ZAMBIA – GENERAL

1996 – 1997

Chiluba battles for survival

Sowetan 1/8/96 (360)

By Peter Sullivan

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

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

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

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

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

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

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

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

According to the prosecution, the

ed a rich country.

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

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

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

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

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

What more could anyone want, he asks convincingly.

Could he not drop the silly clause? No, says he, it is the will of the Zambian people.

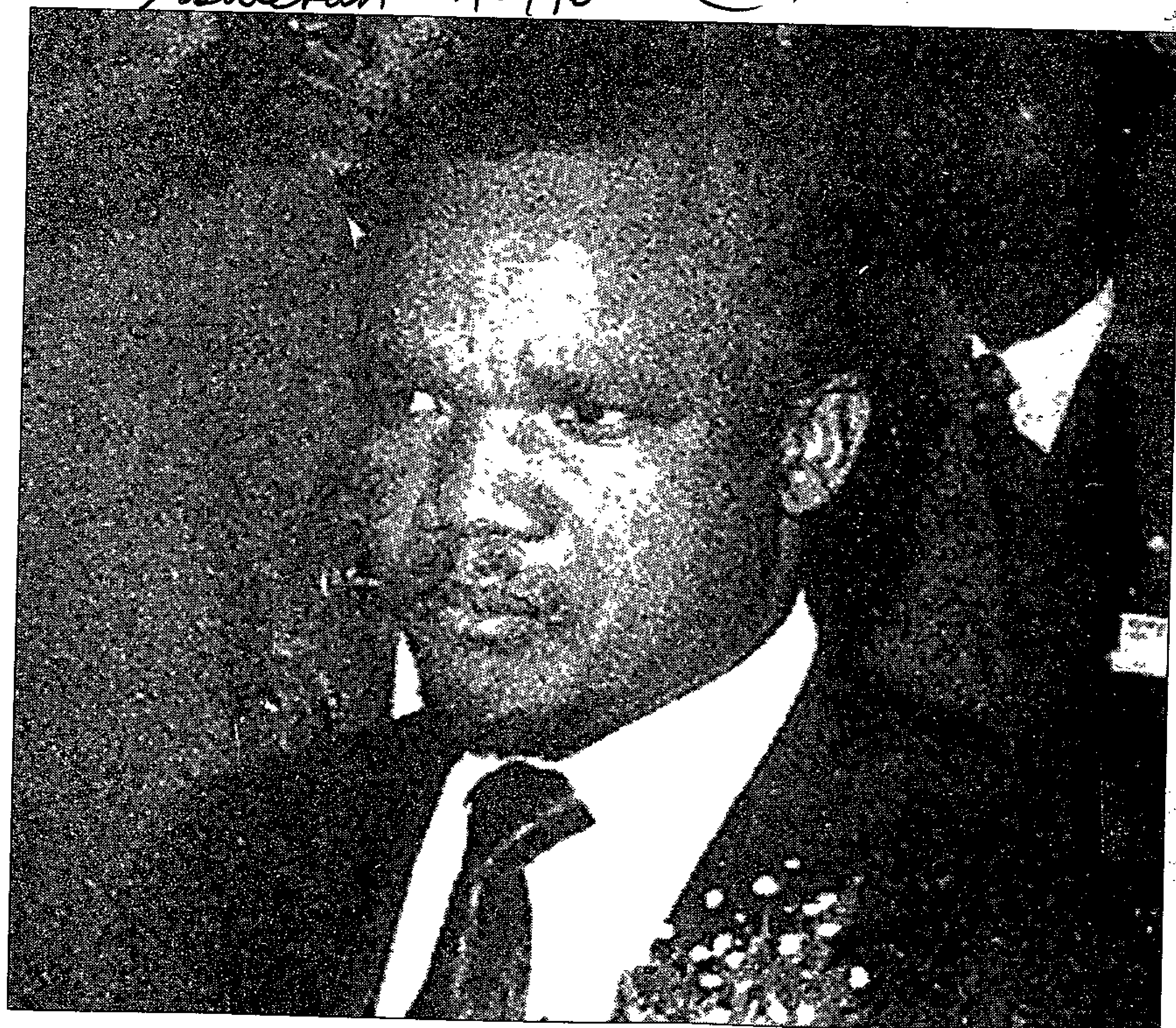
"You do not understand the depth of feeling against Kaunda. They would be angry, even riot, if I tried that. It would be breaking the law or at least going against Parliament," he replied.

Not convinced

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

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

We move to other topics. He stresses the transformation of the economy,



Zambia's President Frederick Chiluba ... he prevented his predecessor Kenneth Kaunda from running in the next election.

MMD introduced a clause in the new constitution preventing anyone from becoming president for more than two terms (thereby eliminating Kaunda on count one) or becoming president if their parents were born outside Zambia (strike two against Kaunda, whose parents were Malawian).

On the surface, it seems Chiluba is afraid of running against Kaunda. But many political observers believe he would easily beat the 72-year-old former president who virtually bankrupt- the fact – indeed laudable – that there are no exchange controls.

This did entail hardships, he admits, but says the people were willing to sacrifice.

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

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

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

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

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

He hastens to point out he earns about R1 500 a month, less than some

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'There is a feeling that Zambia set its own high standards in 1991 as a leader of democracy in Africa'

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

presidents' clerks.

South African acting high commissioner Mr Sam Sterban says diplomats in Lusaka are disappointed.

"There is a feeling that Zambia set its own high standards in 1991 as a leader of democracy in Africa: freedom of the Press, civil rights, a multi-party democracy, those kind of things.

"We are partners with Zambia in the Southern African Development Community and instability in the region is a concern.

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

Perhaps that is the best suggestion. Presidents Nelson Mandela, Sam Nujoma, Joaquim Chissano, Robert Mugabe, Eduardo Dos Santos and Quett Masire would do Zambia a favour if a way could be found to allow Kaunda to lose the next election in a fair fight. – *Independent Foreign Service.*

ST(BT) 11/8/96, (360)

SACU to ponder Zambia's case

By THABO KOBOKOANE

ZAMBIA's reported demand for a preferential trade agreement with South Africa will be referred to the Southern African Customs Union, says the Department of Trade and Industry.

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

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

The agreement, described as a breakthrough by both countries, will see South Africa slash existing clothing and textile tariffs to 30% and 20% respectively by 2000.

Duties applicable to cotton yarns and woven cotton fabric will drop from 14% and 19,5% to 7,5% and 11% respectively by 2002. Instead of the 75% local content requirement, the Lomé Convention's local content conditions will apply.

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

● Trade ministers of the 12-member Southern African Development Community met in Tanzania on Thursday in a bid to "finalise a framework agreement for a protocol" ahead of the heads of state summit in Lesotho later this month.

Eight leaders deny hiring saboteurs

(360)

Sowetan 13/8/96

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

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

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

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

Defuse a parcel bomb

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

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

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

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

Documents filed by the state yesterday alleged the opposition leaders also tried to hire agitators to write "offensive graffiti" and threats against politicians and reporters in the state controlled media on government buildings. – *Sapa-AP.*

No political strife in Zambia – envoy

Sowetan 7/8/96

(360)

By Themba Molefe

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

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

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

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

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

However, Sakala said the government was supportive of Press freedom which was enshrined in Zambia's constitution and under a section dealing with fundamental rights.

Delisting Rainbow Chicken a long-term alternative — MD

BD 22/8/96

Nicola Jenvey

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

Rainbow, which earlier this month warned that it could sustain losses of more than R110m for the six months to September, said last month it would raise R626,5m in a rights issue to refinance the company.

The exercise would cut borrowings which stood at R540m, giving a gearing of 94% in the past financial year. The refinancing would also cut borrowing costs — R76m in the last financial year — by about R60m.

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

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

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

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

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

The rights offer would eliminate financing costs.

Rainbow gained 10c on the JSE yesterday to close at 90c.

Production down 20%

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

The company — in which Anglo American has an indirect stake — said yesterday production stood at 23 965 tons from June's 29 819 tons, while cobalt production had dropped 43% on the month to 259 tons.

The Mufulira smelter — which produces between 450 and 500 tons of copper a day — was now fully operational, a spokesman said.

"During the rehabilitation of the smelter, the company registered a shortfall in primary copper production of 5 022 tons from the Mufulira smelter." (360)

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

Production of copper and cobalt had been steadily rising since September last year, when production reached a trough of 19 554 tons and 165 tons.

BD 22/8/96

Saturday Star
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(360)

Zambia lashes out at 'dumped' SA exports

Star 24/8/96

By ROSS HERBERT

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

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

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

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

Moving too fast

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

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

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

Trade talks between Zambia and the South African Customs Union are scheduled to begin at the end of September. Chiluba said his country had paid a price for moving faster than any of its neighbours towards free trade. Erwin said all countries in the region had benefited but SA had exploited Zambia's low tariffs more than the others. – Independent Foreign Service

Zambia threatens trade war

(360) ST (BT) 25/8/96

By THABO KOBOKOANE

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

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

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

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

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

Tanzam rail seeks life in new corridor

CT (BR) 27/8/96 (360)

By Victor Zaza

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

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

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

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

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

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

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

In implementing the corridor, incentives have been offered to Zambians to use Tazara.

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

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

Labour woes far from over, despite the return of skilled workers

Zimbabwe government firm as strike continues

By Cris Chinaka

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

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

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

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

She said the government was hiring new civil servants.

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

Public Service Association officials estimate that 70 to 80 percent of the 180 000 civil servants are on the streets striking.

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

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

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

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

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

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

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

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

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

The civil servants, who earn an average of Z$1 000 (about R448) a month, say their wages have not matched inflation, which has averaged 22 percent in the past two years.

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

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

Brain drain backwash as Africans come home

(~~362~~) (363) CT(BR) 28/8/96

By Busani Bafana

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

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

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

The African Regional Labour Administration Centre says about 23 000 qualified people leave Africa every year to work abroad because of their governments' indifference to professionals.

More than 450 Africans have returned home, among them 14 qualified Zimbabweans since January last year, courtesy of the International Organisation for Migration (IOM).

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

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

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

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

The IOM offers up to Z$100 000 (R46 000) to help with the return and reintegration process. Follow-up visits monitor how the returnees are settling in.

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

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

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

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

The government is not the only focus of recruitment. The private sector is included, along with institutions such as universities.

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

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

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

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

Bidding for ZCCM starts in February

(360) BD 29/8/96

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

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

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

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

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

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

The Zambian government is negotiating with a consortium led by Anglo American on the acquisition of the Konkola mine package. — Reuter.

Female touch enters Zambian politics

BD 5|8|96 (360)

LUSAKA — There will be a distinct difference to the style of Zambia's election campaigns later this year — the number of women running for parliamentary and local government office, mostly as independent candidates.

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

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

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

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

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

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

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

But out of the national political and economic crisis, a new will has emerged and Mwafulila says it did not require much coaxing to involve women, because they were ready to take up the challenge.

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

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

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

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

The women's campaigns focus on track records and "doable issues".

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

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

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

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

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

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

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

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

Even drug-tainted Princess Nakatindi has urged her voters not to support WLG-sponsored candidates, arguing that WLG wants women to be given positions on a silver platter instead of fighting on equal terms with men.

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

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

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

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

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

"Even if Chiluba wins the elections, we want more women in leadership so that policies do not stay man-oriented," says Mwenso. — AIA.

'Rascal' who claims people power

(360) ET 5/8/96

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

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

On a wide range of issues discussed, he has some good points. On press freedom we agree to differ.

Why is the world getting its collective undergarments in a knot over what appears to be a minor provision of a lengthy new constitution, a provision which disbars non-Zambians from standing for president? That is, of course, apart from the corruption issue. Oh, and then there is drug trafficking. Yes, there is also the sudden gratuity to MPs. An increase in crime. And the question of whether the country should have been declared Christian in its new constitution, thereby offending all those who aren't.

So many issues, each given a smooth answer and a plausible explanation by the smiling president. But taken all together, something does not gel. The international community, that useful phrase, simply does not gang up on a country whimsically or because, as Frederick Chiluba will have me believe, the British want to justify the absurdity of putting Dr Kenneth Kaunda's name on the original constitution.

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

According to the prosecution, the MMD introduced a clause in the new constitution preventing anyone from becoming president for more than two terms (thereby eliminating Kaunda on count one) or becoming president if their parents were born outside of Zambia (strike two against Kaunda, whose parents were Malawian).

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

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

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

UNEASE: Some opponents call smooth-talking Frederick Chiluba worse than rascal.

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

He has, he says, nothing to hide. Sitting in a comfortable white leather chair at State House, he does indeed have an answer for everything. He stresses how well Zambia is doing, how things have changed in the five years he has been in power, what a transformation of the economy there has been, how food riots have gone away and what an evil ruler Kaunda really was. This gets a bit repetitive.

I ask if there is not some way we can help, The Star, the donor nations, South Africa, Southern African nations, in getting him out of the unfortunate pickle. Could he not drop the silly clause? No, says he, it is the will of the Zambian people.

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

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

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

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

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

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

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

What about the gratuity MPs voted themselves? (About R130 000 for 150 MPs, a lot of money in this economy.) "It is not my creation, it has happened since 1964. I admit the figures look a little awkward."

He hastens to point out he earns about R1 800 a month, less than some presidents' clerks.

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

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

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

AFRICA

Political uncertainty keeps Zambia's potential at bay

(360) 6D 6/8/96

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

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

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

At the same time, government started exploratory talks with other companies on the privatisation of other ZCCM operations including the Konkola North ore body. Among them was Canada's African Minerals Corporation which said it was ready to spend $1bn on a large-scale copper and cobalt operation at Konkola North. Meanwhile, another company, Colossal Resources Corporation, reached an agreement with ZCCM to process 8,6-million tons of slag left over from ZCCM production. Processing was scheduled to start in April.

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

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

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

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

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

The political uncertainty has already had dire consequences on the economy. The kwacha fell 28% in the first four months of the year, against a projection of a 10% devaluation throughout the year. "There has been a growing lack of confidence in the economy, excited by signs of impending political violence," says Finance Minister Ronald Penza.

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

Free press under siege in Chiluba's Zambia

CT 6/8/96 (360)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

> *"Of course, under the MMD government, Zambia has become a country where thought is free, speech is free, press is free in a free democracy — four products of a liberal society."*

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

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

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

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

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

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

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

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

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

In a rather strange twist, underneath the editorial is one labelled "Opposing View" — which is also mildly critical — but this time critical of Chiluba's staff.

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

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

❑ *Peter Sullivan is the Editor of the Star.*

PRESS FREEDOM: Carl Bernstein, left, and Bob Woodward, the Washington Post journalists who uncovered the Watergate scandal. Journalists from Zambia's Post tabloid are accused of "applying despicable falsehoods" in their quest to become Zambian versions of the two Americans.

Zambian crisis really only SA media 'misperception'

BD 7/8/96 (360)

Drew Forrest

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

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

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

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

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

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

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

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

Benefits

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

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

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

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

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

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

As Zambia spent more than half its revenue on servicing a \$3,2bn debt, the withdrawal of aid "is going to affect us quite severely". However, this might be the price the country had to pay for upholding its principles.

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

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

Zambia wants trade deal with SA

. ET 7/8/96 (3/4) (360)

By Shirley Jones
KWAZULU NATAL EDITOR

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

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

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

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

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

Bernard Richards

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

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

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

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

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

Lomé conditions now applied, so two processing stages had to occur in Zimbabwe, or one stage in the Southern African Customs Union and a final processing stage in Zimbabwe.

Brink said Zimbabwean clothing and textile operations could compete with their South African counterparts on price because their production costs were way below South African companies' costs.

Their labour costs were a third of South Africa's and their quality was in the medium range, as was most South African manufacturers'.

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

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

Alec Erwin, the trade and industry minister, and Nathan Shamuyarira, his Zimbabwean counterpart, described the agreement as a step forward in trading relations between the countries.

The Star ... Thursday August 8 1996

Zambia flounders, its reputation as champion of African reform failing

(360)

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

Star 8/8/96

By Ross Herbert
Star Foreign Service

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

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

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

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

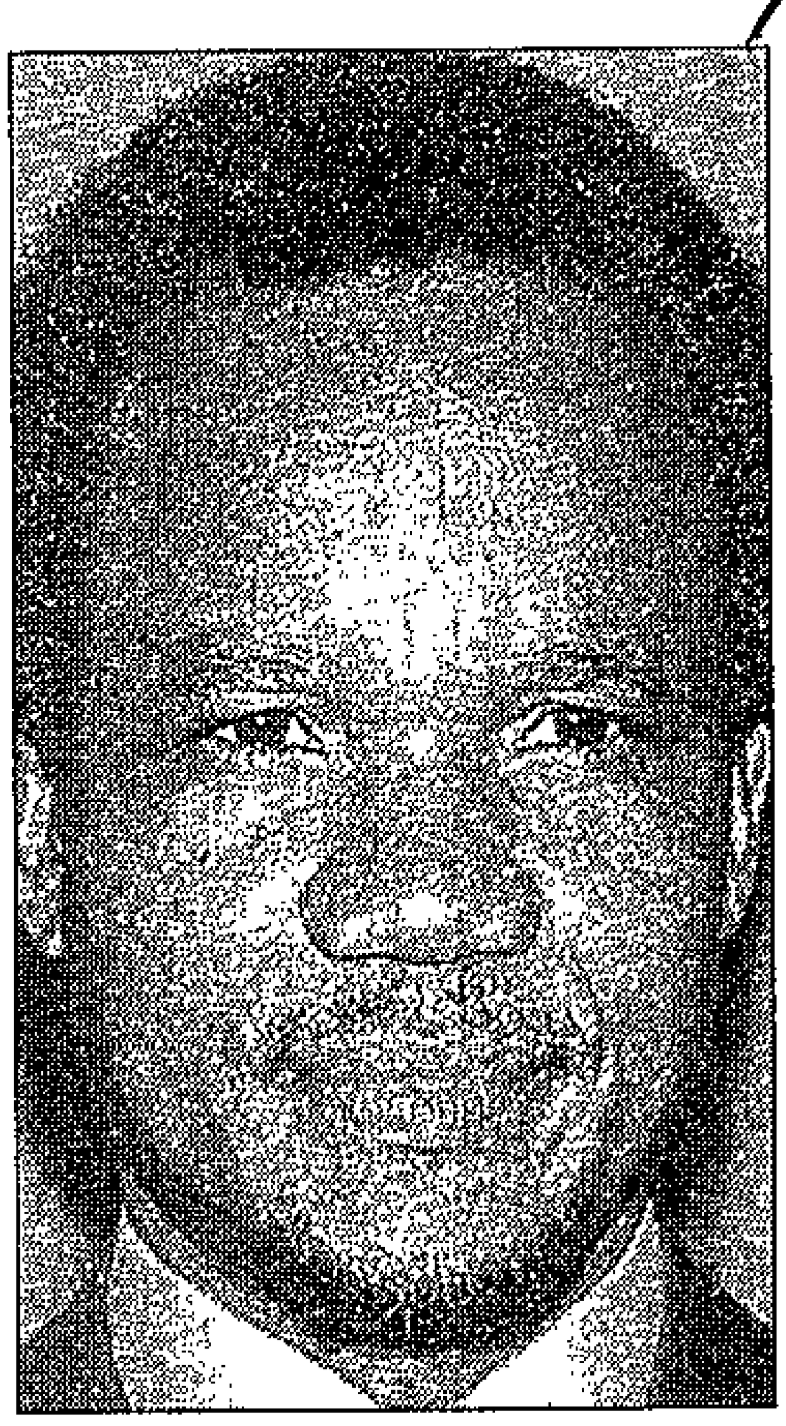
But donor countries do not believe the constitution, which bars from the presidency anyone whose parents were not born in Zambia, is a reflection of popular will, as Sekala claims.

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

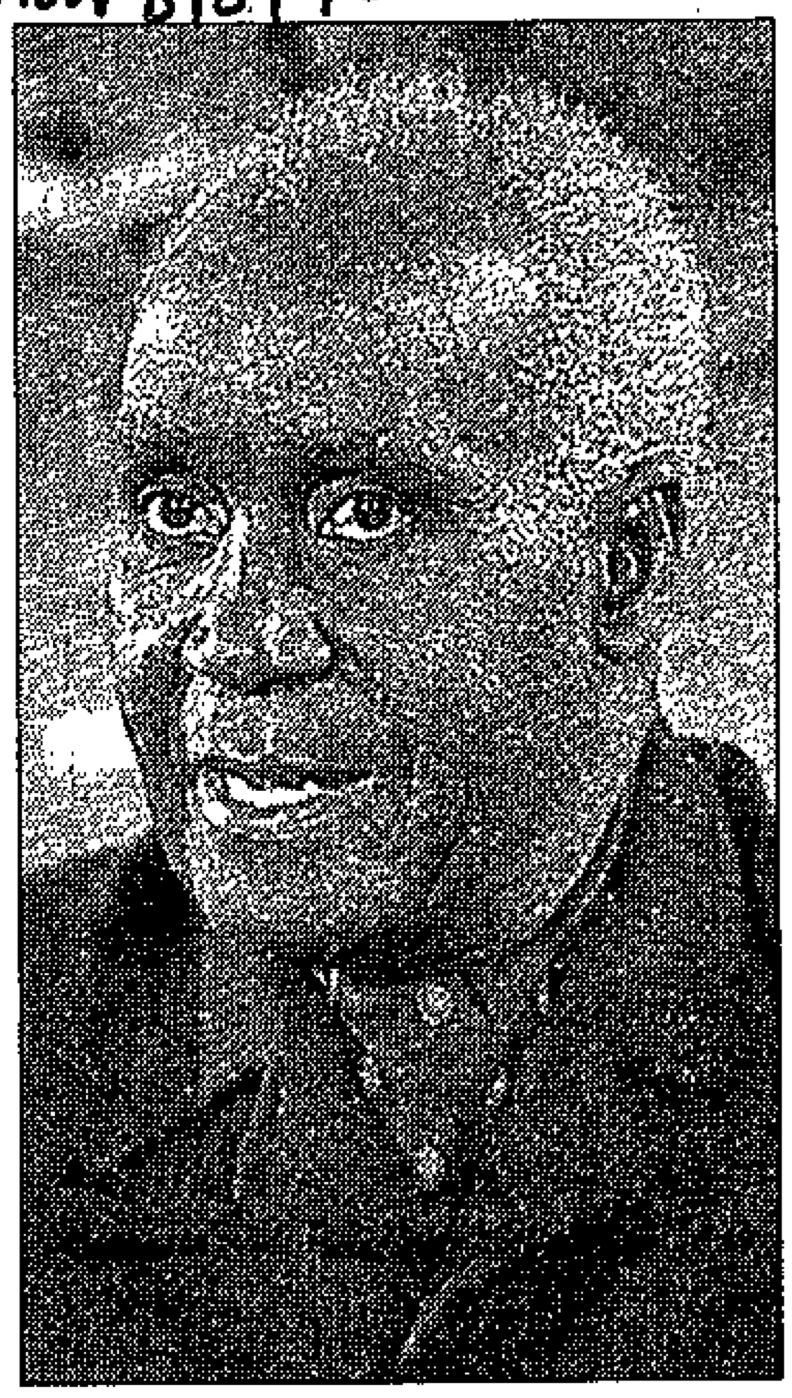
"There is nothing strange about taking this position," he said.

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

Adding to suspicions are charges



Chiluba ... said to fear an election.



Kaunda ... barred from choice.

that the government is harassing the independent press, which Sekala and Chiluba vehemently deny.

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

Yet three independent journalists

Diplomats express concern over corruption

face trial and jail for contempt of parliament, refusing to explain stories parliament found offensive.

Others face criminal defamation suits and charges for publishing classified government documents.

Already Denmark, Norway, the United Kingdom and US have cut aid, and may oppose further restructuring of Zambia's $6,2-billion (about R27-billion) foreign debt.

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

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

Sekala said he did not know whether the gratuities had been approved, but the *Zambia Post* reported that the gratuities were passed by parliament the same day as the new constitution.

'Crown jewel' in Zambia's rapid privatisation policy up for sale

(36) Star 3/9/96

By Donald G McNeil Jr
Lusaka, Zambia

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

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

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

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

And it is all up for sale.

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

Since Frederick Chiluba came to power in 1991 in Zambia's first multiparty elections, he has moved to reverse Kaunda's policies and to Westernise the economy with a combination of help and arm-twisting from the World Bank and the International Monetary Fund, the lead lenders for the $6,3-billion (R28-billion) in external debt the country is carrying.

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

Reversing 27 years of command economy

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

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

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

Its momentum has since increased.

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

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

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

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

None of this is to say that the copper company is thriving. For 20 years, Kaunda's government drained off the foreign exchange it earned, refusing to put back enough to buy new machinery. Annual production fell from a peak of 700 000 tons in 1969 to fewer than 300 000 last year. And copper prices have been in a slump since the 1970s.

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

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

Zambian copper privatisation ready to go ahead

(360) ST (BT) 8/9/96

MINING

By THABO KOBOKOANE

THE privatisation of Zambian Consolidated Copper Mines is on track following the Zambia Privatisation Agency's invitation for pre-qualification bids on Friday.

According to newspaper advertisements by ZCCM's privatisation adviser, UK-based merchant bank Rothschild, bids for most of the nine packages on offer are expected before February 28, 1997, but potential bidders have to submit "expressions of interest" by September 27. Bidders must state which packages they are interested in.

ZCCM, which produced about 380 000 tons of copper last year, making it the world's seventh-largest producer, expects copper output to treble following privatisation.

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

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

Zambia's mining industry was nationalised and consolidated under ZCCM in the 1970s after independence but Anglo retained a minority 27,3% interest.

The nine packages subject to tender are:

□ The Nchanga and Nkana division (excluding the Kansanshi and Chambishi mines, the Chingola refractory ore dumps and the Chambishi cobalt plant). This package includes five underground mines and one open-pit mine, associated concentrator facilities, a tailings leach plant, a copper smelter and refinery, an acid plant and a cobalt plant.

In 1995/96 Nchanga/Nkana produced about 11,1-million tons of ore, 175 000 tons of copper cathode and 1 939 tons of cobalt;

□ The Luanshya division (excluding the Ndola precious metals plant). In 1995-96, ore output was 2,9-million tons, copper 47 000 tons and cobalt production was about 1 015 tons;

□ The Mufulira underground mine, which produced 52 000 tons of copper in concentrate;

□ The Chambishi copper mine, with, (currently non-operational), which has proven reserves of 33,5-million tons at a yield of 2,55% copper;

□ The Kansanshi copper mine (currently small-scale operation only), with estimated reserves of 24,4-million tons at 2,9% copper;

□ The Nampundwe pyrite mine with with an output of 240 000 tons ore;

□ The Chambishi cobalt plant, which has a nominal capacity of 2 400 tons per annum, but produced only 1 638 tons last year;

□ The Ndola precious metals plant which produces gold, silver and selnium from refinery slimes; and

□ The electricity transmission, distribution and generation division.

Chiluba refuses to let Kaunda run in polls

Star 11/9/96 (360)

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

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

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

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

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

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

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

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

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

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

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

The six still on trial are Unip vice-president Chief Inyambo Yeta, former intelligence officer Patrick Goma, former air force captain Selemani Mpangula Banda, retired brigadier-generals Nicolas Zulu and Joseph Chitontfwa, and Kaunda's personal security chief Maurice Kaulungombe.

Their alleged offences include planting bombs at the state-owned Times of Zambia newspaper, at a hotel, near the presidential palace and at Lusaka international airport, where a policeman was killed. – AFP.

Zambians suffer amid WTO praise

(360)

Sowetan 12/9/96

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

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

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

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

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

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

Non-traditional exports

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

But some Zambian economists see things in a different light.

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

"But it is all from a distance. What the WTO has not done in its report is to outline the social costs of adjustment. To achieve the tremendous feat that has been done by the Zambian government, there have been a lot of casualties and great pain."

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

When you are among the seven million Zambians (out of a population of 10 million) under the poverty line, the fact that a 25kg bag of the staple mealie meal went from 215 kwacha in 1990 to 15 000 kwacha in February 1995, overshadows the macro-economic improvements.

Quality of life

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

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

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

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

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

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

South Africa is the country's main source of imports, accounting for 30 percent of the goods it purchases abroad – mainly mining equipment, oil, fertilisers and maize. Zambia also buys heavily from the EU, Zimbabwe, Japan and the United States. – *Sapa-IPS*.

Chiluba in trouble over land

Star 11/10/96 (360)

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

Star Foreign Service/AIA
Lusaka

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Authorities' reactions to critics 'the biggest threat'

POLITICAL WRITER

THE authorities' reactions to criticism in the media were a greater threat to press freedom than the limitations in the Bill of Rights, veteran human rights campaigner Mrs Helen Suzman said yesterday.

"We look to the Constitutional Court to protect us against such threats," she told delegates to the Commonwealth Press Union conference in Cape Town.

The experiences of Mr Fred M'membe, editor of The Post, under Zambia's oppressive government were "a warning against complacency".

South Africa's constitution entrenched press freedom. "Section 16 (of the Bill of Rights) ensures the right to freedom of expression ... It has limitations that disallow propaganda for war, incitement of imminent violence or advocacy that is based on race, ethnicity, gender or religion. These limitations have been attacked by advocates of unlimited freedom of expression. I believe that more threatening to the erosion of freedom of the press than these limitations are the authorities' reactions to criticism in the media."

INTERNATIONAL AWARD-WINNER DUE IN COURT

Zambian editor faces jail

(360) CT 15/10/96

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

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

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

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

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

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

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

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

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

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

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

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

S

World Bank to reward Zambia for austerity moves

(360)

FROM SAPA-DPA

CT (BR) 16/10/96

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

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

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

Zambia's external debt stands at $6,4 billion. The present Movement for Multi-Party Democracy administration inherited an external debt of $7,4 billion from the previous government of Kenneth Kaunda.

Bilateral donors have either cut or suspended aid to Zambia, which adversely affected its balance of payments position.

That position might change if the donors deem the impending presidential and parliamentary elections to be free and fair.

The withdrawn donor aid has triggered high bank interest rates, high inflation and unstable foreign exchange rates as aid cash inflows into state coffers dwindled.

No SA bids for Zambian colliery

BD 17/10/96 (360)

David McKay

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

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

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

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

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

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

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

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

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

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

Maamba has 78,2-million tons of coal reserves of which 60,2-million tons were proven and 18-million tons were probable.

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

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

Zambian govt warned over threat to editor

CT 18/10/96 (360)

POLITICAL WRITER

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

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

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

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

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

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

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

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

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

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

"We will closely monitor the situation. If the Zambian government's attack on M'membe goes beyond words, we will react using press power throughout the Commonwealth," Sir David said.

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

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

Commonwealth spokesperson Mr Michael Fathers denied the validity of the comments that Mwanamwambwa attributed to Anyaoku to support his attack on M'membe and said they were "disingenuous".

FIRM STAND: Editor Fred M'membe

NEWS

CPU warns Zambian government

Attack on journalist 'far beyond acceptable standards'

ANDREW SMITH ARG 18|10|96
STAFF REPORTER

360

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

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

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

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

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

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

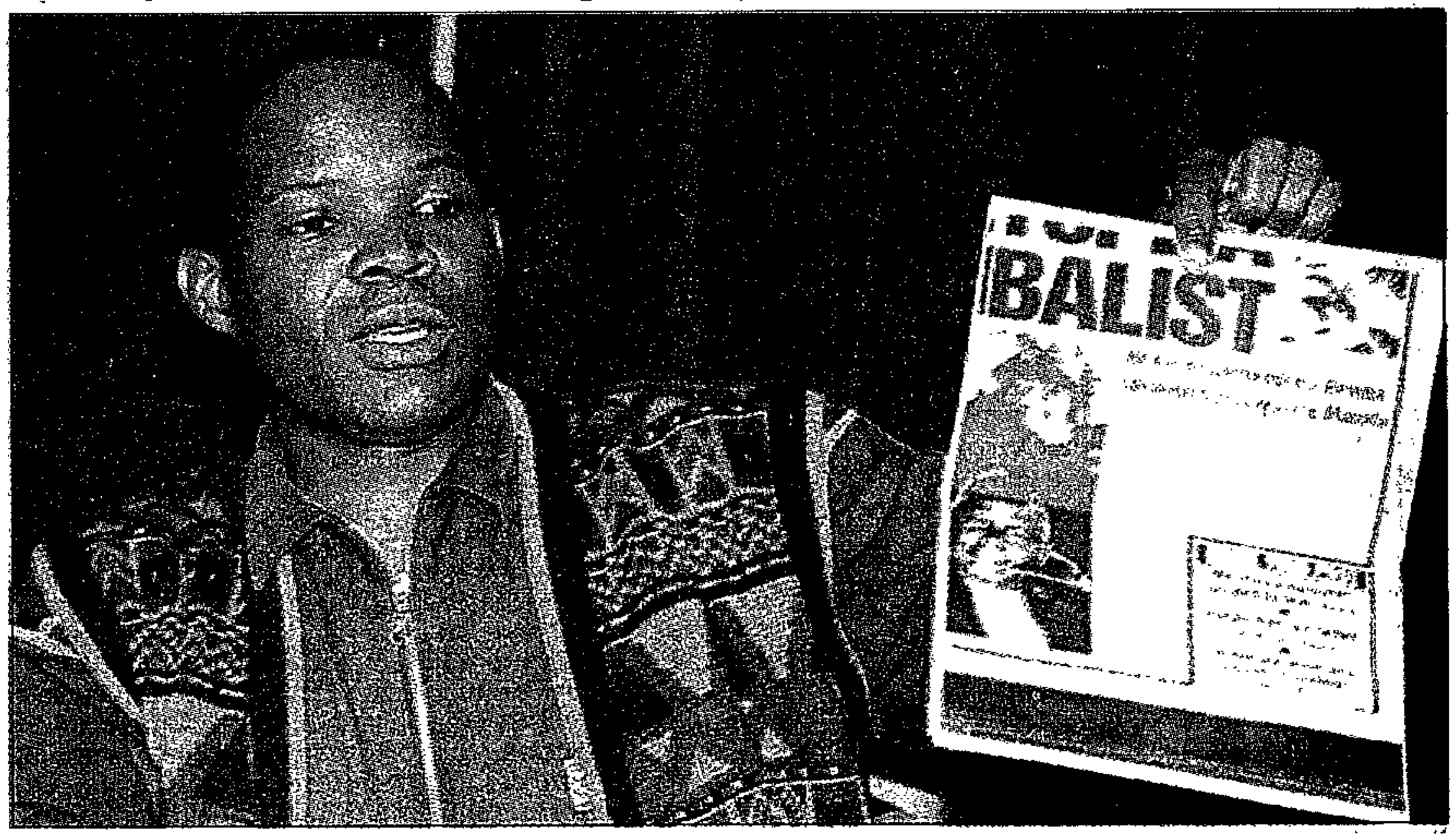
He expected to be imprisoned when he returned to Zambia on Sunday.

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

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

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

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



Defiant: Fred M'membe, editor of Zambia's only independent newspaper, The Post, addresses a press conference

Honouring the man who published and was damned

(360)

ARG 19/10/96

MXOLISI MGXASHE
Staff Reporter

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

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

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

He is not sure what will happen to him when he gets back, but he is determined that nothing will stop him from defending press freedom and democracy in his country.

In his closing address yesterday CPU president David English said the timing was right for the conference to be held in South Africa, but the timing was wrong for the Zambian government to step up its campaign against Fred M'membe.

Referring to a statement by the Zambian Minister of Information Amusaa Mwanamwambwa, which was distributed to delegates on Thursday, Sir David said he felt that there was a real sense of outrage at the attack on M'membe.

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

"Now we will all go back to our countries and use our newspapers to keep up the pressure.

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

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

'We must marshal public opinion, alert our MPs and galvanise our governments'

"I promise that this conference, this union, will not forget, for one minute, the case of Fred M'membe. We have raised money for his legal aid and we will monitor all Zambian government actions against him. We will use our full powers to guarantee his safety and freedom", the CPU president said amid cheering from the delegates.

The CPU president's condemnation of Zambian authorities was the second in two days. In a strongly-worded letter faxed to President Chiluba on Thursday, Sir David and the CPU founding president Derek Ingram said the Zambian Minister of Information's statement was a "crass" example of government intimidation that went far beyond acceptable standards of criticism.

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

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

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

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

The conference, attended by more than 200 journalists from Commonwealth countries, was the first to be held in South

ARG 19/10/96

(36.0)

ANDREW INGRAM

Stern warning: president of the Commonwealth Press Union Sir David English – honouring Fred M'membe

Africa since 1934. It provided the delegates with rare opportunities to exchange experiences and ideas on how best to safeguard democracy in their countries, particularly within the Commonwealth.

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

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

Sunday Times Business Times
October 20 1996

Zambia leads Africa in privatisation

(360) ST(NT) 20/10/96

GLOBAL INVESTMENT

By THABO KOBOKOANE

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

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

After what it perceives to have been a slow start, largely attributed to the country's narrow financial markets, the World Bank says Zambia's programme has really taken off in the last 12 months. To date 130 of the 150 state-owned enterprises have been sold off, raising $143-million, which is considerably less than what government expected. The big fish, however, are yet to come.

The ZPA, the independent body set up in 1992 to oversee privatisation, hopes 70% of the economy will be in private hands by the end of next year. Last year the state dominated 80% of productive capacity. The future of only two state-owned companies has not been decided — railways and power utility.

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

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

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

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

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

There have been pitfalls. Some companies were in such a poor state they had to be liquidated. Altogether 12 companies were liquidated, including Zambian Airways and United Bus Company.

Land Act may alter Zambian politics

BD 21/10/96 (360)

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

Passed in September, the controversial Lands Act gives the president authority over all the land in the country. Until now, chiefs controlled most of the land. Peasants farm the land, growing 70% of Zambia's maize, the staple food.

There is strong dissent in the rural areas, with criticism from civic associations, political parties and traditional rulers. Chiefs in Eastern Province as well as the Copper Belt denounced the act, claiming they were not consulted before it became law.

In Western Province, where the government is caught in a dispute over the 1964 Barotseland agreement which gave the area limited autonomy at independence, the entire electorate has been urged to have nothing to do with the Movement for Multiparty Democracy because of the Act.

Early this month 41 Southern Province chiefs met in Monze and resolved to summon their 19 MPs to explain why the act was never explained to the people before it became law. They feel a popular referendum should have been held on the land issue.

Zambia Civic Education Association leader Lucy Banda Sichone has toured six provinces, explaining the disadvantages of the Act. The response has been overwhelming.

"I've gone round the rural areas and people are complaining about the Act, they have already heard of the so-called Boer investors from the south who are evicting them like dogs from their motherland," says Sichone.

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

Chiefs in Mansa and Serenje welcomed the Act, while it has been denounced in the Eastern, Western and Southern provinces and part of the Copper Belt. Southern Province chiefs told the government to play its cards well or the Movement for Multiparty Democracy members would lose the elections.

The government has begun implementing the Act by establishing the lands tribunal to deal with land disputes, and the lands development fund committee. Peasant farmers will apply to the committee for loans to develop their land.

The government explains that the Act will allow peasant farmers to own their land. To secure title deeds, peasants will apply to the district council which will in turn apply to the commission of lands. With their land as security, they will be able to obtain loans from commercial banks.

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

Only the elections will determine the final decision and the chiefs are likely to influence the vote. If a party opposed to the Act wins the elections, it is likely to be amended. — AIA.

Chiluba sets date for general elections

KABWE — Zambian President Frederick Chiluba set November 18 as the date for presidential and parliamentary elections which were due to have been held by the end of this month.

He said at a rally of his Movement for Multiparty Democracy party in the central town of Kabwe at the weekend that he had dissolved parliament effective from October 18.

Parliament's five-year term was supposed to expire on October 31 and critics of Chiluba have been saying that his failure to name a date for new elections this month would ultimately leave a constitutional power vacuum.

Chiluba's government has said new laws it passed recently allowed it to remain in office up to three months beyond the dissolution of parliament, giving it a breathing space until the end of January to hold elections.

But opposition Zambia Democratic Congress leader Dean Mungomba, speaking before Chiluba's remarks on Saturday, said: "On October 31, Chiluba's term of office comes to an end.

"No amount of legal gymnastics can change that fact.

"We shall therefore have no recognition of this government after October 31.

"We therefore reserve the right to take whatever steps to ensure he does not extend his stay in office beyond October 31," he said.

Chiluba's government has already angered its opponents by amending the constitution to prevent anyone who has served two terms as president from running again.

This rules out Kenneth Kaunda, head of the United National Independence Party who led Zambia to independence. — Reuter.

Burundi Deputy Foreign Minister Leonidas Havyarimana, right, shakes hands with Tanzanian Foreign Minister Jakaya Kiketwa in Bujumbura on Friday. A delegation of foreign ministers met Burundi's military rulers to discuss the stalled peace process and a regional embargo against Burundi. Picture: AP

Tazara goes commercial

(360) Sowetan 23/10/96

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

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

Tazara, built 20 years ago to haul a maximum of five million tons a year, has handled freight of less than 1 million tons in the last three years.

Since 1992, its annual freight has been between 0,6 million tons and 0,88 million tons last year, a drop of about 34 percent from 1,2 million tons in 1978.

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

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

The 20-year-old railway service plans to reduce its workforce from 6 600 to 4 100 in both Tanzania and Zambia.

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

'The railway service plans to reduce its workforce and will set strict safety standards and introduce performance-based remuneration for staff'

Need for review

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

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

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

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

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

Tanzania and Zambia's rail authority puts profits on the line

CT (BR) 23/10/96 (360)

LUCY TESHA

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

Tazara, built 20 years ago to haul a maximum of 5 million tons a year, has handled freight of less than 1 million tons in each of the past three years. Since 1992 its annual freight has been between 600 000 tons and 880 000 tons last year, a drop of about 34 percent from the 1,2 million tons in 1978.

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

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

The 20-year-old railway service plans to reduce its workforce from 6 600 to 4 100 in both Tanzania and Zambia. It will set strict safety standards and introduce performance-based remuneration for the staff in a bid to raise efficiency and productivity.

The company felt the need to review its performance because of revenue lost to other carriers. Tazara had a $500 million interest-free loan from the People's Republic of China obtained through friendship between the then leaders Mao Tse-tung, Mwalimu Nyerere of Tanzania and Kenneth Kaunda of Zambia, but the railway did not perform as expected.

