firearms were stolen from policemen in South Africa.

Moleboge says that while the government receives between 5,000 and 6,000 applications for handgun licences annually, it is concerned at the cumulative effect should large numbers of licences be granted.

This has necessitated the adoption of a strict policy.

"In the past it was easier to get a licence, but the police found that weapons changed hands frequently and there was little control over how they were used," he says.

Police maintain that the strict policy is one of the reasons why crime is unusual in Botswana. Until recently, crime statistics did not even include a category for gun crimes.

Although the crime statistics for last year are still being finalised, police say there were only 11 armed robberies — eight with pistols, two with shotguns and one with a rifle.

This is in sharp contrast to South Africa, where gun crime is common.

Statistics compiled by the Crime Information Management Centre show that 54,622 cases of armed robbery were reported in 1997. In the same year, there were an average of 31 gun murders a day.

While South Africa's overall murder rate is decreasing, murder with a firearm is on the increase. In 1997, 11,215 people were killed with firearms. In 1998, 12,267 people died from bullet wounds.

Botswana's strict gun control regime extends to the issuing of licences required for firearms for hunting.

In an annual raffle of all applications received, 200 licences for shotguns and 200 for rifles are granted. Licence applicants are screened and those with criminal records are automatically excluded.

This quirky raffle mechanism ensures strict control and sends out a message that a firearm licence is a privilege — not a right.

Moleboge concedes, however, that some exceptions are made for the safari industry and farmers troubled by predators.

Police statistics show that crime in Botswana is slowly on the increase and this sometimes involves illegal firearms.

Moleboge says the number of guns in South Africa may be to blame.

"Rightly or wrongly, we believe those weapons [used in armed robberies] come across the border from South Africa. "I personally believe they have very liberal laws in South Africa."

With 4.1 million legal guns and an unknown number of illegal firearms in circulation in South Africa, a large number of weapons have turned up all over Southern Africa — a region characterised by porous borders and weak states.

Guns manufactured in South African have been found as far north as Malawi.

As chairman of the Southern African Regional Police Chiefs Co-operation Organisation, Moleboge would like to see gun laws in the region harmonised, but he does not envisage Botswana liberalising its gun law to match those of its neighbours.

One of the organisation's goals is to develop a regional convention on the control of firearms and co-ordinate policy and legislation throughout the region.

With tourism a major growth industry for Botswana, strict gun control is a dividend which pays off.

Feeling safe, while visiting another country actively encourages tourism, and safety is a marketable commodity in the developing world.

Moleboge notes wryly that South African tourists frequently go on holiday with their guns.

"We collect a lot of firearms at the border with South Africa," he says.

"It doesn't occur to some visitors to leave their guns behind when they visit our country. They don't understand how you can live without carrying a firearm.

While strict firearm control may not be the only reason for the low incidence of gun crime in Botswana, it is certainly an important contributor.

Botswana is one of a minority of Southern African countries which have not been characterised by intra-state conflict in the recent past.

This country with a population of 1.6 million is also wealthier than many of its neighbours. But urbanisation is increasing and population growth is high.

As social and economic features of life change in Botswana, sensible government policies including strict gun controls will help ensure that crime does not spiral out of control.

McKenzie is a freelance consultant. Research for this piece was commissioned by Gun-Free SA
Bosvanna: This emergency after Parliament recognizes

The new bill was presented to Parliament,

The act was amended during a special

by the president and presented to

The Prime Minister was
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Air Botswana en route to privatisation

Prof Mabusa

GABORONE — Botswana’s national airline, Air Botswana, has started to map out moves towards privatisation which is expected to take place within the next three years, says the organisation’s general manager, Joshua Galeforolwe.

The move follows healthy profits over the past three years, the latest being 23.5 million pula at the end of the financial year in March. Before that the company was making losses averaging 18 million pula a year.

“We could not have a better opportunity than now. We have to get into the market before the likes of Air Namibia and Air Zimbabwe. Air transport is competitive and we are seeing the liberalisation of the skies,” says Galeforolwe.

The private investors’ expectations are going to be different from government’s expectations. The private investor wants shareholders value enhanced, while government’s interest may be in issues that promote its policies,” he said.

As part of Air Botswana’s privatisation plan, the company hopes to establish lasting alliances with other international airlines, such as feeder airlines. This would be in keeping with the recommendations of an International Finance Corporation report commissioned three years ago.

“We hope the privatisation of Air Botswana will bring us enormous benefits and access to a wider route network,” says Galeforolwe.

The airline, which employs 280 people and has four ATR-42 aircraft leased from foreign companies, was identified by a Botswana Confederation of Commerce, Industry and Manpower report as one of the parastatals fit for privatisation.

Although government backed the report’s recommendations last year, it developed cold feet because of “political sensitivity” in an election year. General elections are due on October 16, and the new parliament is expected to debate privatisation after that.

In a bid to attract private investors, Air Botswana has begun restructuring, reducing staff numbers and outside aircraft maintenance, by selling one 75-seater jet, and leasing another to Air Zimbabwe in 1997 for two years, and by leasing part of its headquarters.
US cartel dumps soda ash on local market

Jonathan Rosenthal
Communities Editor

Sua Pan, Botswana - Ansac, the cartel of US natural soda ash exporters, had turned on the heat in its battle for the southern African market by offering to sell soda ash at a loss, Paul Henry, the managing director of Botswana Ash (Botash), said last week.

Botash produces soda ash - used to manufacture glass and washing powder - from a salt pan in northern Botswana and supplies about two-thirds of the southern African market. Henry said that after Botash had won a large contract to supply a Cape-based glass manufacturer, Ansac began offering to supply South African customers soda ash at about $100 a ton.

He said Botash believed Ansac's production and transport costs came to about $130 to deliver a ton of soda ash at a South African port.

The new prices represented a cut of almost $30 a ton in the price offered to consumers in the region.

The prices are almost up to $70 lower than the prices at which Ansac members, who compete in the US market, offer to US consumers. This would imply that Ansac was dumping product in violation of World Trade Organisation rules.

Henry said Botash was reviewing its options but he declined to specify what action it would take.

Henry also lashed out at US commercial law, which forced Ansac members to compete in their home market but allowed them to operate as a cartel in the world market.
Botswana urged not to rest on laurels

DENIS BARNETT

Gaborone - Botswana was one of Africa's economic success stories, but economists yesterday warned of the consequences of overdependence on its vast diamond wealth and urged a diversification of its industrial base.