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

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

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

The railway's passenger service has fared better because it offers southern Tanzania and northern Zambia cheaper transport. The line carried some 826 000 passengers in 1976-77, rising to 1 024 000 in 1980-81. Two years later, the number of passengers dropped dramatically to 564 000 because the service was slow and unreliable.

The Chinese engines were not powered to scale the southern highlands terrain. They were replaced by powerful DE German engines, and the line carried 2 219 000 passengers in 1992-93.

Tazara showed operational losses from the mid-1970s until 1983-84, when it turned a profit of 89,7 million Tanzania shillings (about R615 000), rising to 3,42 billion shillings in 1991-92. The company projects earning 10 billion shillings by next year.

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

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

However, the future of the Tanzania-Zambia railway line is still in doubt. An official said the authority "needs at least $200 million to strengthen the rail operation, (while) it owes clients more than 300 million shillings". — Independent Foreign Service

Zambia to privatise fertiliser company

Zambia has put Nitrogen Chemicals of Zambia, a fertiliser producer, up for sale under a continuing privatisation programme, the Zambia Privatisation Agency said yesterday. The agency said it was inviting offers to buy a shareholding of 70 percent or more in the company, which makes explosive grade ammonium nitrate, chemical fertilisers and industrial chemicals. It commands a 50 percent market share for fertilisers in Zambia. Fertilisers constitute 80 percent of its sales volume. It supplies dense ammonium nitrate and sulphuric acid to Zambia Consolidated Copper Mines and exports other chemicals to Zimbabwe, South Africa and Zaire. It has a turnover of about $8 million a year, but is operating below its full potential. The agency said tenders for the acquisition could be submitted until December 13. — Reuter, Lusaka (360)

ET (BR) 23/10/96

Kaunda boycott casts doubt on party's future

BD 30/10/96 BD 30/10/96 (360)

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

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

The rest automatically lose their seats in the 158-seat Parliament in Lusaka and leave Kaunda's United National Independence Party, known as Unip, out of mainstream political life for the first time since he founded it in 1959.

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

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

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

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

Chaambwa said the withdrawal of Unip would likely see the party collapse over the next five-year parliamentary term and accused Kaunda, 72, of misjudgment.

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

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

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

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

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

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

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

Election officials said that Chiluba's Movement for Multiparty Democracy will contest all the 150 elected seats on November 18. — Sapa-AP.

Zambian stock market hopes to tap soccer fans' savings

(360) CT (BR) 31/10/96

FROM REUTER

Cairo — The Zambian stock exchange wants to tap the savings of the country's football fans to attract interest in a market which has only three listed shares.

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

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

Kapumpa, who is the chief executive of the Securities and Exchange Commission of Zambia, said the exchange hoped to persuade Lusaka Football Club to float early next year.

Zambian church offers marriage . . . with AIDS test and 'prudent counsel'

ARG 31/10/96 (360)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Commending the church for coming up with a prudent approach, Sichone said: "HIV/AIDS is a critical issue that needs combined multi-sectoral approach and efforts for effective control and maximum results."

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

Thursday October 31 1996

Aids patients populate hospital space

(360)

Sowetan 31/10/96

By Alexis Phiri

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

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

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

Hospital beds

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

Since the advent of HIV/Aids in the mid 1980s, Zambia's economy has not been the same.

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

Lost hours

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

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

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

Kaunda's followers defy his election boycott

(360) ARG 2/11/96

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

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

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

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

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

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

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

Zambian court acquits senior opposition leaders

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

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

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

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

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

They were arrested on June 12 this year.
– Sapa-DPA

RUN DOWN *Privatisation has come too late for some of Zambia's copper mines, like the Kabwe mine* PHOTO: JOHN WOODROOF

SA miners to bid for Zambian copper mines

James Lamont (360)

INDUSTRIAL EDITOR

CT (BR) 4/11/96

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

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

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

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

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

Pre-qualified companies have four months to conduct due-diligence investigations before submitting bids by February 28 next year.

FREE TRADE ZONE MOOTED FOR ZIMBABWE-MOZAMBIQUE BORDER

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

(360) CT (BR) 4/11/96

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

A new 180km rail line will be built through Mutare, at times running next to the existing line from the Zimbabwe midlands to the plant on the border, said Hugh Brown, JCI's project manager. A 450km gas pipeline will also be built from Temane to the border for the plant and other industrial facilities that can take the excess energy. A fertiliser plant and other gas-related products are under consideration. — Andi Spicer, Maputo

SA in race for Zambian spoils

BD 4/11/96 (360)

John Dludlu

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

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

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

Anglo's mining involvement in Zambia is via Zambia Copper Investments, which has a 27,3% stake in Zambia Consolidated Copper Mines. Anglo and De Beers have a 50,6% interest in the mines.

Anglo and De Beers also own Erabas, through which they have a 57,96% interest in Ridgeway Hotels, trading as Holiday Inn Garden Court Ridgeway in Lusaka. Anglo holds a further 29,78% stake through Zamic, a wholly owned Zambian industrial company, and 3,66% through Zambia Copper Investments. Zamic also has a 45% interest in Zambia Breweries.

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

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

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

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

A Johannesburg-based research agency recently disclosed that SA firms invested about R9bn in southern Africa between 1994 and last May. This had followed the relaxation of exchange controls for firms wishing to invest in southern Africa.

Staff use retrenchment benefits to buy mine

(360) 30/6/11/96

LUSAKA — A group of former Zambia Consolidated Copper Mines (ZCCM) workers have signed a contract to buy the Kabwe lead and zinc mine, which was closed in June 1994.

A ZCCM spokesman said Kabwe Power and Metal (KPM) would acquire 85% of the mine's assets for 1,1-billion kwacha. The group then planned to pump in more than 60-billion kwacha to resuscitate operations.

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

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

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

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

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

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

BA crew members tell of nightmare attack

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

Star 12/11/96 (360)

By Sasha Jensen

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WORLD

Zambia closes university

360 CT 12/11/96

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

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

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

On Saturday 17 BA crew members were injured when students attacked their bus with stones. Police said four BA staffers were flown to South Africa for specialist treatment.

Zambia shuts down university campus after anti-poll riots

(360) ARG 12/11/96

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

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

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

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

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National strike call by Zimbabwean trade unions

ARG 12/11/96

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

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

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

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

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

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

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

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

"The government should restore normality to the health services and should allow professionals to run them, and stop political interference. It should also address the nation and give the facts rather than continue lying," the petition read. – Sapa

Zambia's bosses count costs of Aids pandemic

Star 13/11/96 (360)

ANTHONY MUKWITA
Lusaka

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In 1990, the life expectancy for Zambians was 51 years, but it has dropped to 46. It is predicted to fall to 42,6 by the turn of the century, according to a United Nations Development Programme Report on the socio-economic impact of Aids in Zambia.

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

water-law changes

Zambian election may be postponed after Mandela intervention

Star 13/11/96 (360)

By Peter Fabricius
Star Foreign Service

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

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

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

Kaunda, who ruled Zambia from independence until he was ousted by Chiluba in multiparty elections in 1991, was one of the closest allies of Mandela's ANC.

The elections are facing collapse after the ban on Kaunda led to a boycott by Kaunda's and six other parties. Rioting students demanding a postponement have stoned civilians and clashed with police, prompting Chiluba's government to close the university and arsonists have torched and gutted two markets in the northern cities of Ndola and Kitwe.

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

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

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

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

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

Kaunda's Unip, (the United National Independence Party), the Liberal Progressive Front (LPF), Agenda for Zambia Party and National Congress argue Chiluba has made contradictory statements about his own birthplace and parentage.

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

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

Police officers are to be deployed at more than 4 500 polling stations countrywide on election day to stave off any violent threats.

Unip has vowed to disrupt the polls through civil disobedience by coercing people not to vote, or by forcing them to surrender their voter's cards.

Chiluba finds 'solution' to Zambian election boycott

CT 13/11/96

(360)

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

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

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

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

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

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

Mandela said Chiluba had briefed him on the upcoming elections.

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

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

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

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

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

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

CAPE ARGUS, **WEDNESDAY,** NOVEMBER 13, 1996

NEWS

Zambian elections may be postponed

Mandela 'confident' of solution

(360) ARG 13/11/96

ARGUS CORRESPONDENT

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

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

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

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

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

Election deal: Mr Mandela and Mr Chiluba yesterday

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

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

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

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

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

Mr Chiluba's amendment stipulated that presidential candidates had to be born of Zambian parents. Dr Kaunda's parents were Malawian.

Zambian poll goes ahead, says Chiluba

(360)

Kevin O'Grady

BD 13/11/96

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

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

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

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

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

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

Zambian President Fredrick Chiluba with President Nelson Mandela at his Pretoria residence yesterday. Chiluba was in SA to seek Mandela's advice ahead of the Zambian elections scheduled for Monday. Picture: GARTH LUMLEY

The Star ... Friday November 15 1996

Zambian court rejects challenge to Chiluba's candidacy

(360) Star 15/11/96

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

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

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

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

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

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

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

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

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

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

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

Mandela asks Chiluba to delay election

(360)

Farouk Chothia

BD 15/11/96

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

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

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

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

Goldstone's visit followed a meeting earlier in the week between Mandela

Continued on Page 2

Zambia

(360)

Continued from Page 1

BD 15/11/96

and Chiluba.

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

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

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

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

Comment: Page 13

BULLETIN BOARD

We're not children, Zambia tells Mandela

(360) Star 16/11/96

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

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

"We cannot be given instructions like schoolchildren."

Chiluba's office said that Mwaanga's remarks, made at a news conference late on Thursday, reflected the president's view.

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

Chiluba's rival and veteran predecessor, Kenneth Kaunda, has been barred from standing and his United National Independence Party (Unip), the main opposition, is boycotting the poll in which voter cards have reached only a quarter of the 4,6 million electorate.

Disobedience

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

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

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

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

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

The new law ruled Kaunda out because his parents, from Malawi, were not Zambian born and because he had ruled for more than two terms. – Reuters

Poll in Zambia under threat

(360)

By BRIGHT MWAPE
Lusaka

ST 17/11/96

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

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

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

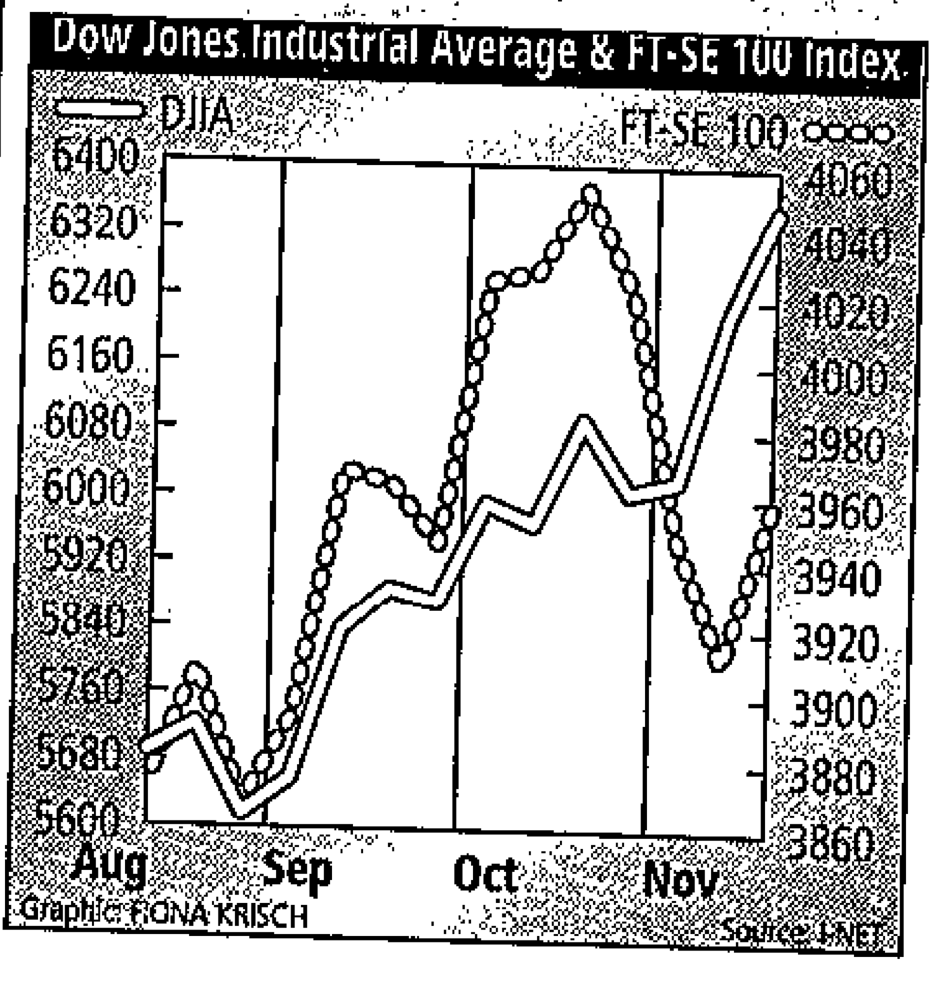
However, claims of major electoral irregularities will be of most concern to Zambians tomorrow — and violence seems likely.

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

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

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

Only 1,3 million of Zambia's 2,3 million registered voters collected their cards. Add to this the boycott by Kaunda's Unip party, and less than a million of Zambia's 10 million people are likely to vote.



FRIDAY'S DJ IA CLOSE: 6349,52
FRIDAY'S FT-SE 100 CLOSE: 3958,2
FRIDAY'S NEW YORK GOLD CLOSE: $380.80
YESTERDAY'S HONG KONG GOLD CLOSE: $380,35

Few problems expected at today's Zambian poll

(360) Star 18/11/96

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

y Brian Latham
ısaka

Zambia's capital, Lusaka, was calm yesterday and today's contentious presidential and arliamentary elections were exected to go ahead without major isruption despite widespread efrts to postpone or boycott them.

President Nelson Mandela apealed to Zambian President Fredick Chiluba last week to exercise is presidential prerogative to delay e elections by decree or via declaıtion of a state of emergency, but eems to have received a polite rush-off from the Zambian leader.

Mandela was hoping Chiluba ould postpone the elections to reerse a constitutional amendment hich effectively barred former resident Kenneth Kaunda – foreıost ally of the ANC-in-exile – from anding for election because his arents were not Zambian. Chiluba ısted Kaunda, the first post-indeendence leader, in Zambia's first ıultiparty elections in 1991.

Kaunda (74) was busy this weekıd at a task he described as "deımpaigning". At a rally of about 000 people, in the dusty ghetto of eorge Compound, Kaunda urged s Unip supporters to turn in their ellow laminated voter registration ırds to the party.

Both Kaunda, yesterday, and hiluba the day before drew similar owds at rallies in the same Mutero onstituency. But the two opponents ave widely differing goals: Chiluba return to power and continue the inding process of liberalising ambia's shattered economy; Kauna to prove to the outside world that hiluba's constitutional changes his year were unfair and that

ADIL BRADLOW / AP

Confident ... Zambian President Frederick Chiluba waves to supporters as he leaves his final campaign rally in Lusaka at the weekend.

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

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

On Mandela's attempt to have the elections postponed, Kaunda was effusive in his gratitude. "I thank Mandela for what he tried to do, and Mugabe and Masire.

"Unfortunately they are now being criticised by Zambians, even though what is happening is undemocratic. For trying to postpone the elections they have been insulted – the US, the UK, South Africa and Zimbabwe," said Kaunda.

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

For his part, Kaunda would like SADC states to follow the donor countries' example and apply pressure on Chiluba's government to revert to the 1991 constitution. But whether this happens or not, Kaunda says he will not accept the results

Star 18/11/96

360

this election is a sham.

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

His first action has been to persuade people to hand in their voter cards to Unip offices. Estimates of 30 000 to 45 000 cards are bandied about, but Kaunda claims he has far more.

"Those figures are a joke," he said.

Zambia has 2,3 million registered voters. Nevertheless, most civil servants privately admit they expect a low voter turnout today. Polling stations will open at 6 am, with Chiluba flying north to cast his vote in his Broken Hills constituency.

But veteran African politician, Kaunda, KK to most Zambians, will not be voting. Instead, he will be playing golf at the Chainama golf course, with studied indifference to the events unfurling around him. "I will not legitimise the sham," said Kaunda in an interview yesterday.

Despite his snub, Kaunda has said he will not let the matter lie once the elections are over and the of today's vote.

The events of the next few days, unfurling on Lusaka's dusty streets, will probably be peaceful, but it is highly unlikely they will resolve Zambia's thorny constitutional crisis. – Star Foreign Service.

GOING THROUGH THE MOTIONS: Zambian President Frederick Chiluba, his victory in today's presidential elections a foregone conclusion, waves to supporters as he leaves his final campaign rally in Lusaka on Saturday. *PICTURE: ADIL BRADLOW*

360

Chiluba's victory assured — at a price

CT 18/11/96

LUSAKA: Zambia's President Frederick Chiluba has ensured a second term in office after today's elections, but may pay dearly for his method, diplomats say.

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

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

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

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

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

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

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

Servicing a $6,4-billion (R29,9bn) debt alone will be hard.

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

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

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

Chiluba, an energetic and charismatic politician, left school early but continued his studies on his own. He worked as an accountant before devoting himself to politics. His trade union career began in 1967 as a shop steward. He became chairman of the Zambian Confederation of Trade Unions in 1974. — Reuter

NEWS

Zambians queue to vote amid poll-rigging claims

(360)

Opposition boycott call boosts Chiluba

ARG 18/11/96

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

Opponents say that President Frederick Chiluba, who ousted Kenneth Kaunda in 1991 on a free-market and democracy platform, has rigged the polls so that his bid for a second term canot fail.

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

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

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

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

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

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

The opposition, which depicts the election as a farce, was hoping for the lowest possible turnout and was aided by the downpours in addition to a flawed voter registration system which left three-quarters of the 4,6 million adult population without voting cards.

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

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

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

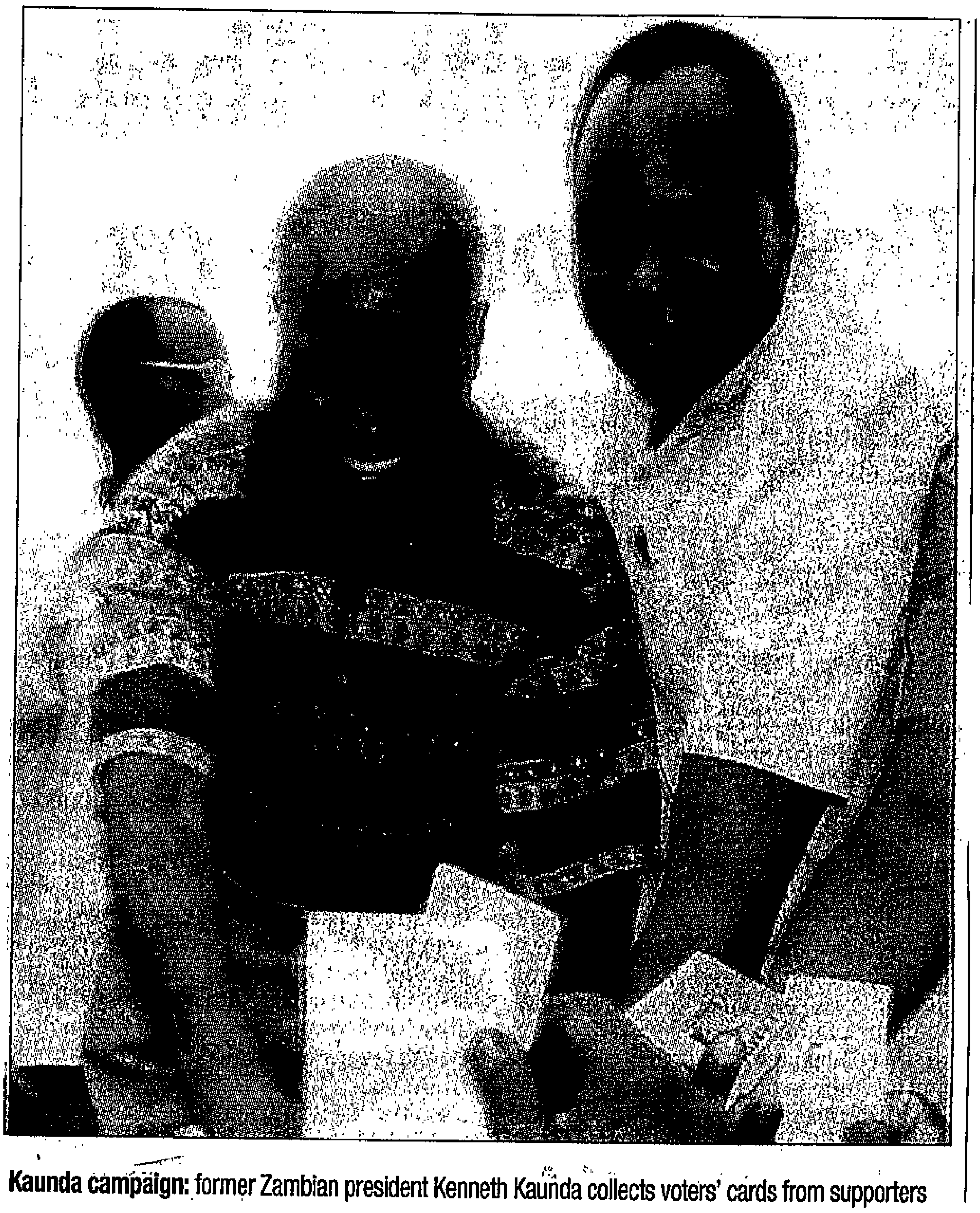
The donors face a dilemma. If they block aid, they will bring new hardship to people already reeling from austerity measures as Mr Chiluba pursues free-market policies and privatisation that have impressed the World Bank. If they quietly resume it, admitting Mr Chiluba could defy them and win, it will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

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

The latter has called for civil disobedience and hopes a low turnout will lead to fresh and fairer elections, but analysts said he had little hope of a re-run. – Reuter

ARG 18/11/96

360



Kaunda campaign: former Zambian president Kenneth Kaunda collects voters' cards from supporters

...ll Clothing Limited

Postponement of Zambian poll 'impossible'

(360) BD 18/11/96

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

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

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

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

Chiluba had indicated he was in favour of a postponement.

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

This would in any case have to be approved by Parliament.

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

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

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

"President Mandela has never at any one time sought to interfere in our internal affairs ... if anything he has tremendous attachment to Zambia," Chiluba said.

"He has been instrumental in trying to bring dialogue between me and Kenneth Kaunda to ensure that there is peace in the country and that's no interference." — Sapa.

Chiluba set for second term after poll boycott

(360)

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

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

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

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

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

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

Only about a quarter of the 4,6 million eligible voters were given cards for yesterday's poll because of a flawed system which, with press intimidation, was another opposition cause for complaint.

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

ARGT 19/11/96

Canadian company joins Zambian copper project

David McKay BD 19/11/96 (360)

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

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

Falconbridge is one of Canada's largest firms with assets totalling about C$5,4bn and about 177-million shares in issue.

London based brokers T Hoare & Co said the company intended to increase its copper output 90% to 600 000 tons a year by 1999.

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

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

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

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

An offtake of this size would have required the consortium to forge an agreement with the Zambian government to pool Konkola Deep with the nearby Konkola North project in one resource, with a total of about 1,4-billion tons of copper.

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

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

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

In its latest annual report, Zambia Copper Investments, the company in which Anglo has a 33,9% stake, said the identified ore resource in the project contained about 340-million ounces at 3,8% copper, which was sufficient to continue mining operations for about 30 years.

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

Good turnout in Zambian election despite Kaunda boycott

(360) Star 19/11/96

Ex-president wants to form new government, but Chiluba's re-election looks assured

Star Foreign Service
Lusaka

After expectations of trouble and violence, Zambia's presidential and parliamentary elections passed peacefully yesterday.

Despite former president Kenneth Kaunda's boycott, his United National Independence Party stayed off the streets, and by late afternoon, polling officers were saying the turnout had been far higher than expected.

Some observers forecast a dismal turnout of as low as 15%. But in some areas of Lusaka, electoral officials were expecting 30 to 40% by the close.

Polling officers in the northern Copperbelt forecast an even higher turnout.

Many polling stations in Lusaka opened late yesterday. Zambians queued expectantly in the morning rain, while polling officers explained that a chronic transport shortage had prevented all the ballot boxes being distributed on time.

And voting took far longer than expected, with muddled bureaucracy taking about 10 minutes to process each person, and then forcing them to repeat the process for the parliamentary election after they had decided on who should be president.

By the end of the day it was unclear whether everyone had had an opportunity to cast their votes.

But while citizens stood patiently in the pouring rain, Kaunda played a sprightly 18 holes of golf at the once prestigious Chainama Golf Club.

Blasting out of a sand trap, he repeated his promise to approach Zambia's chief justice in the hope of forming a new government.

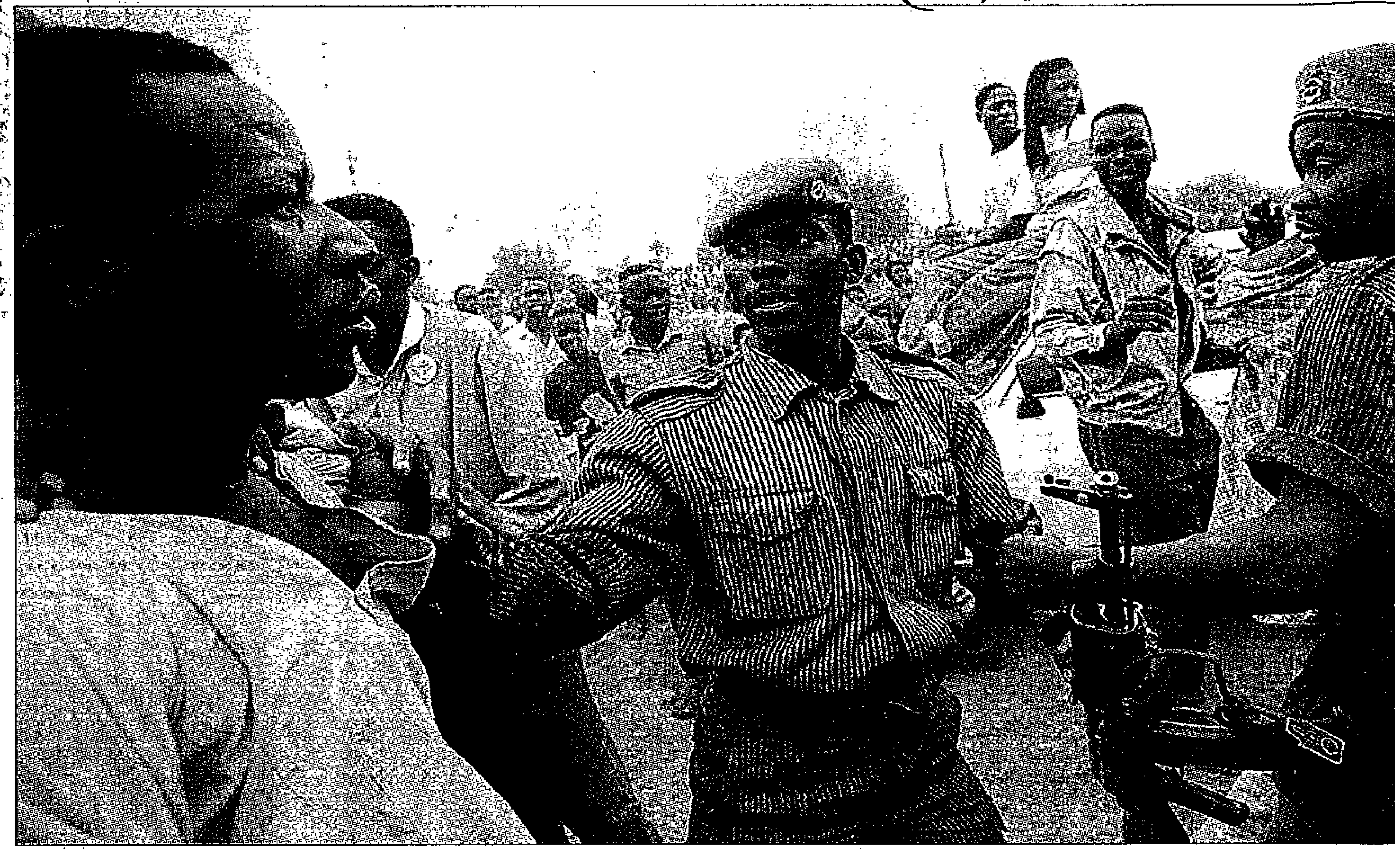
"If he does not assume the position of acting president and call a (new) free and fair election, we will start our demonstrations and force them (the ruling Movement for Multi-Party Democracy) into it."

Some people in the long queues complained they had been forced to vote by "MMD cadres", but this was denied by others in the crowds.

Results were expected to start coming in early last night.

Experts agreed it seemed unlikely the election would bring many surprises, and Frederick Chiluba, who spent the day in the Copperbelt, can be expected to be sworn in as Zambia's president in the next few days.

ADIL BRADLOW /



Lusaka scuffle ... a Zambian policeman pushes back a supporter of the opposition United National Independence Party after pol intervened to stop Unip supporters beating up a political rival during an anti-election rally on Sunday.

Chiluba poised for landslide re-election

(360)

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

Star 20/11/96

AFP
Lusaka

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

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

Chiluba has ruled since the historic 1991 multiparty elections.

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

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

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

MMD set to scoop over 80% of seats

Agriculture Minister Suresh Desai won his seat in Monze convincingly.

Political observers say the MMD might scoop around 80% of the 150 contested seats.

After resigning from the MMD government as commerce and industry minister, Dipak Patel, who stood as an independent in Lusaka's central constituency, scooped up the seat, beating former deputy mayor Sylvia Masebo.

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

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

On election day, Kaunda played golf with senior Unip members.

Still commanding support and admiration from many Zambians, Kaunda has vowed to have the elections declared null and void in the courts.

Chiluba heads for landslide victory

Sowetan 20/11/96

(360)

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

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

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

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

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

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

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

In southern Zambia, agriculture minister Suresh Desai, won his Monze seat convincingly. According to political observers, the MMD might scoop around 80 per cent of the 150 contested seats.

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

Zambians voted peacefully in the elections despite widespread fears of violence from the opposition (UNIP), which boycotted the polls. – *Sapa-AFP.*

NEWS

New Zambia party licks its wounds

Humiliating defeat for ZDC as Chiluba sweeps boards

ARG 20/11/96 (360)

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

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

Commentators had expected the ZDC to pick up as many as 30 of the 150 seats contested. One ZDC supporter claimed the polls were rigged by the MMD government.

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

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

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

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

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

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

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

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

But Observers suggest Mr Mungomba may take over the reins of power after Mr Chiluba retires in 2001. The constitution allows only two five-year presidential terms of office. – Sapa-AFP

Zambia polling result today, 'but was it fair'?

(360) Star 21/11/96

By Brian Latham
Star Foreign Service

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

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

Monitors alleged to be aligned with Zambia's ruling party, the Movement for Multi-Party Democracy (MMD), have already pronounced the elections free and fair.

And Mr Justice Bobby Bwalya, chairman of the Zambia Electoral Commission, said results were "so far" valid. "If people disagree, they can take their cases to court."

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

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

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

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

Zambian poll's fairness queried

(360)

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

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

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

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

Half of Zambia's 4,6 million eligible voters were excluded from the rolls because of flawed registration.

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

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

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

VICTOR: Zambia's President Frederick Chiluba

CT 21/11/96

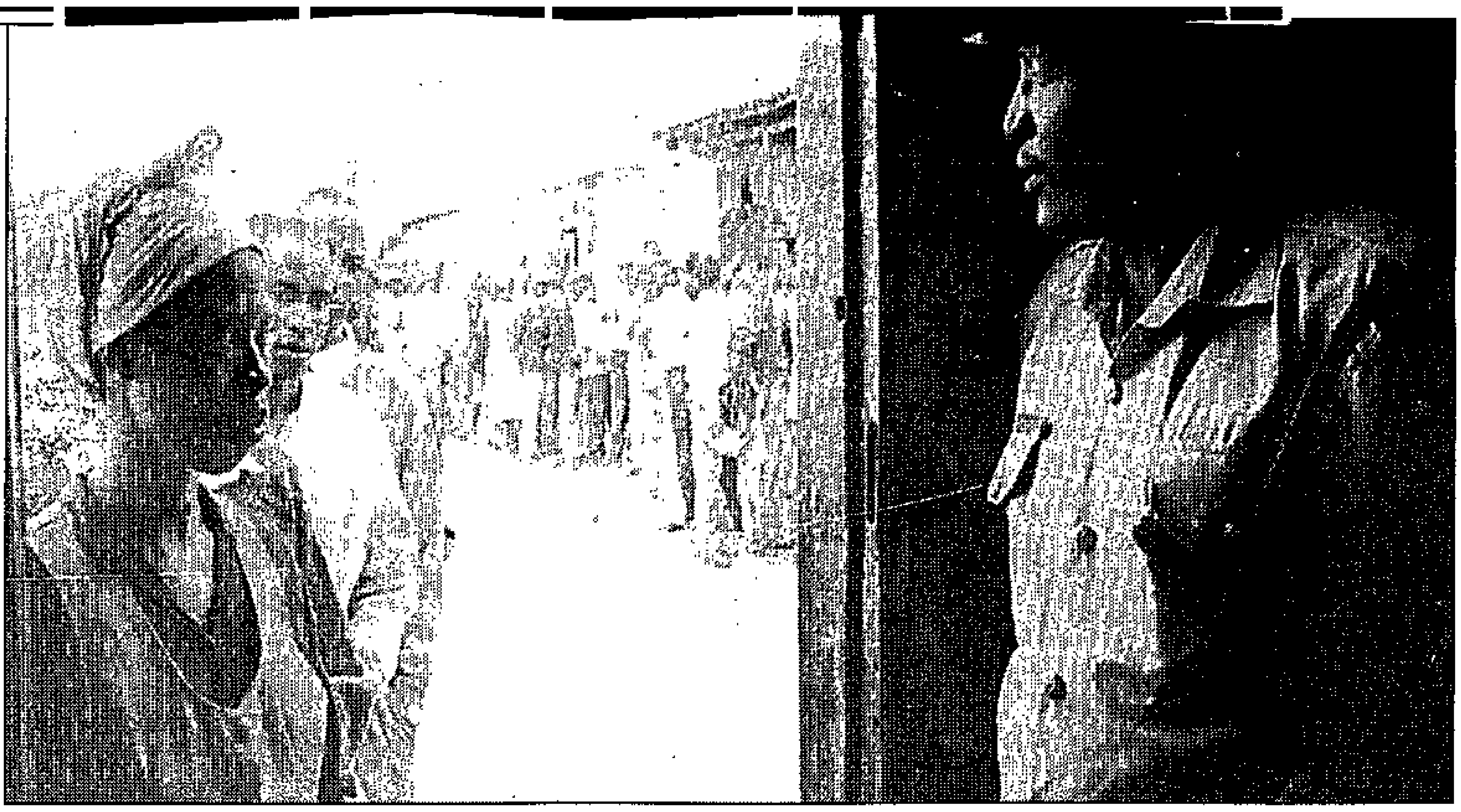
which took place on Monday. The MMD has won 82 of 96 parliamentary seats in which results have been announced.

Counting officials expected to have the final tally by late yesterday.

Most opposition parties, including Kaunda's United National Independence Party, have boycotted the voting and said they would not recognise the results.

The opposition boycott was sparked by the government's decision to bar some candidates, including Kaunda, from challenging for the presidency.

Chiluba, who came to power in Zambia's first multi-party polls in 1991, rejected a call from President Nelson Mandela to delay the election, saying this would be legally impossible. — Reuter



Policing the polls: An officer guards a voting station near Lusaka this week PHOTOGRAPH: ADIL BRADLOW/AP

Furore over election results in Zambia

M+G 22-28 |11|96 (360)

Kenneth Kaunda won't be alone in contesting this week's poll outcome. **Anthony Kunda** reports from Lusaka

ZAMBIAN President Frederick Chiluba bagged a hollow victory in this week's presidential elections: only 26% of those who voted cast ballots in his favour.

He drew support from fewer than 600 000 voters — or just 13% of the total 4,6-million Zambians eligible to vote.

Only 2,3-million people registered as voters, according to the elections office press liaison officer, Joel Sikazwe. Slightly fewer than one million actually voted, he said.

In the light of these figures, Law Association of Zambia chairman Sakwiba Sikota charged that the Chiluba government lacked legitimacy: "This is something like a coup, only the instruments used are legal," he said.

Claims that the elections were not free and fair have come from Ngande Mwanajiti, chairman of the National Committee for Clean Campaign — an umbrella body encompassing several monitoring groups. Chiluba's Movement for Multi-party Democracy (MMD) had engaged in blatant vote-buying, disinformation and manipulation of the government-owned media in the run-up to the elections, he said this week.

But even before the polls closed on Monday, Sydney Chellah, chairman of the monitoring group Patriotic Rescue Monitors (Paremo), said on state-run television: "We think the elections have been free and fair."

However, secretary general of the Zambia Independent Monitoring Team, which is sponsored by international donors, Geoffrey Musonda, said it was not possible for Paremo, formed barely three weeks ago, to monitor national elections effectively.

Pressed to disclose Paremo's sources of funding, Chellah said the donors included several top members of the ruling MMD. "But there is nothing wrong with that because we still maintain our independence," he said.

The Christian Monitoring Group, led by the Christian Council of Zambia, also declared the elections free and fair. But the group's spokesperson admitted that the group only monitored Lusaka.

The Zambia Democratic Congress (ZDP), the biggest opposition party to have taken part in the elections, has condemned the election outcome.

According to its president, Dean Mungomba: "This election is fraudulent. MMD has rigged the result. We therefore do not recognise the elected government. The electoral registers were deeply flawed, and this has been proved beyond all doubt."

Mungomba said the wide margins of defeat called the whole election into question. In most of the constituencies, Chiluba's MMD scooped more than 90% of the votes cast. "The margins of defeat announced do not make sense," he said.

National Lima Party chairman Dr Guy Scott similarly said his party will not recognise the outcome. "The results are not a true reflection of the party's performance. We will therefore not recognise Chiluba's and MMD's victory."

But Labour Party general secretary Paul Kapongo, whose party, like Kenneth Kaunda's United National Independence Party, boycotted the elections, said: "It seems that there is very little that will change until 2001, apart from lobbying the donor community to squeeze MMD to back down."

Kaunda, on the other hand, plans a civil disobedience campaign. He told the press after meeting with donor community officials: "We shall make this country ungovernable. But we will do it peacefully. I believe in non-violence. I fought the colonialists peacefully, I am going to do the same."

Chiluba, meanwhile, said that the MMD will continue to engage in dialogue with the opposition parties. "We will continue to talk, because that is the essence of democracy," he said.

Others say he is bluffing. Dr Jotham Moomba, associate professor of political science at the University of Zambia, said: "It's naive for anyone to think that Chiluba will engage in any meaningful dialogue after this. He has got what he wanted. It was even naive of opposition parties like ZDC to expect Chiluba to prepare an election that would see him out of office."

And Lusaka lawyer Sakeza Sakesa commented: "An electoral process is like a computer. If the system is fraudulent, the outcome will be fraudulent. Garbage in is garbage out."

Chiluba starts new term amid poll fraud claims

(360)

By Brian Latham
Star Foreign Service

Star 22/11/96

Lusaka – President Frederick Chiluba was sworn in for his second term of office yesterday in a ceremony that marked the end of Zambia's controversial elections.

Diplomats sat sour-faced under the blazing sun while Chief Justice Mathew Ngulube conducted the inauguration. There was no doubt as to whose side the chief justice was on.

After pausing for an unscheduled musical interlude during which a traditional choir and the military band struck up different tunes simultaneously, Ngulube said he was waiting for a "certain hour".

This referred not so much to the scheduled swearing-in, as to the Movement for Multiparty Democracy's (MMD) election slogan, "The hour has come".

In his speech Chiluba alluded to monitors' reports that the elections had been neither free nor fair. "I shall not say whether these elections have been free or fair," he said. "They have been transparent."

But both the Committee for a Clean Campaign and the Foundation for Democratic Process (Fodep) condemned the elections.

Fodep's acting president Dr Alfred Chanda said yesterday: "The outcome of the elections was determined before voting even began."

With reports coming in of irregularities during both the voting and the counting Lusaka is awash with speculation. Fodep reports that in one case a ballot box was taken home by an electoral officer "for safekeeping".

Chiluba was sworn-in before all the results were available.

Most monitors agree that the elections were neither free nor fair in the light of constitutional changes rushed through by Chiluba earlier this year.

Former president Kenneth Kaunda said yesterday he hoped the Southern African Development Community would not take the outcome of the elections for granted.

"I think they have realised that these people (MMD) are wild political animals," he said.

Zambian poll: watchdog heads held

Star 25/11/96 (360)

Lusaka – Zambian police yesterday took into custody the heads of two election watchdog groups which failed to call the country's November 18 general election free and fair.

Ngande Mwanajiti, head of the Committee for a Clean Campaign (CCC), a Zambian umbrella group of 19 non-governmental and civic groups which monitored the ballot, was arrested at his home yesterday morning.

Alfred Zulu, head of the donor-funded non-governmental organisation Zambia Independent Monitoring Team, was also taken into custody.

Earlier police sealed off the offices of the two groups in the capital Lusaka. The two men were being kept in separate offices at the central police station. Neither was charged.

Mwanajiti said in a brief interview at the police station that he had no idea why he was being held in custody, apparently pending questioning.

"They say they want to search our offices. I don't know why," he said.

Police refused to talk to reporters about the action against the men, which followed sharp government attacks last week on those monitoring groups which failed to declare the presidential and parliamentary elections free and fair.

The CCC had said that while the voting itself had been correct, flawed voter registration and abuses of government resources had favoured President Frederick Chiluba's ruling Movement for Multiparty Democracy.

Half of Zambia's 4,6 million eligible voters were excluded from the rolls because of flawed registration.

Chiluba was sworn in for a second term on Thursday after a landslide win and warned disgruntled opposition parties that the security forces were on alert for any political unrest. – Reuters.

Zambian election watchdogs held

CT 25/11/96 (360)

LUSAKA: The heads of two election watchdog groups that did not consider Zambia's November 18 polls free and fair are being held in custody by police.

Mr Ngande Mwanajiti — head of the Committee for a Clean Campaign, a Zambian umbrella group of 19 non-governmental and civic groups that monitored the ballot — was picked up at his home yesterday morning.

Mr Alfred Zulu, head of the donor-funded and non-governmental Zambia Independent Monitoring Team, was also taken into custody.

Neither man has been charged, They are being detained in separate offices at the central police station here.

Police earlier sealed off the two groups' offices.

In a brief interview at the police station, Mwanajiti said he had no idea why he was being held in custody, but apparently he was to be questioned.

"They say they want to search our offices. I don't know why," he said.

Police refused to talk to reporters.

The action followed sharp government attacks last week on those monitoring groups that failed to declare the presidential and parliamentary elections free and fair.

The Committee for a Clean Campaign had said that although the voting itself had been in order, flawed voter registration and abuses of government resources had favoured President Frederick Chiluba's ruling Movement for a Multiparty Democracy.

Flawed registration excluded half of Zambia's 4,6 million eligible voters from the rolls.

Chiluba was re-elected in a landslide victory that served to warn disgruntled opposition parties that the security forces were on the alert for political unrest.

Former union leader Chiluba was sworn in on Thursday for a second term. — Reuter

Zambian state journalists suspended

G 27/11/96

(360)

LUSAKA: The Zambian government suspended six state journalists yesterday, accusing them of having links to an election watchdog group that rejected the results of national elections last week, union officials said.

The suspensions followed a government crackdown on groups that rejected the results of the November 18 polls.

President Frederick Chiluba and his ruling Movement for Multiparty Democracy won a landslide in the elections, which were marred by a flawed registration process and an opposition boycott.

The journalists, five from the Zambian National Broadcasting Corporation and one from the Zambia Information Services, were accused of moonlighting for Zambia's Independent Monitoring Team (ZIMT), the civil service union said.

Conditions of employment forbid civil servants from doing outside jobs.—Reuter

Zambian poll monitors' bank accounts frozen

(360) BD 27/11/96

LUSAKA — A coalition of independent election monitors that declared Zambian national polls on November 18 were not free and fair said yesterday the government had frozen its bank accounts, evidently to identify foreign donors who funded monitoring.

The Committee for a Clean Campaign, a group of 18 monitoring and rights organisations, said that police continued searching its offices on Monday and ordered that its accounts be suspended.

On Sunday, two committee leaders were arrested and held for several hours while police removed documents, computer disks and other equipment from their Lusaka offices.

The government has accused the committee of involvement in a conspiracy with western donors to discredit the November 18 presidential and parliamentary elections.

These elections gave President Frederick Chiluba and his ruling Movement for Multiparty Democracy a second five-year term with an overwhelming majority.

The polls were boycotted by the only serious challengers, former president Kenneth Kaunda and his United National Independence Party, the main opposition group, to protest at a controversial constitutional amendment barring Kaunda from the race.

A former official in the coalition, Isaac Zimba, alleged on Sunday that the committee plotted with Kaunda and donors supporting him to "take a negative stance" over the polls.

Earlier this year, the US, Britain, Japan and Sweden froze $100m in aid to Zambia after describing the Kaunda ban as undemocratic.

Japan described Zimba's charges as "groundless" yesterday. Sweden said it gave money to the monitors, but all donations were made openly. Britain denied funding the monitors.

Barrie Jones, spokesman for the British high commission in Lusaka, said Britain challenged the government to substantiate "bizarre accusations" of a donor-orchestrated plot.

Last week, the coalition said it found no evidence of rigging on voting day but said flawed registration of voters, extensive vote-buying by President Frederick Chiluba's ruling party and unfair treatment of the opposition in the state media had widely influenced the outcome. — Sapa-AP.

The ethnic divide

After years of one-party rule, Zambia's fragile democratic process is threatened by rising regional and ethnic loyalties. **Farayi Chimbindi** explains why recent elections have exacerbated this trend...

(360) Sowetan 28/11/96

LUSAKA – ZAMBIA'S CONTROVERSIAL presidential and parliamentary polls propelled regional divisions in the Southern African nation to a new high, thus endangering its fledgling democratic process, according to political observers here.

"All 11 political parties that took part in the polls are ethnically based," said the Committee for a Clean Campaign, one of the many groups that monitored the elections.

At its founding in the early 1980s, the now ruling Movement for Multi-Party Democracy was an umbrella group uniting opponents of then president Kenneth Kaunda and his United National Independence Party, cutting across ethnic lines.

However, results from the November 18 elections, which the MMD won by a landslide, showed that the party now draws most of its support from Bemba-speakers, the largest of the 73 ethnic groups in Zambia, which has a population of around nine million.

The MMD did best in the Northern, Luapula and Copperbelt provinces, the main Bemba-speaking areas.

But in the Western Province, formerly Barotseland – which used to be a separate British protectorate before independence in 1964 – Frederick Chiluba obtained fewer votes in the presidential race than Mbikushita Lewanika, son of a late paramount chief of the Lozi people, the main ethnic group in the area.

Voter turnout was low in the Eastern Province, a Kaunda stronghold, where most people adhered to an election boycott by UNIP and six other parties.

The opposition Zambia Democratic Congress drew much support in the northeast, even though its opponents tried to discredit Zadeco leader Dean Mung'omba during the pre-election campaign by claiming that he was Tanzanian.

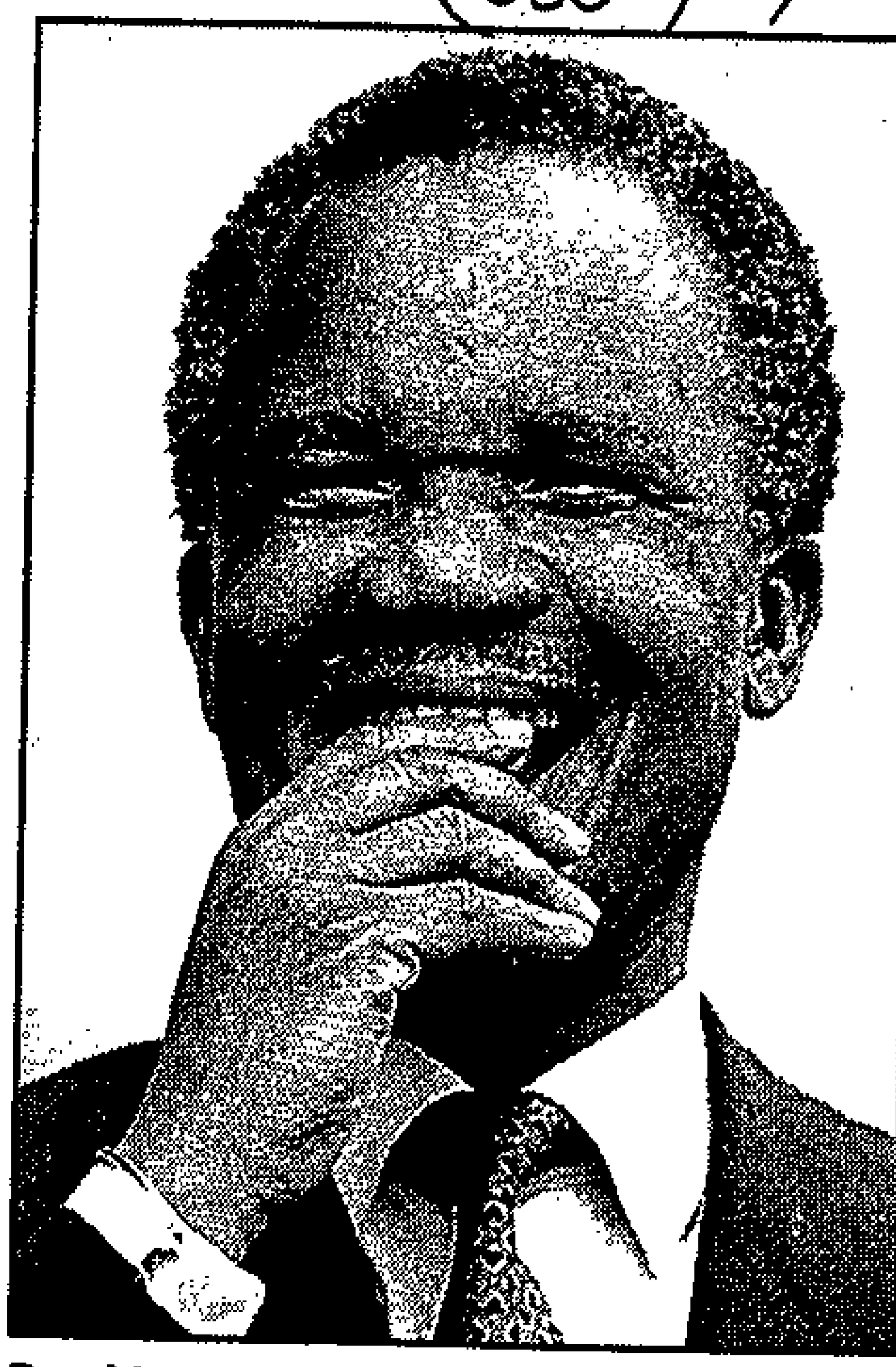
Another opposition group, the National Party, made its strongest showing in the North-Western Province.

Unity breaking down

According to Dr Dickson Mwansa, a playwright and lecturer at the University of Zambia, the sense of national unity nurtured during 27 years of autocratic UNIP rule has been breaking down.

"During the Kaunda era, the national slogan was: 'One Zambia, One Nation'," he said. "People actually lived up to it. Unfortunately he (Kaunda) is likely to be remembered more for the economic mess he has left us in."

Chiluba's approval of a new constitution, which barred Kaunda from contesting this month's polls because of his Malawian parentage, added fire to the ethnic debate in Zambia.



President Frederick Chiluba ... whose approval of a new constitution barring Kenneth Kaunda from contesting this month's election because of his Malawian parentage added fire to the ethnic debate in Zambia.

"The ethnic divide exists in all the political parties, civic groups and society at large," said Mwansa. "Without blowing the trumpet for the opponents of multi-partyism in Africa, I am afraid to concede that the introduction of multi-party politics has reared the ugly practice of tribalism in Zambia."

A journalist working in a state-run broadcasting company shared Mwansa's concern. "Tribalism is so rampant now," she said. "In some companies, everyone from the chief executive to the messenger are from one tribe, one region.

"You walk into one firm and the chances are you will find everybody speaking in one dialect or language," said the reporter, who declined to be named. "They just ignore you unless you are one of their own."

According to Lusaka-based media consultant John Musukuma, the new trend augurs ill for Zambia's stability. "Polarisation of society along regional lines – tribal lines, if you like – threaten to remove Zambia from being a trend-setter of African governance, social harmony and correctness in development," he said.

The regional and ethnic division started coming to the fore even before the election.

"With the ascendancy of Chiluba, Bemba has become a second language even in Lusaka, a southern city where the Nyanja language dominated before," said Lusaka resident Alick Phiri.

"Even academics and university students are now all bound to their ethnic grouping more than ever before," he added.

Difficult to govern

The apparent ethnic division is just one of the issues that the MMD government will have to deal with in the next five years. Analysts fear that the country could be difficult to govern unless a concerted effort is made to overcome social problems such as poverty.

"Poverty affects almost 76 percent of Zambians who are without enough food, shelter and access to health and education," noted Musukuma.

The poverty is visible on the streets of Lusaka, where beggars abound and vendors sell cooking oil in 100-ml containers so that people can afford to buy it.

It is also evident when you visit homes. In Matero, a township in southwest Lusaka, *Sapa-IPS* saw a mother and her six children eating the staple *nsima*, a stiff maize-meal porridge, doused with salt water added to give it some taste. It was their main meal for the day, she said.

Development agency workers cite worse cases of deprivation in parts of the countryside.

Poverty in Zambia has been on the increase since 1991, when the introduction of structural adjustment was accompanied by the removal of subsidies on essential goods and services which, along with the devaluation of the national currency, led to sharp price increases.

Today two million employable Zambians are out of work, the highest unemployment rate since independence, according to Musukuma. – *Sapa-IPS.*

MAIL & GUARDIAN
November 29 to December 5 1996

Chiluba clamps down on critics

(360) M+G 29/11-5/11/96

Anthony Kunda in Lusaka

AN alliance of seven opposition parties that boycotted the elections — led by former president Kenneth Kaunda — has vehemently vowed never to recognise or respect the new Zambian government because "it was elected fraudulently."

Dr Rodger Chongwe, chairman of the Liberal Progressive Front, said this week: "We will hold demonstrations, rallies, and marches right across the country to make it clear to Mr [Frederick] Chiluba that his government has no legitimacy whatsoever."

Chiluba: Under fire

Chibeza Mfuni, leader of the Labour Party, said: "The alliance will not apply for police permits, as required by the law, to hold meetings. We will not recognise the police or army because they are operating under an illegitimate government."

Chiluba last week put the army and the air force on full alert.

Chongwe said at a meeting of the alliance this week in Lusaka: "There has been an increase in the militarisation of the nation. There are so many soldiers everywhere. On elections day there were heavily armed policemen and soldiers at polling stations. But Chiluba should know that you cannot force people to respect a government."

He added: "One cannot rule out the possibility of a military takeover ... But we don't want that to happen."

Meanwhile, Chiluba has declared a political war of attrition on the election monitoring groups that have denounced his Movement for Multiparty Democracy's (MMD) win.

After his swearing-in ceremony, Chiluba said he would deal harshly with non-governmental organisations (NGOs) that "meddled" in politics.

"We will not tolerate any invitation from NGOs to discuss bygones" he said, referring to the elections. "My resolve is to be firm but fair. If a government is not firm, its legitimacy is brought into question."

At the weekend, armed Zambia Police Service (ZPS) officers sealed off the offices of the National Committee for Clean Campaign (NCCC), the Zambia Independent Monitoring Team (ZIMT) and Afronet, a human rights organisation, and detained leaders "for routine questioning" at Lusaka Central Police station.

Those who were briefly held are Ngande Mwanajiti, chairman of the NCCC, and ZIMT president, Alfred Zulu. Police searched their offices, and carted away several documents.

The police also obtained a court order to freeze the bank accounts of the ZIMT and the NCCC. Zulu said: "They have effectively paralysed our work, because they have taken our key documents, chequebooks, and accounting books."

But leader of the police search team, Albertina Mununga, did not even know what her officers were looking for. "We are going to look for what we want, and return the rest," she said.

Mwanajiti said the clampdown was aimed at hounding the NCCC and the ZIMT into silence. "This is plain harassment because we have declared the elections as not being free and fair. The question is if the elections were free and fair, why should there be so much commotion? Why all this harassment? But they will never destroy the spirit of truth."

At a press conference early this week, Isaac Zimba, who resigned as vice president of the ZMIT in June to enter politics, was again presented to the media as vice president of the ZIMT. He used the occasion to try to discredit Zulu and Mwanajiti.

Zimba told the conference, packed with MMD cadres, and state security officers, that the ZIMT and the NCCC had been influenced into declaring the elections as fraudulent by the British high commission and the Japanese, United States, and Swedish embassies.

Zimba said journalists in the state-owned Zambia National Broadcasting Corporation (ZNBC) had accepted bribes to provide positive coverage of ZIMT and NCCC activities. Following his statement, five journalists — Dominic Chimanyika, Charles Banda, Gershom Musonda, Abias Moyo, and Mundia Nalishebo — were suspended by the Ministry of Information's permanent secretary Laura Harrison.

Foreign missions promptly denied such involvement. Swedish *chargè d' affaires* Christer Agren said: "Linking Sweden to any kind of political plot or indeed accusing her of doctoring monitors' reports is absurd."

British deputy high commissioner Barrie Jones said: "The British high commission has not provided any bilateral funding for NGOs monitoring elections in Zambia. These accusations are bizarre."

Japanese embassy counsellor Takayuki Miyashita said there was "no truth in Zimba's fabrications."

Derrick Chitala, general secretary of the Zambia Democratic Congress (ZDC), said: "It's clear that Chiluba will crush anyone who says that the elections were not free and fair. Some of our leaders have gone underground."

ZDC president Dean Mung'omba has gone into hiding following reports that police are looking for him for "routine questioning."

Zulu and Mwanajiti are expected to appear in court this Friday. But police are still sifting through ZIMT and NCCC documents for an offence. "They are basically fishing for charges," said Sakwiba Sikota, the lawyer representing Zulu and Mwanajiti.

Claims mount over Zambian poll-rigging

MtG 6-12/12/96 (360)

Frederick Chiluba's new government is increasingly embroiled in controversy, reports **Anthony Kunda** in Lusaka

EVIDENCE has emerged from election results released by the government-constituted Zambian Electoral Commission that the outcome of the polls on November 18 may well have been fixed before the polling day.

There are several instances of strange and inexplicable uniformity in election results in many constituencies. In some constituencies, the number of people who voted was more than the number of registered

Eastern Province, Chiluba gained 3 323 votes, compared to 3 322 in Serenje in the Central Province — a discrepancy of just one vote. In Dundumwzi in the Southern Province, he got a suspiciously similar 3 326.

In Magoye in the Southern Province, Chiluba received 6 065 votes, compared to 6 066 in Mababala in the Central Province, while in Malole and Lukashya, Chiluba got 8 953, and 8 950 respectively — just three votes difference.

Officials from several local election monitoring groups, who spoke on condition of anonymity for fear of victimisation, said ghost voters may have boosted Chiluba's vote count by as much as 300 000 votes.

Alfred Zulu, chairman of the Zambia Independent Monitoring Team

reaction to those who have rubbished the election as fraudulent.

Sichone said Chiluba's government was working at crushing dissenters to "escape the consequences of their actions. But it will not work. The MMD is an illegal government."

Dr Simon Mwewa, the elections chairman in the opposition United National Independent Party (Unip), said his party had known about the election

Power-player: Zambian President Frederick Chiluba faces fresh statistics which strongly suggest he cheated in the elections last month PHOTOGRAPH: HENNER FRANKENFELD

M+G
6-12/12/96
360

voters, giving credence to the opposition's claims that "ghost voters" had been used by the ruling Movement for Multiparty Democracy (MMD) to manipulate the results.

In Chipata and Luangeni constituencies, both in the Eastern Province, President Frederick Chiluba and all his rivals — Dean Mungomba of the Zambia Democratic Congress, Humphrey Mulemba of the National Party, Aka Lewanika of Agenda for Zambia and Chama Chakomboka of the Movement for Democratic Process got exactly the same number of votes.

Chiluba won 7 720 votes in both constituencies. Mungomba got 2 169, Mulemba won 386, Lewanika 365 and Chakomboka 214.

In Mwinilunga constituency in the North-Western Province, Chiluba won 5 647, and in Mpika constituency in the Northern Province, he got 5 649 — a difference of only two votes.

In the constituency of Chipangali,

'All things will have to be examined to determine who has been lying'

(ZIMT), who is already facing trial on as yet unspecified charges, nevertheless ventured to say: "This is not normal. It shows that there has been some manipulation going on. This pattern of vote counts tallying in two or three constituencies is unusual."

Ngande Mwanajiti, executive chairman of the Zambian branch of Afronet, an international human rights organisation, said: "These revelations give credence to what we have been saying all along. All things will have to be examined to determine who has been lying."

Mwanajiti, who is also chairman for the National Committee for Clean Campaign (NCCC), is also facing trial on unspecified charges. Both he and Zulu are out on bail.

But Lucy Sichone, executive director of the Zambia Civic Education Association, said the outcome painted in bolder relief the MMD's draconian results as far back as January this year.

Mwewa said the MMD had planned to "rig the elections in such a way that they would end up with at least 100 seats, Unip with 40 seats and other opposition parties scrambling for less than five seats. We foresaw all this, that's why we pulled out."

He did not want to disclose where he had received the information, for fear of reprisals.

The MMD has ended up with 120 seats, out of a total 150. The opposition — excluding Unip which pulled out of the running in early October — has ended up with 20 seats.

But Justice Bobby Bwalya, the chairman of the Zambian Electoral Commission, outrightly dismissed any possibility of rigging, in the face of the suspect figures uncovered by his own organisation.

Earlier this week he became hysterical when independent journalists tried to interview Joel Sikazwe, election press liaison officer for the commission. He angrily threatened to beat anyone who tried to gain entry into his office.

However, Bwalya was agreeable to talking to state-media journalists. He told them: "There were no ghost voters anywhere. Those stories are pure imagination."

The election office is now being guarded by heavily armed soldiers and paramilitary police, 24 hours a day.

Early last week, Chiluba accused non-government organisations involved in election monitoring of receiving funds from the Swedish, United States, British and Japanese embassies for aiding their work.

He ordered searches of their offices, froze their bank accounts, and arrested several of their officials after they had declared the elections fraudulent.

Chiluba this week again justified this clampdown, and his charging of Zulu and Sikazwe under Chapter 109, Section Four of a Zambian law which states: "No organisation shall, except with the prior approval of the president in writing, accept assistance from any foreign government."

But George Kunda, spokesperson for the Law Association of Zambia, said the law had been deliberately twisted. "ZIMT and NCCC do not pursue political agendas of any sort," he said. "This Act talks about organisations involved explicitly in politics."

Chiluba's newly appointed Cabinet has been labelled by independent commentators as tribalist. Twenty-two of the 25 Cabinet ministers are drawn from the Bemba-speaking Northern and Luapula provinces. Chiluba himself is a Bemba from Luapula Province.

Analysts have said the Cabinet rejig is nothing more than a game of political chairs — the reconstituted Cabinet still includes the same people, for the most part — and that this won't do much to improve the country's declining economy.

Identity crunch for Chiluba

MtG 17-23/1/97

(BbD)

Frederick Chiluba is facing fresh claims in Zambia's supreme court that he has no right to be the country's president, reports **Anthony Kunda** in

ZAMBIA may have fresh presidential elections, if petitions to be filed this Friday by two opposition parties against President Frederick Chiluba in the country's supreme court are successful.

Five lawyers representing former president Kenneth Kaunda's United National Independence Party (Unip), and the Liberal Progressive Front (LPF) led by Dr Rodger Chongwe have petitioned that Chiluba's re-election is illegal.

Lawyers say the petition, lodged last week, would be heard by a full bench of the supreme court headed by Chief Justice Matthew Ngulube.

The two parties want the supreme court to declare that Chiluba, under Article 34 (3a) of the country's controversial 1996 Constitution, "did not qualify to contest the elections, and to be elected president of Zambia, and that his re-election was void".

The petitioners also want the supreme court to declare that Chiluba had "sworn falsely as to the citizenship of his parents and this is in contravention of section nine of the Electoral Act".

There have been recent rumours, as yet unconfirmed, that he was actually born at Chibambo Mission in neighbouring Zaire.

On his presidential nomination papers, Chiluba filled out his father's name as one Titus Chiluba Nkonde — Zambian — who died several years ago. But a pensioner of Zairean origin named Luka Chabala Kafupi has claimed that he is Chiluba's real father.

Chiluba has denied these claims, and some of his ministers and relatives have mounted a vigorous campaign to discredit Kafupi. Although Chiluba has been challenged to take a DNA test, he has so far refused.

The petition reads: "That although the Respondent [Frederick Chiluba] has sworn for the purpose of his nomination to contest in the election that his father is Titus Chiluba Nkonde, a gentleman by the name of Luka Chabala Kafupi claims that he is the biological father of the respondent."

Sakwiba Sikota, one of the lawyers who drew up the petition, said the parties will bring evidence that will show that Chiluba has, on different occasions, given conflicting names for his place of birth.

Chiluba has given his birthplace as Wusakile and Chamboli in Kitwe in the Copperbelt province. At other times, he has named his birth place as Musangu Village in Luapula province.

Another lawyer for the opposition groups, Sebastian Zulu, said in Zambia, like in many Commonwealth countries, if a court is convinced that only a scientific test will settle the matter conclusively "the court will be obliged to order a DNA test. Chiluba could be ordered to undergo such a test."

Chongwe said, until the time of the hearing of the petition in the supreme court, Kafupi will remain at a secret location for fear of interference from the state. "We cannot leave things to chance," he said.

Sikota said: "The law requires that a person contesting the election should be a Zambian citizen and his parents should be Zambian citizens by birth or descent. As stated in the petition, the respondent [Chiluba] does not meet these requirements and his controversial national status ought to be investigated."

Two other opposition parties — Zambia Democratic Congress (ZDC) and Agenda for Zambia (AZ) — have jointly filed a separate petition in the supreme court challenging the re-election of Chiluba.

Dean Mung'omba, ZDC president, and Aka Lewanika, AZ president, in their petition contend that: "There is serious evidence suggesting that the 1996 presidential and general elections were systematically rigged and fixed through unjust and fraudulent manipulation of the electoral process."

They said even the ballot papers and boxes used in the recent polls "ought to be surrendered into the custody of the court or some other neutral institution other than the electoral commission".

The electoral commission has been widely condemned as a composition of cadres from Chiluba's ruling Movement for Multiparty Democracy (MMD).

Chiluba sitting pretty as opposition parties squabble

(360) Star 22/1/97

By Anthony Mukwita
Lusaka

President Frederick Chiluba still has a firm grip on the reins of power in Zambia, despite widespread condemnation of some of his government's policies. And he only has his opposition to thank.

Opposition leaders, divided by petty squabbling and unrealistic demands, are reported to be rapidly losing ground with their sympathisers and, in so doing, strengthening Chiluba's hold.

After some of the leaders called for fresh elections in early 1997, or possibly an armed insurrection, many of their sympathisers, believing they had backed the wrong horse, withdrew their support.

Chiluba's position has been further strengthened by the attitude of the parties that boycotted the November 18 polls.

The boycott alliance – including the United National Independence Party, the National Democratic Party (NDP), the Grassroots Welfare Party, the Labour Party, the Socialist Revolutionary Party, the National Democratic Alliance and the Liberal Progressive Party – are now refusing to work with the opposition parties that did participate in the elections.

NDP leader Tenthani Mwanzah has renounced them as "traitors".

The Zambia Democratic Congress (ZDC), the Agenda for Zambia and the National Lima Party, all of which contested the polls, plan to form their own coalition.

Political analysts say the situation has been further aggravated by the fact that the opposition appears to have run out of ideas.

Talk of staging "massive" peaceful demonstrations appears to have fizzled out despite the opposition's earlier assertion that protests would be held without police permits.

Opposition leaders, however, deny their toothless status.

"Things take time to organise and even if the delays strengthen Chiluba's position it is only temporary. He won't sit pretty for long," says Roger Chongwe, leader of the Liberal Progressive Front.

Azwell Banda, the deputy secretary-general of the ZDC, says the opposition has not given up the fight. "We are not sitting idle, we are working, but we are doing it silently ... it would be naive for us to give our blueprint to the press," he says.

Muhabi Lungu, press aide to former president Kenneth Kaunda, says: "Actually, we plan to do more outside parliament than we could have done inside. I cannot tell you what we are going to do, but what you should know is that a good general does not only rely on one strategy."

But analysts say given the opposition's weak presence in parliament, with only 20 of the 150 seats, it may have no choice but to fade into the background. – Star Foreign Service/AIA.

Chiluba suspends top judge

(360) M+G 24-30/1/97

Zambia's president is moving from controversy to controversy, reports Anthony Kunda in Lusaka

ZAMBIAN President Frederick Chiluba has suspended a distinguished high court Judge, Kabazo Chanda, who has a history of criticising the president and the country's poor human rights record. Chiluba has refused to disclose reasons for the suspension.

According to Article 98 Section 5 of the Constitution, the president is empowered to suspend a high court or supreme court judge whose performance or conduct he deems unacceptable.

Presidential spokesman Richard Sakala said Judge Chanda will have his conduct as a judge probed by a three-person tribunal. The tribunal will be composed of supreme court Judge Robert Kapembwa, who is also chairman of Zambia's Anti-Corruption Commission, and another supreme court judge, Brian Gardner. The third member of the tribunal is Judge Leonard Onyolo of Malawi's supreme court.

The tribunal, which will start investigations in two weeks' time, is expected to recommend whether Judge Chanda should be relieved of his duties permanently.

Reliable sources in the judiciary say the suspension may have something to do with the petitions pending in the supreme court which have been filed by opposition groups challenging Zambia's recent elections and Chiluba's legitimacy as president. The petitions were filed last week by former president Kenneth Kaunda's United National Independence Party and the Liberal Progressive Front (LPF), but the court has postponed hearing them until later this month.

Chiluba, the groups say, has a Zairean father, which would preclude him from being president according to a constitutional amendment which he personally oversaw.

The Magistrates' and Judges' Association of Zambia has denounced Judge Chanda's suspension, calling it intimidation by Chiluba. Timothy Katanekwa, the association's chairman, said the suspension has sent shivers down the spines of several judges in the high and supreme courts.

Katanekwa, who is a high court commissioner, said: "Judges are not above the law, but the use of a tribunal, if not properly done, might be a tool which can undermine the independence of the judiciary."

He added that the practice of meting out discipline to judges, through a tribunal, is a rare practice in Commonwealth countries.

Some opposition parties have similarly criticised Judge Chanda's suspension, saying it undermined the independence of the judiciary.

Dean Mung'omba, president of the opposition Zambia Democratic Contress (ZDC), said: "This cannot be in the interest of justice. The aim is to control the judiciary so that they [Chiluba's party, the Movement for Multiparty Democracy] can be stealing cases in the same way they stole the vote."

LPF chairman Dr Rodger Chongwe similarly said the suspension was a blow to the independence of the judiciary. He said the suspension was a signal that Chiluba and his ruling party would not stand judges who frustrate their interests.

"The action was political. It has nothing to do with his performance. It's a warning to other judges. If they don't toe the line of Chiluba's politics, they will suffer the same fate."

Judge Chanda drew considerable attention to himself in the middle of last year when he overruled the speaker of the Zambian Parliament, Dr Robinson Nabulyato, who had sentenced Fred M'membe, the editor of *The Post* newspaper, and his assistant, Bright Mwape, to indefinite prison terms for contempt of Parliament.

Judge Chanda argued that the speaker and Parliament had no right to imprison people. *The Post* has persistently exposed corruption in Chiluba's government.

Barely three weeks ago, Judge chanda sparked a separate controversy by releasing 53 suspects who were awaiting trial, because of failure by prosecutors to bring them to court speedily, arguing that justice delayed was justice denied. Some of the released suspects had been awaiting trial since as far back as 1992.

Judge Chanda, so far, has not said anything about the suspension, except that he would speak when the right time came.

Zambia has privatised 164 firms

(360) BD 29/1/97

LUSAKA — The Zambian government had privatised 164 formerly state-owned companies since the privatisation programme started almost five years ago, Zambia Privatisation Agency CE Valentine Chitalu said yesterday.

In one of the most successful privatisation programmes in Africa, Chitalu said his organisation had privatised 164 state-owned companies out of a total of 275 in just five years.

More companies were earmarked for sale in the near future, he said.

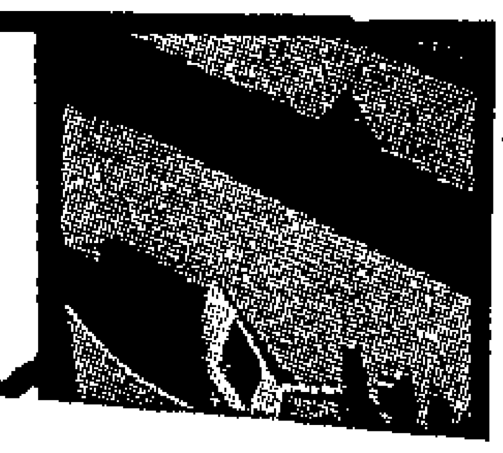
When former president Kenneth Kaunda was ousted from power by Frederick Chiluba through the ballot in 1991, nearly every industry was state-owned with experts estimating that 80% of the economy had been nationalised.

When Chiluba came to power he adopted a western-backed austerity economic reform programme, which among other things aimed at getting rid of loss-making parastatals.

While it was feared the main obstacle in the programme would be the privatisation of the largest parastatal, the Zambia Consolidated Copper Mines, which accounts for more than 80% of the country's export earnings, signs are that there are takers.

The government announced the sale of one mine, Kansanshi for $50m to Cyprus Amax of the US two weeks ago.

Kansanshi will produce between 50 000 and 100 000 tons of copper annually. — Sapa-AFP.



Zambian parents to help with school upgrade costs

CT 29/1/97

(350)

FRED CHELA

LUSAKA: The Zambian government has released a 15-year education blueprint which includes plans to make parents pay school fees for older children as part of a $720-million upgrade (R3,3-billion) of the country's free, but overcrowded, public school system.

The restructured education system would enable every child of school-going age to obtain education up to Grade 9 by the year 2015.

This ambition is set out in a national education policy document released in Lusaka by Education Minister Syamukayumbu Syamujaye.

Zambian primary, secondary and tertiary education institutions cannot keep up with demand at present.

According to the minister, only 1 000 students would be funded by the government this year to enter university.

That leaves 11 000 qualified university entrants unable to get the education they want.

Only about 62 000 pupils out of 189 000 have been chosen to progress to secondary education this year.

Zambia currently has lower-basic schools offering grades one to seven and middle-basic offering grades one to nine.

Under the new policy, the government will upgrade all primary schools to middle-basic level.

This will require rehabilitating shabby school buildings and building new schools, especially in squatter areas around the main cities.

The 15-year programme would be jointly funded by foreign donor nations, the government and the community through a cost-sharing system, says the document.

Syamujaye said the government would spend $193-million (R884-million) to make sure every child in Zambia is schooled from grades one to seven.

Another $331-million (R1,5-billion) will be put into the middle-basic education system to expand grades eight and nine.

The government will further spend $204-million (R934-million) to achieve a 50% progression rate to high school, which will cover grades 10 to 12.

The permanent secretary of the Ministry of Education, Sichalwe Kasanda, outlined the new policy approach guidelines.

"The first element of the approach will be to ensure that every child can enter school at an appropriate age and receive at least seven years of good-quality education.

"The second element would ensure that every pupil who completed grade seven could enter grades eight and nine without difficulty.

"Cost sharing means education boards would be legally empowered to charge fees to meet some of their costs.

"Even the poor will have to pay something, but primary education will remain free.

"While boards may impose tuition fees at high-school level, they will not be authorised to do so for basic schools," Kasanda said.

Zambians have been upset for a long time at the poor standard of education their children are given.

There is a chronic shortage of school textbooks, classrooms are overcrowded and there is extensive use of unqualified teachers.

The policy document also complains that the present examination system stresses too much rote learning of facts instead of pupils' skills of critical assessment of language, mathematics and other learning areas.

Zambian academics have described the new education policy as a milestone to matching global standards, since Zambia became independent from Britain. — Sapa-DPA

Earnings belie mines' production rise

(360) BD 4/2/97

LUSAKA — Zambia Consolidated Copper Mines' (ZCCM's) copper and cobalt production rose last year, but the company's earnings dropped compared with 1995 due to reduced exports and falling metal prices, Finance Minister Ronald Penza said.

Copper production increased to 313 003 tons last year from 307 558 tons previously. Cobalt production rose to 4 829 tons from 2 866 tons.

ZCCM's earnings, however, declined to a low of $567,7m, largely due to reduced copper exports, which dropped to 327 473 tons from 341 443 tons in 1995.

Penza said falling metal prices between June and October last year also contributed to the reduced earnings. However, cobalt exports rose 66% to 3 866 tons, boosting export earnings 42% to $192,5m.

Penza said multinational mining houses spent between $25m and $30m in exploration work during the year and privatisation would gather momentum during the year with bids in for other packages and sales expected to be "substantially completed" during the third quarter of this year.

A memorandum of understanding was expected to be signed with an Anglo American-led consortium on development of Konkola Deep mine this month. — Reuter.

Zambia affirms commitment to privatisation

(360) BD 7/2/97

CAPE TOWN — The Zambian government reiterated yesterday its commitment to the speedy privatisation of state assets and said it hoped all sale agreements would be concluded by year-end.

Addressing an African mining conference, Zambia's Mines and Mineral Development Minister Christon Tembo said that the deadline for bids for Zambia Consolidated Copper Mines (ZCCM) — the jewel in the state's asset crown — was the end of February.

"We remain hopeful that during the course of 1997 all agreements within the whole process of privatisation will be concluded," Tembo said.

He said Zambia had, since the start of the privatisation programme four years ago, successfully concluded the sale of 165 parastatals.

Zambia's privatisation programme is regarded by some economic analysts as the most successful in Africa.

The privatisation of ZCCM, the biggest state-owned company, began last month with the sale of an 80% stake in Kansanshi copper mine to the US-based Cyprus Amax Minerals Company for $28m.

"This process is going on smoothly and it has reached an advanced stage," Tembo said.

The privatisation of ZCCM, which earns about 90% of Zambia's foreign exchange earnings, is seen as crucial to the survival of the nation's mining industry.

Tembo said ZCCM — in which the government holds a 60% stake, SA's Anglo American Corporation a 27% holding, and private investors the balance — saw production peak at 700 000 tons during the 1970s.

Since then, however, production had declined steadily, and had reached 310 000 tons in 1995/96.

"It was quite clear to government that once capital was injected production would improve," Tembo said.

He said that the privatisation had drawn interest from companies in SA, North America, India, Japan, Europe and Canada.

Other state mining and gemstone operations would also be privatised, Tembo said.

Late in January, the Zambia Privatisation Agency said it had sold the Mindeco Small Mines as a going concern for $140 000.

A deal on the development of another ZCCM mine, Konkola Deep, is expected this month, when a final memorandum of understanding is signed between the government and a consortium led by Anglo.

The consortium is expected to invest about $600m to develop the project.

Another ZCCM asset, Konkola North, has been offered for development to SA's Anglovaal.

An option agreement is scheduled to be signed with Anglovaal soon. — Reuter.

Zambian government clamps down on timber exports

(360) BD 18/2/97

LUSAKA — Worried about the rate of deforestation, the Zambian government has clamped down on timber and charcoal exports.

A statutory instrument recently signed by Zambian Environment Minister William Harrington bans the export of charcoal. Offenders will have all their wares — including motor vehicles and equipment — used during illegal operations seized by the state.

The document goes on to state that only value-added and processed timber products which comply with Zambia Bureau of Standards specifications will be eligible for export. Moreover, only individuals and organisations engaged in timber processing and holders of valid concession licences will be allowed to export indigenous timber.

Zambia has been a major supplier of timber and timber products, such as charcoal, to countries in the southern African region, especially Botswana, Namibia and SA. This might change.

Timber exporters will now be required to obtain clearance certificates from the government while all timber that has been legally exported will be hammer marked.

Harrington said the absence of a policy and proper rules governing the export of timber in the past meant offenders were going scot-free. However, with the new regulations, there would be tighter control on the situation.

He said the government had been losing millions of kwacha and foreign exchange through the uncontrolled exports, especially through Chirundu on the Zambian border with Zimbabwe and Katima Mulilo, on the border with Namibia, all under the pretext of a liberalised economy. —AIA.

Clampdown on press freedom in Zambia

(360)

M&G 21-27/2/97

Anthony Kunda in Lusaka

FREEDOM of speech in Zambia suffered a severe blow with the imprisonment last week of Masautso Phiri, special projects editor of *The Post*, the country's only independent daily, and the separate arrest of three journalists for *The Chronicle*, an independent weekly.

Phiri was tried and sentenced by a full bench of the Supreme Court on a contempt of court charge for writing in his weekly satirical column — called "My Post Card" — that the state had secretly given seven judges R50-million to influence them to rule in favour of President Frederick Chiluba in a current petition challenging the legitimacy of his re-election.

Phiri apologised, saying that: "In fact in brief statement, in the column, I did say I didn't believe the story, which shows that I hold the Supreme Court with respect." His lawyer, Sakwiba Sikota, asked the judges to consider fining Phiri, and proffered a published apology. "A full and unreserved apology will be written as a Post Card column."

Justice Matthew Chaila immediately said: "Speaking for myself, I won't accept the apology."

Deputy Chief Justice Bonaventure Bweupe rejected the apology, and the plea for a fine, saying: "A fine would be inappropriate for the heinous and scandalous act. We award the accused a prison sentence of three months. This should be a lesson to others."

David Simpson, chairman of the local chapter of the regional watchdog for press freedom, the Media Institute of Southern Africa, said: "In view of the fact that Mr Phiri admitted his error ... we would have preferred to see punishment take the form of a fine."

Fred M'membe, editor-in-chief of *The Post*, in a hard-hitting editorial condemned the trial and sentence as hypocritical, saying: "Phiri is a political victim of our judges. It is clearly politics at work and not law."

M'membe noted that some people had, previously, accused the judges of worse crimes and got away with it. He said: "Stewart Mwila accused Chief Justice Matthew Ngulube of rape; he got away with not even a night in a police cell ... This is the hypocrisy we are opposed to."

Several clergymen have agreed the action was a travesty of justice. Archbishop John Mambo of the Church of God, said: "You cannot have your accusers sitting in judgment. It's against the rules of natural justice."

Meanwhile, Lweenod Hamusankwa, editor of *The Chronicle*, an independent weekly, was arrested last weekend with two of his reporters George Jambwa and Boyd Phiri, and charged with publishing "information like to endanger the security of the nation".

The Chronicle published a story saying a Zambian army armoury outside Lusaka had been broken into, and guns and ammunition had been stolen. When an opposition politician raised the issue in Parliament, deputy speaker Simon Mwila ordered the Defence Ministry to probe the matter. But police thought it more prudent to arrest *The Chronicle* journalists.

The trio were granted bail on Wednesday. Trial has been fixed for March 20.

Zambia's reform bounds ahead

CT (BR) 24/2/97 (360)

Tony Hawkins

Harare — Hopes that this year would be sub-Saharan Africa's year of privatisation received a sharp setback last month when Nigerian President Sani Abacha appeared to back off from last year's promises to sell the state's oil and gas investments.

With the extremely attractive Nigerian energy sector off the table, the focus has shifted to Zambia where, after a sluggish start, privatisation is bounding ahead.

In the first three years of Zambia's privatisation programme (1992 to 1994), 20 state-owned enterprises were sold or liquidated. Since then the pace has suddenly accelerated to 48 in 1995 and 78 last year. By the end of January, more than 60 percent of the Zambia Privatisation Agency's working portfolio of 280 parastatals had been privatised.

Although the cash inflow has been less than impressive — no more than $50 million — the post-privatisation performance of some of the businesses, ranging from Cairo Road's Shoprite retail outlet in Lusaka to Zambia Breweries (controlled by South African Breweries) and Chilanga Cement, illustrates the long-term benefits of the programme.