A third of the landlocked country's gross domestic product (GDP) comes from minerals, 95 percent of which are diamonds. Diamonds comprise 50 percent of government revenue and make up 85 percent of the country's exports.

This largely accounts for the country's $6 billion of foreign reserves. But economists say diamonds are not forever, even in Botswana, the world's biggest producer by value.

Botswana's $31.3 billion diamond production in 1988 was 29 percent of the $86.5 billion worth produced worldwide. This figure was about to grow with the massive expansion of the Orapa mine.

But economists said mining production would plateau after next year, with no new discoveries of diamond-bearing deposits being expected.

While lauded internationally as a low-corruption, stable democracy that has spent its money wisely since discovering diamonds in 1969, the government of President Festus Mogae has been slow to attract industry to enable it to diversify and tackle unemployment of 20 percent.

"Botswana has never really felt the need to systematically sell itself," said Marcel Beranger, a Canadian adviser to the commerce and industry minister.

Beranger and other economists agreed the structures were in place to enable the country to reduce its dependence on diamonds. However, investors had been slow to take up the offer.

"Botswana's got to start streamlining its requirements like the handling of work permits and licences. Investors don't like to wait three months for a licence," said Beranger.

According to economist Keith Jeffreys, the "three new engines of growth" identified by the government - manufacturing, tourism and financial services - between them accounted for just 10 percent of GDP.

"Even if they grow fast they won't actually add much to overall economic growth," said Jeffreys.

"Government spending is over 40 percent of GDP. Government has been used to driving the economy along through its spending.

"There will be big pressure on the government to keep up the level of spending to keep growth around 6 percent" but that's not sustainable if other revenue sources aren't growing."

Manufacturing was still only 5 percent of GDP but was growing steadily.

Botswana's shocking HIV/AIDS statistics - one in four people are infected - also meant the economy would grow more slowly over the next 25 years.

"Aids will reduce economic growth by an average 1 percent (age point) a year," Jeffreys forecast.

Botswana was setting up a financial services centre that could generate 1500 jobs within three to five years. "The objective is to become the offshore centre of the southern African region," said project manager John Curtin.

Louis Mchindo, the managing director of mining company Debswana, blames complacency for the failure of Botswana to diversify.

"Because you have diamonds and you're rich, there isn't the kind of pressure you need to make people more innovative and aggressive."

"It's like being the son of a rich man, you don't try hard enough." - AFP
BDP wins election in Botswana

GABORONE — Botswana's President Festus Mogae has led his ruling Botswana Democratic Party (BDP) to its eighth election victory.

With results counted in 31 constituencies so far, Mogae's party was elected in 26. The opposition Botswana National Front scored victories in five.

"The chief justice of Botswana has declared the BDP the winner," election officer Maduo Maoto said.

The BDP, which entered Saturday's election with 27 seats in the country's 40-seat assembly, appeared set to increase its majority.

Most of the remaining seats to be counted are in BDP strongholds.

Mogae and nine of his 13 cabinet ministers were re-elected. The poll was his first personal electoral test since replacing Ketumile Masire, who retired in a peaceful transfer of power.

Botswana's main opposition party, the Botswana Congress Party, conceded defeat on Sunday after early results showed it would lose all 11 seats it held before the election. The party was formed 15 months ago after a bitter split within the Botswana National Front.

The BDP has governed Botswana since Independence from Britain in 1966. — Reuters.

(13) 019110199
Secure, efficient sorting plant for diamond mines

Botswana and SA lead the way in fighting the trade in stolen diamonds

GABORONE — The commissioning of an automated process to recover and sort diamonds from Botswana’s mines is expected to be completed by the end of the first quarter of next year.

The Aquarium Project — so named after the acronym of the two processes: Carp and Fish — operates without any human intervention.

The Carp, or “completely automated recovery plant”, is an 86m-tall windowless, rectangular unit where diamonds are separated from the rough. The Fish, or “fully integrated sorting house”, is a smaller building where diamonds are sorted and sealed in containers.

“It is highly secure and more efficient,” said project manager Brian Rausch of the $77m scheme.

Inside the Aquarium, no one handles or even sees a diamond throughout the process. Diamondiferous material is delivered from the crushers to the Carp buildings. The two Carp buildings are located respectively at Orapa — which also handles concentrate from nearby Letlhakane — and Jwaneng. The three Debswana-owned and operated mines are a joint venture between De Beers and the Botswana government.

The material descends by a mix of gravity and “soft” transportation — including zigzag chutes — through 15 activity floors where X-ray technology separates the rough.

From floor to floor the concentrate is transported in sealed containers, loaded, sealed, transported on overhead rails and unloaded, automatically.

The Orapa and Letlhakane concentrate is then transported to Jwaneng where, in Fish more X-ray technology sorts the concentrate to 100% and seals it in containers for transportation to the Valuers in Gaborone.

The machine’s security measures are stringent. “Putting a foot wrong will ring all the bells,” said Rausch, who added: “To curtail IDB (illicit diamond-buying, or trade in stolen rough diamonds) is one reason for Aquarium.”

Botswana’s economy is based on its diamond industry, with production in 1998 at 19,8-million carats from 21-million tonnes of ore treated.

In 1997 Botswana supplied 66% by carat weight of all diamonds sold by the Central Selling Organisation (CSO). By value it usually contributes 33% of CSO sales. These figures will increase substantially when the expansion at Orapa comes on stream.

Expansion at Orapa will double production at that mine to 12.6-million carats a year by January 1, adding 33% to Botswana’s total production. Orapa will then be the largest producer by carat weight in the world.

Jwaneng is already the richest diamond mine in the world.

In 1998 Botswana’s diamond production was worth $1,922m at an average price per carat of $497. Botswana’s diamonds accounted for 29.3% of the world’s total production. — Sapa.
GABORONE — Botswana President Festus Mogae said the AIDS epidemic in his impoverished southern African nation had grown into an unprecedented crisis and was eating away at the country's economic gains.

"HIV/AIDS is working against all our painstaking efforts to develop Botswana. It is having a devastating effect on the country's population and affecting its economic performance," he told parliament on Tuesday.

He warned that national development programmes faced funding cuts as his government diverted scarce resources to the fight against the killer disease. Statistics show that Botswana has one of the highest rates of HIV infection in the world. One in eight of the population and one in four of those most economically active are infected with the HIV virus that causes AIDS.

He said the disease had hit the educated and young labour force the hardest.

"These people, in which there has been a huge investment in education, are dying before they can become productive and before the country can reap the benefits," he said.