Two announcements last week — the sale of Zambia Oxygen to South Africa's African Oxygen and the signing of an agreement for the development of the $700 million to $800 million Konkola Deep copper mining project — illustrate the quickening tempo of restructuring in one of southern Africa's weakest economies.

The Konkola memorandum of understanding between the Zambian government and the consortium of mining multinationals, spearheaded by South Africa's Anglo American, is the second significant development in the saga to revive Zambia's copper mining sector.

The first installment was the sale in January for $28 million of the Kansanshi copper mine, a marginal property producing only 1 000 tons of copper a year, to the US company Cyprus Amax. Thirty years ago, as Roan Selection Trust, Amax was one of the two leading Zambian copperbelt companies. (Anglo American was the other.)

The Konkola development, if it goes ahead, will increase production capacity on the copperbelt by 180 000 tons, nearly 60 percent of the output level at present of 314 000 tons.

A recent World Bank study of Zambia's medium-term growth prospects (to 2005) argues that while Zambia needs to diversify away from mining exports, the health of the mining industry must be sustained during the transition.

Investment in the industry is urgently needed to avoid "a precipitous fall" in mining exports early in the next century and the operating efficiency of the state-owned Zambia Consolidated Copper Mines must be improved to keep production from collapsing before new mines are developed.

Essential and urgent though it is, privatisation of the copper mines is not a quick fix solution for the Zambian economy. A second World Bank study of Zambia warns that "the deterioration in Zambia's infrastructure after years of neglected maintenance and under-investment, skill deficiencies and the slow pace of institutional change, will all militate against quick recovery".

> *Since the first three years of the programme the pace has radically accelerated*

Such warnings are all the more necessary for those ideologues in the aid business who continue to believe that economic policy reform on its own will transform Africa's sick economies.

Bank assistance, says the Zambia Country Assistance Review, which is prepared by World Bank staff, has not helped Zambia to establish a trend of positive gross domestic product growth, much less per capita income growth.

A country that has to rely on donors to fund a third of its yearly budget ($380 million during this year), and whose balance of payments on current account before aid was in the red to the tune of $635 million or 18 percent of gross domestic product last year, has precious little scope for manoeuvre.

Zambia's economic policy environment is far more appropriate than that of some its neighbours, but infrastructural and institutional weaknesses are so pervasive that recovery will take decades rather than years.

Without privatisation, the prognosis would be extremely gloomy, but the recent vigour and commitment with which Lusaka has embraced the free market philosophy holds out hope of better days ahead.

□ *Tony Hawkins is a professor of business studies at the University of Zimbabwe*

Privatisation focus is shifting now to Zambia

(360)

Tony Hawkins

bD 24/2/97

HARARE — Hopes that 1997 would be sub-Saharan Africa's year of privatisation received a sharp setback last month when Nigerian leader Gen Sani Abacha appeared to back off from last year's promises to sell the state's oil and gas investments.

With the extremely attractive Nigerian energy sector off the table, at least for the time being, the focus has shifted to Zambia where, after a sluggish start, privatisation is bounding ahead.

In the first three years of Zambia's privatisation programme (1992-94) just 20 state-owned enterprises were sold or liquidated, but the pace has since accelerated dramatically to 48 in 1995 and 78 last year. By the end of January more than 60% of the Zambia Privatisation Agency's working portfolio of 280 parastatals had been privatised.

Although the cash inflow has been less than impressive — no more that $50m — the post-privatisation performance, including fresh investment, of some of the businesses ranging from Cairo Road's Shoprite retail outlet in Lusaka to Zambia Breweries (controlled by SA Breweries) and Chilanga Cement, illustrates the longer-run benefits of the programme.

Two announcements last week — the sale of Zambia Oxygen to SA's African Oxygen, a BOC subsidiary, and the signing of an agreement for the development of the $700m to $800m Konkola Deep copper mining project — illustrate the quickening tempo of restructuring in one of southern Africa's weakest economies. The Konkola memorandum of understanding between the Zambian government and the consortium of mining multinationals, spearheaded by SA's Anglo American Corporation, is the second major development in the long-running saga to revive Zambia's copper mining sector.

The first instalment in January was the sale for $28m of the Kansanshi copper mine, a marginal property producing only 1 000 tons of copper a year, to the US company Cyprus Amax.

Thirty years ago, as Roan Selection Trust, Amax was one of the two Zambian copper belt giants (Anglo American was the other).

The Konkola development — if it goes ahead, which depends on the outcome of a feasibility study — will increase production capacity on the copper belt by 180 000 tons, nearly 60% of the current output level of 314 000 tons.

Precipitous fall

A recent World Bank study of Zambia's medium-term growth prospects (to the year 2005) argues that while Zambia needs to diversify away from mining exports as quickly as possible, the health of the mining industry must be sustained during the transition.

Investment in the industry is needed urgently to avoid "a precipitous fall" in mining exports early in the next century, while the operating efficiency of the state-owned Zambia Consolidated Copper Mines' existing operations must be improved to keep production from collapsing before new mines are developed.

Essential and urgent though it is, privatisation of the copper mines is not a quick fix solution for the Zambian economy. A second World Bank study of Zambia warns that "the deterioration in Zambia's infrastructure after years of neglected maintenance and under-investment, skill deficiencies and the slow pace of institutional change will all militate against quick recovery". Such warnings are all the more necessary for those ideologues in the aid business who, against all the evidence, continue to believe that economic policy reform on its own will transform Africa's sick economies.

"Bank assistance", says the Zambia Country Assistance Review prepared by World Bank staff, has not helped Zambia to establish a trend of positive gross domestic product (GDP) growth, much less per capita income growth. Poverty has increased and social indicators have deteriorated.

A country that has to rely on donors to fund a third of its annual budget ($380m this year), and whose balance of payments on current account before aid was in the red to the tune of $635m or 18% of GDP last year, has precious little scope for manoeuvre.

Since taking office at the end of 1991 President Frederick Chiluba's government has swallowed most of the often unpalatable medicine dispensed by the donor community.

Thus far, at least, it has little to show for it, though Bank of Zambia numbers show foreign investment on the increase — $132m last year — while the return of the multinationals, via the privatisation programme, is beginning to pay dividends in the form of new investment and enhanced productivity.

Certainly, Zambia's economic policy environment is far more appropriate than that of some of its neighbours, notably Zimbabwe, but infrastructural and institutional weaknesses are so pervasive recovery will take decades rather than years. Without privatisation, the prognosis would be extremely gloomy. But the recent vigour and commitment with which Lusaka has embraced the free market philosophy holds out hope of better days ahead, though probably not until the early years of the 21st century. — Reuter.

□ *Hawkins is professor of business studies at Zimbabwe University*

ZAMBIA (360)

LONG AND WINDING ROAD

FM 28/2/97

The fate of Zambia's 1997 budget lies with the donor community and President Frederic Chiluba's willingness to go at least halfway towards meeting donor concerns.

Last year's donor freeze on balance of payments support was provoked by the government's constitutional amendment that — on spurious grounds — banned ex-President Kenneth Kaunda from contesting the October presidential poll.

More than a third of Finance Minister Ronald Penza's planned budget spending of 1,43bn kwacha (US$1,1m) is to be financed by donors, who are expected to provide K130bn ($101m) to pay interest on foreign debt, along with K334bn ($260m) to finance investment projects.

Penza has budgeted for an overall surplus of 1% of GDP. But, if foreign funding is excluded, the budget is in the red to the tune of at least 7% of GDP.

But Zambia should scrape through without a budgetary crisis. The World Bank is committed to pumping in more than $120m and Germany and Japan have outstanding commitments that are also likely to be disbursed.

Penza believes he is short only $30m of

the $200m balance of payments (not budgetary) financing needed in 1997. He can take comfort from Zambia having attracted $132m of foreign direct investment, along with short-term capital inflows of $300m, in 1996.

Aid dependence is just one facet of Zambia's difficulties. The government is underspending on infrastructure, especially roads, and on education and skills development.

Balancing the books — by dint of donor aid — is all very well but the country's growth potential is threatened by a ramshackle road network and a dire shortage of skills.

Last year, GDP rose 6,4% and Penza expects a further 5,5% in 1997, though recent heavy rains may dent this forecast. Agricultural output jumped by a third in 1996 and should grow 15% in 1997. Manufacturing, which started to recover last year, after 15 years of decline, is expected to grow more strongly.

Nontraditional exports, which have been growing at more than 20% a year in recent years, will increase again this year, which is just as well given the dismal outlook for copper. Copper production recovered slightly last year — to 314 000 t from 307 000 t in 1995. But a broad-based recovery in copper mining, and for the economy, is unlikely until the privatisation of the State-owned Zambia Consolidated Copper Mines (ZCCM) starts to pay off.

Privatisation is the best news in the economy. The Zambia Privatisation Agency has dealt with more than 170 of the 280 firms in its "working portfolio."

Bids close on February 28 for the assets and properties of the unbundled ZCCM. And, in mid-February, an Anglo-American-led consortium signed a memorandum of understanding for the development of the $700m-$800m Konkola Deep project.

Anglo has a 40% stake in the consortium, with Falconbridge of Canada and Gencor holding 30% each. A second, similar memorandum is to be signed soon for the development of Konkola North, by Anglovaal and the Commonwealth Development Corp.

ZCCM privatisation is already on the road with the sale of the marginal Kansanshi copper mine that produces only 1 000 t a year to Cyprus Amax of the US for $28m. Other transactions are likely to be announced around midyear or in the third quarter.

Privatisation of the manufacturing sector is also proceeding smoothly. In February, Afrox bought a 70% stake in Zamox, which before its nationalisation in the mid-Eighties had been a wholly owned subsidiary of British Oxygen, the majority shareholder in Afrox. This pattern of buyback has been the norm for many Zambian privatisations — with SA Breweries, Unilever, Tate & Lyle and the CDC treading the same path.

Privatisation will strengthen the economy considerably, though the main impact, especially in the copper sector, is not going to be felt until early in the 21st Century. Meanwhile, Zambia faces a long-haul recovery — which is not being made any easier by squabbling with the donors over governance issues.

That the donors will drift grudgingly back to Zambia's support during the year is widely accepted. But it is also obvious aid budgets will be cut and disbursement terms will tighten, leaving Zambia at the mercy of private capital flows.

Though Chiluba can thumb his nose at the donors, he dare not do the same to foreign investors without whom Zambia will be in dire straits. *Special correspondent*

Zambian state insurance company put up for sale

(360) 6D 28/2/97

LUSAKA — The Zambian government had put the state-run Zambia State Insurance Corporation up for sale in a continued exercise to privatise state-run enterprises, the privatisation agency said yesterday.

"Offers are invited for the acquisition of (the) 70% shareholding in Zambia State Insurance Corp. However, bids for the acquisition of separate divisions of the corporation will be considered," a spokesman said. The government would retain 30% of the shareholding to allow for public ownership in the company.

The company is the largest insurance business in the country, commanding about 60% of the market with annual premiums of over $30m.

It has a work force of 905 and has branches with underwriting authority in five major towns, sub-branches in seven others and franchised agents in four more.

"The prospective bidders are invited to use their own expertise to carry out due diligence (investigations) for a period of four months, and prepare the approach and business plan which will meet the privatisation objectives," the spokesman said.

Negotiations with the lead bidder would be concluded by the end of August this year. — Reuter.

Zambia opens bids to buy copper mines

(360) ARG 3/3/97

Lusaka – The Zambia Privatisation Agency (ZPA) is now weighing up the public tenders submitted by 43 international mining giants to buy Zambia Consolidated Copper Mines (ZCCM).

"ZPA experts will as from today start the thorough evaluation of the bids to choose the best from the pool of international mining companies which prequalified to buy the ZCCM's assets," ZPA chief executive Valentine Chitalu said on Friday after the tenders were opened.

Mr Chitalu described the event as a milestone in Zambia's progress towards placing management of the lucrative mining industry in the hands of the private sector.

"It is accepted worldwide that the private sector is the engine of economic development and Zambia is just a few miles away from obtaining this objective," he said.

The value of ZCCM's assets was estimated at more than \$2-billion (R9-billion).

Representatives of several international mining companies watched the opening in the ZPA reception hall.

Successful bidders would be announced within the next four months, Mr Chitalu said. Some bidders would pool resources to buy shares of each of about eight ZCCM divisions and its subsidiaries.

The international mining giants bidding include Anglo American Corporation, Anglovaal, Gencor, Caledonian Mining Corporation, Amax Cyprus, Phelps Dodge, the Commonwealth Development Corporation and several others spanning all the continents.

Copper mining accounts for 90 percent of Zambia's foreign exchange earnings, but production has declined in the past 25 years from about 740 000 tons in 1974 to 301 000 tons last year, due to a lack of plant capitalisation.

The privatisation of the ZCCM has generated great interest and enthusiasm in the local and international business community, with many forecasting a resurgent Zambia and an unprecedented economic boom for the country. – Sapa-DPA

Chiluba, Kaunda in 'secret deal'

(360)

MtG 14-19/3/97

Frederick Chiluba and Kenneth Kaunda are allegedly involved in a deal to quash court cases involving their nationality. Anthony Kunda reports

ZAMBIAN President Frederick Chiluba and former president Kenneth Kaunda are allegedly involved in secret negotiations which could result in the petition against Chiluba's nationality and re-election being withdrawn from the supreme court.

The petition was brought shortly after Zambia's elections last November by a coalition of opposition parties, including Kaunda's United National Independence Party (Unip).

Kaunda, who also has a petition coming up against him in the court in a few weeks, could have the case withdrawn.

Remmy Mushota, former legal minister in Chiluba's government, and Patrick Katyoka, a prominent member of the ruling Movement for Multiparty Democracy (MMD), have petitioned the supreme court contending that Kaunda is a Malawian citizen because his parents originally came from Malawi, and that he has never renounced his Malawian citizenship properly.

According to a constitutional amendment instituted by Chiluba, no one with parents who are not Zambian is allowed to become president.

Revelations of the clandestine political-cum-legal trade-off first came to light this week in the government-owned *Sunday Mail* newspaper. Representatives of Chiluba and Kaunda have reportedly been meeting in secret locations to hammer out the deal.

But when confronted with the revelations, both camps denied such talks taking place. Kaunda's press secretary Muhabi Lungu said he was not aware of such talks. Lungu said Kaunda would not agree to such a trade-off because, in his view, the two cases would have different outcomes. He said Kaunda is not afraid of the petition against him because he is "a Zambian through and through".

Besides, Lungu pointed out that the trade-off would be untenable because the petition against Chiluba involves other parties apart from Unip.

Chiluba's press relations assistant, Richard Sakala, said: "State House has never made any manoeuvres to try to have a settlement with anybody on the matter. This matter is in court."

Sakala said the petition against Kaunda was instituted by private individuals, and Chiluba's government had nothing to do with it. But some political analysts have said it is noteworthy that both Mushota and Katyoka, until late last year, were among Chiluba's close lieutenants.

A few days before the revelations of the trade-off came to light, close aides of Chiluba's reportedly visited Kaunda's house on an undisclosed mission. When one of them was asked, he said: "Ask the people who were visited."

● Jailed special projects editor of *The Post* newspaper, Masautso Phiri, has appealed to the Zambian Supreme Court to have his three months' imprisonment reviewed, arguing, among other things, that his incarceration is unlawful.

Phiri, who has chosen to represent himself rather than hire a professional lawyer, has filed a 27-point affidavit in the supreme court. He contends that his case merits review because the criminal procedure code was not followed in sentencing him to prison, and that he has differences with three of the seven supreme court judges who sat in judgment over his case two weeks ago.

Zambia cuts down on timber and charcoal exports to save its forests

(360) CT(BR) 11|3|97

Mwansa Pintu

Lusaka — The Zambian government has clamped down on timber and charcoal exports because of concern about the rate of deforestation in the country.

A statutory instrument recently signed by William Harrington, the country's environment minister, bans the export of charcoal.

Offenders will have all their wares, including motor vehicles and equipment used during illegal operations, seized by the state.

Only value-added and processed timber products which comply with the Zambia Bureau of Standards specifications will be eligible for export.

Only individuals and organisations engaged in timber processing and bonafide holders of valid concession licences will be allowed to export indigenous timber.

Zambia has been a main supplier of timber and timber products, such as charcoal, to countries in the southern African region, especially Botswana, Namibia and South Africa.

But under the new regulations, this might change because of the new state controls.

Timber exporters will now be required to obtain clearance certificates from the government while all timber that has been legally exported will be hammer marked.

Harrington says the absence of a policy and proper rules governing the export of timber in the past meant offenders were getting off scot-free. However, the new regulations bring in tighter control of timber exports.

THREATENED RESOURCE *Uncontrolled felling a thing of the past*

Harrington says the government has been losing millions of kwacha and foreign exchange through the uncontrolled export of timber from the country, especially through Chirundu, on the Zambian border with Zimbabwe, and Katima Mulilo, on the border with Namibia. This was all done under the pretext of a liberalised economy.

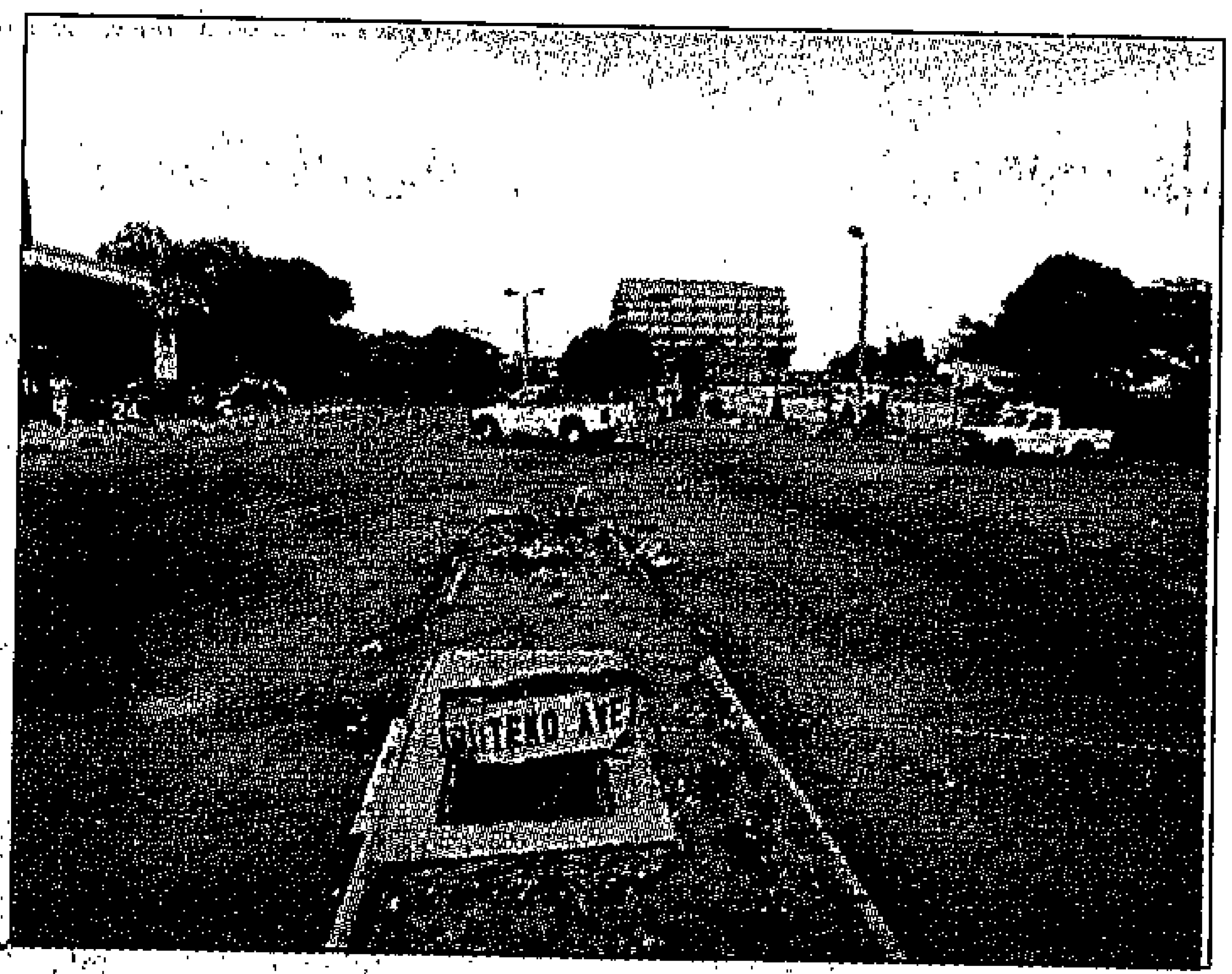
In 1987, the Zambian government issued a presidential decree banning the export of indigenous timber.

The move was an attempt to arrest the rampant over-exploitation of forests and the resultant loss of foreign exchange.

The ban did not produce any meaningful results. But the new regulations effectively provide legal bonding to timber exports regarding policy, rules and regulations.

According to official statistics, Zambia's indigenous timber species such as the mukwa, mupapa and mubanga have been disappearing from the country's forests at an alarming rate because of uncontrolled felling.

Environmentalists have long warned that if nothing tangible was done, the country's forests would be totally depleted by the turn of the century. — (Independent Foreign Service/Africa Information Afrique)



EYESORE *One of many Zambian roads in disrepair. Zambians say such scenes hinder efforts to attract foreign investment* PHOTO: JOHN WOODROOF

State of the country's roads scandalises Zambia

(360) CT(BR) 18/7/97

RICHARD KAMIDZA

Lusaka — When you ask for a word to describe Zambia, most visitors will refer to it as an "eyesore".

In many parts of the country and especially Lusaka, mounds of piled-up garbage and disintegrating roads became landmarks.

Local authorities are under fire from residents and government officials, who say the state of the cities is hindering efforts to attract foreign investment.

Council employees went on strike recently demanding an 80 percent salary increase and the removal from office of Bennie Mwiinga, the local government and housing minister, whom they accused of being insensitive to their plight.

The industrial stoppage affected Lusaka, the Copperbelt, Livingstone, Kabwe, Chingola, Kalulushi and Chililabombwe. As a result, garbage piled up to a considerable height, and the fact that no road repairs were carried out left numerous potholes on the roads.

"Lusaka is choked with garbage, potholes and flooded roads. Investors laugh when you drive them along Lumumba or Cairo roads, and their attitude is that we must be crazy to expect them to place their companies in such unpleasant, unhealthy and badly serviced surroundings," said Mark O' Donnell, the head of the Zambia Association of Manufacturers.

Unhygienic conditions have resulted in outbreaks of water-borne diseases such as cholera and typhoid.

Businessmen say this has scared domestic and foreign investors and is retarding the country's newly adopted economic liberalisation process.

Cash-strapped councils have lost revenue to the central government, and this is compounded by the lack of transparency reflected by their failure to present a budget to ratepayers.

"The council should close down. We have not seen their budget for the past 10 to 15 years,"O'Donnell said of the Lusaka council. — Independent Foreign Service/Africa Information Afrique

Storm in a pothole over corruption

(360)

MtG 20-26/3/97

Anthony Kunda in Lusaka

IN an embarrassingly theatrical turn of events, Zambian President Frederick Chiluba has admitted that his government is corrupt. The head-turning admission came about during a recent inspection tour of the nightmarishly potholed roads of Lusaka.

At one point, the visibly perturbed Chiluba, gesticulating angrily, said: "There is something fishy here. Every year you have the same contractors with the same specifications repairing the same roads which don't last. What is the relationship between those contractors and yourselves?"

But all the officials in his entourage — among them Keli Walubita, Works and Supply Minister, and Bennie Mwiinga, Local Government Minister — were silent as statues.

It was hard to tell whether the silence was born of guilt or mortification, or both.

This seemed to incense Chiluba even more. He railed at them: "Go to South Africa or Zimbabwe! They don't repair roads every year. They make a road, it lasts 10 or 15 years. But here you repair the same roads every year. This is unacceptable. Why do you hire the same contractors who do a bad job?"

Chiluba then theatrically started jumping in and out of a particularly large and deep pothole on one of the city centre roads to demonstrate for television cameras how bad the situation is.

There were titters on the edge of the entourage as the diminutive president struggled to keep balance. He turned to Lusaka Mayor Fisho Mwale, and, astonishingly, said: "Do you know that this can cost the ruling party a good mayor like you?" Mwale failed to answer.

The city is much dirtier than it was two years ago, when he took up his post as mayor. All the pavements in the city's commercial centre have the shabby look of a windswept shanty town with several vendors erecting crude kiosks with planks, plastic sheets, cardboard and iron sheets wherever they can find space.

Failing to get an answer from the seemingly puzzled Lusaka mayor, Chiluba sighed frustratedly. He pumped up his cheeks, screwed up his eyes, gesticulated despondently at the muddy potholed road, then shot at the immaculately attired and richly perfumed officials again: "When people talk about corruption, this is what they are referring to. This is corruption!"

Hitherto, Chiluba has been vehemently denying the prevalence of corruption in his government, and challenged opposition parties and the independent press to provide evidence.

Frederick Chiluba: In a rage over potholed roads in Lusaka

"Corruption in my government? Give me evidence and I act. I act on the basis of fact, not rumours," he once told a press conference.

This time around, he has provided the evidence himself. But strangely, he declined to dismiss any of the government officials responsible for the messy roads.

There isn't even news of the Anti-Corruption Commission investigating the corruption Chiluba has unearthed from the potholed roads of the city.

Several political observers have cynically pointed out that that is just about where the theatrics end — with a clip on the state-owned television to show that the president is concerned.

Zambia rejects 'racist' EU aid

(360) M+G (BM) 20-26/3/97

A R60-million European Union aid package to Zambia has been rejected by the government on grounds of racism, reports Anthony Kunda in Lusaka

THE Zambian government has rejected a European Union aid package of R60-million earmarked for its Agricultural Sector Investment Programme (Asip) as it would benefit the Zambia National Farmers Union (ZNFU).

Minister of Agriculture Edith Nawakwi said the government turned down the package because it was racially calculated to benefit the "non-indigenous, big white farmers", at the expense of indigenous farmers, most of whom are small-scale operators.

Nawakwi said: "We don't want something which will only benefit a single group. This is why we have turned down the package, and asked for modifications that will be satisfactory to the government."

The EU's initial plan had been to inject the money directly into private sector-driven projects, and then to ask the government to repay the loan.

According to the document accompanying the R60-million loan package, R45-million had been earmarked for projects that would benefit mainly white farmers, many of European origin.

Another R10-million was meant to help them improve seed production technology and capacities to be sold to peasant farmers.

Less than R3-million was to trickle down to small-scale farmers. There are 800 000 small operators, against fewer than 1 000 "big, non-indigenous" and commercial farmers.

Personal emoluments and consultation fees for two unnamed senior ZNFU officials would take up another R2-million.

Dr Austin Sichinga, permanent secretary in the Ministry of Agriculture, said the document emanated from ZNFU. He said it was written by a clique of predominantly white, expatriate farmers without consultation or consent from the government.

But ZNFU executive director Dr George Gray said it had been done with Ministry of Agriculture officials, and there was nothing racist in it.

'We don't want something which will only benefit a single group. This is why we have turned down the package'

Ajay Vashee, president of ZNFU, said the EU donor countries wanted to inject the money directly into the private sector because of concerns about "accountability. They want the money properly utilised."

However, Sichinga insisted: "We have no problems with the EU, except our friends in the farmers' union who drafted the document and specified which individuals must benefit from the money, when it is the government that will have to pay this money back."

Brian Kelly, EU Zambia desk officer in Brussels, currently in Lusaka, said donor countries will allow the Zambian government to draw up its own document, "but we will have to examine it before we release the money to them".

In the wake of the controversy, the Asip national committee has been dissolved, albeit somewhat unofficially. There has been no official announcement. But Gray, who used to represent the farmers' union on the committee, has received a letter informing him of the dissolution. Last week, one government official said one of the members of the Asip national committee was behaving in a manner that "befitted one who had no interest in the activities of local farmers".

Ben Kapita, chair of the agro-based opposition National Lima Party, said: "The Ministry of Agriculture must be grateful that donors have not withdrawn the money when the agreed conditions have not been met.

"The channeling of R60-million through the private sector is meant to ensure proper utilisation, accountability and repayment. Why should Sichinga insult those who toil to improve our economy and create employment?"

But Sichinga said EU donor countries were now "willing to put money directly into the ministry's financial management unit".

Zambia gets R63-m from IMF

ANT 4/3/97 (360)

Lusaka – The International Monetary Fund has approved the release of SDR 10 million (about R63 million) to Zambia under a three-year Enhanced Structural Adjustment Facility (ESAF), an IMF representative said.

"On February 28, the IMF approved the release of SDR 10 million to Zambia following the completion of the mid-term review of the first annual arrangement under ESAF," Elwaleed Taha said yesterday.

ESAF is a concessionary IMF facility aimed at assisting eligible members undertaking economic reforms to strengthen their balance of payments and improve their growth prospects. – Reuter

Zambians feel pinch of 'structural adjustment'

Star 9/4/97

(360)

By Zarina Geloo
Lusaka

The fun and sparkle have gone out of daily lives of Zambians, who are struggling to survive. Rapidly rising prices and static salaries have meant that families go without luxuries.

The government has undertaken structural adjustment to qualify for a resumption of support from the International Monetary Fund. The idea is that short-term hardship will lead to long-term gain, with the government cutting spending and international borrowing.

One noticeable effect on disposable income has been the much greater popularity of repackaged household items sold by street hawkers and small traders.

Goods such as washing powder and cooking oil are sold in small amounts. As they have no brand names and are often damaged or inferior, they are much cheaper than similar products in the shops. It is estimated that as much as 60% of Lusaka's business is accounted for by this trade.

The government's food and health survey notes that most families have been hard hit by structural adjustment. "People skip lunch, do not buy food in bulk and are growing vegetables at home in order to cope," the report says.

People have changed their transport habits and now walk or take minibuses rather than taxis.

Householders do not buy in bulk any more because they cannot afford a large outlay on consumer items because prices of all goods have shot up by at least 150% since 1991, the report said.

Says Margaret Chunga, secretary in a local council: "Since my fridge broke down last year we have had no money to repair it so I buy perishables in small quantities. It works out more cumbersome and expensive in the long term, but there is little I can do." Chunga is the sole earner in her home of five children.

The survey reveals that 75% of households have cut out meat and reserve it only for special occasions. Meat costs R25 a kilo. An average salary is R440 per month.

Jordina Mulenga, whose four children once used to eat cornflakes and other cereals for breakfast, says there are times when the family does not even have milk to put on mealie meal porridge, or bread for school lunch. "It's incredible how poor we have become," she lamented.

Once, only government and council houses were derelict, but these days even middle income earners find it difficult to give their walls a fresh coat of paint.

The professions are also hard hit. Says architect Marsha Nkonde: "We have reached a stage where a professional is unable to save to buy a home or own a car."

The latest statistics say inflation has stabilised at 25%. Zambian Finance Minister Ronald Penza said government hoped to bring down this figure by 15% by the end of the year.

In this year's budget, Penza told the nation that Zambia had cut out almost all foreign aid and hoped to source alternative revenue from higher taxes.

Out of a total workforce of 438 000, 30% are unemployed. This means the tax will be heavier. – Star Foreign Service / Africa Information Afrique.

Zambia to privatise Scaw Ltd

(360) BD 11/4/97

David McKay

THE Zambia Privatisation Agency (ZPA) has invited tenders for a controlling stake in foundry business Scaw Ltd, the enterprise sold to the Zambian government by SA's Scaw Metals about eight years ago.

Scaw Ltd is the largest foundry in Zambia with a production capacity of 18 000 tons a year and a core business in the supply of steel balls to the local mining industry. The facility is also a producer of steel and iron castings, the privatisation agency said.

The castings facilities are backed up by a heat treatment plant and machine shop for the further refinement of castings, it said. Analysts said the facility suffered from a steel scrap shortage and did not have a strong skills base.

A spokesman for Scaw Metals said the company was not interested in making a bid for Scaw Ltd.

A shareholding of 98,47% is being offered. Zambia Consolidated Copper Mines owns 96,62% of the current share capital.

Avmin vies for share of Zambian mine

BD 15/4/97 (360)

LUSAKA — Avmin, the mining and exploration arm of Anglovaal, edged closer to taking a large stake in Zambia Consolidated Copper Mines (ZCCM) yesterday after being short-listed as part of the Kafue consortium.

A joint announcement by Zambia's privatisation agency and ZCCM said final negotiations on the sale of ZCCM's assets were under way.

ZCCM management said they had short-listed AUR Resources, the Kafue consortium — led by Avmin and including Noranda Mining, Phelps Dodge and the Commonwealth Development Corporation — and the Binani group to make further bids for the assets of the a debt-ridden state copper producer.

Other shortlisted bidders were First Quantam Minerals, SA's Metorex in a consortium with Randex and Crew and India's Sterlite Industries.

The successful bidders would enter into talks in relation to one or more of the asset packages.

The agency said when bids opened on February 28 the Kafue consortium, Metorex, the Binani group and Sterlite Industries had all bid for parts of a package of assets which comprised the Nkana and Nchanga divisions. Together they account for half of ZCCM's copper production.

The Binani group also bid for parts of Luanshya division and the Chambishi cobalt plant, which has a nominal capacity of 2 400 ton a year.

AUR Resources and Sterlite Industries also put in bids for parts of Luanshya, as well as the Mufulira undergound mine and concentrator, which produced 52 000 tons of copper concentrate in 1995/96.

Along with First Quantam, they also bid for the nonoperational Chambishi copper mine, which has shown reserves of around 33,5-million tons grading 2,55% copper.

First Quantam also put in bids for part of Luanshya and Chambishi cobalt and was the only bidder for the Ndola precious metals plant. The Kafue consortium also bid for the Chambishi cobalt plant.

The agency said yesterday negotiations on the sale of the ZCCM power division would be on hold until agreements on the sale of the mining and metallurgical assets had been reached.

"The main market for its (the power division's) services will be the businesses resulting from the privatisation of the other eight packages.

"Under these circumstances, it is considered appropriate to have the new customer base finalised before negotiations on the final condition for the division," the statement said.

The three bids for the power division came from Tractebel, Midlands Power and Eskom.

Earlier, ZCCM signed an agreement to dispose of the majority stake in the Kansanshi copper mine to Cyprus Amax. It also signed a memorandum of understanding with a consortium led by Anglo Americandetailing the development of the Konkola deep mining project. — Reuter.

More press curbs for Zambia

MtG 18–24/4/97 (360)

If a new Bill passes in Zambia, the government will have more control over the press than ever before, reports Anthony Kunda in Lusaka

THE Zambian government is gearing itself to gag journalists through the establishment of a media council which will have the power to license or bar from practice any journalist flouting set standards — much to the anger of journalists and human rights activists.

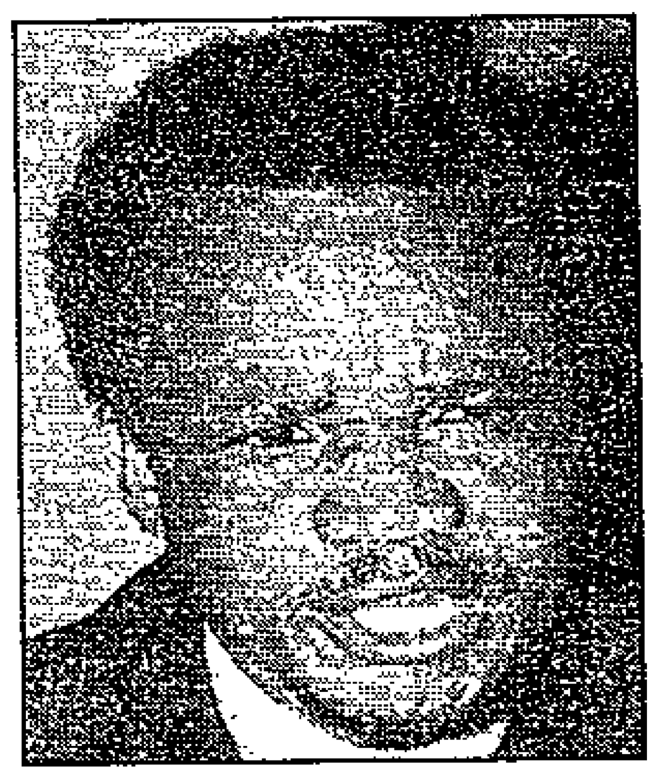
Information and Broadcasting Minister David Mpamba and his permanent secretary, Laura Harrison, recently launched a Media Council Bill for public debate through the press and other forums.

Mpamba said the Zambian government is only trying to "ensure professionalism. We have made an undertaking to foreign donors that this Bill will be subjected to public debate. This is purely a discussion paper. It is not yet law."

But most of Zambia's media organisations — among them the Zambia Independent Media Association, the Press Association of Zambia, the Media Resource Centre, the Zambia Union of Journalists and the Zambia branch of the Commonwealth Press Union — have variously criticised the Media Council Bill as being draconian, obnoxious and irrelevant.

President Frederick Chiluba's government, nonetheless, seems insistent. Harrison told a group of journalists who attended one of her press conferences: "Why are you afraid of the Bill? ... As a ministry we have no apologies to make because it is our duty. Just give us your views. We do not want to undermine your freedom."

According to the draft Bill, written by the attorney general's office, all journalists will have to be licensed by the council.



Frederick Chiluba: Keeps restricting media

To qualify, journalists must be 18 or older, must have a Bachelor of Arts degree in mass communication or journalism from a university or college recognised by the council, or should have completed, at least, a two-year course in journalism.

Among other punitive measures the Bill contains is three months' imprisonment for practising without a license.

Kondwani Chirambo, chairman of the Zambia branch of the Commonwealth Press Union, said: "We are opposed to this absolutely irrelevant piece of legislation which seems to be targeted at specific individuals."

Fred M'membe, editor of *The Post*, the country's sole independent daily, similarly pointed out: "We have no doubt that the Bill is not targeted at journalists in state-owned media. The target is *The Post* and other independent media. We won't be fooled by the government's stupid machinations."

M'membe said he would do whatever it takes to have the Bill trashed. "We will oppose this Bill up to the International Court of Justice, unless we are assassinated. It is the actions of these fools that are tarnishing the image of our country internationally and when we launch a world campaign against their inhuman Bill they will accuse us of being unpatriotic."

Robby Makayi, principal consultant of the Media Resource Centre, said: "Politicians are not the right people to define what press freedom and responsible journalism are."

Makayi said, aside from that, there are already "enough punitive laws and we certainly don't need others". He cited the Penal Code which, among other things, empowers the president to ban any publication at his pleasure, without necessarily giving reasons.

Edwin Musaika, chairman of the Zambia Union of Journalists, said the curtailment of press freedom would affect the public at large.

"Journalists are mere purveyors of ideas and information. When you restrict them, that will be an infringment of the right of information to the people of Zambia. A free press exemplifies the freedom of expression of every citizen," Musaika said.

Alfred Zulu, a prominent human rights activist, said: "If the Media Council Bill is enacted, that will symbolise the emergence of a proper dictatorial government."

The media organisations have since formed a Media Liaison Committee to spearhead the struggle which has presented a petition to the Ministry of Information.

Among other things, the petition states that journalists will only agree to a "self-regulatory body which is in line with the practices in democracies like Sweden, United States and Britain. The agenda seems to be one of criminalising the journalism profession."

There has been no response from the government to the petition.

It's back to basics for the everyday working Zambian family as daily costs soar

ARG 2/4/94 (360)

The fun and sparkle have gone out of the daily lives of Zambians, who are struggling to survive under the hardships of economic structural adjustment. Rapidly rising prices and static salaries have meant that families go without luxuries, making do with bare necessities.

The government has undertaken structural adjustment to qualify for a resumption of support from the International Monetary Fund. The idea is that short-term hardship will lead to long-term gain, with the government cutting spending and international borrowing.

One noticeable effect on disposable income has been the much greater popularity of repackaged household items sold by street hawkers and small traders. Goods such as washing powder and cooking oil are sold in small amounts. It is estimated that as much as 60 percent of Lusaka's business is accounted for by this trade.

People have changed their transport habits and now walk or take minibuses rather than taxis. Householders do not buy in bulk any more because they cannot afford a large outlay on consumer items because prices of all goods have shot up by at least 150 percent since 1991.

Margaret Chunga, a secretary in a local council, said: "Since my fridge broke down last year we have had no money to repair it so I buy perishables in small quantities. It works out more expensive in the long-term, but there is little I can do."

She is the sole earner in her home of five children and is one of the 80 percent who find lunch a luxury.

The survey reveals that 75 percent of households have completely cut out meat and reserve it only for special occasions.

Jordina Mulenga, whose four children used to eat cornflakes and other cereals for breakfast, says there are times when the family does not even have milk to put on mealiemeal porridge, or bread for school lunch. "It's incredible how poor we have become," she lamented.

Once only government and council houses were derelict, these days even middle-income earners find it difficult to give their walls a fresh coat of paint, or repair a broken fence or replace broken furniture.

The professions also are hard hit. Architect Marsha Nkonde said: "We have reached a stage where a professional is unable to save to buy a home or own a car. If you didn't make money in the past, there is no way you are going to do well now."

The latest statistics say inflation has stabilised at 25 percent.

Zambian Finance Minister Ronald Penza said government hoped to bring down this figure by 15 percent by the end of the year.

In this year's budget, Mr Penza told the nation Zambia had cut almost all foreign aid and hoped to source alternative revenue from charging people higher taxes.

Out of a total workforce of 438 000, 30 percent are unemployed.

This means the tax will be heavier on the existing labour force.

With privatisation and retrenchments, unemployment will rise.

People have had to come up with strategies. Nearly every working woman makes cakes or curtains or grows potted plants to sell for a few extra kwacha. – Independent Foreign Service

Zambian Breweries opens share offer

Zambian Breweries opened its offer of 13 million ordinary shares yesterday ahead of its planned listing on the Lusaka Stock Exchange on June 6. "The Zambia Privatisation Trust Fund is offering 13 million shares, representing 10 percent of Zambian Breweries' issued share capital, for sale at a price of 150 kwacha (52c) per share," a company official said.

"The offer is open to all Zambian citizens and eligible institutions, and is intended to result in a broad distribution of Zambian Breweries shares among Zambian citizens," the official added. The offer closes on May 9 ahead of the proposed listing. — Reuter, Lusaka

(360) CT(BR) 22/4/97

Private companies breathe life into abandoned Zambian mines

(360)

BD 29/4/97

LUSAKA — Zambia's old, abandoned mines are slowly being stirred back to life by private companies.

The mining sector, already boosted by the privatisation of Zambia Consolidated Copper Mines, is expected to grow considerably as foreign mining companies revive operations closed as unprofitable years ago.

These include British-owned Reunion Mining, Canada's Colossal Resource and First Quantum Minerals, as well as locally owned Kabwe Power & Metal Company.

The old Bwana Mukwaba Mine has been reopened by First Quantum; it was closed by Zambia Consolidated in 1984.

Feasibility studies of the mine by SA firm Bateman Minerals & Industrial determined that it had a tailings reserve of 8,4-million tons at 0,73% copper.

First Quantum will begin site preparations next month under a Zambian subsidiary, Bwana Mkubwa Mining.

Bwana Mukubwa director Kwalela Lamaswala said the project was viable at a production rate of 9,954 tons of copper a year. "Bwana Mukubwa is expected to start production by April next year," he said.

Reunion Mining, meanwhile, expects to start gold production in May at the recently reopened Dunrobin mine in Mumbwa.

"We should have started production earlier but we have had to reschedule due to the bad wet season," said Reunion subsidiary Dunrobin Mining MD Neil Moloney.

"We are hoping to process 720 000 tons of material in the first year, 50% of that being ore," Moloney said. The gold content in the ore was approximately 2,5g/t.

Colossal started cobalt production from Zambia Consolidated slag in the central town of Kabwe late last year, making its first sale of cobalt material in November.

The Colossal-owned Qasim Mining Enterprises processes slag with an average cobalt content of 0,8% up to 8%, which is then granulated in SA to 15% content.

The company will soon install an induction-melting furnace to enable it to granulate the cobalt material locally.

It expects to process between 4 000 and 6 000 tons of slag a month in its first year, producing approximately 50 tons of cobalt material a month.

Meanwhile, former employees of the Zambia Consolidated lead and zinc mine in Kabwe, which closed in 1994, have reopened it and are already producing limited amounts of ore. Kabwe Power & Metal Company produced about 400 tons of lead in the past three months, exporting most of it to neighbouring Zimbabwe.

"After a rehabilitation exercise, we hope by next year, the plant will produce 1 000 tons of zinc and 800 tons of lead per month," company spokesman Kizito Mumbi said.

Exploration and prospecting activity in Zambia's mining sector is also increasing.

Mines Minister Christon Tembo said 20 foreign companies spent approximately $20m in search of new minerals last year, compared with approximately $2m annually before 1991.

The privatisation of Zambia Consolidated has meanwhile gained momentum, with the government inviting bidders for final negotiations on the sale of eight of the company's nine privatisation packages.

Earlier this year Avmin signed an option agreement on the development of the Konkola North mine, aiming to delineate ore resources there of approximately 100-million tons. A consortium led by Anglo American has agreement to develop the Konkola Deep mine.

The Konkola development is seen as crucial to the future of Zambia's mining sector as reserves at the main Nchanga open pit are likely to run out by the end of the century. Mining is the heart of the Zambian economy, earning almost 90% of the country's foreign receipts.

Mining sector output increased last year, with copper production rising to 313 900 tons from 307 800 tons in 1995. Cobalt production increased to 4 830 tons from 2 934 tons in 1995. — Reuter.

Foreigners breathing life back into Zambia's mines

(360) CT (BE) 25/4/97

JOWIE MWIINGA

Lusaka — Zambia's old, abandoned mines are slowly being stirred back to life by private companies.

The mining sector, already boosted by the privatisation of Zambia Consolidated Copper Mines (ZCCM), is expected to grow considerably as foreign mining companies revive mining operations closed as unprofitable years ago.

These include the British-owned Reunion Mining, Canada's Colossal Resource and First Quantum Minerals, and the locally owned Kabwe Power and Metal.

The old Bwana Mukwaba Mine has been reopened by First Quantum Minerals after being closed by ZCCM in 1984. Feasibility studies of the mine by Bateman Minerals and Industrial determined it had a tailings reserve of 8,4 million tons at 0,73 percent copper. First Quantum will begin site preparations next month under a Zambian subsidiary, Bwana Mkubwa Mining.

Kwalela Lamaswala, a director of Bwana Mukubwa, said that the project was viable at a production rate of 9 954 tons of copper a year.

Reunion Mining, meanwhile, expects to start gold production in May at the recently reopened Dunrobin mine in central Mumbwa.

"We should have started production earlier but we have had to reschedule it due to the bad wet season," said Neil Moloney, the managing director of Reunion subsidiary Dunrobin Mining.

And Colossal started cobalt production from ZCCM slag in the central town of Kabwe late last year, making its first sale of 12 tons of cobalt material in November. — Reuter

Donors say aid for (360) Zambia may be renewed

ARG 3/5/97

Lusaka – Western donors say they are willing to discuss renewed aid to Zambia after what they called successful preliminary talks with the government of Frederick Chiluba on April 25.

"Most delegates said they were prepared to have a Consultative Group meeting. The meeting is likely to be held in early July," deputy German ambassador to Zambia Axel Ziedler said.

The Consultative Group meeting, initially to be held last year, was deferred indefinitely after Western governments cut aid to the impoverished southern African country in protest against the way in which general elections held in November were organised.

Seven opposition parties boycotted the polls, which Mr Chiluba's Movement for Multiparty Democracy (MMD) won by a landslide.

While conceding that the April 25 meeting was an important first step to the normalising of relations with Zambia, Western diplomats said their governments were still concerned about a number of important issues.

Among their concerns were plans by the government to effect controversial media reforms to regulate the media, and the under-funding of the Anti-Corruption Commission, the Drug Enforcement Commission and the Human Rights Commission – institutions seen as crucial to good governance.

The planned media reforms would empower a government council to imprison journalists or prevent them from working.

"Most donors expressed concern about the (media reform) bill. Some asked the government to withdraw it completely," a Japanese diplomat said.

"The government assured the meeting that it had no intentions of controlling the media."

The Chiluba government suspended introduction of the planned media bill after protest demonstrations by journalists across the country last month. It said it would re-introduce the bill after the public had adequately debated it.

Journalists in the capital plan another demonstration on Saturday, Press Freedom Day, in an attempt to persuade the government to withdraw the proposed bill completely.

The resumption of normal aid flows is seen as crucial to the Zambian government, which is banking on donors to fund one-third of its $1,1-billion (R4,8-bn) budget for 1997.

A Standard Chartered Bank (Zambia) bulletin released this week said Zambia would face a budget deficit if aid flows did not return to normal. The government has projected a budget surplus of one percent of Gross Domestic Product (GDP) this year.

"While much has been made of the projected budget surplus ... this will be attainable only if the donor community resumes assistance at the levels included in the budget," the bank said in a bi-annual report.

"Indeed, if donor finance is excluded, the real budget deficit approximates some seven percent of GDP," it said. – Reuter

☐ ZAMBIA

CT(BR) 5/5/97

African fund loans Zambia $20,8m

The African Development Fund, an affiliate of the African Development Bank, has loaned Zambia $20,8 million for agricultural investment in the country's eastern province, the fund said on Friday. The agricultural project is aimed at increasing the gross domestic product, eradicating poverty, improving household income and providing greater mobility and access to information on markets and prices.

(360)

The loan will enable Zambia to pay for all foreign currency costs of the programme, estimated at $38 million.

So far, the African Development Bank group has approved 38 loans and 11 grants (not including three multinational operations) to Zambia, representing total commitments of about $631,32 million. — *Bloomberg, Dakar*

Mine privatisation talks suspended

David McKay

TALKS between the Avmin-led Kafue Consortium, which stands to clinch about a third of the assets in the privatisation of Zamibia Consolidated Copper Mines (ZCCM), and the mine have been suspended temporarily, a source said yesterday.

The source said discussions with ZCCM had faltered over the method of payment for the assets.

The Kafue Consortium consisted of Avmin, the SA mining and exploration venture, US firm Phelps Dodge and Canada's Noranda Incorporated, and Commonwealth Development Corp, a London-based funding organisation.

The consortium was formed in February to make a bid for ZCCM assets from which about half of the mine's copper was produced last year.

According to the source, ZCCM wanted to increase the proportion of up-front cash it would receive for the assets while reducing the proportion of debt the consortium was prepared to shoulder.

This would allow ZCCM to service its creditors and lower its overall debt, which stood at about $700m. At current estimates, ZCCM would raise only $300m in cash from the privatisation.

The matter came to a head last week when the two parties sat down to refine the terms of the consortium's bid, tipped as a hot favourite to win.

The meeting ended with the Kafue Consortium walking out, leaving ZCCM to mull over its latest demands, the source said.

ZCCM's latest move was not restricted to the Kafue Consortium only, as it has asked a number of other tenderers to increase the level of up-front cash while reducing the debt burden.

Analysts said that ZCCM was entitled to change its criteria, but this latest move served only to strain relationships. The move probably would not be successful because ZCCM was in a debt crisis and needed the privatisation to move ahead, a source said.

The least that could happen was that the completion of the privatisation would be delayed and that the June 30 deadline would not be met. This would result in further deterioration of ZCCM's debt situation, the source said.

The Kafue Consortium was bidding for the Nchanga and Nkana divisions of ZCCM, which included several open-pit and underground mines, a copper tailings retreatment plant, and a copper smelter and refinery. The two divisions produced 225 000 tons of copper in the last financial year, about half of ZCCM's output.

BD 8/5/97 (360)

Zambia 'wants more talks on ZCCM sale'

CT(BE) 8/5/97 (360)

From Reuter

Lusaka — Zambia's government might seek to revise terms for the planned sale of assets of Zambia Consolidated Copper Mines (ZCCM), the monthly bulletin of the state-owned miner has said.

The Mining Mirror bulletin quoted Christon Tembo, the mines minister, as saying the government "was revisiting its negotiations approach to ensure that Zambia realised the full benefits of the privatisation of ZCCM".

Mining Mirror said: "He stated that he was not happy with the way some of the packages had been offered in the bids and had pressed for renegotiations."

Tembo was not available for comment and an official for the Zambia Privatisation Agency told Reuters it was not aware of any renegotiation plans.

The government grouped ZCCM's assets into packages for privatisation purposes, but some of the bids received grouped the assets in a different way.

The Mining Mirror gave as an example proposals to divide smelting and mining operations at Konkola and Mufulira. "The split (at Mufulira) would spell doom for the mine as well as the town, with serious social, economic and political consequences," it said.

Last month the privatisation agency announced that the government had invited six bidders for final negotiations.

Pius Mambo, ZCCM's corporate affairs manager, said the privatisation talks would not be delayed. "The renegotiations are a normal process of selling anything. The seller and the vendor must haggle," Mambo said. "It does not mean the privatisation of ZCCM will be delayed."

The 'time bomb' of Zambian unemployment worries ILO

CT(BR) 13/5/97 (360)

Lusaka — The International Labour Organisation (ILO) has expressed concern at Zambia's high unemployment rate, which stands at 3,4 million of the country's 9 million people.

Adam Simbeye, ILO's regional director, told the Zambia Federation of Employers the organisation was perturbed by the "lack of seriousness" on the part of the Zambian government, and called the situation "a time bomb".

He said the federation could assist by working out a programme to retrain those who were being retrenched.

The president of the federation, Francis Simenda, has blamed the unemployment problem on the Zambian government's economic reform programme.

Simenda said only 10 percent of those with jobs were in formal employment. — Independent Foreign Service/AIA the riff-raff out). But best of all, by

Zambian mining industry 'promising'

(300)

Claire Pickard-Cambridge

BD 15/5/97

LUSAKA — The future of the mining industry in Zambia looked more promising than it had for several decades, with the likelihood of new mines being discovered, First Quantum Minerals president Clive Newall said yesterday.

Newall, whose Canadian-based mining company has considerable interests in Zambia, said prospects had been greatly enhanced by the government's commitment to providing an attractive investment environment.

Newall told an investment opportunities conference that as a result of the improving investment climate, prospecting expenditure had increased dramatically: government indicated recently that 20 foreign companies spent \$20m last year against only \$2m in 1991. While most of these funds were spent on the Copper Belt, exploration elsewhere was growing steadily.

The extent of emerald mining in Zambia was masked by incomplete reporting and extensive smuggling, but informed sources had estimated that Zambia could contain 25% of world gem emeralds and that the value of output was near \$200m annually.

Exploration had been superficial outside the Copper Belt and there was great potential for new discoveries. More than 600 mineral occurrences involving 45 different minerals were already known throughout the country.

Newall also believe that once privatisation of Zambia Consolidated Copper Mines was complete new exploration targets would be identified on the mines' licensed areas. He said a new legal framework ensured mining title was secure, there were no restrictions on repatriating profits and foreign and local companies were treated equally. To reduce foreign exchange risks, nonresident firms were allowed to maintain foreign currency accounts.

Zambia's fiscal environment was also so competitive, Newall said. Mining companies were taxed at 35% or 30% if listed in Lusaka. There were accelerate-depreciation provisions and withholding tax on payments abroad was a maximum of 15%. Copper and cobalt sales were zero rated for VAT.

Addressing the same conference yesterday, President Frederick Chiluba said his government had taken over a country which was the "private sector's nightmare". Sensible economic policies had now been put in place and Zambians would not return to the past.

The country had privatised in record time and government believed that no parastatal should be exempt from the process, Chiluba said.

Finance Minister Ronald Penza said government had achieved macroeconomic stability and Zambia had been put on the path of export-led growth. Inflation, which had peaked at 400% several years ago, had dropped to 7%. Interest rates had fallen by a half since early this year to less than 30% and a budget surplus had been achieved. Annual economic growth was expected to be maintained at 5%-6% and the exchange rate had stabilised.

With the privatisation of the mines, copper was expected once again to contribute to the economy through increased production and tax revenues.

Claiming Zambia was the "Switzerland of Africa", Penza said government had started reducing the size of the public service and had, for the first time in 20 years, successfully completed International Monetary Fund-supported programmes.

Zambia's economic reforms 'irreversible'

Chiluba vows to support private sector

(360)

ET(BR) 15/5/97

JOWIE MWIINGA

Lusaka — Zambian President Frederick Chiluba said yesterday that economic reforms undertaken by his government since 1991 to encourage the private sector were irreversible.

"You can put your money in this country with the full knowledge that this government is fully committed to the role of the private sector and to sensible economic policies which give synergy to private sector effort," he told an investment conference.

The Chiluba government, which ended 17 years of one-party rule under Kenneth Kaunda in 1991, has reversed policies that put 80 percent of the economy in state hands and discouraged private investment. The government has repealed monopolistic laws that protected some state-run enterprises, scrapped exchange controls and embarked on sub-Saharan Africa's most far-reaching privatisation programme.

Chiluba said the speed and scope of privatisation, including the sale of the giant Zambia Consolidated Copper Mines — the company responsible for about 90 percent of the country's foreign receipts — was proof of the commitment to reform.

"We took the view that, as far as privatisation was concerned, no parastatal company would be a sacred cow," he said.

The minister of finance, Ronald Penza, told the conference attended by potential investors from Africa, Europe, Asia and North America, that the government planned to free more resources for the private sector by reducing its own spending.

"The burden of the government on the economy has been reduced. Current expenditures have come down from 29 percent of gross domestic product (GDP) in 1991 to 25 percent in 1996," Penza said.

He said the economic reforms had seen a measure of economic recovery, with the country recording a 6,4 percent growth rate in 1996.

"The foundations for higher growth have been laid by liberalising markets, broad tax and tariff reform and financial sector reform, and by privatising state enterprises," he said. — Reuter

Finality on complicated sale of ZCCM is expected within weeks

BD 16/5/97

(360)

Privatisation in Zambia is continuing apace, despite some hiccups, reports **Claire Pickard-Cambridge** in Lusaka

[T]HE sale of Zambian assets has been forging ahead [w]ith the disposal of 204 business ventures, which are [e]xpected to pull about $50m into state coffers and [w]ill result in the take-over of liabilities estimated at [$]300m, says Zambian Privatisation Agency head [V]alentine Chitalu.

These estimates exclude proceeds from the sale of [t]he country's largest asset, Zambia Consolidated [C]opper Mines (ZCCM), aspects of which are still be[i]ng negotiated.

The man regarded as the "face of privatisation" in [t]he country said in an interview this week that about [?]3 more state ventures were still to be privatised. [T]he most complicated sale would involve ZCCM, ex[p]ected to be finalised within weeks, while about 25 [co]mpanies had simply been liquidated.

Cash acquired from the initial sales would, among [o]ther things, help to fund the remainder of the pri[v]atisation process.

More than 80% of the economy was in state hands [w]hen Frederick Chiluba's government came to power [i]n 1991, and the agency was established nine months [la]ter to drive privatisation. Chitalu, a Zambian char[te]red accountant with a Cambridge University masters degree in development economics, took over the agency in April 1995.

Privatisation had begun slowly amid controversy over how it should be done, and opposition from managers of some state companies. However, reforms were introduced to underpin the process and liberalise the economy. Reforms included an end to government control of interest rates and prices, and the abolition of exchange controls.

Chitalu said South Africans were among the front runners in acquiring Zambian companies, with the sale of Zambia Breweries to SA Breweries in 1994. Parts of the state milk processing industry were sold to Bonnita and certain retail outlets to Shoprite and Pepkor. Anglo American raised its stake in the mining industry, Premier's Clark Cotton tackled ginning, and other large companies such as Foodcorp and Afrox moved in.

However, Britain had become the largest foreign investor in Zambia in total money terms, with key investors including the UK government's finance arm, the Commonwealth Development Corporation, Lonrho and Tate & Lyle. Other buyers included Indian companies which had opted for tea estates and a hotel, Phelps Dodge of the US and Floco of Germany.

Key agreements in the mining sector concluded so far were the purchase of ZCCM's Konkola North copper mine by Avmin, while a memorandum of understanding had been signed with an Anglo American-led consortium involving ZCCM's Konkol Deep. Negotiations were still in progress with the Avmin-led Kafue consortium to sell the bulk of the assets of ZCCM's Nchanga and Nkana divisions, which formed the core of ZCCM.

Asked to comment on reports of difficulties in the negotiations for the Nchanga and Nkana divisions, Chitalu said: "The sale is very complex, because it is not about an auction of assets, it is about the development of Zambia.

"A lot of nonmonetary things are being negotiated, including the training of manpower and the recognition of trade unions." Future investment commitments were being sought from buyers, as well as the shouldering of responsibility for part of ZCCM's $600m debt.

Other concerns still to be sold included the Zambian Forestry and Industrial Company, which controlled most of the country's planted timber, Zambia Telecommunications, Zambia State Insurance Corporation, Ndola Lime Scaw Ltd, which had the country's largest foundry, hotels and sugar projects. Many more game lodges, campsites and reserves were available for leasing.

Chitalu denied reports, published last year, that Zambian politicians had snapped up many of the companies on offer.

"Only three or four politicians managed to buy assets," he said. "Companies had to be sold to the highest bidder and the process was transparent and fair. Many politicians did bid for companies, but mostly lost."

Copper Belt 'to be rejuvenated'

(360)

Claire Pickard-Cambridge BD 16/5/97

LUSAKA — The infusion of funds for projects such as Kansanshi, Konkola Deep and Konkola North mines on the Zambian Copper Belt will provide life for the region long after the turn of the century, and after existing reserves have been exhausted.

This was said at the investment opportunities conference yesterday by Cyprus Amax Minerals director Todd Andersen. The company was successful in its recent bid for the Kansanshi deposit as the first asset tendered in the privatisation of Zambian Consolidated Copper Mines.

Cyprus Amax plans to use Kansanshi as a springboard to find additional reserves.

Apart from increasing copper production, new investment would boost employment in the long term and provide additional tax for government. It would also have a multiplier effect on businesses that would spring up to support the rejuvenated industry.

Andersen said the state of politics in the region was worrying and although Zambia was peaceful, it was unclear what effect there would be from events in Zaire. The Kansanshi mine, for example, lay minutes from the Zairean border and the region had seen significant refugee activity.

Events in Angola also affected Zambia, and it was hoped peace would be maintained.

Andersen said health issues, primarily the effect of HIV on Zambian society, were a source of concern. It was unclear what effect the epidemic would have on maintaining a viable workforce, or what the ultimate cost would be.

He expected a diminished pool of trained Zambians to be available by the time many new projects came on stream. Although power and rail were fairly well developed in the Copper Belt, there was no rail link with Solwezi, the site of the Kansanshi project, and many roads required upgrading.

The power grid needed to be strengthened because shortfalls were possible based on increasing demand. This raised concerns about availability and cost. The lack of rail capacity would ultimately lead to a need for more working capital, Andersen said.

Zambia to establish export processing zones

BD 16/5/97 (360)

Claire Pickard-Cambridge

LUSAKA — The Zambian government would be establishing export processing zones soon, Commerce, Trade and Industry Minister Alfeyo Hambayi said yesterday.

Addressing the Financial Times investment opportunities conference, he said government would promote production for the export market.

One of the areas under consideration for such status was Livingstone, near the Zimbabwe border. Zambia had seen a rise in private sector entrants, most of whom needed offices, factory space and warehouses. A severe shortage of space was expected, owing to the dearth of property development in the country over the past years. This would offer opportunities for property developers, real estate agents, and construction materials producers.

Government policy had shifted to encouraging economic activities that added value to agricultural and mineral primary products. Thus opportunities would emerge in manufacturing, as well as in the business of cutting and polishing semi-precious stones and gems.

Government would discourage the export of unprocessed timber and would back the production of timber-based products.

Liberalising financial services meant other players could enter the insurance, banking and capital market as dealers and brokers.

Opportunities could also follow from the expansion in the mining industry after the privatisation of Zambia Consolidated Copper Mines and improvements to infrastructure.

The private sector was being invited to take part in developing the Kafue Lower Gorge Hydroelectric Project, marking the start of greater private participation in big infrastructural programmes.

Investec emerging markets finance manager Michael Smith said his bank expected more than $1bn to be committed to the Copperbelt in the next 18 months. Positive spin-offs would include service industries' growth.

He said the Zambian capital market was small and, although trade volumes on the Lusaka Stock Exchange had taken off in December, Zambia's ability to attract investment was being hampered by a shortage of scrip. There were far more investors than available scrip, and he thus urged companies investing in Zambia to list on the exchange.

Pages 11 and 19

Zambia tackles its ailing health system

(360) BD 21/5/97

LUSAKA — Zambia, reeling from years of economic chaos, is nevertheless scoring first in sub-Saharan Africa with a radical and self-motivated reform of its dilapidated health system.

It works like this: instead of waiting for donors to tell him what to do as a condition of loans or grants, Health Minister Katele Kalumba has drawn up his own plans for reconstructing the health system, and asked donors to fund them.

They pay into what Kalumba calls a "basket," from which the health ministry distributes the "bread" in the way that it thinks will most efficiently rebuild the health system and implement the national health plan.

"We don't want individual projects 'made in Japan', 'made in the USA'. We don't want project funding, but sector funding. I call it basket funding," Kalumba said.

For example, many countries have found that donors for child immunisation often create projects which are quite separate from a country's health system. Ignoring it, and coming in direct to the children, they may save lives — but do nothing to build up the health infrastructure, and may even end up demoralising health professionals.

In Kalumba's scheme the immunisation donors pay into his basket and he uses the money to immunise children through the Zambian health system, thus helping it grow.

"I've told a team from the World Bank that came here: Learn from us. We will make mistakes; but we will learn from our mistakes. The process of social learning requires that you embrace error," he said.

One error may be that patients who cannot afford it are being asked to pay.

This was evident in a research project commissioned by the Swedish development agency Sida in the early days of the implementation of a project: "On 13 July 1994 in Lewanika Hospital, Mongu, a member of the research team engaged in interviewing staff witnessed the arrival of an acute malaria case, a boy of about 14. His penniless parents were turned away by registry staff, as they did not have 300 kwacha ($0,23) for registration or 500 kwacha to see a clinical officer. They left to seek help from relatives in the town, but within two hours the boy was brought back dead," the report said.

The problems remain today — one needs look no further than the congested Luanga township of Lusaka, where talk of health reforms means little.

Here, Joyce Phiri, unemployed mother of four, and her husband, also unemployed, scrape a living by street vending. The couple have managed to build a two-roomed house in the shanty town, but it lies close to the main sewerage plant of Lusaka. They have a shallow pit latrine. Tap water is rarely available — a borehole sunk close to the sewerage outfall is their main source of drinking water.

"For our health, we have been told that we should get a prepayment insurance scheme, but some of us just can't afford to pay the 800 kwacha every month — so we just stay at home when we fall ill," Joyce said.

"Most of us suffer a lot from malaria," Ruth Chikuni, a neighbour, said, pointing at the sewerage ponds.

"We are always sick here. And as for me, it's even worse because our house is rented. We pay 18 000 kwacha a month and sometimes we have to go to bed without eating. So when it comes to paying for medical treatment, it is indeed a luxury, even though it is a matter of life and death."

Another neighbour, 31-year-old Afaleti Sakala, said there were not enough doctors or medicines in the shanty town. "We are often given prescriptions to go to town to buy medicines — but are these reforms? Reforms to be told to buy in town? That's why we have a lot of private clinics mushrooming," she said.

But Kalumba vigorously defends his reforms, saying his government, on assuming power in 1991, was faced with such problems of infrastructure and misallocation of resources. "Very little was trickling down to the basic health problems of our people.

"We were losing most of our manpower to SA, Botswana and so on because of very poor conditions of work," Kalumba said.

"At the same time we were faced with epidemics of cholera, virulent forms of malaria, and the collapse of local government.

"On top of that our national debt per capita was the worst in the world, and our relationship with donors was poor. That's the environment in which we had to try to improve the health status of our people. Starting from there, we set the goal of a health system that was equitable, cost-effective, quality-assured, and as close to the family as possible. That's the vision we still have."

Kalumba said he was reviewing a wide range of "financing mechanisms" for payment of medicare, including user fees, prepayment schemes and payment in kind.

"For example, the Jerusalem community in Chipata said they wanted a maternity block, and with our technical advice they built it themselves, and paid for it themselves with a community charge in maize, sold at the market.

"Poverty yes; dependency and patronage no," the minister declared. "Don't make the poor less human because you give them your food relief or concessions on this or that. People want to contribute. But user fees should not just be in terms of money."

User fees or not, many problems remain — there have been a rash of cholera cases and a recent outbreak of suspected bubonic and pneumonic plague in the Southern Province shows much work still needs to be done.

But Kalumba claims the policy is working — doctors have been lured back and morale in the health system is rising; HIV incidence in the 15-19 age group is beginning to fall; family planning coverage has increased significantly; and immunisation coverage is the highest ever (polio coverage is 85% now, compared to only 40% in 1991).

Optimistically, Kalumba believes Zambia can fund its own health care without donors from 2001. "Nothing is impossible if you dream," he says. — Sapa-IPS-Panos.

NEWS DIGEST

ZAMBIA

(360) CT (BR) 22/5/97

Privatisation of ZCCM will boost declining copper production levels

The privatisation of Zambia Consolidated Copper Mines, the state-owned mining conglomerate, would significantly boost production of copper and cobalt, said Eckart Hilmer, a consultant to the Zambian agency in charge of privatisation.

Negotiations have begun with bidders for the mine's assets, and the sale of the seven mining packages and the power transmission package should be concluded during the third quarter of this year. "Once these are completed, we expect copper production to surge from the current 330 000 tons a year to around 1 million tons in another five to seven years," Hilmer told the Metal Bulletin's 10th International Copper Conference yesterday.

Copper production has declined in Zambia in recent years, as has output of cobalt. Cobalt production is about 3 200 tons a year, down from previous levels of 4 500 tons. But privatisation should boost production of this metal also, as there are high cobalt values in Konkola North and Konkola Deep that can be exploited. "When it is in full swing, cobalt production will go up to around 6 000 or 7 000 tons a year," Hilmer said. — *Reuter, Seville*

Chiluba calls for privatisation

(360)

Sowetan 23/5/97

By Sharon Chetty

HARARE – Zambian president Frederick Chiluba urged regional governments to privatise state assets to improve efficiency in their economies and bring in fresh investments.

Speaking during a discussion on whether or not privatisation would benefit most interest groups during the World Economic Forum-Southern African Development Community Economic Summit in Harare yesterday, the former trade unionist said that consumers were freed once there was competition.

"Consumers are held captive in a seller's market ... there is no choice of what to buy."

A major benefit to governments was that loss-making state enterprises did not need to be subsidised from the public purse.

Referring to plans to sell off Zambia's largest asset, the copper mines, Chiluba said he "did not care" who bought them as long as it made a profit and the buyer fitted the criteria set by his government.

Panelists – including representatives of British Rail and HSBC Investment Bank, which is advising the South African Government – agreed that privatisation was necessary for the regional economies.

Describing the successes of British privatisation, John Welsby, chairman and chief executive of the British Rail board, said governments, because of the multiplicity of their functions, were not suited to be owners of corporations.

Sakumzi Macozoma, Transnet managing director, said it was important that governments were not seen to be imposing privatisation.

Broader vision

Privatisation had to be part of a broader socio-political vision that was inclusive. The debate was evolving and there was no ready-made model, he said.

Trade unionists Morgan Tsvangirai, general secretary of the Southern African Trade and Union Coordinating Council, said the challenge was to reconcile the interests of all.

When selling off public assets, governments had to include the public in the debate and have a clear policy, he said.

The mechanism adopted also have to be transparent so that everyone was aware of the rules, he said.

Moderator of the discussion Jayendra Naidoo, executive director of Nedlac, said a pragmatic approach was emerging that maximised a win-win outcome.

□ ZAMBIA

Unions oppose managers' terminal benefits

The Zambia Congress of Trade Unions said last week Nitrogene Chemical of Zambia, the fertiliser manufacturer, should not be allowed to pay its management terminal benefits before the company was privatised.

Management is reported to have written to the board asking its help in obtaining terminal benefits before privatisation, after having turned down a previous request by unionised workers to receive their benefits before the company was sold. Albert Bowa, a congress official, said both the government and the Zambia Privatisation Agency should investigate the fertiliser company to safeguard the workers from unnecessary hardships. — *Independent Foreign Service/AIA, Lusaka*

(360)

CT (BR) 27/5/97

□ ZAMBIA

Foreign street vendors must register

Foreign street vendors in the Zambian capital of Lusaka were recently ordered to register with the city council. Josiah Chishala, the deputy minister at State House, said a large number of foreigners coming into Zambia as visitors or refugees had started street trading without following the law. "The law is going to get tough on these foreigners," he said. Lusaka is littered with thousands of street vendors. Only two weeks ago the council moved some of them from one of the main streets to a nearby shanty compound. But the vendors rejected this venue, saying it was not a business area. — *Independent Foreign Service/AIA, Lusaka*

ZAMBIA CT(BR) 28/5/97 (360)

Farmers warned of food crop shortfall

The Zambian government warned farmers yesterday against selling all their harvests, as production of maize and other food crops had dropped this year. Edith Nawakwi, the agriculture minister, said excessive rains and inadequate fertiliser supplies had led to a maize shortfall of 272 000 tons.

"Let me advise farmers who are in the habit of selling all of their crop output that, in view of the expected shortfall of food crops ... watch your food quantities and retain enough cereals for your own consumption." Maize production fell 32 percent, sorghum output was down nearly 14 percent and soyabean production lower by 27 percent.

Nawakwi said the government would not import food to meet the shortfall. "The deficits in maize and other food crops ... are expected to be met by the private sector. We have a liberalised economy with the government not participating in agricultural marketing. The private sector should be actively involved in sourcing whatever commodity is lacking in the country." — *Reuter, Lusaka*

Zambia 'bites the bullet'

M+G (MM) 30/5 - 5/6/97 (360)

MARX and Mao were not on the agenda at last week's WEF meeting, but Deng Xiao Ping did put in an appearance, albeit obliquely. Discussing his country's policy on privatisation, President Frederick Chiluba of Zambia quoted Deng: "I do not care whether cats are black or white, so long as they catch mice. That is the beauty of privatisation: we do not care who owns our mines as long as they abide by our laws and make money."

Zambia's privatisation programme has seen 200 companies returned to the private sector in the past five years, with another 30, including the giant copper mines, under consideration.

"We looked at privatisation as a means to bring in fresh investment and to improve efficiency in the economy, and if we achieve this, the benefits will accrue to all our people," said Chiluba.

The Zambian government, he added, was no longer suspicious of privatisation. "There is a huge difference between businesses run by the government and those run by business. The government's task is to provide an enabling environment for business to operate. The private sector must be trusted to do so successfully."

And referring to his own background, he said: "One thing you can be sure of: when you have a trade unionist presiding over privatisation, it will be complete."

The audience lapped it up enthusiastically; Chiluba was speaking their language. He even had a reassuring word for the trade unionists among them: privatisation and job losses need not be synonymous. But past employment practices in Zambia were often based on political necessity — building a power base, in other words — and inefficiency had no place in the modern world. So, yes, bloated nationalised industries would have to bite the bullet in the short term for longer-term gains.

And Zambia is making sure that in privatisating a state monopoly it does not create a private monopoly. Chiluba highlighted the case of Zamtel, the telecoms provider. "We have appointed consultants to advise on the privatisation of Zamtel, but the regulatory authority must be in place first to encourage competition. Talks with possible foreign competitors are still at an early stage."

The government is keen to encourage wider share ownership, but acknowledges the problems. A fund has been set up with shares earmarked for the man, and woman, in the street — but no handouts. "Misconceptions abound. There is still a belief that even buying one share will make someone a fortune. So we need to educate people. The stock exchange is still in its infancy but at least the younger generation understands how it works."

In Chiluba's case, one trip down Wall Street was enough to convince him of the benefits: "I saw the bulls and bears on the New York Stock Exchange and am a changed man."

Btar 7/6/97 (360)

Zambia expects multitude of Aids orphans

Lusaka – Zambia, where 500 people a day catch the HIV virus that can cause Aids, said yesterday it expects the disease will have orphaned about 600 000 children by the year 2000.

A health ministry spokesman warned that up to 100 000 Aids-related deaths would be recorded annually over the next few years in the country of 9 million people. "The steep rise in adult mortality in specific age groups will have an immense impact on the situation of children."

Zambia is one of the countries worst hit by Aids, with a frightening 34% of the sexually active population in urban areas now HIV positive, and a disturbing 13% in rural areas. – Reuters

Chiluba tips justice scales in his favour

M+G 13-19/6/97 (360)

Anthony Kunda

ZAMBIAN President Frederick Chiluba has more than doubled the salaries of his supreme court judges, prompting accusations that he is attempting to influence the outcome of the legal challenge to his re-election.

The increases — the second in nine months — push the salary for Zambia's chief justice from R416 000 to just under R1-million a year, while his deputy's salary doubles, to R720 000. Other supreme court judges see their salaries more than double, to R640 000. Car allowances and loan facilities have also ballooned.

Chiluba is facing a supreme court challenge to his re-election last November, with several opposition parties claiming his father was not Zambian. Foreigners are not eligible to be president. Witnesses presented to the court by the opposition parties have claimed Chiluba's father was from what is now the Democratic Republic of Congo, or from Mozambique.

The Liberal Progressive Front, one of the parties, claims Chiluba's salary hikes are an attempt to influence the outcome of the challenge. "The increases have been made to coincide with the hearing of the presidential petition," says representative Rodger Chongwe.

"The package has been prepared by the respondent. It's vulgar and is being made in bad faith. Increases of more than 100% are unrealistic, especially when people are starving and are dying of hunger and diseases."

United National Independence Party chair Malimba Masheke says the increases have compromised the judiciary's impartiality.

Other opposition parties say the increases, granted through an executive statutory instrument, are unconstitutional: Zambia's Constitution stipulates that judges must have their salaries approved by Parliament.

"A statutory instrument is not an Act of Parliament," says Patrick Mavunga, one of the lawyers in the parties' court fight. "This is therefore illegal."

But the Judicial Service Commission plays down the increases. Its secretary, Timothy Katanekwa, says the commission secured the new conditions of service for judges after negotiations with the Cabinet office.

He says Chiluba has not arbitrarily determined the hikes, but was empowered under the Judges' Conditions of Service Act of 1996 to prescribe new conditions for the judges. The Act does not require salaries of constitutional office holders to be sanctioned by Parliament.

Katanekwa adds that the size of the salaries does not justify the uproar from opposition parties: "The salary of the chief justice is nothing considering the amount of work involved."

ANALYSIS

Bursting bubbles is part and parcel of Zambian transition

(360) BD 20/6/97

The Zambian government has covered considerable ground with its programme to transform the economy. Nevertheless, there are still hurdles to overcome, writes **Claire Pickard-Cambridge**

OFFICES are deserted during the lunch hour in Lusaka, and there is a sense that development stopped in the 1960s.

However, many will argue that change has been dramatic. Only five years ago there was no food in the market place as Zambia emerged from decades of socialism. People rushed to join any queue they saw, knowing they would be hard-pressed to find whatever was on sale. The vagaries of a command economy meant that in one case the market had nothing but hundreds of cans of baked beans from China.

Since then Zambia has submitted to a tough structural adjustment programme imposed by the World Bank and the International Monetary Fund, reflecting the growth and hardships linked to the process.

A host of parastatals have been sold, donors are upgrading the roads and a variety of goods is available thanks to a liberalised economy, lively open markets and the arrival of firms which include Shoprite and Ackermans from SA.

The grumbles have also changed. "Now the goods are here but only the rich have the money to buy them", people say, referring to the toll taken by unemployment and inflation on the man in the street.

If a recent conference in Lusaka is a pointer, President Frederick Chiluba's government is serious about change. It rolled out the red carpet and filled a conference hall with red roses for foreign businessmen, assuring them that investor-friendly policies were here to stay. However, national debt and an inefficient, overstaffed bureaucracy still lie at the heart of Zambia's problems. Some vital aid projects were halted last year after Chiluba altered the constitution, preventing opposition leader Kenneth Kaunda from standing in the elections.

The move was a blow to Zambia because aid donors, identifiable in Lusaka as the 4x4 drivers, are effectively kings in what is one of the most indebted countries in the world: 40%-50% of foreign exchange generated from exports is used to service debt.

Businessmen and economists believe the success of new policy will hinge on government's will to prune public service staff levels, creating a more efficient body that can implement change.

While Finance Minister Ronald Penza refers to Zambia as the "Switzerland of Africa", some feel there are still many mountains to climb.

Mark O'Donnell, the chairman of the Zambian Association of Manufacturers, says manufacturers face many problems, including poor infrastructure, high interest rates, neighbours imposing high import tariffs on Zambia's products, and a public service with little ability or will to implement new policy. "There are wonderful revolutionary laws being passed, but the key problem is that they have to be implemented properly by the public service."

O'Donnell said government was not being tough enough on neighbouring states in getting Zambian products into their markets. "We are not achieving even 10% of the penetration we should be getting in Southern African Customs Union (SA, Botswana, Lesotho, Namibia and Swaziland) markets because tariff barriers are so high.

"We are totally exposed, having moved quickly to dismantle our trade barriers, but are now battling to get market penetration of the region in return. This can mean the difference between poverty and real prosperity for many Zambians."

Although the manufacturing sector had attracted considerable investment in the past few years, some companies were battling to retaliate in the new trade regime, and were moving production capacity to Harare. Johnson & Johnson had moved to Zimbabwe, leaving a skeleton staff in Zambia to handle distribution, and other multinationals were rationalising production capacities.

"I fear we will lose 2 000-3 000 manufacturing jobs this year as a result," O'Donnell said.

Industry sources said at least four multinationals were reviewing their positions in Zambia because of export difficulties. These included Dunlop, Colgate Palmolive, Reckitt & Colman and Lever Brothers, all primarily on the copper belt, which also faced problems caused by goods smuggled into the country.

However, it was reported recently that the customs union had agreed in principle to grant better market access to a range of Zambian products. While this deal still has to be thrashed out, figures show that the union sold goods worth R1,8bn to Zambia, but bought only R179m from the country last year.

Zambia is in a difficult position because it falls outside the customs union, and while it is a member of the Common Market of Eastern and Southern Africa, SA is not denying Zambia preferential access to the key market in the region.

Manufacturers also need growth in domestic demand and are hoping a revitalised mining industry will boost ancillary industries. Many are becoming concerned at the slow pace of negotiations for the sale of ZCCM, and reports that tangible mining assets are disappearing in the interim.

Although Chiluba has pledged a restructured public service, O'Donnell says some firms still battle to get work permits and that bureaucracy is hampering business. He says Tejay Pharmaceuticals factory, which was ready to open five months ago, had not been able to do so because the electricity parastatal did not have a meter to sell them electricity.

The Chamber of Commerce and Industry has called on Chiluba to hasten public service reorganisation, and businessmen say the Zambian Investment Centre, which plays a positive role in assisting potential investors, should have greater powers, thereby bypassing the cumbersome public service.

There is a business lobby which argues that through presidential order, certain administrative cores should be made directly accountable to Chiluba. These streamlined administrative cores should handle areas such as privatisation, investment opportunities, trade issues and work permits.

Even taxi drivers argue that the public service impedes change. "A bad culture has developed. Traffic police and other public servants always want something from you. You never get away without making some small payment," one said.

Despite these difficulties, local economists are upbeat about Zambia's prospects. Denny Kalyalya, an economics adviser at the Bank of Zambia, said that since May last year the exchange rate had been fairly stable, while good rains last year had increased agricultural production, lifting growth to more than 6%. There had been rapid progress in reforming the financial sector: there were only five banks in the country before 1991, now there were 19 and stricter capital requirements were in place.

"The effects of structural adjustment have been severe, but the opportunities are tremendous for those who are enterprising," he said.

Unlike Zimbabwe, government policy does not stipulate that black Zambians must have a stake in business ventures run by foreigners — a situation welcomed by many white businessmen, but criticised by some black SA entrepreneurs. Critics of this policy have been placated to some extent by Zambia's policy of reserving shares when privatising the big parastatals, with the Privatisation Trust Fund "warehousing" them for locals to buy later.