Mogae lamented traditional Botswana attitudes towards sex, which made it hard to spread AIDS awareness and change behaviour. "AIDS is a national disaster. The onus is on the nation as a whole to change attitude towards sex," he said. — Reuters.
Aids crisis warning for Botswana

GABORONE: Botswana President Festus Mogae said the Aids epidemic in his country had grown into an unprecedented crisis and was eating away at the country's economic gains.

Speaking in parliament here this week, he warned that funding for national development programmes would be cut so that scarce resources could be used to fight the disease.

"Botswana has one of the highest rates of Hiv infection in the world. One in eight of the population and one in four of those most economically active are infected with Hiv."

"Mogae lamented traditional Botswana attitudes towards sex, which he said had made it hard to spread Aids awareness. "Let us change our sexual lifestyles, let us remove taboos surrounding sex lest we lose the war." — Reuters
Botswana is told to diversify its economy

IMF says country must reduce its dependence on diamonds

GABORONE — The International Monetary Fund has warned Botswana it must pursue the diversification of its economy and move away from dependence on diamond revenues, continued government spending and expansion of the civil service, and must curb the growth of credit to the private sector.

"Botswana must apply state control over new hiring and abolish supplementary budgets," the IMF directors said in a recent Article IV consultation with the government.

"There was a slowdown in economic growth over 1999/99 which reflected not only the adverse effects of the weakening world diamond market but also expenditure pressures," an IMF statement released on Tuesday by Stockbrokers Botswana said.

Real growth in 1999/99 slowed to an estimated 4%. A new estimate by the Botswana Institute for Policy Analysis of a recovery to 9% for 1999/2000, based on improved diamond revenues, has underscored the IMF's position. The Botswana government's growth estimate for 1999/2000 is 6.5%.

The diamond sector accounts for one-third of the gross domestic product, which is 10% of export earnings.

The third quarter of this year saw a dramatic recovery in diamond sales. Exports for this calendar year are projected at nine billion pula (about $1.2bn), an increase of 30% over last year.

However, the institute forecasts growth for 2000/01 down to 2.5% as a consequence boom petered out, but government spending. It forecasts, will continue to rise. It will be $245 million pula over 2000/01, the institute forecasts, up from $2.675 billion pula in 1999/2000.

A significant element in the building of secondary school and vocational training institutions to turn out skilled labour and attract investors to set up manufacturing industries as part of diversification process is the capacity of the private sector to create jobs.

The IMF statement "attached importance" to improving the availability of skilled labour to meet the requirements of the non-diamond sectors of the economy.

The Botswana Institute's budget forecast for 1999/2000 is a deficit of 2.6 billion pula against an original estimate of a 460 million deficit.

For 2000/01 the forecast is a 300 million pula deficit.

There are no estimates of diamond revenues into the new millennium, although expansion at a major mine will increase overall production by 30%.

The IMF urged Botswana to reduce the considerable time lag in compiling labour market data. The latest labour statistics are from a 1995 survey. They show 83,600 people seeking work (the official unemployment) out of an economically active population of 400,000, and 28,000 disenfranchised work seekers who are not considered economically active.

There are 208,900 students who are expected to hit the labour market at the rate of 20,000 a year.

The building boom has fuelled a 30% increase in bank credit to the private sector. "As increase in the bank rate to 13.25% in March 1999 from 11.25% in April 1998 did little to stem the growth," the IMF said.

This growth is unsustainable and could undermine macroeconomic stability." — Sapa.
BOTSWANA - LABOUR

1975 - 1998
That a developing country as poor as Botswana simply cannot afford the luxury of strikes; and

That responsible government has an obligation to assure not only domestic peace but also a fair distribution of wealth.

On both counts, Botswana President Sir Seretse Khama acted firmly. The strike of over 2 000 miners at Pikwe gave cause for one of the most forceful speeches Sir Seretse has delivered during his years in office.

Rather than giving way to unreasonable demands, he castigated workers for "flouting" the country's laws. Their action, he said, amounted to subversion.

The country expected the few Batswana fortunate to find relatively well paid employment "to share their good fortune with their fellow Batswana and to ensure that we maintain law and order, without which there will be no development."

The President continued, "It is essential for Botswana's development that we should continue to retain foreign investment ... (and) this can only be done if the companies who invest here obtain a reasonable return on their investment."

The average pay of the 43 000 Batswana working in the cash economy is R47 per month (only about 20% of the total labour force work in the cash economy). Furthermore, an average unskilled wage in the Gaberone area is apt to be only R25 per month and in the rural areas is as low as R10. This makes the R40/month minimum wage at Pikwe look good by comparison.

In terms of capital investment and employment, the Selebi-Pikwe operation is the country's biggest development project. Not only does the project already bring government something like R1m per year in revenue, but, as the President says, that operation provides for others and the development of an economic infrastructure.

When all this is tallied up a strike in such a crucial development undertaking does not make economic sense — in any way — to the people of Botswana.

At latest report, things are fast approaching normal at the troubled mine. MD E T Pinkney tells the FM that 2 000 of the striking miners have been re-engaged and that plant should be back online completely by August 15.
2 500 laid off in Botswana mine strike

By MASOABI MOTSETA
The Star’s Africa News Service

GABORONE — Botswana’s President, Sir Seretse Khama, yesterday announced that all 2,500 workers at the strike-hit Selebi-Pikwe mine had been laid off and that the mine had stopped operating.

He also threatened to take drastic action against "politically motivated individuals," whom he blamed for the disturbances at the R250-million copper and nickel mine.

In a national radio broadcast, the President said: "My Government is not prepared to countenance any more subversion of this nature."

"I am warning these individuals that unless they cease their activities forthwith, I will be obliged to take such action as is necessary to deprive them of the opportunity to cause further harm."

He was speaking after police reinforcements were airlifted from Gaborone to Selebi-Pikwe, 400 km to the north-east, to control the 1,200 unruly strikers.

Ten people were treated in hospital for minor injuries caused by strikers.

On Monday, Botswana’s Vice-President, Dr. Quett Masire, was rocked and shaken in his car by angry strikers.

A spokesman for the Anglo American Corporation said in Johannesburg that the mine would remain shut off and that all 2,500 workers had been laid off.

The spokesman added that last year the Botswana Government negotiated with trade unions at the mine for a five-year wage agreement.
Mine 'subversion will be punished

GABORONE—In a bid to stamp out “subversion” by striking miners in Botswana, the President, Sir Seretse Khama, sacked all the strikers at the Selebi-Pikwe mine yesterday.

Police using tear gas were called in to disperse the rioting at the mine on Tuesday, where officials were stoned and the nearby township was invaded.