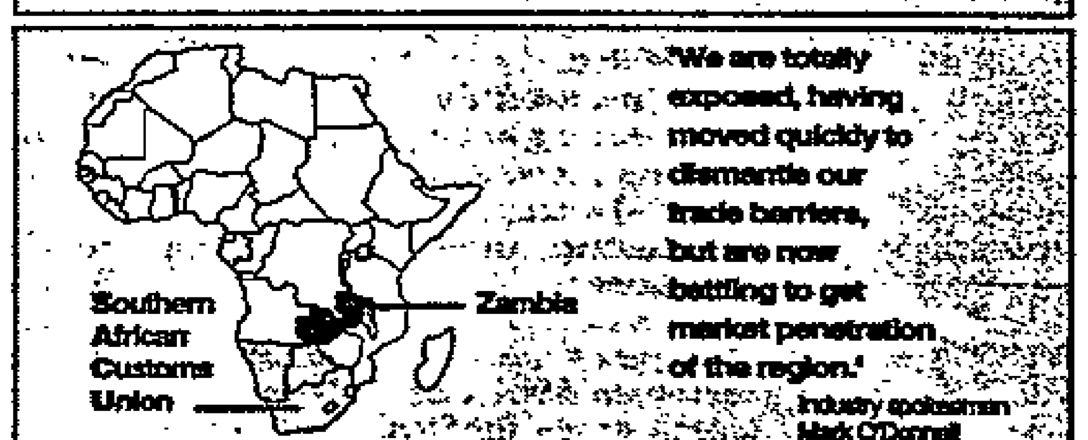
Kalyalya said there were few black Zambian entrepreneurs at this stage because Zambian incomes were low and lending rates — which ranged from 42% to 70%, depending on the institution — were prohibitive. However, he expected interest rates to keep falling, facilitating black access to capital.

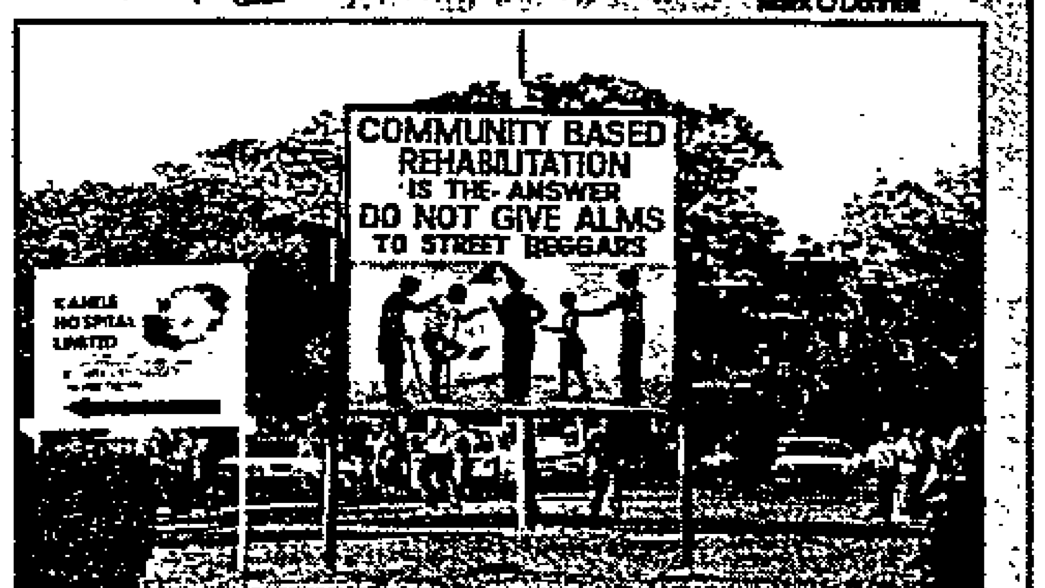
Dennis Chiwela, an economist at the Institute of Economic and Social Research at the University of Zambia, said he believed agriculture, which was largely based on small holders, was the sector with the potential to turn the economy around. Zambia's traditional lifeblood, mining, required large injections of capital and would take a long time to get going again, while significant growth could be seen whenever good rains boosted agriculture.

Poor roads were making it difficult for farmers to respond to the new liberalised marketing situation. Previously state co-operatives managed the marketing and paid a set price for all products. Now farmers found that their lack of storage facilities and bad roads made it difficult to market when the best prices were available. He believed improved infrastructure and irrigation systems could therefore make the most noticeable difference to the economy.

There is generally a remarkable consensus among Zambians about the route they should follow. They believe relative political stability is underpinning policy and that Chiluba's government is striving to improve infrastructure and provide a better home for business. They believe privatisation is on track, and that government should stick to its pledge of revamping the public service and eliminating state subsidies. As Chiwela insists: "The economy was built on subsidy bubbles and part of the transition is making those bubbles burst."

Zambia: manufacturers fight for a bigger regional share





Sign of the times: there is a sense in Lusaka that development stopped years ago, but many people argue that change has been dramatic.

No travesty of justice for youth jailed in US

Azikiwe Kambule chose 35 years in jail over going to trial. **Simon Barber** in Washington looks at the case against him

A MISSISSIPI court has handed a 35-year prison sentence to an SA teenager for a crime often committed with impunity back home.

It may have been severe, but the sense among officials is that there was no travesty of justice in this matter, only tragedy.

Azikiwe Kambule, 18, who was living with his mother in Jackson, Mississipi, where she attended college, received the sentence on Monday under a plea bargain that spared him a life term without parole in return for forgoing a trial whose outcome his lawyers judged inevitable.

On the evening of January 25 last year, Kambule, then 17, and a local man, Santonio Berry, four years his se-

There is no other direct testimony in police documents obtained by Business Day that Kambule possessed a gun, although there is a witness, Felix Penderson, who says he was told "the dude with the funny accent" had been carrying a pistol in his waistband later that Friday.

Several witnesses suggested that Berry and Kambule were heavy users of alcohol and dagga. Although this is substantiated in Berry's case, there is only one reference in witness interview transcripts to Kambule individually — as opposed to "they" — having been drunk, and none to his smoking dagga.

Roderick Taylor, who was in the same holding tank as Berry and Kambule after their arrest, made a state-

‘Collaborating’ medical community’s task is to heal itself

(93) BD 20/6/97

After confessing to its role in past human rights abuses, the medical profession now has to rebuild trust and its image, reports news editor Dianna Games

HE name of Steve Biko hung eavy over the truth commission's hearings into the health ector this week as medical organisations queued to apologise r violating the ethics and des of their profession.

Decades of abuse, torture, gregation and detention were eatly parcelled into unreserved apologies, but for hundreds or maybe more, this was ay too little too late. Mortuaries have borne witness to the results of a health system that erpetuated the apartheid system either by turning a blind e or by active complicity.

The offerings of apology were sentially passive.

The SA Medical and Dental uncil, which cleared the docrs implicated in Biko's death spite damning evidence to the ntrary, offered up the excuse at its apathy had probably en because of the "milieu" in which it operated.

This from a regulatory body which was the only organisation members of the public and medical profession could turn to to censure those violating their ethical codes.

The Medical Association of SA (Masa), which describes itself as a voluntary, independent, professional association representing at least half of the country's doctors, was shown to have a leadership which conspired with senior levels of the past government and even had members in the Broederbond.

Not surprising, then, that it verified the council's initial finding in the Biko case and then quelled all opposition within its ranks to the decision.

Although federal council member Dr Edoo Barker told the hearings that Biko's death had rocked the association's complacency, change was a long time coming. For example, the association made a decision on segregated waiting rooms only in 1994 — 17 years later.

The association argues that it did, and still does, have to decide what its role is. It says its role has been to protect the medical profession, which is separate from the role of protecting human rights.

"The problem becomes apparent when there is a conflict between the interests of the medical profession and the interests of human rights."

It was only in 1989 that Masa began to see its role as promoting health for all which, of course, included protection of human rights concerns. Its credo to this effect was finalised only in 1993.

In fact at the time, it was seen by many not to be just passive about human rights but rather to have an antihuman rights culture.

The other conflict it faced was that between the need for the medical profession to stand together and the need to expose colleagues practising unethically. In the Biko case, there seemed to be have been no conflict at all. It could not have been an isolated case.

"When Masa chose to expose a colleague who has committed a human rights violation which has political dimensions, then Masa faced the possibility of a split within its membership.

"Under these conditions Masa has historically chosen to close ranks and protect the interests of the profession rather than favour human rights development."

It was also accused of failing to support black doctors, once again using the excuse that it could not interfere in areas where discrimination against black members was because of circumstances that were not medical in nature.

At the time black doctors were not allowed to give orders to even junior white nurses which implied black doctors should only treat black patients. Masa did not take up the issue but rather stuck to its story that black doctors were of equal status to all practitioners.

A submission to the truth commission hearings by the Health and Human Rights Project said: "A culture of being entirely comfortable with repressive and discriminatory policies underlies much of Masa's responses in the 1970s and 1980s to human rights challenges.

"It is this fundamental and deeply ingrained disregard for human rights in the profession that made it easier to step over the mark and ignore the rights of black detainees when, in later years, their physical integrity and survival were threatened by state-sponsored brutality."

Both the council and Masa had close ties to the then health department which, after listing a shocking litany of abuse of medical ethics and practice, also issued a lengthy apology to the truth commission.

Central to its submission was the role of district surgeons who consistently violated the doctor-patient relationship in favour of the security police.

The department conceded this, saying detainees had a crisis of confidence with respect to the district surgeons as they were seen as agents of the state who were not to be trusted.

District surgeons also came under fire in a submission by the American Association for the Advance of Science, the largest federation of medical, scientific, medical and engineering societies in the world, which conducted two studies on "apartheid medicine" during the 1980s.

It accused district surgeons of violating national and international codes of professional ethics by turning a blind eye to the torture and ill-treatment of detainees.

Other submissions by organisations such as the now defunct SA Nursing Council, the regulatory body for the organisation, and the Psychological Association of SA, chronicled a litany of professional abuses.

The SA Medical Service (SAMS) presentation bordered on the farcical. Among its listed special projects was Project Harmonia — which dealt with, in the course of three full pages — the service's annual singing competition.

"This project was registered as a nation building project with a primary aim of creating a 'singing SAMS'," the service's submission stated.

The audience laughed but later on, commissioners asked with incredulity whether the service had known that the country was involved in a war situation — as its submission touched on it only tangentially.

BD 20/6/97 (93)

detainees.

It said more than 70 political detainees had died in detention between 1960 and 1990 and in some cases medical negligence had been an important contributing factor.

This was made worse by the fact that district surgeons were the detainees' only health care provider and often their only link to the outside world.

"While it appears that district surgeons did not generally participate actively in torture, they rarely spoke out against inhumane practices. Instead they aided those who were actively engaged in committing gross violations of their patients' human rights."

The health department admitted it had allowed this situation to continue unabated and had made it difficult for those district surgeons who wanted to challenge the situation to do so.

Dr Wendy Orr, who chaired most of the sessions, was effectively pushed out of her role as a district surgeon after successfully bringing a Supreme Court interdict in 1985 stopping police from assaulting detainees.

The department conceded that it did not give her support and had even obstructed her. It said it had to accept complicity in torture by omission.

The reply was evasive.

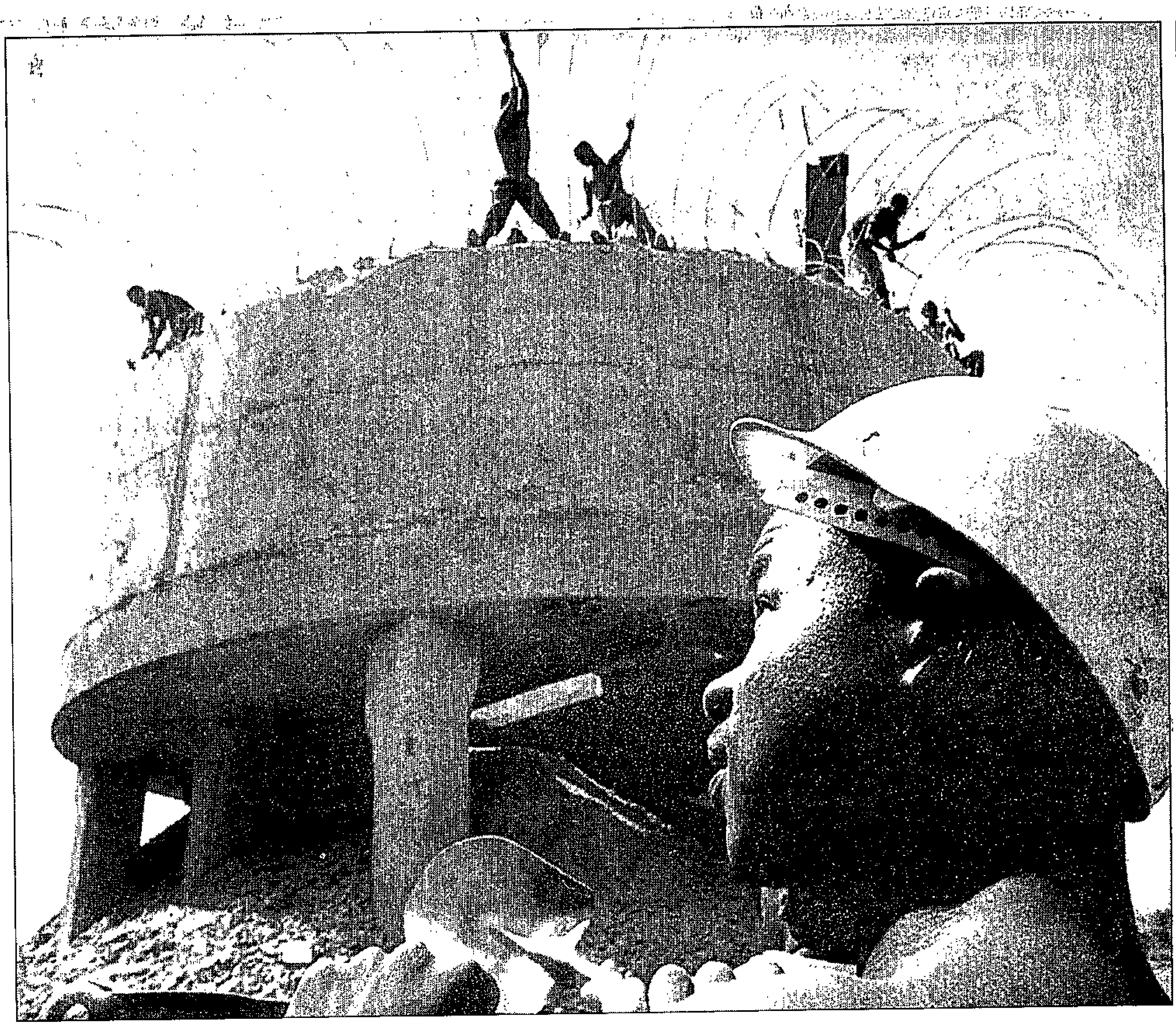
The real challenge now is how organisations representing the health sector can rebuild trust in a population which was betrayed by the very people it had to rely on when it was at its most vulnerable.

Most submissions admitted complicity and inaction in the fact of human rights abuses rather than actual physical abuse. However, the failure to take action by those who were entrusted to do so can only have helped the general erosion of human rights of the time.

Leslie London of the University of Cape Town's community health department summed it up thus: "Such a profound lack of accountability has its long-term consequences and costs to the profession.

"It has eroded the trust of the broader community in health professionals and institutions and requires concerted efforts to rebuild the kind of confidence to which the health professions should aspire."

It seems the reformed or new organisations will have to set as a priority accepting human rights as a primary responsibility and the creation of an ethical framework to guide professionals in the future, to ensure that this never happens again.



DIGGING FOR FUNDS *Like many miners in the southern African region, this man faces a mountain of problems should investment in the region's mining sectors not pick up soon. Zambia has blamed post-colonial regimes and bad industrial policies for the drop in investment* PHOTO: JOHN WOODROOF

Zambia cries alarm at regional mining policies

CT (BE) 20/6/97 (360)

FROM SAPA-DPA

Lusaka — Zambia yesterday blamed the policies of the post-colonial regimes in southern Africa for dwindling investments in the mining sectors of all the countries in the region.

Christon Temba, Zambia's mines and minerals development minister, said the region's mining sectors will collapse if the 12 member nations of the Southern African Development Community (SADC) did not realise the causes behind the problems they were working on individually to eliminate.

Temba was speaking at the announcement of a regional mining investment exhibition that will be hosted by Zambia on December 4.

He said the region faced an alarming lack of investment in the mining sectors because of bad industrial policies.

He said the SADC states had understood that mining sectors in the region lacked the infrastructural capacity and technology to process minerals. This understanding had led to the decision to stage the international exhibition.

Temba said the mining sectors contribute 60 percent of the foreign exchange earnings to the regional economy, about 10 percent of the gross domestic product and about 5 percent of the total employment.

The Lusaka exhibition will focus on the development of infrastructure, investment opportunities in mining in the area and downstream processing of minerals, said Temba.

The 12 member states of the Southern Africa Development Community are Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

Organised business in Zambia lists problems it wants tackled

(360) BD 25/6/97

David Simpson

LUSAKA — The Zambia Association of Chambers of Commerce and Industry is pressing for the abolition of an import declaration fee which amounts to 5% of the value of imported goods.

The association, which has listed a number of problems facing business in Zambia, said it would seek the abolition of the fee, which was introduced as a "temporary measure" in 1995 to fill a gap in the government's budget which was caused by pumping millions of kwacha into a futile effort to save the ailing, privately owned Meridien Bank. Although the measure was meant to be withdrawn at the end of 1995, it was scrapped in December last year, only to be reintroduced in this year's budget.

The organisation also wants a review of the issuing of work permits. At present the Investment Act allows a company to bring in up to five expatriate managerial staff at the rate of one work permit for each $250 000 invested — and each permit is subject to approval by the government.

This was restrictive, members said, recalling that President Frederick Chiluba told the World Economic Forum in Harare last month "it does not matter whether a cat is black or white as long as it catches mice".

The association also intends to urge government to spend more on the police and less on the armed forces, to implement the long-discussed public service reform and to ensure an effective, accountable and uncorrupt government of moderate size. Currently there are 22 ministries, each with a minister and at least one deputy minister.

One constraint on reducing the public service is that government says it cannot afford to pay redundancy packages on the scale that would be required. The association's suggestion that housing, vehicles and shares in state-owned companies being privatised should be included in the packages, have not been taken seriously.

Other moves the association intends to pursue are independence for the Bank of Zambia, and publication of budgets of local authorities, which are treated as secret.

The association also intends to fight for the abolition of legally required fixed or minimum charges for the professional services of lawyers, architects and others. Legal fees for conveyancing have been a serious constraint on growth since a set scale is laid down, based on the value of property. This has led to fees running into thousands of dollars for the preparation of a standard conveyance, the lawyer's work being little more than to fill in the parties' details.

In last year's budget, Finance Minister Ronald Penza said the government would deregulate professional fees from April last year. This has never been implemented.

Zambia announces 25% fuel price increase

(360) BD 26/6/1997

Chilombo Mwondela

LUSAKA — The Zambian government has announced a 25% increase in the fuel price, a move which has been condemned by business organisations in the manufacturing and transport sectors.

Energy Minister Suresh Desai has refused to comment on the reasons for the increase — from 736 kwachas to 936 kwachas — but the business community believes government is trying to augment its cash budget and has warned of inflationary effects and called on government to review the tax burden on consumers.

Zambia Association of Chambers of Commerce and Industry chairman George Chabwera warned the government that it would not be possible to achieve the 5,5% growth in gross domestic product which had been estimated for this year.

"We are experiencing severe constraints already. The state of the infrastructure and cheaper imported products work against us. It seems our appeals to government have fallen on deaf ears. We need to be strengthened and not to be dealt another tax blow with an end result that will make all Zambian products more expensive," Chabwera said.

The increase has also sparked a price war among public transport operators. The United Transport and Taxis Association of Zambia is trying to persuade its members to stick to a corresponding 25% increase in fares, but some operators have taken advantage of the situation and announced increases of up to 40%.

Transport association chairman Willie Nsanda said an increase in fares was inevitable. "The increase is unwarranted and unexplained. We are paying for maladministration at Indeni Fuel Refinery," he said, arguing that the Zambian transport industry was being affected by the state of the roads and expensive imported spare parts.

Indeni Fuel Refinery in Ndola operated at 50% capacity for about six months last year and was shut for about three months early this year for rehabilitation work.

Manufacturers' Association of Zambia chairman Mark O'Donnell called on government to seek alternative revenue sources: "It is surprising that though the world oil prices are reasonable, Zambia is experiencing quarterly fuel increases. It is just unfortunate that it will rebound on Zambian manufacturers who are already struggling with the influx of imported goods," he said.

Data from the Zambia revenue authority on income tax returns indicated that employment in the formal sector had fallen by 7% since the start of the structural adjustment programme in1992. According to the central statistical office, the official size of the formal sector in Zambia was 300 000 people, in a country of 9-million people.

Finance Minister Ronald Penza earlier this year promised to widen the tax net and to reduce pressure on the formal sector.

According to Economics Association of Zambia co-ordinator Muna Nakalonga, the increase might be a way for the government to expand its revenue base.

Zambia to lobby Paris Club for donor aid

OD 2/7/97 (360)

Chilombo Mwondela

LUSAKA — Zambia will attend an important Paris Club meeting held under the auspices of the World Bank on July 10-11 to negotiate for the resumption of donor aid to the country.

Donors' withdrawal of aid at the beginning of this year has left a hole in government's coffers, making it difficult to run the public service and pay public servants.

Critics believe the cash budget has gone awry as a result of donor squeeze. Zambian Finance Minister Ronald Penza says Zambia's $700m annual aid requirement is desperately needed for debt relief.

"The supplementing role of donors is important since the amount of aid Zambia receives from the donor and creditor communities in debt relief reaches more than $700m a year, significantly larger than the net contribution of copper to the Zambian economy.

"It is also larger than what Zambian citizens and enterprises pay in taxes to their government."

The effects of the cash squeeze are being felt. Teachers and medical workers are staging intermittent strikes over nonpayment of salaries, and Health Minister Katele Kalumba has complained of the scarcity of drugs in Zambian hospitals.

The government has also failed to honour labour agreements on pay hikes reached in January.

This has sparked further troubles, especially in the health service where general workers at the country's biggest hospital, the University Teaching Hospital in Lusaka, are threatening to go on strike. The hospital's nurses began a strike on Sunday, demanding an agreed-upon K30 000 ($23,60) increment.

Penza said aid given to Zambia had recently averaged about $80 per inhabitant. "It used to be higher in the early '90s when it reached over a $1bn. We are receiving this aid because the international donor community believes Zambia is doing well," he claims.

However, donor countries, starting with Britain, declared earlier this year that there would be no more balance of payments (BoP) support to Zambia.

The aid withdrawal was prompted by the enactment of the Constitutional Amendment Bill barring United National Independence Party (Unip) president Kenneth Kaunda from taking part in last year's election because his parents were not Zambian.

Donors also demanded government commit itself to the speedy privatisation of Zambia Consolidated Copper Mines before next year.

Britain, the US, Japan, Sweden, Norway, Denmark, and Germany declared they would withhold BoP support to Zambia for this year but would continue to support their existing projects in the country. The seven countries are among Zambia's major donors and Zambia will meet them at the consultative meeting arranged by the World Bank.

In this year's budget, Penza states Zambia needs $475m in donor support, $200m being for BoP support. However, last week he admitted Zambia needs more than the stated figure in the budget. Penza also lashed out at opposition parties for calling on the donors to withdraw aid for alleged bad governance.

The country's major opposition parties, Unip and the Zambia Democratic Congress (ZDC), maintain that the governing party, the Movement for Multiparty Democracy (MMD), has grossly misused donor.

They say funds have been abused to the extent that it is unclear what donor money given in the early '90s was used for.

"Our roads, hospitals and councils have reached the worst possible state while the MMD government has been in power. How did they use the money? That is why the donors refused to offer BoP support in 1997 and are only giving us project support," says ZDC secretary-general Azwell Banda.

At the weekend Penza promised that about $300m in donor aid would be used to finance projects, mostly in the public sector.

"Not much of this goes towards expanding infrastructure. Most goes towards rehabilitating roads, schools, clinics and hospitals."

Without the BoP support it is difficult for Zambia to maintain economic reforms based on its liberalisation policies. The Bank of Zambia hopes to reduce inflation to 15% — it has fluctuated recently between 27% and 35% — by the end of the year, but some analysts fear this may fail if government is not rescued from its cash crisis.

The central bank is using financial instruments such as treasury bills to mop up excess liquidity in the economy.

The bank has been commended for working hard to maintain macroeconomic stability by strictly monitoring commercial banks' reform activities.

Meanwhile, commercial banks are the major participants in the auction of treasury bills, effectively reducing the commercial banks' willingness to lend money and invest in the economy.

Link Zambia aid to rights, donors told

(B60) Star 5/7/97

Lusaka – An international human rights group has urged aid donors to maintain economic pressure on Zambia's government to force progress in democracy and human rights.

Human Rights Watch/Africa spokesman Alex Vines said yesterday foreign governments should continue to link assistance to the country's human rights track record.

"This strategic use of aid to ensure compliance is all-important," Vines told a news conference.

Western donors cut aid to Zambia last year after the government passed a constitutional amendment keeping all major contenders out of general elections in November, including former president Kenneth Kaunda.

Some donor governments have told President Frederick Chiluba's government the squeeze would be eased at a donors meeting in Paris on July 9, provided the government begins dialogue with the opposition.

But opposition parties that boycotted the poll have also rejected dialogue with Chiluba's government, saying he should call fresh elections.

Human Rights Watch supported the call for a new poll, and also urged the government to guarantee the independence of the judiciary and to uphold freedom of expression and association, which it said were still lacking.

Zambia is relying heavily on aid to fund at least a third of the country's budget for 1997. – Reuters

COMPAN

Anticipation of an announcement leads to soaring prices worldwide

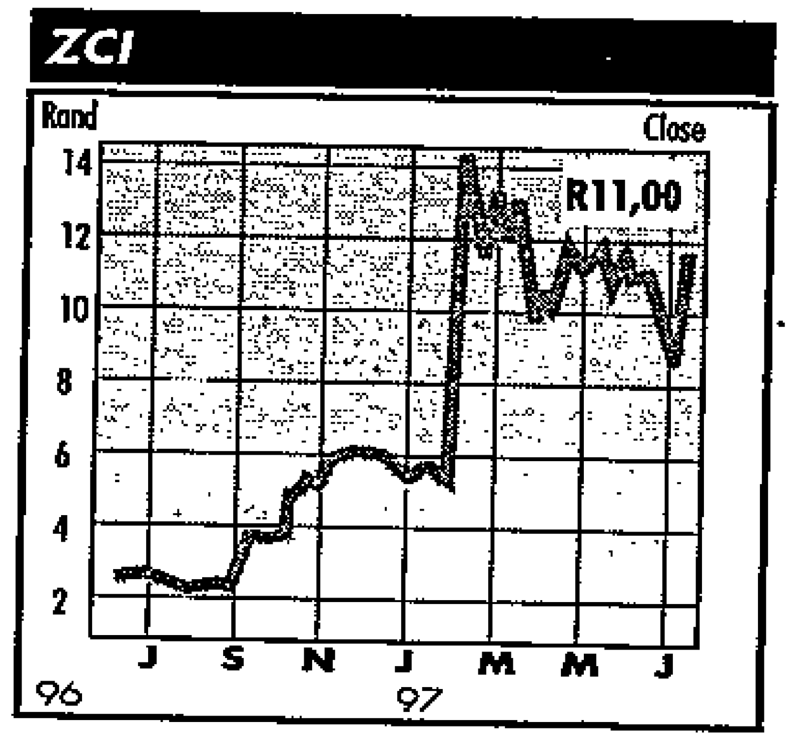
ZCI shares surge on Konkola talk

CT (PDR) 10/7/97 (360)

MATT GETZ

Johannesburg — Shares in Zambia Copper Industries (ZCI), which owns 27 percent of Zambia Consolidated Copper Mines (ZCCM), rocketed on world bourses last week in anticipation of an announcement on the Konkola Deep project, John Clemmow, an analyst at Investec Securities in London, said this week.

In Paris, the share went from Ff10,85 (R8,33) on Thursday to Ff16,15 on Friday on trade of over 6 million shares. In London, it rose from £2,08 to £2,83. In Johannesburg it climbed from R8,50 to R11,20 on trade of 11 000 shares.



"If you look at the volumes in Paris, it is uncanny how often the share jumps on heavy volumes ... before an announcement," Clemmow said. "The most logical conclusion is that the followers ... are predicting a successful conclusion to the ZCI/Falconbridge Konkola Deep Mine proposal."

The project, part of ZCCM's privatisation, could be worth $2,5 billion, of which half is likely to accrue to ZCI. The privatisation was supposed to be completed last month but was delayed.

Clemmow said time was running out for ZCCM: the company was short of cash and it had to borrow $30 million a few months ago to pay wages. Analysts have said the future of ZCCM hinges on the Konkola Deep project.

Clemmow said ZCI, 50 percent owned by Anglo American and De Beers, had a lot of speculative upside because all Anglo's rights in Zambia resided in ZCI.

CT

"If Anglo wants to develop a multibillion-dollar contract through ZCI, they wouldn't want to do it with just 50 percent," he said. Anglo might want to up its stake, possibly by transferring other assets to ZCI and using it as its African base metals operation.

Glen Finnegan, an Anglo spokesman, said yesterday the company was still conducting due diligence and feasibility studies on the project.

Clemmow said the share probably had a topside of about Ff20 in Paris and R20 on the JSE.

Zambians win aid pledges worth more than $400m

(360) BD14/7/97

LUSAKA — The government of Zambia won pledges of more than $400m in financial assistance on Friday, from donors satisfied with Lusaka's economic reforms and efforts at democratisation.

At the end of a two-day meeting of donor nations at the World Bank's European offices in Paris, donors undertook to make available $435m to meet external financing requirements for 1997.

The move reverses the decision by donors to suspend aid to Zambia in 1996 following controversial presidential and parliamentary elections last November. The elections, which the opposition said were rigged, brought President Frederick Chiluba and his Movement for Multiparty Democracy back to power with a majority of the contested seats amid a climate of hostility and resentment.

In the run-up to this week's meeting in Paris, donors were under pressure from a number of human rights and press freedom organisations to tie conditions to their aid and to demand that human rights and the freedom of the press be respected.

The Zambian delegation, headed by Finance and Economic Development Minister Ronald Penza, reminded the donors of positive developments that had bolstered macroeconomic stability since the last meeting in December 1995. Inflation has dropped and may reach a year-end target of 15%.

Zambia's gross domestic product also rose by 6,4% in 1996, the local currency's exchange rate has stabilised, the government's privatisation programme has gained momentum, private sector capital inflows exceeded $200m in 1996 and exports continued to grow at double digit rates.

Zambia may also hope to qualify for debt reduction under the Highly Indebted Poor Countries (HIPC) initiative of the World Bank, the International Monetary Fund and bilateral creditors aimed at bringing debt burdens down to sustainable levels.

Although the Chiluba government made some attempts since re-election in 1996 to improve its human rights record, the New York-based Human Rights Watch said the change was superficial.

When elected in 1991 in polls that ended 27 years of one-party rule under former president Kenneth Kaunda, Chiluba was showered with goodwill by the international donor community. Lusaka received aid at levels higher than the average in Africa and its economic reforms were underwritten by assistance worth up to $1bn a year.

Although donors' policies to resume aid in exchange for positive actions on human rights have borne fruit, the organisations stressed that donors must continue to demand more significant change.

Amnesty International joined the clamour for continued pressure on Lusaka, alarmed by reports of the harassment of opposition figures and parties, the media and non-governmental organisations. According to Amnesty International, from December 1994 to March 1997 Zambian authorities had threatened to expel former President Kenneth Kaunda on charges that he was a national of Malawi and not of Zambia.

The threats of expulsion, said Amnesty International, were aimed at preventing Kaunda from taking an active role in local politics. — Sapa-IPS.

Zambian state 'committed to budget targets'

(360) ETCBR) 17/7/97

JOWIE MWIINGA

Lusaka — The Zambian government will not increase spending — despite student and industrial unrest — because it is committed to budget targets, Godfrey Simasiku, the deputy finance minister, said on Tuesday.

"We are operating under a cash budget and we can only use what is there," he said.

Food suppliers to most government institutions have suspended deliveries because the government has failed to honour outstanding debts.

Ministry of education officials said up to 20 institutions of higher learning could close earlier because of inadequate food stocks.

However, Simasiku said government food suppliers, like other creditors, would have to wait for the government to raise resources to meet its obligations. He urged companies to pay outstanding taxes to refill government coffers.

"The Zambia Revenue Authoritiy (ZRA) is doing extremely well now, and people should co-operate with it. ZRA will later remit to the government which will eventually pay the food suppliers," he said.

The revenue authority failed to meet its target in the first quarter of the year, largely because Zambia Consolidated Copper Mines was unable to pay its creditors, who in turn failed to pay value-added tax.

The revenue shortfall led to the country recording a budget deficit in the first quarter of the year against a targeted surplus.

The International Monetary Fund subsequently suspended discussions on funding under the second-year Enhanced Structural Adjustment Facility until the government put right the budget.

It is not yet clear whether the government recorded a surplus in the second quarter.

Union leaders in the capital, Lusaka, and the mining towns of Kitwe and Ndola have called for industrial action to push the government to meet wage commitments it made last December. — Reuter

Copper belt consortium wins bid for ZCCM division

BD 21/7/97 (360)

LUSAKA — The Copperbelt Energy Consortium, consisting of two British electricity firms, has won the bid to buy the power division of state-owned Zambia Consolidated Copper Mines, and arrangements will be completed by the third quarter of this year.

Government privatisation negotiation team leader Francis Kaunda said at the weekend that the bid winners, a consortium of Midlands Power International, the National Grid Company and a five-man Zambian management team, represented the first major electricity privatisation in southern Africa.

The mines' power division distributes electricity from the national grid to all mine operating divisions as well as providing ancillary services such as civil and electrical construction and inter-mine movement of materials.

Midlands Power International is a subsidiary of the UK regional electricity company, a joint venture between two US-based integrated electricity utilities. The National Grid Company owns and operates the transmission system in England and Wales with about 7 000km of overhead lines.

The mines' Luanshya Division was recently sold to Binani International, while the Kansanshi mine has been sold to Cyprus Amax of the US.

Chilombo Mwondela reports that a spokesman for the mines said last week that the Zambia Revenue Authority's decision to collect duties on goods imported by the mines at entry points around Zambia would be a setback for the cash-strapped conglomerate. Mines public relations manager Francis Musonda said the authority had previously allowed the mines' goods to be received at the destined divisions and government dues paid later.

The authority's acting commissioner-general, Abraham Geevarghese, said the mines would now be treated like any other company and would pay duty immediately at entry points.

The mines has been struggling to pay wages and Musonda said demand on its cash resources would increase now, although the company was up to date with payments to local suppliers.

Mining ministry sources said the company's debt position had forced the Zambia Privatisation Agency and the government to proceed quickly in negotiating privatisation packages.

One result of this had been the controversial sale of Luanshya and Baluba Mines to Binani, an Indian company largely producing copper wire. First Quantum Minerals, a Canadian mining company with experience in the field, alleges negotiations for the sale were not transparent, since it was led to believe that it would be awarded the package.

Sources said Binani had the ready cash to enable the mines to meet part of its wage bill for April, May and June.

Meanwhile, ministry sources said the Zambian government was desperate to sell the Nkana and Nchanga mines at a price that would cover the mine's debt burden. However, this appeared unlikely as the gap between the Kafue Consortium's offer and the privatisation agency's demand was as much as $130m, they said. — Sapa-DPA.

Sir James Goldsmith at the Referendum Party's first conference in Brighton last year. Th financier died of a heart attack at the weekend. Picture: /

Kenya: Time of political change

(360) CT 21/7/97

THE PEOPLE of Kenya are engaged in a struggle that will lead their country to a democratic order and the elusive uhuru, predicts Contributing Editor **VERNON SEYMOUR.**

RESPECTED Kenyan statesman Oginga Odinga wrote in his biography *Not Yet Uhuru* (published in 1967) that a Kenyan government "which is isolated from the people will plunge our country into pain and tragedy".

How prophetic those words were. Many Kenyans are now asking: "Wapi uhuru?" (where is uhuru).

Although the current popular revolt in Kenya is essentially about constitutional reform, it is clearly aimed at removing President Daniel arap Moi from office after nearly two decades of autocracy, corruption and political patronage.

His despotic rule has been characterised by the worst forms of repression, such as detention without trial, harassment of the press and the use of security agents to silence dissent and opposition.

Moi has ruled his country through *kragdadige* means in typical National Party style during the dark years of apartheid repression. Whereas PW Botha was wagging his finger at South Africans, Arap Moi was doing likewise at the people of Kenya.

Arap Moi became the president of Kenya on August 22, 1978, a few hours after the death of President Jomo Kenyatta.

When he came to power, Arap Moi tried to cultivate the image of the president of the people. However, like most one-party governments, one of the first actions the Arap Moi administration took was to pass the Public Order Act, which allowed the president to suspend the constitution, giving him the power to violate the Kenyan people's human rights at his discretion.

The use of state security organs under this act became one of the distinguishing features of Arap Moi's presidency as it turned out to be one of his most useful political tools. Arap Moi adopted the habit of issuing "decrees" on a wide range of policy issues, which the civil service had to implement without question. Thus he created an imperial presidency.

> *The government has refused to register many political parties ... which means that unless the laws are amended many Kenyans will not be allowed to vote for a party of their choice.*

Between 1982, when several Kenyan Air Force personnel attempted a coup, and 1991, when the Arap Moi regime acceded to the demand of multi-party politics, Kenya witnessed the most repressive period in its history, with widespread violations of human rights and the serious derogation of democratic governance.

As Moi tried to make one-party rule work, he tried hard to fit everyone under the umbrella of the Kenya African National Union, the ruling party, but there were always people described as dissidents and their numbers kept growing.

The single party, within which national unity and harmony were to be achieved, was hailed as the ultimate solution to the ethnic problem.

In well-orchestrated public rallies, the public was invited to denounce all those clamouring for reform as unpatriotic, fronting for foreigners who wanted to destroy the peace and prosperity of the Kenyan people.

Furthermore, Moi pursued a policy of political patronage and assumed the role of supreme provider, dishing out natural resources, opportunities for jobs, government contracts for schools, hospitals and roads on the basis of direct loyalty to him and his party. From time to time "dissident" groups unsupportive of the government and the ruling party would be reminded that they were in danger of failing to receive their share of the "fruits of independence".

Despite great domestic and international pressure to abandon the single-party dictatorship, the return to multi-party politics was resisted by those who wielded state power in Kenya.

Many reasons were advanced. The one most often cited by the president himself — and sycophantically echoed by his ministers (like most of the defenders of one-party rule) — was that many parties would breed ethnic strife and destroy the unity created among the people since independence.

The political elite in Kanu were determined to prove that multiparty politics would not work. In service of their self-fulfilling prophecy, highly inflammatory speeches were made by senior government and party officials urging resident "foreign" communities not to abuse the hospitality of the "indigenous" communities.

In 1991, Arap Moi bowed to domestic and international pressure and reluctantly accepted multiparty politics for Kenya. Fortunately for him and Kanu, the opposition forces led by veteran opposition figures such as Oginga Odinga and Kenneth Mathiba were unable to translate themselves from a loose coalition of people into a unified and viable political party.

Another factor was that the constitution had not been amended to accommodate all the changes in Kenya's political structures.

Opposition parties were operating at a disadvantage and had to endure the manipulation of electoral processes and many irregularities during the 1992 elections. Arap Moi received 35% of the national vote compared with 65% combined vote of Odinga and Mathiba and Mwai Kabaki of the Democratic Party of Kenya. The Electoral Commission appointed by Moi was widely accused of massive rigging in the 1992 elections.

The latest developments in Kenyan politics are also about constitutional reform, which is opposed by the ruling party, Kanu.

A nominally multiparty Kenya operates on single-party rules. The government has refused to register many political parties in terms of current legislation, which means that unless the laws are amended many Kenyans will not be allowed to vote for a party of their choice.

Moi's government has simply failed to take the essential steps to create a free and fair electoral climate. On the whole, the leadership of Arap Moi and Kanu remains uncommitted to a truly democratic society.

Although opposition political parties operate openly and freely, in recent years opposition members of parliament, human rights activists, journalists and other government critics have been arrested in connection with peaceful demonstrations, speeches, publications or investigations into human rights abuses. Whole editions of newspapers and publications critical of government policies have been banned.

Doesn't that sound familiar?

However, what is clear is that the political opposition within Kenyan civil society advocating political change has increased dramatically.

Arap Moi's hold on power is under siege. The people of Kenya are on the march and are engaged in a struggle that will lead their country to a democratic order and the elusive uhuru.

Arap Moi has to contend with a group of new leaders once viewed as dangerous revolutionaries and now widely regarded as representing the dynamism that can reflect the hopes and aspirations of an Africa looking towards the future.

❑ *Vernon Seymour is a senior research fellow in international relations at the Centre for Southern African Studies at the University of the Western Cape.*

Monitors judge Zambia guilty of human rights abuses

(360) BD 22/7/97

Frederick Chiluba's government has made a few begrudging and mostly cosmetic efforts to improve its human rights record in Zambia, argues a report by Human Rights Watch/Africa. Claire Pickard-Cambridge reports

BLATANT human rights violations still occurred in Zambia, although there had been fewer incidents of harassment of Zambia's independent media in the past seven months than in the run-up to the November 1996 elections, Human Rights Watch/Africa said in a recent report.

Monitors of the New York-based nongovernmental organisation (NGO) said that since April the Zambian government had been trying to portray itself as taking human rights issues seriously, but that many of these efforts were superficial.

Reported abuses included charges before the courts at present against the independent media and the short-term imprisonment of four journalists.

Zambia Information Service acting deputy director Mundia Nalishebo was suspended with five other state media journalists in November after allegations that they had collaborated with an NGO monitoring the election which found that the elections were neither free nor fair.

More ominously, the report said, the state had tried in March to introduce legislation to form a media council which would force journalists to register with the state and strip journalists deemed ineligible of the right to work. Those who continued would face jail terms and fines. After an international outcry, the state suspended consideration of the bill in April and it had yet to be retabled.

Human Rights Watch was set up in 1978 to monitor and promote the observance of internationally recognised human rights in areas including Africa, the Americas, Asia and the Middle East. It accepts no government funds, and is supported by contributions from private individuals and foundations worldwide.

The report claimed the government's record on respect for free assembly and association had been poor, although there had been insignificant improvements since the 1996 elections.

Three local human rights NGOs that declared the elections neither free nor fair had been victimised by the state.