In a nationwide broadcast Sir Seretse warned that his “patience had come to an end with those who use other people to achieve their own political ends.”

“I am aware that the large majority of workers do not wish to participate in these strikes, but are intimidated into doing so by a hard core of politically motivated individuals,” Sir Seretse said.

“I have reason to believe that these strikes are instigated by these individuals not because they are interested in the welfare of the workers, but because they hope to reap political rewards from the chaos which could result.

“I want to make it quite clear that my Government is not prepared to countenance any more subversion of this nature.

“I am warning these individuals that unless they cease their activities forthwith it will be obliged to take such action as is necessary to deprive them of the opportunity to cause further harm.

“The Government is dedicated to improving the standard of living of all Botswana and to ensure that they, to assist in our development, can live here without fear. We will not allow the few self seekers to jeopardise the peace, stability and development of Botswana.”

Sir Seretse continued: “The management of BCL (the mine operators) has decided that those workers who did not perform their duties during this period have by their own actions terminated their employment with the company. When the company is ready to re-commence operating the mine it will consider re-employing those workers who re-apply for employment.

“However, the company is not obliged to re-employ any of the workers.”

If the Selebi-Pikwe rioters had not been dispersed to allow technicians into the plant, “very substantial damage would have been caused.”—(Sapa.)
Botrest strike: troubled plant's production and mine's workers halted production.

Mining Editor

Botrest’s production plant and mine’s workers halted yesterday when a strike by 2,700 of the mine’s 3,000 workers took another turn for the worse.

The workers are striking for a uniform wage increase and not the merit increases agreed to between the Botswana Government and the trade unions almost a year ago.

A mine spokesman said it was impossible to estimate the cost of the stoppage until production was resumed.

Botswana’s President, Sir Seretse Khama, said in a broadcast yesterday that the mine had been running at a loss of $3 million a month.

The smelter narrowly missed substantial damage which would have meant a six-month closedown of the entire mining operation.

On hearing of the strike, Sir Seretse sent his Vice-President, and Minerals Resources Minister, to address the strikers.

But they were not given a hearing, and police dispersed the crowd in time to prevent major damage to the smelter at the plant.

Hed access to the smelter by technicians been denied for a longer period "very substantial damage" would have been done, he said, and the mine closed for at least six months.

Botrest produced 566 tons of nickel-copper matte last year. Early this year production was running at around 1,000 tons a month with a target on full output of 3,000 tons a month.

Botrest shares eased today yesterday to 100 c.
Brits pair in Botswana labour case

BY CLIVE EMDON

GABORONE. — Two South African farmers from Brits have been released on R500 bail each after being charged for contraventions of labour recruitment laws.

The charges arose after 36 Botswana farmworkers returned from South Africa and complained of ill treatment.

Some of them were treated for wounds alleged to have been received during their employment.

The farmers, Mr Jan Johannes-Powell and Mr Jacobus Johannes Odendaal both pleaded not guilty to the charges when taken to court on Wednesday evening.

The charges are:

- That they committed an offence by recruiting at least seven workers under the age of 18;
- That they failed to pay their employees in full after entering an employment contract during the period February 23, 1974 to June 2, 1975;
- That they recruited employees without medical examining seven of them;
- That they employed a recruiter, Mr Leretsi Mokopatsa, who did not have a permit.

State counsel, Mr A. Murumo, asked for a postponement of the case to allow the State to bring witnesses.

He also asked that the two men should be kept in custody.

"The accused are foreigners from South Africa. They came on a mission of recruiting manpower. They have been charged with serious offences which affect the purpose of their presence in Botswana," he said.

Mr Murumo argued that the history of the two farmers was "marred by dishonesty" and he feared they might possibly escape to South Africa.

He asked that if bail was granted their passports and vehicle be confiscated.

Mrs J. Helfer, instructed by Richard Lyons, said the two men had come of their own accord and "it will be unjustified to deprive them of their free movement".

The Chief Magistrate Mr A. Osibogun granted bail of R500 each and said the men were to report to the Central Police Station every Monday.

The case resumes on September 2.
Labour is one of Selebi's biggest challenges

SELEBI PIKWE — One of the biggest challenges for the Selebi Pikwe copper-nickel mine in Botswana, the country's biggest employer, is to change uneducated tribal Africans into productive workers in industry.

Of the company's 2,664 Botswana employees, 42 percent have no education. Only 13 percent went beyond Standard 7.

Now the company has an extensive training scheme, part of its policy of "localisation.

Last year, 888 local Africans employees passed courses for 26 types of posts in engineering, personnel, medical, mining and plant work.

NO WHITES

These posts ranged from shift foreman, mechanics, lorry drivers and spannermen to a motorn, typists and personnel assistants.

Since the mine began operating in 1973 it has never used White miners underground. Every worker below the rank of shift boss is African, and all gangs are controlled by Africans.

Because they are not as versatile as White South African miners, the equivalent job has been fragmented into, say, trammer, driller and blaster. Management has also tried to reduce the size of the gangs to make supervision easier.

DISCUSSION

Management has found it difficult to get a high standard of supervision from Africans with a tribal background.

The tribesman generally find it difficult to discipline his subordinates: the traditional way of dealing with a problem is to sit around and make a joint decision after discussion.

In the mine this has been reflected in leaders' desire to discuss an order with subordinates, rather than command.

Productivity is relatively low at present, but this is partly because mine production must follow the fortunes of the plant, which has suffered frequent stoppages.

The rate is about one ton per man shift underground compared with about four tons in Zambia. Management believes it can push this to three tons within 18 months.

Cost of mining underground ore is probably more than South Africa's equivalent because of the lower productivity, although wages are lower.

Another problem is high turnover. — 33 percent for locals last year, although in the more senior levels turnover was negligible.

Absenteeism is rife. This is probably because the men have little to lose, and there is no shame in being fired.

DEMOCRACY

Disciplining of the labour force will be slower than in South Africa because the workers are well aware that they are citizens of an independent State.

A feature of their democracy, however, is that while they are free, they are in fact tied to the economic situation.

No man in fired unless there is a detailed case against him. Any grievance against a fellow worker may be raised and will be heard by a senior official.

There are few radical incidents on the mine. For employees the golden rule is never to swear at a man (to insult a man on grounds of his colour is an offence in Botswana) and never to raise his hand to a subordinate.

When operations began at Pikwe, local tribesmen flocked there for work. Initially there were problems in the locally-recruited crews of construction companies.

The men had never experienced the discipline of a hard, set day's work. Also, they believed their White supervisors were contemptuous of them.

Strikes were stopped, with the help of the Government. The arrival of Basuto shaft-sinkers, who work day and night under gruelling conditions, set an example to the local men.

When the mine was commissioned, the company sought only men with experience on South African mines. But it found that many of these men left the mine because of work conditions.

There are eight grades for local employees at Selebi Pikwe, with pay ranging from a minimum of R40 a month for underground helpers to a maximum of R330 for surveyors, ventilation officers and study officers.

By comparison, a migrant worker to South Africa can earn R60 a month at the lowest rate, and save almost all of it.

RELATIVES

About half qualify for mine accommodation — others must arrange for plots of land on which to build a "traditional" house.

Men are not given food, and an added problem is that when they are employed, relatives tend to come to stay.

A classic situation for conflict may be developing at the mine because wages are held low while inflation rages.

Government restricts wages of all industries to ensure that limited labour resources are distributed fairly. Meanwhile, mine-workers feel they should be paid more because their work is tiring.

Recently, Botswana bank employees complained about their low wages. But they wanted to grant increases, but could not. Worker ire was directed at the employers rather than Government.

Government policy is to encourage hard work, but allow unionism.

DEADLOCK

A Government labour officer told me: "It is not only a matter of getting wages — the first thing is production. But workers have a right to their own trade unions which can put forward their claims to be negotiated without interference."

"Only when there is deadlock and they appeal to Government, can we form a tribunal."

About half of Pikwe's African workers belong to the Botswana Mineworkers' Union. There is no recent strike, but occasional wildcat actions by Botswana workers are far less militant than those in Zambia.

Pikwe employs about 340 expatriates. The programme for localisation has met with little technical difficulties, and the challenge of putting these difficulties right has made it easier to attract senior technical staff.

About 40 percent of expatriates come from South Africa, and 50 percent from Britain. Many have worked in Zambia and are thus familiar with living in a multi-racial State.

MULTIRACIAL

Inevitably there is some delicate working and living in Pikwe's multi-racial township, but it is not obvious. Local officials sometimes flex their authority to show that the company is not Big Brother.
400 striking men sacked

GABORONE — More than 400 men working on the construction of a township at the Tswane diamond mine have been fired after going on strike, according to Radio Botswana.

The radio said the men were fired by the construction company building the township, CMGM (Pty) Ltd. Two officials of the Anglo American Corporation, which runs the mine, yesterday met Botswana Government officials to discuss the dispute.

According to the radio the trouble began on Saturday when carpenters were told they could not work overtime because no supervisor was available. Later that day the site manager was pulled from his vehicle and assaulted.

The Tswane mine, near Kanye, is one of the biggest diamond mines in the world.

Nyerere defuses crisis

KAMPALA — Tanzanian President Julius Nyerere defused a conflict in the Ugandan armed forces after several thousand troops threatened to march on Kampala in protest against a report presented to a Ugandan parliamentary body which was believed to call for a shake-up of the armed forces and the sacking of the interior minister. After arbitration by President Nyerere, who has more than 20000 Tanzanian troops in Uganda, the report was withdrawn, informed sources said.

Julius Nyerere
Botswana concerned about loss of workers

GABORONE — There is growing concern in Botswana over the “brain drain” to neighbouring Bophuthatswana.

While the number of people involved may not be great by South African standards, the loss of even a single engineer hurts a small developing country like Botswana.

Evidence of the Government’s concern came with a statement by the Commissioner of Labour, Mr Klaas Motshedisi, that the loss of highly-skilled manpower to Bophuthatswana was “unhealthy”.

Officials believe that the reason for this is that Bophuthatswana pays better salaries.

Recent losses have included two medical doctors, two engineers, a geologist, an architect, a university lecturer and a number of teachers. — The Star’s Africa News Service.
Necklace threat sends officials home

GABORONE — Four Botswana officials who manned the Botswana Labour Office in Roodepoort have returned home after being threatened with the "necklace".

The Botswana Gazette quoted officials as saying that the men were threatened with the "necklace" after they had ordered miners from Botswana to ignore a stayaway call by striking miners.

The newspaper did not say when the incident occurred.

The Permanent Secretary of Home Affairs, Mr Kingsley Sebele, confirmed that there was a "temporary closure" of the Roodepoort office.

"I don't consider it appropriate at this moment to comment so as not to endanger the safety of our officers," he said.

"We are giving urgent attention to the matter."

It is believed that the Botswana officials will return to South Africa later this week.

Botswana has no diplomatic relations with South Africa.
Basotho miners take back R108 m

MASERU — The South African gold mines paid out a total of more than R108 million in deferred pay remittance payments and other payments to Basotho mineworkers in the first half of this year, according to statistics released by the Employment Bureau of Africa (Teba) which recruits Basotho mineworkers for South African gold mines.

The statistics show that the volume of deferred payments from January to June this year amounted to R38 452 228 and remittance payments totalled R44 181 927.

These figures are higher than for the same period last year which were R55 310 947 and R33 378 936, an increase of 15% for 2016.

Teba also reported an increase of 3.4% in the number of Basotho mineworkers who left for the South African gold mines in the first six months of this year compared with a corresponding figure for last year.

The figures were 43 536 for the first six months of this year as against 41 774 for the same period last year.

There has also been a slight increase in the average number of Basotho men actually employed on the South African gold mines. The figure indicated that 105 105 Basotho mineworkers were employed on the gold mines at the end of May this year as against 98 340 in May 1985.

The Lesotho manager of Teba, Mr Jock Germont, attributed the increase in the deferred pay and remittances to the wage increases on the gold mines. — (Sapa)
Bank, union settle dispute

GABORONE — A settlement has been reached between the Bank of Botswana and the Central Bank Union after the union sent a petition to bank vice-president Peter Mmusi alleging corruption and administration malpractices in the highest ranks of management.

The petition was rejected by Mmusi on procedural grounds, a joint statement said. (13)

It said in terms of the agreement-management would not proceed with civil litigation against the union "for the many libellous statements in the petition".

And the union had "unreservedly withdrawn the petition and all the allegations of misconduct or impropriety against the management of the bank". — Sapa.
Botswana faces growing unemployment — Bank

GABORONE — Although Botswana has enjoyed accelerated economic growth in the past decade, it faces an increasing unemployment problem over the next 10 years, says the Bank of Botswana's 1988 report.

The bank says if Botswana's population continues growing at its annual rate of 3% there will be 1.5-million people in the country by 1998, against 1.4-million in 1987.

It says that in the same period, the number of employable people who are active and looking for jobs will significantly increase from more than 357,000 to close on 545,000.