On November 24 and 25 police had raided the offices of the Committee for a Clean Campaign, the Zambia Independent Monitoring Team and the Inter-Africa Network for Human Rights and Development, and seized documents. Many of these documents had not been returned.

The Foundation for Democratic Process, which also declared the elections not free and fair, was targeted by government as well.

It had received tax exempt status from the Zambian revenue authorities because it was operating on a grant aimed at strengthening the democratic process, including election monitoring and local government elections.

On December 19 it received a demand for outstanding tax arrears of about $21 000.

The opposition had also been harassed in the immediate post-election period. For example, the main opposition, the United National Independence Party (Unip) led by former president Kenneth Kaunda, had found its attempt to hold a rally in Ndola in February blocked by the police. There had also been occasional harassment of relatives of senior Unip officials such as Vida Ngoma, the 80-year-old aunt of Kaunda's wife Betty, who police kept in a cell with a corpse for two days after searching her house without a warrant, the report said.

For much of early 1997 a presidential petition, being heard in the supreme court, was the main focus of Zambian political life. The petition, which was brought by the opposition against Chiluba, challenges the elections and Chiluba's constitutional right to the presidency. Some of the witnesses brought to testify in the case have been harassed, with some reporting death threats. One witness, Theresa Kalo, was arrested and held for several days after she testified. Three other witnesses reportedly went into hiding, apparently out of fear of arrest.

Human Rights Watch said the establishment of a permanent Human Rights Commission by government in March was, in principle, a welcome development. However, the hasty process by which government appointed its members, most of whom lacked robust human rights credentials, had been criticised. To date, the commission did not appear to have a programme or any activities to report on. It also lacks proper premises and sufficient resources.

Human Rights Watch described the international community's efforts towards seeking improved human rights and good governance practice in Zambia as "exemplary". The stick-and-carrot approach of offering renewed balance of payments support in return for positive actions by the Zambian government had achieved some results, and the organisation called on donors to maintain this pressure.

It also called on donors to target aid to support an independent judiciary, the development of a robust and independent Human Rights Commission, and to support the independent media.

The balance of payments support — which had been suspended by donor countries after the elections — had been resumed after a meeting with donors in mid-July where undertakings by the Zambian government were secured.

The report said the judiciary and legal profession had come under attack from the state in 1996 for being independent-minded and criticising government actions. Chiluba also suspended Lusaka high court judge Kabazo Chanda, who has a history of criticising the president and the country's human rights record, and appointed a tribunal to see whether he should be relieved of his duties. It is expected to start this month.

Chanda overruled the efforts of the speaker of parliament, Robinson Nabulyato, to secure the sentencing of The Post journalists Fred M'membe and Bright Mwape to indefinite prison terms for contempt of parliament. The Judges and Magistrates' Association of Zambia called the suspension of Chanda "intimidatory" and warned that this "tribunal might be a tool to undermine the independence of the judiciary".

The report recommended that the government should:

- Facilitate debate on the 1995 Mwanakatwe Constitutional Review Commission proposals before implementing major constitutional reforms, and these should be agreed to by a constituent assembly and should also be subjected to a referendum;
- Facilitate the establishment of a truly independent electoral commission and a credible register of voters;
- Call fresh elections to a constituent assembly to review and, as appropriate, amend the constitution and the Constitutional Amendment Act of 1996; and
- Reappoint commissioners on the permanent Human Rights Commission through a transparent process, ensuring commissioners are elected in an objective way.

☐ ZAMBIA

ZCCM gets final bid for Nchanga-Nkana

Zambia Consolidated Copper Mines (ZCCM) said yesterday it had received a final bid from the Kafue consortium for the purchase of the Nchanga-Nkana mining package. The Kafue consortium comprises Avmin, Noranda Mines, Phelps Dodge and the Commonwealth Development Corporation. The Nchanga-Nkana package is made up of five underground mines, one open-pit mine, concentrator facilities, a tailings leach plant and a cobalt plant.

Meanwhile, Canada's First Quantum Minerals intends to appeal against last month's sale of ZCCM's Luanshya-Baluba package to Binani Industries, a ZCCM official said. He dismissed reports that the Luanshya-Baluba package was awarded to Binani because cash-strapped ZCCM needed funds and Binani was willing to complete the sales negotiations before other bidders. — *Reuter, Lusaka*

(360) CT(BR) 25/7/97

Zambia to buy Zimbabwean maize

(360)
BD 29/7/97

ZIMBABWE would sell maize to Zambia to alleviate its shortage because SA did not have enough to sell to the country, a Food Reserve Agency spokesman said in Lusaka yesterday.

Zambia was short of 270 000 metric tons for the current season, and the agency had arranged to import 120 000 tons from Zimbabwe. Arrangements had been made with Zimbabwe for private traders to be permitted to import maize from September, the spokesman said.

Zambia's grain shortage is expected to continue because poor rainfall is expected this year.

REPORTS: Business Day Reporters, AIA.

Lusaka tense as police, youths clash

BD 31/7/97

LUSAKA — Riot police fired tear gas at supporters of former president Kenneth Kaunda and said they had arrested 18 youths as a demonstration turned violent in the centre of the Zambian capital yesterday.

Some senior members of Kaunda's United National Independence Party (Unip) had also been arrested, a police spokesman said.

He said four government vehicles were stoned and a policeman hurt during the clash on Cairo Road.

Supporters of Kaunda and an alliance of other opposition parties had assembled outside the Unip headquarters to march on the offices of two state-controlled newspapers which they accused of biased reporting.

Riot police were deployed to defend the Times of Zambia and the Zambia Daily Mail offices, and another detachment was sent to the Unip offices.

Demonstrators threw stones as police set about breaking up the protest, firing tear gas. Some passersby were caught up in the turmoil.

Kaunda, who was in the headquarters building, was whisked away by his security men.

Tensions ran high after the violence, and city centre shops were quickly closed and shuttered to prevent looting. — Sapa-AP.

(360)

KENYA *Threats include a nationwide strike, US diplomatic clout and possible withdrawal of IMF funds*

Pressure grows on Moi for reform

CT(BR) 1/8/97 (360)

Nairobi — Kenyan reformists said yesterday they would stage a nationwide strike next week unless President Daniel arap Moi responded to a four-month-old demand for democratic reforms.

This demand came on the day the government asked the International Monetary Fund (IMF) to extend the deadline, which expired yesterday, for Kenya to prove its commitment to ending corruption in government.

Kivutha Kibwana, a spokesman for the pro-reform National Convention Assembly, said: "After the strike, if the government continues to ignore our demands, there will be intensified peaceful mass action until the government accepts reforms as the only logical and sensible option for the country."

Kibwana said the government had until Tuesday to respond to the assembly's demands, otherwise the reformists would call a national strike on August 8.

The alliance of opposition leaders, clergy and human rights and civic groups has pressed since April for the repeal of colonial-era laws they say give Moi an unfair edge in a national ballot.

Moi, who has ruled Kenya for 19 years, is seeking a final five-year term. No date for an election has been set yet, but it is due by the end of December.

Under pressure locally and internationally to open talks on reforms, Moi's ruling Kenya African National Union has agreed to form a parliamentary commission to review laws and the constitution.

But the officials have ruled out talking to the mainstream reform movement, saying only parliament could discuss change.

On Wednesday, the US told Kenya further IMF and World Bank lending would be tied to instituting democratic reforms.

"The US government has indicated to Kenya that our relationship cannot develop in the absence of democratic reform," said William Twaddell, acting assistant secretary of state for African affairs.

Kenya's Finance Minister Musalia Mudavadi said yesterday the government had asked the IMF to extend a deadline for it to fight corruption or lose a big aid package.

"We are in the middle of consultation. We are still talking with (IMF headquarters in) Washington," said the minister, adding that negotiations on the aid package had not collapsed.

However, Twaddell said on behalf of the US, "We have clarified that economic instability, brought about in part by the (Kenyan) government's failure to adopt democratic reforms, is jeopardising the rationale for continued IMF support."

The demand for greater accountability resulted from a financial scandal in the early 1990s in which millions of dollars were allegedly embezzled using fictitious gold and diamond exports.

Court proceedings against government officials and a businessman involved in the financial scandal collapsed last month.

In April last year the IMF extended a three-year Enhanced Structural Adjustment Facility (ESAF) loan worth $205 million, but payments were conditional on Kenya meeting promises on reform.

The last scheduled ESAF payment, $36 million, was delayed by the IMF for a month from June 30.

At that time, the IMF hit out at Kenya's failure to "take decisive steps to ensure transparency and accountability in the use of public funds and to resolve outstanding energy sector reform".

The IMF demanded last month the Kenyan government take action to show its commitment to fight corruption and reform the energy sector, or it would let the three-year aid package lapse.

The Kenyan shilling fell against the dollar and pound yesterday, as foreign exchange dealers said the Nairobi market awaited the IMF verdict, which was expected to be announced in Washington. — Reuter, Sapa, AP-Dow Jones

Tazara sell-off 'not on the cards'

CT (BR) 1/8/97

FROM AFP (360)

Dar es Salaam — Frederick Chiluba, the Zambian president, said this week that Tanzania and Zambia had no plans to privatise the financially s pped Tanzania-Zambia Rail y Authority (Tazara), financed and built by China.

Addressing a joint press conference with Benjamin Mkapa, the president of Tanzania, at the state house in Dar es Salaam, Chiluba said: "Tazara needs to commercialise and improve efficiency in order to attract business for better performance."

Saying that measures had already been taken to streamline Tazara's management, Chiluba cited a previous example whereby cargo took 11 days to reach Zambia from the port of Dar es Salaam. He said it now only took a day-and-a-half to reach Kapiri Mposhi Station, which is on the Zambian side of the border.

"Tazara is still the cheapest route for Zambian cargo. We, therefore, will not entertain any inefficiency. We must work to reverse the negative image that the railway had," Chiluba said.

Chiluba also reiterated his call to the two countries to stop relying on donor support and work for self-sustainability "to add value to our political independence and sovereignty."

Mkapa reiterated Tanzania's commitment to the improvement and modernisation of the port of Dar es Salaam for faster transfer of Zambia's transit cargo.

Reading a joint communique signed by the two presidents, Mkapa further reaffirmed Tanzania's commitment to smooth operation of both Tazara and the Tazara Pipeline, through which Zambian oil is handled, for the benefit of the two countries.

They emphasised importance of the participation of the private sector in the promotion of trade exchanges between Tanzania and Zambia and urged the two private sectors to boost economic production, trade and investments in agriculture, manufacturing, industry, small-scale mining, communication, transport and tourism.

But they regretted the failure to meet regularly of their joint permanent co-operation commission, established eight years ago to create an environment for promotion and consolidation of bilateral relations in trade, industry, finance and tourism, and they ordered a commission meeting as soon as possible.

Zambian unions put strike on hold

Chilombo Mwondela (360) BD 1/8/97

LUSAKA — The Civil Servants' Union of Zambia and the National Union of Public Service Workers have put a threatened strike on hold after government pledged to implement the conditions of last year's wage agreement.

The cash-strapped government's announcement is significant because it has promised the donor community it will slash its heavy public service costs.

The unions said yesterday they would give government until August 31 to implement the agreement. "Government has been warned that if the conditions of service are not implemented by end of August we will have no choice but to strike," Civil Servants' Union president Japhet Moonde said.

Responding to donor concerns about the need for public service reforms, Finance Minister Ronald Penza said government had devised a system whereby the impact of the wage increments could be "ameliorated".

In a letter to International Monetary Fund assistant MD Reinold Van Til, Penza said government was moving strongly on the public service reform programme to ameliorate the impact of the increments.

'Market programmes have reduced poverty'

Chilombo Mwondela BD 7/8/97

LUSAKA — Surveys of countries which had followed World Bank and International Monetary Fund-recommended structural adjustment programmes found there had been reductions in poverty levels, Martin Brownbridge of the United Nations Conference on Trade and Development said yesterday.

He told a Bank of Zambia conference that the reality was contrary to popular opinion that structural adjustment programmes had worsened poverty in sub-Saharan Africa. (360)

He said two sets of household surveys conducted at the World Bank's behest in the 1980s had found that in five of six countries — Tanzania, Nigeria, Ghana, Kenya and Ethiopia — there had been a reduction in the number of people living below the national poverty line.

While there had been a significant reduction in poverty levels in Tanzania and Nigeria, poverty levels had increased in Côte d'Ivoire over that period.

Several participants at the conference said the implementation of the adjustment programmes had created many problems which exacerbated poverty.

"Liberalising the system is not the policy, the real policy is managing the freeing of the system so as not to hurt the people it is supposed to serve," former Bank of Zambia governor Dominic Mulaisho said.

He said the position of the Zambian rural farmer had worsened since market liberalisation because support mechanisms had been removed. He said government's myopic approach to balancing the national budget was detrimental to both farmers and the country's infrastructure.

On liberalisation, Brownbridge said simply freeing up markets was insufficient. There was a need to develop institutions in rural areas that would help farmers, particularly agricultural research, agricultural extension services and institutions capable of lending to farmers.

Dr A Lule, Uganda's deputy central bank governor, said although Brownbridge had offered proposals to improve the small-scale farmers' welfare, these were impractical in view of the land tenure systems prevailing in most sub-Saharan countries.

"The question of land must be addressed first and the approach must be that many people should be given access to land instead of being squatters in their own countries."

Lule cited SA, Namibia and Zimbabwe as countries where land ownership was limited to the privileged few.

Brownbridge said he appreciated that the unequal distribution of land in countries like Uganda and Zimbabwe was a cause of rural poverty, and agreed that land reform was needed.

Federations oppose Zambian trade deal

BD 8/8/97

(360)

John Dludlu

SA's clothing and textile federations — Clofed and Texfed — are refusing to back a trade deal granting better market access for Zambia in domestic markets, a week before Pretoria is due to make a new offer to Lusaka.

Government sources indicate the state might have to table the offer, regardless of the two bodies' support.

"The process of negotiations will not be stalled because of their intransigence," a trade and industry department official said. However government would be sensitive to local industries' legitimate concerns.

Texfed executive director Brian Brink said: "We reject it ... we are totally opposed to it. We are saying 'let us stay focused on the SADC (Southern African Development Community) trade protocol'." The SADC is seeking to free trade exchanges among its 12 states over the next eight years.

Clothing and textile workers' union

Continued on Page 2

Zambia

(360)

Continued from Page 1

Sactwu is seeking a meeting with Trade and Industry Minister Alec Erwin to discuss the offer.

Clofed's Paul Theron said a proliferation of bilateral trade agreements in the region would only complicate looming multilateral liberalisation.

The two federations are also worried that a deal between the Southern African Customs Union and Zambia will open a floodgate of similar requests from other countries, undermining the SADC free trade protocol.

SA and its partners in the customs union — Botswana, Lesotho, Namibia and Swaziland — have agreed to open their markets more generously to products from Zambia.

The trade department official said the federations were not even prepared to discuss details of the offer, including safeguards against damaging import penetration from Zambia.

It was expected Erwin would unveil a draft proposal, as a final deal had to be ratified by Parliament, to Zambia next week during the SADC's ministerial meeting.

The department official said the proposed accord, containing import quotas like the accord with Zimbabwe, would be scrapped once the SADC free trade deal kicked in.

BD 8/8/97

Zambia slated over death sentence

Lusaka – Human rights activists fighting for the abolition of the death penalty received another blow to their cause recently when the country's Supreme Court upheld the death sentence of a villager convicted of murder.

The court upheld the death sentence passed by the Ndola High Court three years ago on John Sikaonga (23), of Lwange village, for axing Davies Lushinga to death.

President Frederick Chiluba came under fire from human rights activists earlier this year when he is alleged to have signed the death warrants of eight condemned prisoners.

Human Rights Watch Africa made a statement denouncing the move, saying it had taken the Chiluba administration several steps backward in human rights observance. Amnesty International says the death sentence negates human rights because it is the denial of life and a cruel punishment.

There are currently 129 prisoners on death row, two of them women. – Independent Foreign Service/Africa Information Afrique

(360) Star 9/8/97

Poor investment hobbling Zambia

(360)

CT (BR) 11/8/97

FROM REUTER

Lusaka — The Zambian government's Investment Centre said on Friday the country's investment levels were too low to sustain targeted growth rates of about 6 percent.

"Zambia needs to increase investment levels to somewhere around 25 percent of gross domestic product (GDP) in order to sustain growth rates of about 6 percent, which is required for sustainable growth," Bwalya Ng'andu, the director-general of the government's Investment Centre, said.

"Despite the growing interest in this country, the investment levels currently being recorded are below the levels that are consistent with long-term sustainable growth," he said.

Zambia's gross domestic investment expressed as a percentage of nominal GDP fell to 14,7 percent between 1981 and 1986 from 31,6 percent between 1974 and 1980.

Between 1987 and 1991, it was at 14,9 percent.

Ng'andu said less than half of the value of investment projects pledged through the investment centre, a government body set up to promote inward investment in Zambia, were being undertaken.

He said economic policies aimed at achieving macroeconomic stability, such as increased interest rates and tighter credit controls, tended to discourage private investment in the short term.

A reduction in public expenditure had seen the country's infrastructure deteriorate to a point where investors were unwilling to put their money into the country, he said.

However, investment levels were likely to increase as the economy stabilised and the country's investment image improved.

ZCCM's bid to cut costs 'failed'

BD 12/8/97 (360)

Chilombo Mwondela

LUSAKA — The switch by Zambian parastatal Zambia Consolidated Copper Mines (ZCCM) to the SA market as a source for equipment and other supplies had failed to help cut costs or speed up the delivery of products, a Bank of Zambia board member said at the weekend.

Board member Mbita Kabalika told a banking conference at the weekend ZCCM should have taken a "hard, strategic and dispassionate" look at the SA market in relation to purchasing and supply considerations instead of plunging headlong into the market. The switch had not been managed well and arrangements with SA had in fact contributed to the decline in ZCCM's performance, he said.

During the apartheid era ZCCM relied as much as possible on European suppliers.

He said ZCCM had later engaged agents at extra cost to secure purchases in SA, instead of using its financial clout to buy directly from suppliers.

Kabalika said ZCCM could have reduced spending in the past few years — enabling it to have a better record before privatisation — and referred to a culture of mismanagement and corruption at ZCCM.

He said the central role of the ZCCM purchasing division and the management of major contracts moved from the purchasing department to a small élite group of senior executives "who orchestrated not only the contacts but also the contracts. Cases have emerged where senior politicians who are also businessmen directly influenced important purchasing decisions so as to benefit their companies."

Kabalika said the transportation of supplies from SA to Zambia and the backloading of copper to the port of Durban had been paid for at exorbitant rates. Attempts to broker cheaper rates which were offered by some transporters in SA and Zambia were ignored, he said.

"Clearly, ZCCM's purchasing costs in SA have been excessive and equally so have been the transportation costs. Naturally, the South Africans in their unbridled aggressiveness have taken advantage of this shift to their territory with characteristic price hikes of their own," said Kabalika, a former ZCCM senior executive.

"For example, in 1993, the cost of moving supplies from SA to Zambia stood at R460 a ton while the moving of copper from Zambia to SA stood at $135 both by rail and by road," said Kabalika.

Reductions were negotiated to R330 and $80 respectively with Spoornet. "Despite these very good reductions it could not be understood why ZCCM (paid) a higher rate of R400 a ton to Zambia and US$125 a ton to Johannesburg for another year before prices were slightly reduced. This is but a small example of the financial indiscipline that has existed in ZCCM," Kabalika said.

The government's inability to control the conglomerate had led to the indebted situation ZCCM found itself in. He urged the government to be diligent in the privatisation exercise and not allow "so called investors" to plunder the country's copper assets by not monitoring their activities.

Mines ministry deputy permanent secretary Josephine Mwechelemba said: "The passive role of the mines ministry is not accidental but by design. With ZCCM as a conglomerate, the role of the ministry was relegated to policy issues, but with privatisation, it is bound to change.

"We will be more active in enforcing policy because previously, ZCCM seemed to be a state within a state and the ministry was not consulted on many issues," she said.

(360)
Star 14/8/97

Zambian police arrest dozens as street vendors run riot

Lusaka – Zambian police arrested 56 people yesterday amid serious rioting by street vendors which left three policemen and one civilian wounded in the capital.

Lusaka came to a virtual standstill early yesterday after heavily armed riot police fired teargas in the city centre to disperse thousands of rioting street vendors.

The situation was under control by midday, police said.

The vendors were apparently incensed when they found their makeshift market had been gutted by fire on Tuesday night. The cause of the fire was unknown.

They hurled stones at police and civilian cars and looted shops before police moved in, firing teargas and warning shots. Police closed all roads into central Lusaka, and an air force helicopter flew over the city.

Most vendors are angry about failing to acquire shops in a new market that can accommodate only about 3 000 merchants. Thousands of vendors have swarmed to the city since President Frederick Chiluba's government came to power six years ago.

Last year he appointed a deputy state minister concerned solely with issues affecting street vending, and there is a perception that the allocation of stalls is discriminatory, with vendors backing the ruling Movement for Multi-Party Democracy receiving preferential treatment.

The main opposition United National Independence Party of former president Kenneth Kaunda said it supported the vendors. – AFP

AFRICA

Police, Zambian vendors clash

(360)

BD 14/8/97

LUSAKA — The Zambian capital came to a virtual standstill early yesterday after heavily armed riot police fired teargas in the city centre to disperse thousands of rioting street vendors.

At least five people collapsed, suffering from injuries and the effects of teargas, witnesses said. The injured were taken to the main Lusaka Hospital.

The vendors were apparently incensed when they woke up to find their makeshift market had been gutted by fire. Several stalls were set ablaze, though it was not clear who torched them.

The vendors hurled stones and looted nearby shops before police moved in to break up the riot, firing teargas and warning shots into the air.

Firefighters evacuated workers, who were choking from the teargas, from one high-rise building, while police closed all the roads leading into central Lusaka.

Private Radio Phoenix, in live coverage of the unrest, urged residents to stay indoors until the trouble had abated.

Police spokesman Beenwell Chimswemde said police headquarters received preliminary reports that three police officers had been injured and one civilian was seriously wounded in the clashes.

He said 66 rioters were arrested.

Chimswemde said police sealed off the downtown trading district after several shops and businesses were looted. He said police and army reinforcements managed to disperse the rioters.

Earlier, government helicopters had swooped overhead and sporadic gunfire continued until midmorning.

The trouble started on Monday when a row of stalls was burned down, sparking a violent protest involving numerous vendors who stoned vehicles and looted shops.

They later marched to State House seeking an audience with President Frederick Chiluba. They failed to meet Chiluba, but a cabinet minister spoke to them.

Information Minister David Mpamba accused the opposition of being behind the trouble. Most vendors are angry over failing to acquire shops in a newly opened multi-million-dollar market that can accommodate only about 3 000 merchants.

Tens of thousands of vendors have swarmed to the city since Chiluba's government came into power more than six years ago. Last year he appointed a deputy state minister concerned solely with issues affecting street vending.

However, there is a perception that the allocation of stalls is discriminatory, with vendors backing the ruling Movement for Multiparty Democracy receiving preferential treatment.

Officials want vendors to trade only on allocated sites, including a new market square that vendors said was too small.

Earlier this year the government said it planned to clean up the streets of Lusaka and bring order to the city's chaotic street-trading system.

More than 1-million of Lusaka's 2,2-million impoverished residents are unemployed and informal trading has mushroomed in recent years. — Sapa-AP-AFP.

Lusaka's exchange beckons

BD 21/8/97 (360)

LUSAKA — The relaxation of SA's exchange controls was likely to boost the growth of the Lusaka Stock Exchange, which had been the best performing stock market on the continent this year, exchange officials said.

The SA government partially relaxed foreign exchange controls on July 1 to allow residents to invest some of their funds offshore.

"Of particular interest to the Lusaka Stock Exchange is the provision in these new rules that specifically promote investment in listed companies in Southern African Development Community (SADC) countries," exchange GM Charles Mate said.

"The move significantly opens the boundaries, making it possible for companies listed on the Lusaka stock exchange to raise capital both domestically as well as regionally from SA-based investors. This should be of particular importance to those companies operating in Zambia that have strong links with SA," he said.

The Lusaka Stock Exchange was poised to grow over the next few months, with the development of new investment vehicles such as unit trusts, the quotation of Mufulira Wanderers Football Club and further interactions with foreign investors.

Mate said the Lusaka bourse had been the fastest growing in Africa at midyear. "On July 31 the Lusaka Stock Exchange index closed at 242 points, up 142% since January 1. This corresponds to a rise of 140% in dollar terms. At the same time, the market capitalisation has risen from \$216m in January to \$502m at the end of July."

Mate said the main concern of many investors was whether these gains were sustainable, and whether there was an adequate supply of stock on the market. These fears were unjustified.

"The exchange does not yet suffer the problem of large stocks of shares tied up with institutions or a few individuals. The free float is still quite large; for example, Rothmans has 50% of its issued shares in public hands. The stock, however, is still trading on a p:e as low as 4,27," he said.

Economic indicators, which showed inflation down at 22% in July, a stable exchange rate and declining interest rates, should give confidence to the market.

"There is also increasing interest by private sector companies, particularly banks, to list on the exchange and take advantage of the tax incentives as well as the opportunity to raise capital on the back of the strong demand for shares in the market," Mate said. — Reuter.

They're out to kill me – KK

cP 24/8/97 (360)

By CHARLES MOGALE and TSEPISO MATELA

FORMER Zambian president Kenneth Kaunda was last night holed up in a Zambian hospital – fearing for his life after a horrific gun attack on him by marauding police.

Speaking exclusively to City Press from his hospital bed, Kaunda told how he had been shot by beserk policemen bent on disrupting a rally he was about to address.

"It is by the grace of God that I am still alive. I have never seen anything like that," Kaunda said. "I just hope the presidents of neighbouring countries will do something about this."

Last night President Nelson Mandela's office declined to comment.

Kaunda (74) said he and two colleagues had arrived at Freedom House, the headquarters of his party, Unip, at about 2 pm yesterday and found large crowds of supporters waiting for them. Kaunda was accompanied by Roger Chongwe, leader of the Liberal Progressive Party, and Chibeza Mufuni, Labour Party leader. All three are joint presidents of the Progressive Front, which opposesPresident Frederick Chiluba's government.

"In recent months, we had large rallies where the police were absent, and there was no trouble. Trouble started two weeks ago when the police intervened during a rally and roughed up everybody," Kaunda said.

Shortly after their arrival at Freedom House yesterday, the leaders and their supporters were teargassed by the police, according to Chiluba.

"They pulled down all our structures – everything that had to do with the rally or the party was pulled down, " Kaunda said.

"They chased us up and down the stairs, teargassing us right inside our offices. We eventually managed to get out and got into our car. Then they started firing," Kaunda said.

"Chongwe was hit near the mouth. The bullet exited behind his ear. I don't know if that was the bullet that hit me. I was hit in the head by a bullet that opened a wound. During the wild shooting, a police car tried to block our vehicle from the front. In spite of the teargas andbullets, our driver managed to manoeuvre and get us out of there and straight to hospital."

Chongwe, who was still under sedation last night, was held in hospital under police guard.

"They have arrested him," Kaunda said.

He blamed "Chiluba's thugs" for the attack on him, adding: "This has never happened in Zambia before. They knew very well it was my car they were shooting."

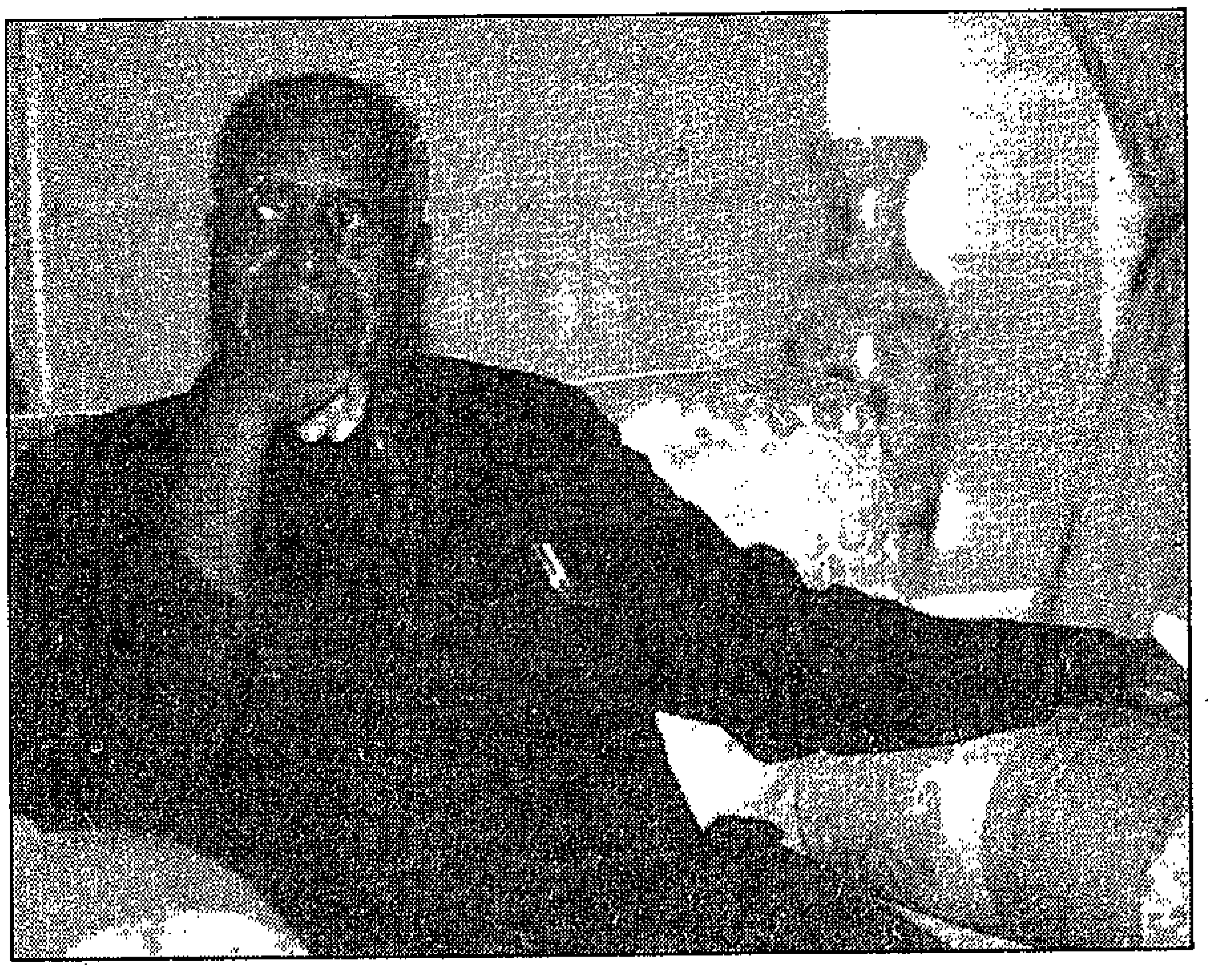
The local media – TV, radio and newspapers – were ignoring the incident.

Kaunda said he feared for his life.

"I am concerned. Just a short while ago I wanted to take a walk to find something to eat, and the nurses said it would not be safe for me. This is a disgrace."

Shortly before the incident, he said, Chibeza had warned him there was a plot to eliminate him and Chongwe.

"Obviously this is part of the whole plan to eliminate me," Kaunda said.



'IT'S BY THE GRACE OF GOD THAT I AM STILL ALIVE'... Speaking from his hospital bed last night, Kaunda said he had been warned of a plot to kill him.

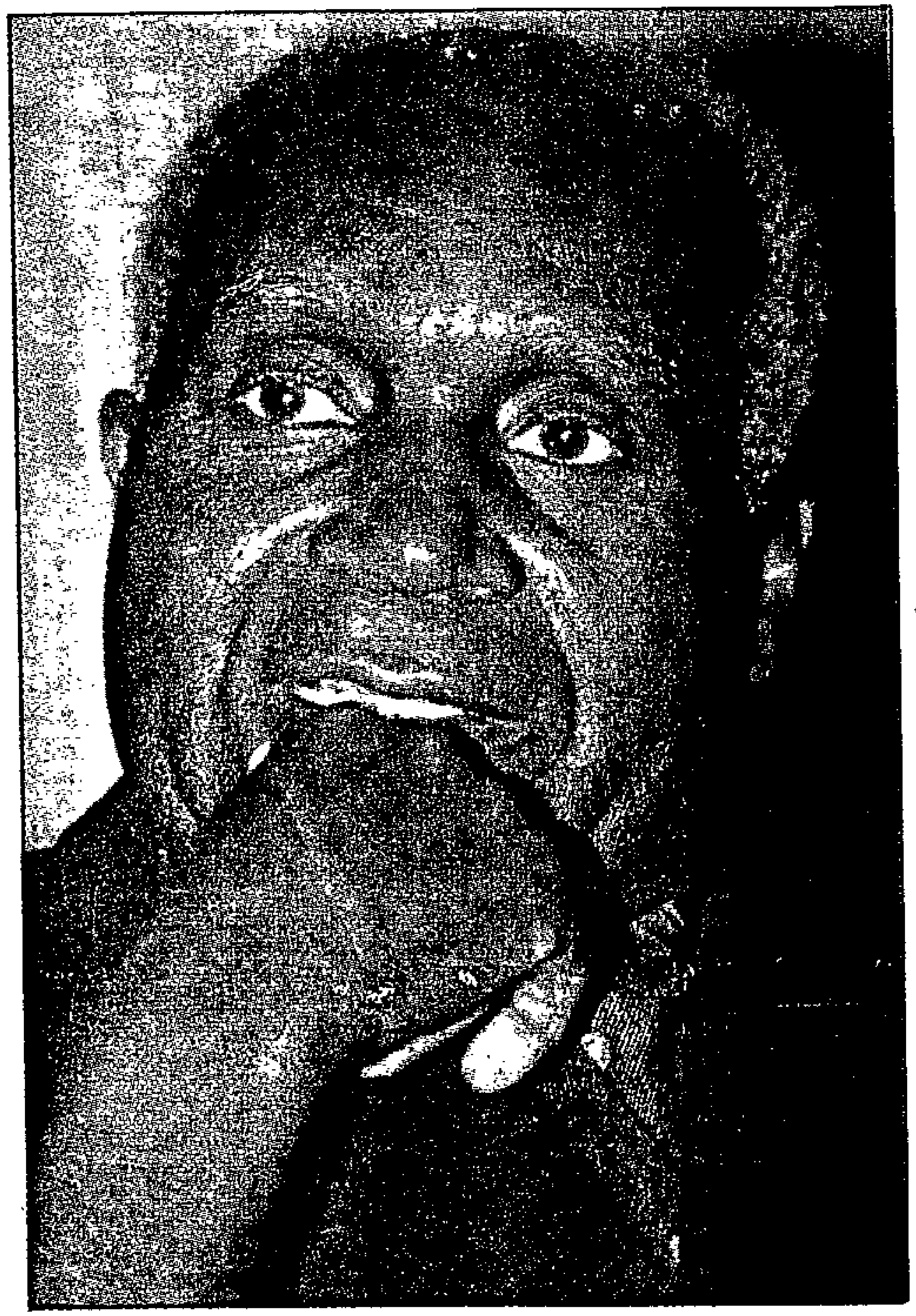
KAUNDA

CP 24/8/97

SHOT

(360)

Former Zambian president wounded as police open fire on his entourage



RUSHED TO HOSPITAL . . . *Kenneth Kaunda was last night said to be recovering from a bullet wound to his head after Zambian police shot at his entourage. Reports from Zambia said the shooting was unprovoked.*

By TSEPISO MATELA

FORMER Zambian president Kenneth "KK" Kaunda was yesterday shot and wounded by the Zambian police – shortly before he was to address a political rally in his country.

Kaunda was at the offices of his United National Independence Party (Unip) when the police arrived and started firing at his vehicle, a Toyota Land Cruiser.

A bullet grazed his head and he sustained "serious" injuries. Last night he was still in hospital with two other people who were with him when he was shot.

The two are Roger Chongwe, leader of the Liberal Progressive Party which is aligned to Kaunda's party, and an unnamed Unip official.

☐ Speaking to City Press from his home in Lusaka last night, Kaunda's son Major Wezi Kaunda said his father had left home at about noon after the police had cordoned off the town of Kabwe, 80 km north of Lusaka, where he was to address a rally.

On arrival at the town, Kaunda negotiated with the police to allow the rally to proceed, to no avail.

As Kaunda and his companions were leaving the headquarters, police started shooting at his vehicle – hitting all three of them.

☐ By last night, reports from Lusaka suggested sporadic rioting in Kabwe as a result of Kaunda's shooting and the ban on his meeting.

"We were expecting this," Wezi told City Press. "Two years ago I received anonymous documents from the government's intelligence service which outlined plans to assassinate my father.

"I handed the documents to the police, but nothing was done. Instead I was summoned to the police station and no investigation was conducted. We believe this is a failed assassination attempt."

Kaunda led Zambia to independence and was president from 1964 until he was ousted by popular labour leader, the much younger Frederick Chiluba, in 1994. Up to then, he was widely respected as the elder statesman of Africa, who bore the brunt of hostility from Pretoria for his support and hosting of liberation movements.

He endeared himself to more South Africans when he made frequent visits here after the dawn of democracy.

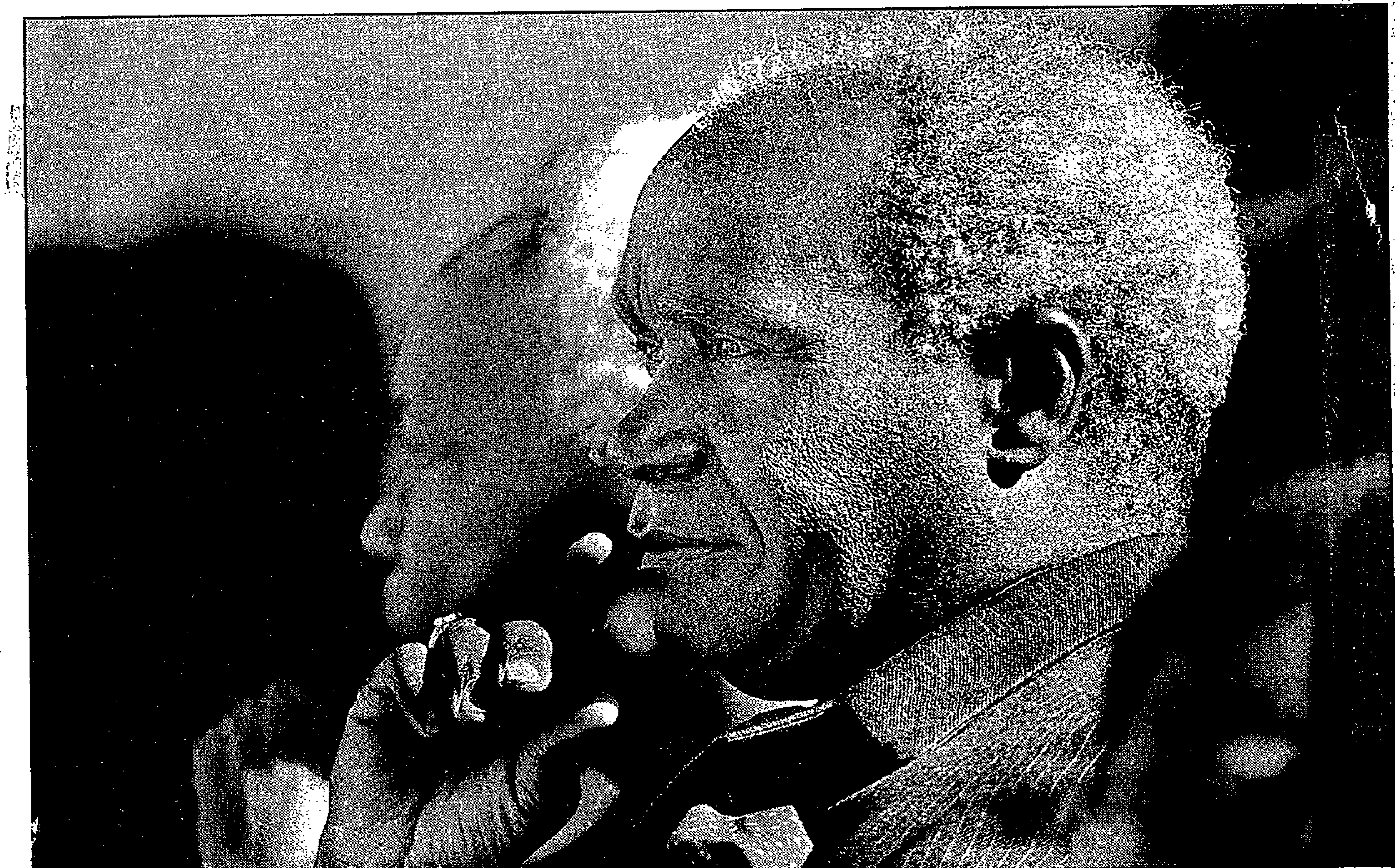
☐ Last night, there was a terse "no comment" from President Nelson Mandela's office.

Mandela's spokesperson Parks Mankahlana said: "No comment. We are waiting for more details."

Kaunda speaks to us from hospital – Page 2

Kaunda hit as Zambian police fire on leaders

Bullet grazes the former president's head and seriously injures one of his political allies



WOUNDED: Former Zambian president Kenneth Kaunda, who was admitted to hospital   Picture: RAYMOND PRESTON

ST
24/8/97
360

SAPA-REUTER
Lusaka

(360)

ST 24/8/97

ZAMBIAN police wounded former president Kenneth Kaunda yesterday in the central town of Kabwe where he had tried unsuccessfully to address an opposition rally.

Kaunda — who ruled the country for 27 years after independence — told BBC radio he had been slightly injured.

Liberal Progressive Front leader Roger Chongwe was more seriously wounded when paramilitary police shot at the vehicle carrying 73-year-old Kaunda and other opposition leaders.

The same bullet that grazed Kaunda's head entered Chongwe's cheek, missing his sinus path and spine, cracking his jaw, and exiting through the back of his neck.

Both men and several others were admitted to hospital.

"My condition is not that bad but we worry about my colleague, Dr Chongwe," Kaunda said last night. He was also concerned about a number of women who suffered broken legs during the incident.

"I have blood all over me, but my condition is rather satisfactory."

Chongwe was undergoing surgery.