It is also estimates that by 1996 the number of unemployed people will exceed employment growth by 60%, bringing the number of jobless people to 130,000.

The report says that on average the formal sector will be able only to create 10,000 new jobs each year.

About 17,000 new workers will be joining the labour market annually.

It says the possibility that the public sector will no longer be able to expand as fast as in the past decade will result in the need to create additional jobs.

This burden will fall on the private sector, it says.

The bank suggests that accelerated diversification of the economy, with particular emphasis on export-oriented and import-substitution manufacturing services, should be embarked upon in order to save the economy from a bleak future. — Sapa.
Strike at Gaborone bank ends

GABORONE — A seven-day strike by Barclays Bank employees is over.

The Barclays Bank employees returned to work on Friday a few days after being warned by the government that the strike was illegal.

A spokesman for the employees said they had had a meeting with the Minister of Labour, Mr. Englishman Moabo, during which "an understanding" had been reached.

The strikers were demanding a 20 percent salary increase while management was offering 12 percent.

The strike caused considerable inconvenience to businesses in Botswana as Barclays Bank is the biggest bank in the country.

The other two banks operating in Botswana were not affected by the strike.
Bank strike in Botswana into 7th day

The Star's Africa News Service
GABORONE — A crippling bank strike in Botswana entered its seventh day today, with Barclays Bank employees ignoring government and management orders to return to work.

Workers are demanding a 20 percent across-the-board salary increase, while management has offered 12 percent.

On Wednesday, the government declared the strike illegal. Barclays Bank acting managing director, Mr Mike Clinch, yesterday said staff members would be violating the law if they did not return to work by a 2 pm deadline.

Instead, workers gathered at the headquarters of the Botswana Federation of Trade Unions and their representatives met lawyers in order to challenge the government's statement that the strike was illegal.

The strike at the country's oldest and largest bank is having severe effects on the economy. Businesses are refusing to accept the bank's cheques and thousands of people are now unable to withdraw money.
GABORONE — The striking employees of Barclays Bank of Botswana yesterday carried out their vow to defy the government order declaring the six-day general strike unlawful, the Botswana Press agency reports.

On Wednesday, Labour and Home Affairs Minister Englishman Kgabo ordered the close to 2,000 employees, who have paralysed the operations of Botswana's largest commercial bank, to resume work yesterday. But, after opening time yesterday morning, branches of the bank around the country were still closed.

Instead, the strikers were converging on the headquarters of the Botswana Federation of Trade Unions, to which the Botswana Bank Employees Union is affiliated, to decide on the next course of action.

The bank union said on Wednesday it was instructing its attorney to challenge government's emergency statutory instrument outlawing the strike.

An attorney for a Gaborone law firm, Minchin and Kelly, said the firm had already provided initial advice to the union, but did not elaborate.

The minister, his permanent secretary and the acting commissioner of labour and social security, were not available for comment as they were said to be at a meeting.

When he outlawed the strike, the minister did not say what action would be taken in the event of defiance, but Acting Labour Commissioner Tembo Lebeng said if a strike was declared illegal...
Botswana bank strike illegal!

The Star's Africa News Service

GABORONE - Botswana's Minister of Labour, Mr. Efisighn Kjiae, has declared a strike by Barclays Bank employees illegal.

The 2,000 workers who have been on strike for five working days, will have to return to work.

No further details were available on the government's decision to declare the strike illegal.

The moves follow attempts by the department of labour to have the employees return to work while negotiations continued.

DISRUPTION

The bank employees have rejected the last management offer of a 12 percent salary increase.

They were originally demanding a 17 percent salary increase on top of a 10 percent cost of living allowance but later said they would accept a 20 percent across the board increase.

The strike by Barclays employees has caused disruption to businesses in the country.

Barclays Bank is the biggest in the country and several businesses are now refusing to accept their cheques.
Bank battles to resolve 3-day strike

Argus Africa News Service

GABORONE. Management and staff representatives of Barclays Bank held an all-night meeting ending until 6am today to try and resolve a three-day strike that has paralysed the bank.

Senior bank official Mr Edward Komanyane said management made some offers which staff representatives would now refer to staff and then report back.

The strike involved about 1,000 workers at 18 Barclays Bank branches. The workers are protesting against a salary restructuring programme proposed by management.

Considerable inconvenience has been caused to businessmen who have been forced to hide large amounts of money or arrange to move accounts to other banks.

Individuals cannot cash cheques or make deposits and Zimbabwean women who cross the border to shop have had difficulties cashing travellers' cheques.

Meanwhile, depot managers at Botswana's agricultural marketing boards are still on strike after a week. The strike is seriously affecting supplies of maize and sorghum to a number of mills.
Botswana looking at incomes policy

GABORONE — Botswana has appointed a commission to review incomes policy, the Botswana Press Agency reports.

The commission is chaired by the Minister for External Affairs, Dr Gasekwe Chiepe and its membership is selected from a cross-section of interests including government officials, private and parastatal sectors, trade union organizations, the Botswana civil service association and the rural sector. — Sapa.
Buildings damaged in powerful Gaborone blast

Argus Africa News Service

GABORONE. — A powerful explosion rocked Gaborone early today, causing severe damage, but no injuries.

The explosion, believed to have been a bomb blast, happened in Gaborone's Industrial Site in front of a vehicle dealer's showroom. It was felt up to 5 km away.

First reports say there were no injuries although three security guards were in the vicinity.

The dealer's showroom was damaged and buildings in the area had their windows blown out.

A police spokesman said he believed the incident was connected with recent industrial problems. It is understood workers were recently dismissed from a firm in the area.
Violence claims 1 000 lives

AT least 85 people were killed in unrest-related violence in Natal during October, bringing the total number of politically related deaths in the province this year to 1088. This information is contained in the latest bulletin of the Black Sash Repression Monitoring Group.

Most of the murders occurred in Natal's South Coast where 42 deaths were reported. Flashpoints proved to be the townships outside Port Shepstone and the Umbumbulu area.

Nineteen people were killed in the Natal Midlands region and 24 deaths were recorded in the central and North Coast regions.

The bulletin noted that a major obstacle to peace in Natal continued to be the "dismal working relationship between the community and the security forces. So long as this continues, arrests and convictions will remain few, and the lack of trust in the police will be further perpetuated".

The bulletin said this relationship was particularly bad in areas under the jurisdiction of the KwaZulu Police.

"Many residents continue to allege that KwaZulu police members are, through action or inaction, involved in the violence, and feel unsafe reporting matters and laying charges at KwaZulu police stations."

Focusing on Umbumbulu, about 50km south of Durban, the bulletin said residents continued to report severe intimidation there. Many residents had allegedly been told to leave the area or be killed if a family member was perceived as a supporter of the "comrades".

All night "camps" allegedly run by "warlords" continued to operate in Umbumbulu and people refusing to attend were beaten, fined or evicted from the area, the bulletin added.

"According to a resident who attended several such camps, men are forced to carry weapons ranging from spears to rifles, and are ordered to carry out attacks on certain areas, often for reasons unexplained."

In KwaMashu outside Durban, the bulletin said in spite of police investigations into atrocities by the notorious AmaSinyora gang operating there, residents of KwaMashu's K-Section continued to report attacks, shooting and looting carried out by known AmaSinyora members.

"Although there is a joint SAP/KZP investigation into the cases, no special provisions have been made to ensure that allegations of KZP involvement are handled singularly by SAP officers."

"For this reason, many eyewitnesses are too scared to come forward with information, and have opted to leave the area if possible. Large areas of K-Section are completely deserted." - Sapu

Workers on strike

GABORONE - More than 10 000 blue-collar workers are on strike in Botswana.

The Union of Manual Workers is demanding a 154 percent salary increase - from about R300 to R800 a month.

The strikers all work in government or parastatal organisations.

There are more than 24 000 blue-collar workers in the civil service.

Yesterday was the second day of the strike.
Botswana fires 10 000 strikers

GABORONE — More than 10,000 government workers in Botswana have been fired after going on a strike on Monday for higher wages.

Government operations are believed to have been badly hampered by the absence of the workers, whose Government and Parastatal Manual Workers' Union covers nearly all civil servants who are not in clerical or supervisory jobs.

Much of the refuse removal in Botswana, which is carried out by government employees, has come to a halt.

The dismissal of the strikers was announced last night in terms of the regulations for industrial class workers, which provides for dismissal of employees absent for more than two days without valid reasons.

Workers in nine of the 12 regions of the country have gone on strike. Some estimates put their number as high as 15,000.

They want a minimum monthly wage of R300. At present the minimum wage is about R350.
Botswana fires strikers

GABORONE: Botswana authorities have sacked about 150,000 government and public sector workers who began a countrywide strike for higher wages this week.
SA closes paper in Gaborone

GABORONE — A Botswana-based newspaper which was recently exposed as a front for the South African Government was closed at the weekend and all its equipment transported to South Africa in three huge trucks.

Newslink Africa, together with its printing arm, Magnum Press, was closed on Saturday morning.

But the trucks were stopped at the Tlokweng border post by Botswana immigration officials and only permitted to pass after all employees had been paid.

Newslink was recently exposed as a project by South African military intelligence to influence southern African countries. — Star Africa Service.
ANGRY BLACK staff members waiting last Saturday night at the border gates along with Botswana labour officials, who refused to allow the moveable assets of the Botswana-registered newspaper Newslink Africa/Magnum Press to pass through into South Africa until they had been paid, were the lucky ones.

They, at least, got a total of 6,000 pula (about R8,000) against unpaid salaries — which the Botswana authorities extracted from the company's owners before the trucks were allowed to move on across the border.

But some employees of the media operation — which decamped at the weekend leaving vast debts and growing evidence that it had been little more than a South African Government propaganda front — were not so lucky.

Newspaper production manager Derek Hammond, printing manager Tony Forster and printer Brian Rigby were left in the lurch.

They are owed nearly 500,000 pula (R670,000) in back-pay and for breached contracts.

They also had to make do with only 25 percent of their normal salaries for November.

Magnum Press/Newslink Africa chairman Abel Rudman pleaded temporary financial difficulties when confronted by the irate and unpaid employees.

Mr Rudman told the three men that they would be paid special bonuses at a later date for their forebearance.

Instead, the three arrived at the company's premises last Thursday to find that the whole operation was being loaded on to trucks for shipping back to South Africa.

On contacting Mr Rudman, they claim, they were told it would be a good idea to get out of Botswana.

By this stage senior executives Neil Burrows and Miles Thompson had already fled.

Since then the three men have discovered that their rent has not been paid for several months, and, as a result, all their worldly goods have been seized by landlords pending the payment of rent.

Now the three are in Johannesburg, virtually destitute.

Both Mr Hammond and Mr Forster have very young children to support, and all three are married.

Telephone calls to Mr Rudman have resulted in their being informed that he is no longer responsible and that they should speak to Vincent Bergh, whom Mr Rudman claims has bought the company.

Mr Bergh, a junior lawyer in a Pretoria legal firm, is not available to help, apparently because he is away on holiday.

It was he, however, who supervised the Botswana move last weekend.
GABERONE. — A Botswana journalist, Professor Malema, could face charges under the National Security Act for publishing a classified government document.

Mr. Malema is being held by the police for publishing a document explaining why the government could not agree to increasing wages for manual workers.

Mr. Malema's lawyer, Tshepo Motswagole, said his client had been assaulted by the police and was considering taking action against them. He don't think the police have the right to detain Malema without any proper warrant, Mr. Motswagole said.

He said the arrest was unlawful because the National Security Act referred to the defence force and not to documents obtained from the Ministry of Finance.
Mountains suffer as deficit tops R4,7m

Environment Reporter

MANAGEMENT of the Cape Peninsula mountain chain is suffering because of a severe shortage of funds and private sponsorship is essential.

This is according to the technical sub-committee of the Cape Peninsula Protected Natural Environment Management Advisory Committee which says the body cannot achieve its management objectives with the funds allocated by the Provincial Administration.

During the past seven years, the committee had received R1 678 000 to meet the deficit between amounts from its local authority members and the requirements of its working plan.

This was only about a third of the estimated deficit of R4 723 000.

"The continual and significant cuts in the budgets of central and local government departments and the inability of the committee to make up the estimated deficits has placed the working plan in arrears, although extremely good progress has been made in the field of invader plant eradication and anti-erosion work on footpaths and degraded areas," the report said.

Sustained sponsorship from the private sector was essential, it said.
10 pc wage rise 'not adequate'

GABORONE — Six thousand government employees yesterday marched to the ministry of finance in Gaborone to protest a 10 percent wage increase awarded to state employees.

The workers marched peacefully and were met on the steps of the ministry by the Minister of Finance, Festus Mogae, who is also Botswana's vice-president.

The marching protesters held up posters saying they could not live on 200 pula (about $25) a month.

They handed a letter to Mr Mogae in which they said the 10 percent increase was not only inadequate but 'clearly increases the gap between the lowly paid and the highly paid'.

— Star Africa Service.
Botswana moves on workaholic Chinese

GABORONE — The government of Botswana has belatedly intervened to protect its construction industry from Chinese firms which have been importing cheap labour and undercutting the market.

The Chinese seemed like a god-send a few years ago when local companies could not cope with a boom in state building. But over the past two years their minimal operating costs have enabled them to win seemingly more than their share of contracts, even as Botswanan competitors have gone out of business.

Anger over unemployment was a major factor behind last month's anti-government riots, Botswana's first political upheaval in almost three decades of independence from Britain.

The government is now enforcing more strict labour laws which regulate use of foreign workers and impose requirements on training locals.

But Botswana's experience offers a salutary lesson for the region, which is particularly relevant in the context of last week's UN summit in Copenhagen on social development and poverty.

SA trade union confederation Cosatu has called for world trade accords setting minimum standards so "sweat-shop" economies cannot take advantage of countries with minimum standards.

The Chinese came to Botswana in 1989 when the China State Construction Company, the first of three firms to be involved, arrived with SA and British companies, to help satisfy a surge in government building.

Diamonds, which provide 80% of Botswana's export revenue, were at a premium and this barren country of 1.4-million people embarked on a development spree the likes of which Africa has seldom seen.

Skimping on workers' wages and amenities, the Chinese were easily the cheapest around.

"Your average Westerner makes himself comfortable before starting work, but the Chinese just start working," said Vice-President Festus Mogae, who is also the finance minister.

"They work the same hours as the sun".

This seemed fine when there was enough work to go round but when diamond prices dropped in 1993, locals began to look askance at the Chinese who were winning many of the juicier contracts.

"Local industry was just not going to survive," said Michael Wood, MD of Multi-Construction, one of Botswana's largest contractors. "We had no problem with competitive tendering as long as there were level playing fields.

"But the government allowed the Chinese to side-step the laws. We employed about 100 locals to one foreigner while they had about one local to every 16 foreigners."

Niels Lindhardt, the director of Bepelego, Botswana's main education trust, which is responsible for allocating tenders for schools, says locals cut their profits almost to zero but the Chinese bid even lower.

"They could take a loss as long as they were earning foreign currency, which was all that Beijing wanted."

The government says the Chinese have become scapegoats for the recession and says their bids while competitive were not particularly low.

Luo Hong Bin of the Chinese embassy in Gaborone denies charges of unfair practice and says they were just showing up the inadequacies of local workers. "We want to employ more locals, but the Botswana people don't want to work hard."

Nonetheless the public outcry and a rise in support for the opposition have compelled the government to take a tougher line. The return of 10 000 miners, made redundant in SA, has added to the pressure.

Mogae said the Chinese had been banned from bidding for several recent contracts. "The intention is not to expel them, but to make sure they use only skilled workers," he said. — © Telegraph plc.
Debswana agreement
DEBSWANA Diamond Company had reached agreement with the Botswana Mining Workers' Union on wages and conditions of employment, it said yesterday.
A 7.5% wage increase across-the-board and an individual performance award of 3% would be paid retrospectively from April 1.
Debswana locked in labour tussle

David McKay

DE BEERS' producer in Botswana, Debswana, is locked in a tussle with labour — centred on shifts — over the proposed introduction of continuous operations at Orapa Diamond Company, which would increase the mine's annual ore throughput about 15% to almost 9-million tons.

The group said yesterday that continuous operations would require a fourth shift, which would minimise potential redeployments at the mine. The new shift, which was also being negotiated at the group's other mines, Jwaneng and Lethlakane, could create a total of 100 new jobs.

But the Botswana Mine Workers Union had objected to the additional shift, and a court action could be called by Debswana if no agreement was in sight by the end of this year, a spokesman said.

The union said the proposed six days on, two days off shift system "changed its work culture". Labour currently works a six days on, one day off shift system.

The group has argued that the fourth shift would create more free time and fewer working hours. Another meeting between Debswana and the union is scheduled next week.

Ore production is currently 7.9-million tons and will be increased to 17.8-million tons following the completion of the 1-billion pula expansion from 2,000. The group said the expansion would not be affected by the current dispute over continuous operations.

Analysts did not believe a failure to introduce continuous operations would have much impact on the mine's revenues.

It cost between $7 to $10 to produce one carat, from which about $40-$50 was earned.

"The diamond business is profitable at the moment, so while a 5-8% revenue cut is likely this year, it is not serious to Debswana," one analyst said.

Orapa will become a significant diamond producer when its expansion is complete, adding some 6-million carats to its yearly output and increasing Debswana's total output to about 28-million carats a year.

Debswana, owned equally by De Beers and the Botswana government, increased its net income to 2,2-billion pula (1994: 1,8-billion) in the 1995 financial year.
Union pull-out puts Botswana’s privatisation process in jeopardy

Gaborone — Botswana’s privatisation process is in jeopardy as the country’s most militant union has pulled out of the government privatisation task force.

The 30 000-strong National Amalgamated Local, Central Government and Parastatal Manual Workers Union announced its withdrawal three months after joining.

“We are afraid that we cannot stay in the process aimed at privatising state enterprises any longer,” said Johnson Motshwariakgole, the national organiser.

“Our fear is that if we stay in the task force, at the end of the day we are going to be asked to vote. If we happen to be in the minority we would be unable to challenge the outcome because, democratically it would be taken that we were part of the process.”

Organisations scheduled for privatisation are: the Gaborone City Council; Central Transport Organisation; Agricultural Services; the National Savings Bank; Botswana Railways; department of supply; the Housing Corporation; the telecommunications authority; Meat Commission; Power Corporation; Air Botswana; and the ministry of finance; and development planning accounting unit.

Privatisation exacerbates income disparities and poverty as it enriches the new owners and denies the rest the ownership they had through the state,” the union said.

The fear of the unions is that privatisation is going to be a vehicle for enriching the wealthy rather than improving efficiency and keeping costs down.

Botswana is officially estimated to have 64 percent of the population living below the poverty datum line, although unofficial estimates say that it could be as high as 64 percent.

The union’s move coincided with a two-week visit by Dr Abdu Haheed Shaik, World Bank’s adviser on the privatisation process.

He urged the privatisation task force in Gaborone to speed up its work.

The deputy head of the privatisation task force, Emang Maphanyane, who is also the chief executive of the embattled Housing Corporation, has said they would be soon making a country-wide tour to explain the need for privatisation.

The task force is due to submit its report by the end of May this year.