Rabbison Chongo, a leading figure in Kaunda's United National Independent Party, said Kaunda had been prevented from addressing a crowd when police fired teargas.

Unip leaders said truckloads of paramilitary police had been ferried into Kabwe for the rally, for which local police had given permission.

The police arrested 30 Unip members after raiding party headquarters yesterday morning, then went to the primary school where the rally was to be held and dismantled the podium.

Opposition parties, in an alliance chaired by the injured Chongwe, said they had written to Zambian Vice-President Godfrey Miyanda yesterday morning to say they would hold him responsible if there was trouble at the rally.

President Frederick Chiluba — who beat Kaunda in 1991 in the country's first free elections since independence and barred the elder statesman from standing against him in presidential elections in November last year — is in Asia.

The opposition in the copper-rich but debt-ridden former British colony of Northern Rhodesia has embarked on a programme of limited civil unrest since the 1996 poll which was boycotted by Unip and other parties.

Riots broke out in the capital, Lusaka, earlier this month.

"As yet we have not considered what action to take in response to today's events," Chongo said. "We are waiting to see the condition of Dr Kaunda and Dr Chongwe."

There were reports of sporadic rioting after the shooting.

It was the latest incident in Kaunda's long career, which has included leading Zambia to independence from Britain.

Sensing global changes with the end of the Cold War and rising discontent at home as the economy imploded, Kaunda gave in to calls for multiparty elections and peacefully conceded to Chiluba in 1991, ending 27 years as the "Father of the Nation".

He retired from politics but changed his mind in 1995 and again became leader of Unip, the anti-colonial party he formed in 1958. He won power in 1963 and oversaw the end of British rule the next year, making Zambia the first country in the region to win independence.

Following African trends he declared a one-party state in 1974 but pursued "humanism", his unique personal blend of socialism, devout Christianity and traditional African values.

In foreign affairs, he was the doyen of a group of seven Southern African "frontline" states that led the fight against South Africa's policy of apartheid.

A close friend of President Nelson Mandela, he allowed the ANC to make a home in exile in Lusaka.

He also played a major role in the independence of Mozambique, Zimbabwe and Namibia.

But decades of mismanagement which almost ruined the country, and the reign of his secret police — though benign by African standards — finally undid him.

CAPE TIMES
MONDAY, AUGUST 25, 1997 ★

VIOLENCE PROVOKED, SAY POLICE

Shot Kaunda claims assasination attempt

(360) CT 25/8/97

WOUNDED BY POLICE attempting to disperse an opposition rally, former Zambian leader Kenneth Kaunda says the government fears his party would take over in the next poll.

FORMER Zambian president Mr Kenneth Kaunda yesterday accused high-ranking Zambian officials of ordering his assassination, after he was shot and wounded by heavily armed police at an opposition rally.

Kaunda was struck on the forehead by a bullet on Saturday as police fired on his car after they moved in to break up a rally of the National Opposition Alliance in Kabwe, north of Lusaka.

Fifty-three Zambian government opponents were arrested after the shooting, police said.

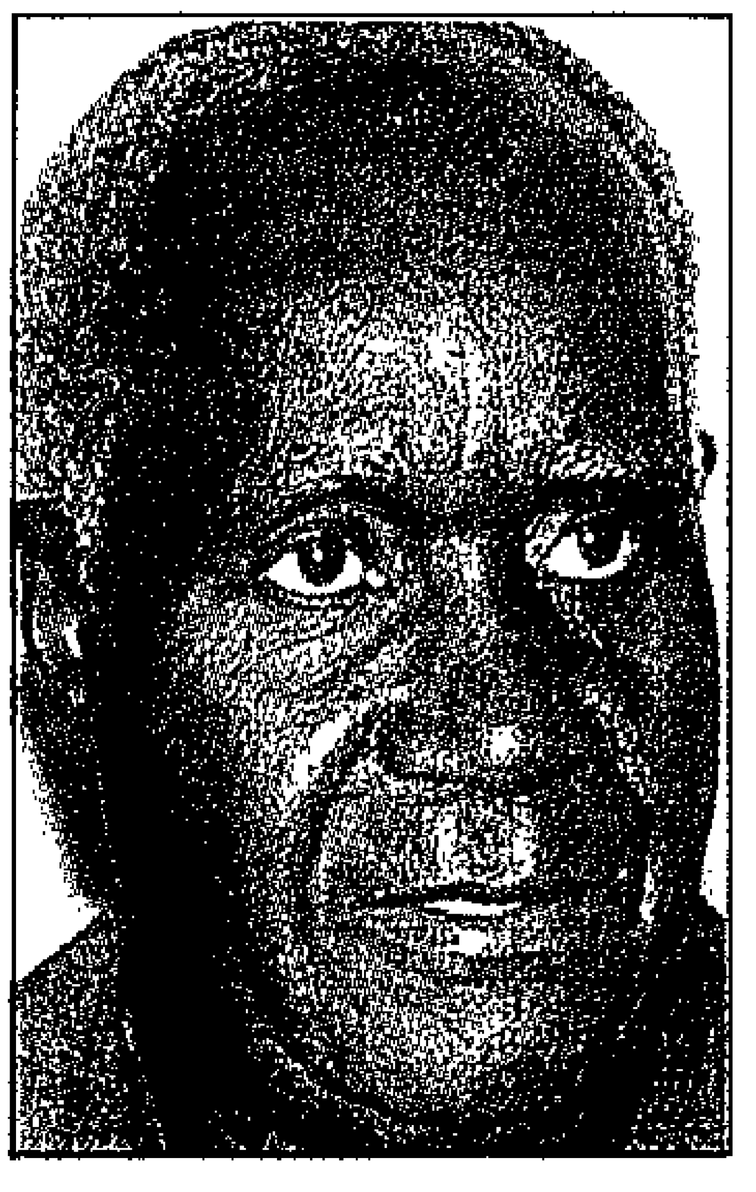
Kaunda, 73, and other opponents of President Frederick Chiluba, appealed for restraint and accused the authorities of attempting to kill opposition leaders.

"This is an attempted assassination and there's no doubt about it," Kaunda said late on Saturday.

He was speaking from Kabwe General Hospital, where he and Mr Roger Chongwe, head of the Liberal Progressive Front, were taken after they were both hit by the same police bullet. Chongwe was hit in the neck, and is recovering, after surgery.

They were shot during a crackdown on a rally in Kabwe, a city of 300 000 residents. Kaunda, who governed Zambia from independence in 1964 to the first multiparty elections in 1991, was to address the gathering.

Kaunda, head of the opposition United National Independence Party, said the attack was launched by the government because it feared that the opposition would take over in the next election.



GRAZED: Former Zambian president Kenneth Kaunda. ***PICTURE: AP***

He said the podium, tents and chairs set out for the rally were destroyed by police as he was about to tell supporters that the rally was cancelled. Police started firing tear gas into the crowd, forcing people to scatter.

Kaunda said police pursued the leaders into UNIP's offices, where they sought refuge, and forced them back into the street with gas.

"We were forced out of the building and as we walked to our cars, the police continued firing tear gas ... about 30 to 40 canisters on us and the crowd," the former president said.

Police continued firing tear gas into the car and tried to block its exit, Kaunda said. At that point, police fired live ammunition into the car, Kaunda said.

Police spokesman Mr Standwell Lungu yesterday denied claims that Kaunda was shot on direct orders of Mr Godfrey Miyanda, vice-president and acting head of state while Chiluba is on a Southeast Asian tour.

He said the Kabwe rally had been illegal, and was intended to "perpetrate criminal activities such as burning voter cards and destroying property". He said the opposition alliance provoked the violence.

The shootings came 10 days after rioting in Lusaka, where street vendors were resisting a crackdown. The government accused Kaunda and the opposition of fomenting trouble.

Last year, Kaunda, son of Malawian immigrants, was barred from contesting the presidential election, won by Chiluba, under a constitutional amendment restricting the presidency to Zambian-born children of Zambian-born parents.

Kaunda in turn said that Chiluba's parentage was also questionable, but the Zambian Supreme Court ruled last month that the president need not take a DNA test to confirm his ancestry.

Kaunda has called for a nationwide civil disobedience campaign to force reversal of the constitutional amendments blocking his comeback attempt.

A lawyer for the opposition alliance, Mr Francies Mwamgala Zaloumis, said the attack began as Kaunda was trying to negotiate with senior police officials for permission to hold the rally.

"The police action was brutal because they fired on a peaceful and defenceless crowd," she said. — Sapa-AP

Kaunda accuses Chiluba of trying to assassinate him

(360)

Zambia's former president shot and wounded by police at weekend

THE INDEPENDENT, LONDON
Lusaka

Zambia's former president, Kenneth Kaunda, shot and wounded by police at the weekend, yesterday accused his successor, President Frederick Chiluba, of attempting to assassinate him.

Kaunda (73), who led Zambia to independence in 1964 and governed until its first democratic elections in 1991, was grazed on the head by a bullet after police opened fire on an opposition gathering on Saturday in Kabwe, central Zambia. The former president claimed officers deliberately shot at his car.

Roger Chongwe, leader of the Liberal Progressive Front, an opposition party allied to Kaunda's United National Independence Party (Unip), was more seriously injured when he was shot in the face.

Chongwe, a passenger in the car, underwent surgery. Both men were released after hospital treatment.

More than 50 opposition supporters were arrested by the police who teargassed the rally.

"It was an assassination attempt," said Kaunda yesterday.

"There is no doubt in my mind about that. Chiluba is trying to sort us out."

The incident in the latest in a series of sorry events which have marred the reputation of Zambia, once held up as an example to other African countries.

When Kaunda bowed to pressure for multiparty elections and lost to Chiluba, he said he planned to retire. But two years ago he resumed the leadership of the Unip, the anticolonial party he formed in 1958.

Chiluba did not take kindly to the political comeback. He thwarted Kaunda's plans to stand again for the presidency in November last year by changing the law to bar candidates whose parents were not Zambian.

His ploy was successful – Kaunda's parents were Malawian – but ironically, the change in law led to questions about the president's own origins.

Earlier this year, during one of the many court cases sparked by the November elections, an elderly Zairean man claimed President Chiluba was his illegitimate son.

The November elections were boycotted by the opposition and open to only half the country's eligible voters. The opposition has spent the months since challenging the legality of the poll and conducting a campaign of civil disobedience.

The saddest part of the saga is that most analysts agree that President Chiluba and the ruling Movement for Multiparty Democracy would have easily won even if Kaunda had been allowed to stand.

HE CARRIES A BIG STICK ...

Star 25/8/97

Presidential visit ... Kenyan president Daniel Arap Moi, surrounded by heavy security, greets supporters during a rally held in the village of Msambweni, 50km south of Mombasa. The president visited some of the areas recently affected by the violence which has left some 40 dead. He said his ruling Kanu party is not behind the violence and vowed to find the attackers.

IMF plans funding talks with Zambians

(360) CT (OR) 27/8/97

From Reuter

Lusaka — The International Monetary Fund (IMF) said yesterday that talks with the Zambian government on funding under the enhanced structural adjustment facility which were called off early this year could resume in October.

"No specific dates have been agreed on with the Zambian government yet, (but) a likely timing for the next mission is early October," said Elwaleed Taha, the IMF representative.

In May the IMF had said Zambia would have to put it budget back on track and initiate civil service reform before negotiations for future support under the facility could begin.

The government, which has targeted to attain a budget surplus this year, recorded a deficit in the first quarter. There was also little progress on civil service reform during the first quarter.

"Compared to the first quarter of 1997, there has been an improvement in the performance for the budget in June and July. There is work in progress with respect to civil service reform," Taha said.

The facility provides concessionary loans to eligible members undertaking economic reform to strengthen their balance of payments and improve growth prospects.

The loans carry an interest rate of 0,5 percent and are repayable over 10 years, with a grace period of 5,5 years.

Zambia regained its eligibility to use IMF resources in December 1995, after clearing arrears to the IMF of $1129,07 million.

The country is now eligible for credit totalling $953,50 million under the facility over three years.

It's war, Kaunda tells Chiluba

(360) M+G 29/8–4/9/97

Anthony Kunda in Lusaka

When former Zambian president Kenneth Kaunda began preaching civil disobedience in an effort to dislodge President Frederick Chiluba, he said the fight would be a peaceful "Mahatma Gandhi affair".

But it turned out, and through no fault of his, the campaign got off to a bloody and turbulent start.

Last weekend Kaunda, along with Dr Rodger Chongwe, leader of the Liberal Progressive Front (who was more seriously injured), narrowly escaped what has been widely perceived — but firmly denied — as assassination attempts by state security men.

Kaunda and several leaders in the National Patriotic Coalition, a loose alliance of opposition parties, had travelled to Kabwe, 140km north of Lusaka, to address a political rally. They did not bother to obtain a police permit as per standard police regulation.

Kaunda said that when they arrived, a police sniper positioned on a nearby tall building opened fire on his car. Kaunda's chauffeur drove the vehicle out of firing range, although not fast enough to stop one bullet from grazing the top of Kaunda's head.

The rally had to be aborted and those injured were rushed to Kabwe Central Hospital for treatment.

Later, when he returned to Lusaka, Kaunda, still clad in blood-stained jeans, T-shirt, and with his traditional white handkerchief, said: "It was a typical John F Kennedy assassination attempt. Thank God we escaped."

Directing his anger at Chiluba, Kaunda said: "Stupid little boy, you wanted to kill me. But they have failed to kill me and it is now my turn to fight them. This makes me stronger and I shall not retreat because you have now incited war."

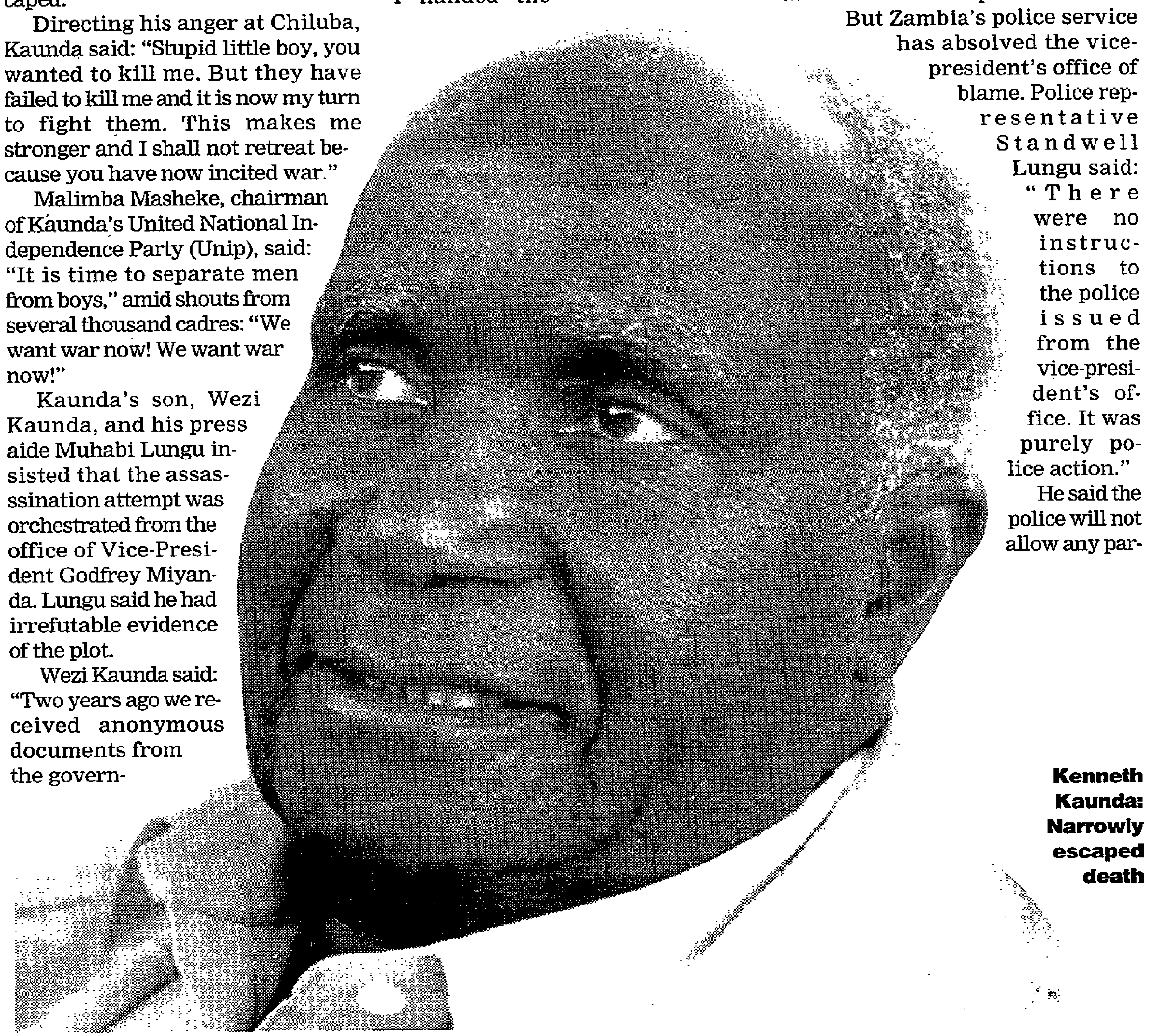
Malimba Masheke, chairman of Kaunda's United National Independence Party (Unip), said: "It is time to separate men from boys," amid shouts from several thousand cadres: "We want war now! We want war now!"

Kaunda's son, Wezi Kaunda, and his press aide Muhabi Lungu insisted that the assassination attempt was orchestrated from the office of Vice-President Godfrey Miyanda. Lungu said he had irrefutable evidence of the plot.

Wezi Kaunda said: "Two years ago we received anonymous documents from the government's intelligence service which outlined plans to assassinate my father. I handed the documents to the police but nothing was done. We believe this is a failed assassination attempt."

But Zambia's police service has absolved the vice-president's office of blame. Police representative Standwell Lungu said: "There were no instructions to the police issued from the vice-president's office. It was purely police action."

He said the police will not allow any party to hold a meeting or rally without a permit.



Kenneth Kaunda: Narrowly escaped death

But some political pundits have pointed out that two days before the "assassination attempt", Miyanda told the Japanese ambassador to Zambia that when the government "acts on people calling for the overthrow of President Chiluba, people should not complain that government is infringing on citizens' rights. It is not good to call for the overthrow of your own government."

Miyanda was reacting to Dean Mung'omba, president of the opposition Zambia Democratic Congress, who earlier last week said that Chiluba "will be toppled before he comes back from his state visits to Indonesia and Singapore", evoking the memory of former Ugandan president Milton Obote, overthrown while leading a large delegation to Singapore. Chiluba took an incredible 62-man delegation on his tour which is expected to cost R20-million in allowances and hotel bills.

Meanwhile, mysterious fires gutted the first floor of the Lusaka building that houses the Zambian Cabinet. Presidential press assistant Richard Sakala blamed it on Kaunda and Unip. But Kaunda said it was "the inside work of corrupt [state] leaders ... who wanted to destroy records which revealed their corrupt practices. This bunch of thieves must know that the people know that they are the ones who burnt the Cabinet office."

Kaunda (73) said he was fighting to put his country on the right track. "Afterwards I shall go back to my home village in Chinsali," he said.

WORLD

Chiluba unapologetic about Kaunda shooting

(560) BD 29/8/97

LUSAKA — President Frederick Chiluba was unrepentant yesterday over the police shooting of Kenneth Kaunda and suggested his predecessor should drop his political comeback.

Kaunda, 73, who ruled Zambia from 1964 to 1991, was slightly wounded by a bullet that grazed his head after an opposition rally was cancelled and the crowd dispersed by police.

Roger Chongwe, chairman of an opposition alliance of five Zambian parties, was more seriously wounded in the neck.

Both men appeared, their wounds bandaged, at a news conference on Wednesday in Lusaka, where they called on opposition party supporters to prepare to defend themselves as Chiluba was preparing to unleash a civil war.

Referring to a police claim that permission was not obtained for the rally in Kabwe, 145km north of the capital Lusaka, Chiluba sounded uncompromising.

"If some people want to provoke a government elected by the people, it is our duty to show them we are in charge. That incident in Kabwe we don't regret. It has disturbed us. If a man breaks the law, the law must deal with that culprit.

"I do not condone excessive use of force by the police, but in the past few days, police have operated under extreme provocation. The lessons of Kabwe have been learned by the police. They will know how to handle such future situations."

Chiluba scoffed at opposition claims that the incident was an attempt to assassinate Kaunda. "Surely the dear old man is not a political factor today," he said. "Who would wish to kill him?" He suggested Kaunda should accept that his time was past and that holding onto aspirations of a comeback was "dangerous".

US diplomats called for a "full and independent investigation" of the shootings and encouraged the government and the opposition to engage in dialogue.

The opposition wants the government to repeal a constitutional amendment which requires the president to be at least a second-generation Zambian, nullify last year's election results and set up an interim government.

Opposition lawyers applied on Wednesday for the Supreme Court to reconsider its recent 4-1 ruling that Chiluba could not be forced to take a DNA test to prove that he qualified.

Luka Chabala Kasupi, a Zairean immigrant, has claimed Chiluba is his illegitimate son.

The application will be heard late next month. — Sapa-AP.

Zimpapers workers end week-long strike

Michael Hartnack

BD 29/8/97

HARARE — The doors of Herald House were open again for business yesterday as 500 staff of the parastatal Zimbabwe Newspapers ended a week-long strike estimated to have cost the company R1,6m.

Workers' committee spokesmen, who had originally demanded a 35% increase, believed they had triumphed in obtaining 30%, plus implementation of a job evaluation and investigation of complaints against human resources managers.

The workers had demanded removal of Herald editor Tommy Sithole, assistant editor Gareth Willard and other senior executives. In addition, the workers will be paid extra at night for shiftwork. They claim at least two die each year making their way home after dark through some crime-ridden areas of central Harare.

Only on the last day of the strike did workers on the Bulawayo Chronicle and Manica Post, in Mutare, join their counterparts on the Herald and Sunday Mail.

□ Reuter reports state-owned airline Air Zimbabwe plans to retrench at least half of its 1 600 workers as part of a commercialisation drive, according to the private Financial Gazette newspaper.

The drums of dictatorship are beating loud in Zambia

360

By GUINNES OHAZURUIKE

CP 31/8/97

DEMOCRACY is a tag most government crave to wear, even when there is evidence to the contrary. And when a government comes to power through massive electoral support it becomes even more tempted to proclaim itself democratic.

Most people dispute the possibility of a dictatorship of the majority – dismissing this as a contradiction. Yet a dicatorship of the majority has become real in modern politics and instances of dictators elected into office by majority vote abound.

It is therefore not surprising that president Frederick Chiluba, who led the crusade for multiparty democracy that ousted Kenneth Kaunda's government in Zambia's first multiparty election in 1991, has become restless with opposition groups.

Recent media reports indicate increasing encroachment on the civil and political rights of ordinary citizens in Zambia. Incidents of human rights abuse are gaining momentum.

There are well founded fears that if urgent steps are not taken, the situation could degenerate, for as Kaunda said, not every person can resist the temptation to resort to street violence.

Ever since Chiluba took power, his government has faltered from one controversy to the next, curtailing civil rights all the way.

Not long ago, the issue was whether Kaunda could contest elections as the presidential candidate of his United National Independence Party (Unip), in view of a constitutional amendment to the effect that any citizen whose parents were not native Zambians, cannot hold that office.

Apparently, Kaunda was the target of this anomaly, being of Zambian and Malawian parentage.

UNIP and other oppositions then boycotted the elections – which was a big blow to democracy in Zambia.

The world has long ignored these shadows of dictarship, but now human lives are on the line and some people face imminent death in order to make room for others' political advancement.

Dictatorship in Zambia is creeping in through the back door. Political parties opposed to the ruling party are being denied the right to organize rallies and canvass support.

Reports have it that the rally which Kaunda and his allies were to address but attacked, was legal..

Chiluba is falling short on the very principles his party canvassed to win power, gravitating between true democracy and dictatorship of the majority.

'Who wants to kill Kaunda, he's a nobody'

CP CORRESPONDENT (360)

CP 31/8/97

ALTHOUGH Zambia has admitted police used live ammunition to disperse an opposition rally in Kabwe in which former president Kenneth Kaunda and National Pariotic Front leader Roger Chongwe were shot and wounded a week ago – it has not refuted Kaunda's allegations that the Zambian Intelligence Service plotted to kill him and Dr Chongwe.

Two senior police officers, Sassali Nungu, Central Province police chief and his deputy, Benny Hamunzala, have however been suspended to facilitate what Police Inspector-General Francis Ndlovu the "smooth investigations into what happened".

Addressing a news conference on Wednesday, five days after the alleged murder attempt, Kaunda named a special branch hitman and four other security officers – who he says were dressed in paramilitary uniform – as the assassins who had attempted to kill him and Chongwe.

Kaunda said the paramilitary uniforms were obtained from police headquarters in Lusaka, adding that security officers used a whtie mini-bus from the office of the president – whose description and registration number he revealed at the news conference.

Both Kaunda and Chongwe have called for an international tribtmal to probe the "attempted assassination", arguing that the Zambian police cannot investigate the case independently.

The opposition leaders have also said they will take the case to the court of the OAU because the judiciary in Zambia was biased.

Reacting to the suspensions of the two police officers, the former ruling party, the United National Independent Party (UNIP) of which Dr. Kaunda is the leader, said the police officers were "sacrificial lambs".

The party's deputy information secretary, Pickson Chitambala, said it was unheard of for any policemen "to execute his work without orders from higher authorities".

He said the orders to use live ammunition on Kaunda and Chongwe must have been given by Police Inspector-General Ndhovu.

☐ The attack assassination attempt on the two opposition leaders has been roundly condemned by all and sundry, including Japan, the US and the European Parliamentarians for Africa. which said, it deplored the Kabwe events. It urged the Zambian government to take all possible steps to ensure that human rights of all actors in the Zambian society political process were respected.

Zambia hails Africa's first Chinese commercial bank

CT(BL) 2/9/97 (360)

FRED CHELA

Lusaka — Communist China seems to be attracted to Zambia's capitalist tendencies and has established China's first commercial bank in Africa in the capital, Lusaka.

The abolition of foreign exchange controls has provided an incentive for China to open the doors of the Bank of China (Zambia) located in Amandra House in Lusaka's Ben Bella Road.

Qui Jian, a director of the international trade settlement department at the Lusaka branch, had this to say about Zambia's liberalised policies: "There is hardly any control of foreign exchange in Zambia. An investor can come in with his money, remit or take it out without any qualms or questions asked."

The Bank of China (Zambia) already boasts a number of business accounts opened with the bank barely two weeks old. Individual account holders had been enthusiastically accessed too, Jian said.

The products offered include the issuing of local and foreign currency loans to import and export enterprises, and arrangement and participation in syndicated loans and finance projects. The bank also provides short-term loan guarantees and extends credit and mortgages.

Kabinga Pande, a spokesman for the Bank of Zambia, said the Bank of China had met the $2 million statutory corporate minimum capital requirement with its $3 million initial capital injection. Ronald Penza, the finance minister, said reforms were paying dividends. "I'm glad that China, one of the fastest-growing economies in the world, is able to recognise our economic structural trends positively." — Sapa-dpa

Shrinking agriculture likely to upset Zambia's GDP target

From Reuter

Lusaka — Zambia was unlikely to achieve a targeted 5,5 percent gross domestic product (GDP) growth rate this year because of an unexpected shrink in its agricultural sector, Standard Chartered Bank has predicted.

"GDP growth is expected to slow down to under 3,5 percent this year after the downgrading of agricultural prospects and expectations of a much smaller maize yield," its the Africa Quarterly publication said.

Maize is one of Zambia's biggest agricultural commodities.

"Agricultural production, which grew by 28 percent last year, is expected to be flat or even decline slightly. However, this should be partially offset by a recovery in both mining and manufacturing."

Zambia's mining volumes fell in the first half of the year, with copper production down 3,5 percent to 132 400 tons in the first five months. Cobalt production fell by over 20 percent to 1 650 tons.

"The result was a 6 percent decline in mineral exports, but this should be offset by firmer copper prices and the mining sector is expected to expand by 5 percent in 1997," the publication reported.

Non-traditional exports, however, expanded by 35 percent in the first four months of the year to over $84 million.

Overall, export earnings were expected to improve on last year's $975 million, but remain below 1995 levels, it reported.

It reported that inflation, which stood at 23,5 percent in May, would average around 30 percent over the year as a whole, as the need to import maize from South Africa would push food prices higher late in the year.

Ronald Penza, the finance minister, had said he was confident the country would attain the targeted 5,5 percent GDP growth in the year.

"It is true that the prospects for agriculture are not very bright, but our target for growth is still on target," he said.

GDP grew by 6,4 percent in 1996.

CT (BR) 3/9/97 (360)

MANUFACTURING *Last year's buyout of BTR's foreign operations in question*

Dunlop to close Zambian tyre factory

CT(BR) 4/9/97 (360)

SHIRLEY JONES
KWAZULU NATAL EDITOR

Durban — BTR Dunlop, the tyre manufacturer, would close the loss-making Zambian tyre factory it acquired last year as part of the R94 million acquisition of international tyre interests from BTR, its British parent, Dunlop said yesterday.

The closure of the plant, which cost 200 jobs, has cast doubt over the benefits of the deal which Mike Smithyman, Dunlop's ex-managing director, likened in August last year to going into a jewel-laden Aladdin's cave.

He said then that the acquisition of Dunlop's automotive trademark rights in 70 countries would transform the largely domestic manufacturer into a continental producer with a global focus.

But Mike Hankinson, the present managing director, yesterday admitted it was not feasible for Dunlop to sustain four modern tyre factories in southern Africa.

He said the level of volumes produced by the Zambian operation, the country's only tyre manufacturer, did not justify the capital investment necessary to transform it into a world-class exporting operation.

"Zambia was the only loss-making operation inherited as part of the acquisition, but it is not the only one which will require adjustments," he said.

The more modern plant would be transferred to Dunlop's Zimbabwean operation, and the rest scrapped, he said.

Hankinson said that although the Zambian operation had proved problematic during the six months to June 1997, it had not made a material contribution to the company's 35 percent slump in trading profits to R38 million from R58 million, and the 52 percent decline in headline earnings from 30,2c a share to 14,6c a share reported late last week.

The problem was essentially the Zambian economy, he added. Liquidity problems and competition from cheap imports were cited as the main hurdles to the company achieving better interim results.

He said BTR Dunlop would now concentrate on upgrading its factories at Ladysmith, Durban and Bulawayo.

Dunlop's strong distribution network in Zambia would remain. Products would be sent to Zambia primarily from Zimbabwe, which had preferential access from a duty point of view, as well as from South Africa, he said.

RUBBER MEN *Mike Hankinson, Dunlop's managing director, and Rob Braithwaite, the financial director. Hankinson says the company cannot sustain a modern plant in Zambia*

ZCCM blames liquidity problems

BD 8/9/97 (360)

Chilombo Mwondela

LUSAKA — The erratic supply of heavy fuel oil and severe liquidity problems faced by Zambia Consolidated Copper Mines have been blamed for the company's growing net losses.

ZCCM board chairman Luke Mwanashiku said at the presentation of ZCCM's annual report last week that these were among the key reasons for ZCCM's net losses soaring to 197,8-billion kwacha for the year to end-March 1997, against a loss of 30-billion kwacha the previous year..

Mwanashiku said copper production for the financial year totalled 320 446 tons compared with 307 071 tons in the previous financial year.

He said ZCCM failed to meet its target of 335 252 tons "because of the inadequate supply of consumables required at the tailings leach plant, coupled with operational problems experienced at the Nchanga open pit mine and at the Nkana smelter".

The two entities are both part of the contentious "A package", which government is negotiating to sell to the Kafue consortium. The consortium has apparently reached a deadlock in the talks with the Zambian government, with government refusing to move from its position. The consortium consists of Avmin, Noranda, Phelps Dodge, and the Commonwealth Development Corporation.

Instead, government's response to the situation seems to have been a gradual unbundling of the "A package", culminating in the sale of the Chambishi and Chibuluma mines, which were part of the package.

Finance Minister Ronald Penza said last week that government was determined to privatise ZCCM in the scheduled time and would not wait for anyone to make up their minds. "We do not mind if we sell bits and pieces, because at the end of the day it amounts to the same thing.

"We have a privatised mining industry," said Penza.

Mwananshiku said he hoped lenders to the company "would consent to its privatisation and allow the new owners to assume the debt".

Cobalt sales

He attributed ZCCM's losses for 1997 to lower copper and cobalt prices. From June last year, after the Sumitomo Corporation scandal, the price of copper fell steadily until November and remained there. The free market price of cobalt also fell in the first three months of this year.

However, cobalt sales brought in $202m for the financial year end against $178m the previous year.

At present ZCCM appears to see the privatisation route as its only means of future income.

"It is hoped that the sale of most of the company's assets would be concluded between July 1 and December 31, 1997," said the report.

The directors' report said: "It is evident that the group's projected cash requirements for the year to March 31 1998 have to be financed, inter alia, from further loans yet to be established and from the sale proceeds of its assets after privatisation.

"The directors have obtained an assurance from the major shareholder (the government) that the necessary financial and operational support will be made available in the period leading to successful conclusion of the privatisation process."

Iraq is planning to set up a free-trade zone

BAGHDAD — Iraq has decided to set up a free-trade zone near the southern port of Basra, newspapers said.

They said yesterday that the Iraqi Finance Ministry issued a new decision establishing the zone in the Gulf port of Khour al-Zubair.

"The Iraqi Finance Ministry has issued a customs decision allowing the establishment of a free-trade zone in Khour al-Zubair port in Basra... as a centre of trade and investment," one newspaper said.

Iraqi Customs Commission Hameed Shuker said preparations were presently under way to draw up plans for services in the free-trade zone. — Reuter.

Zambian flour ban angers SA suppliers

BD 15/9/97 (360)

Edward West

SA MILLERS are up in arms over the banning of flour imports by Zambia, effectively cutting off two of SA's largest export destinations.

Zambia, seeking a preferential trade agreement with SA, banned all imports of flour in its government gazette last week, including flour in transit. It claims the ban was necessary to prevent the smuggling of flour and because importers were allegedly supplying flour which had "expired".

Zambia imports flour mainly from SA and Zimbabwe. It is SA's third biggest flour export market.

About 10 000 tons a year are supplied to Zambia by SA companies Premier Milling, Tiger Oats and Bokomo/Sasko. The Zambian miller, National Millers, owned jointly by Anglo American and the Zambian government, is now the sole supplier.

National Chamber of Millers financial manager Hilton Zunckel said the move violated Southern African Development Community and General Agreement on Tariffs and Trade protocols. "Their biggest concern appears to be loss of revenue from VAT of 17,5% and the 15% import tariff. SA exporters pay VAT and obtain the necessary permits. Nevertheless, these matters should have been dealt with by the Zambian customs or revenue services," he said. He denied SA producers had supplied stale flour.

SA trucks transporting flour were being stopped at the border. Those wishing to travel through Zambia to reach SA's second-biggest export market, the Republic of Congo, were being forced to pay 37,5% duties upfront, with Zambia pledging to return the funds "at our leisure" when export documents from the Republic of Congo were produced.

The chamber had approached the trade and industry department on the issue. The department was not available for comment on Friday.

Premier Foods International MD Gary Ttappous said Premier had invested heavily in Zambia through its subsidiary Bonnita, through marketing expenses to establish brand names and in distribution infrastructure.

Govt probe of Zambian flour ban

(360)

John Dludlu

GOVERNMENT has instructed its embassy in Lusaka, Zambia, to investigate urgently the country's ban on flour imports.

The action was reportedly prompted by a need to prevent smuggling of flour and because importers were allegedly supplying flour which had "expired".

Mfundo Nkuhlu, African trade relations director at the trade and industry department, said last night a formal response would be made after the true facts of the case had been established. "However, our first recourse (should this ban be deemed unfair) would be to seek dialogue with Zambia," Nkuhlu said.

Government had held discussions with SA milling industries.

Nkuhlu said talks with Zambia, at its request, for preferential access to the Southern African Customs Union were still expected to be held within a few weeks.

Although observers warned against reading much into the ban, it seems set to taint Lusaka's image as one of the African countries which has taken great strides in trade liberalisation.

BD 16/9/97

SA settlers' bush justice

CT 18/9/97

(360)

LUSAKA: A week after being admitted to the university teaching hospital in the Zambian capital here, a farm worker from the Chisamba area has died from first degree burns and several other injuries after his Afrikaner employer allegedly poured acid on him and beat him for appearing to tire easily during farm work.

The Zambia Civic Education Association, a local NGO, tried in vain to get legal action taken.

Association chief, Ms Lucy Sichone said: "We failed to see the assault case through because the victim was dead and nobody else was ready to step onto the witness stand.

Chisamba is a farming area 42km outside Lusaka and is home-away-from-home for several South African settlers. It has large areas of arable land and good rains.

In the southern province, villagers in Saichobe area received a rude shock when settlers appeared one morning waving title deeds in their faces and ordering them to vacate the land they and their ancestors had tilled.

The arrival of South Africans has awakened tensions and led to considerable resentment among local communities, drawing in development agencies that have become worried about the effect on the people.

"In the case of the displaced villagers, we could do nothing either because the settlers were in possession of title deeds which are legal according to the new Land Act," said Sichone.

Land is held in trust by the president on behalf of the citizens according to a controversial law passed in September 1995, which removed from the chiefs powers they previously held.

Before 1995, land was divided into two categories — state land, which was overseen by the president on behalf of the citizens, and customary land, overseen by village chiefs and headmen on behalf of their subjects.

According to Sichone, the new law means that every Zambian without title deeds is in danger of being treated as a squatter. "This includes chiefs and their subjects, hence they are today being displaced by Boers," she said.

"A spot check by our people in the Chisamba areas revealed that these settlers are more than ready to shoot locals straying near their homes. They seem to have come with their own law."

She said in the north "local farmers, both white and black are ganging up to buy land whenever they get wind of South Africans being interested in it". — Independent Foreign Service

Resentment building up in Zambia against SA settler farmers

Star 22|9|97 (360)

Lusaka – A week after being admitted to the university teaching hospital in Zambia's capital, Lusaka, a farm worker in the Chisamba area died from first-degree burns and other injuries after his Afrikaner employer allegedly poured acid on him and beat him for tiring easily during farm work.

The Zambia Civic Education Association, a local NGO, tried in vain to get legal action over the incident.

Association chief Lucy Sichone said: "We failed to see the assault case through because the victim was dead and nobody else was ready to step on to the witness stand."

Chisamba, a farming block 42km outside Lusaka, is home-away-from-home for several South African farming and game ranching settlers.

In the southern province, villagers in Saichobe area, about 200km outside the city limits, had a shock when settlers appeared in their village one morning waving title deeds in their faces and ordering them to vacate the land they and their ancestors had tilled.

"In the case of the displaced villagers, we could do nothing either because the settlers were in possession of title deeds, which are legal according to the new Land Act," said Sichone.

Land is held in trust by the president on behalf of the citizens, according to a controversial law passed in September 1995, which removed powers from the chiefs.

According to Sichone, the new law means that every Zambian without title deeds is in danger of being treated as a squatter.

The National Farmers Union, comprising mostly big commercial farmers, seems to welcome the influx of settlers.

Sichone says: "(The settlers) seem to have come with their own law."

She says in the north "local farmers, both white and black, are ganging up to buy land whenever they get wind of South Africans being interested in it".

The civic association contends that the settlers are using local members of parliament to smooth their way. It is also alleged that chiefs are being bribed with gifts such as cars or shares in game reserves located in their areas.

Concessions for game ranching and reserves, as distinct to farms, are given by the wildlife and parks department on 15- to 25-year renewable leases. Critics think the issue of the influx is a time bomb if the relevant authorities ignore the plight of locals.

It has been reported that some NGOs have called upon villagers to arm themselves and fight if anyone tries to come and take over their land. – Star Foreign Service AIA

SA migrants in Oz top the income tree

Sydney – South Africans were by far the richest migrant group in the city, according to a new survey just released.

About 40% of them, aged between 22 and 45, earned $A1 000 (about R 3 400) a week or more, it added, well ahead of the next group, Malaysians, who had just 29% earning that salary.

The survey, into the financial status of the 3,5 million people who live in Australia's biggest city, was conducted by the Centre for Population and Urban Research at Monash University in Melbourne.

Director Dr Bob Birrell said many South Africans had incomes higher than Australians.

Along with Malaysians and British, they earned significantly more than all other migrants. There was then a big gap between these three nationalities and the next, headed by New Zealanders and Indians. – Star Foreign Service

Star 22|9|97

Zambians blame job losses on privatisation

BD 30/9/97 (360)

Calvin Kaleyi

LUSAKA — A Zambia Privatisation Agency study has found most Zambians believe the privatisation programme has left the average citizen jobless and destitute, a perception fuelled by the fact that more than 60 000 formal sector jobs have been lost since 1991.

However, although 60 000 jobs have been lost since the advent of liberalisation and structural adjustment, the agency says figures show only 6 000 of these jobs were lost to the privatisation programme, and about half of those were due to overmanning and insolvency in the trade sector.

The study also found there had been a 10% fall in overall employment levels since privatisation due to difficult economic conditions. However, the man-in-the-street had erroneously blamed these subsequent job losses on the privatisation programme.

Zambia Privatisation Agency executive Stuart Cruickshanks rational says "there is a misconception that privatisation is a job killer ... people should instead look at the number of jobs that privatisation has saved. Privatisation should be seen as a means to promote growth, production and wealth for the people of Zambia and not as a job killer."

However, the agency's principal findings indicate that:

- 40% of respondents believe that privatisation has made people worse off;
- 60% hold a negative view of privatisation;
- Others believe privatisation benefits only a few rich people and foreigners; and
- Only 20% think privatisation has had the spinoff of increasing jobs in the informal sector.

Zambian Privatisation Agency social impact leader Andrew Chipwende says privatisation is no guarantee of investment. "Economic policies and operating conditions are vital and therefore enhance growth and development."

Chipwende's sentiments appear to be borne out by the fact that 190 jobs were lost recently when Dunlop closed in Zambia, a move it attributed to unfavourable tariff and economic policies.

Commercial Motors, which imports and sells Mercedes Benz vehicles, is also considering closure as a result of what it terms "unfavourable economic conditions".

Labour and Social Security Minister Peter Machungwa says there is possibility of government going back on its privatisation plans. He says: "Government is concerned about the social impact of privatisation but measures have been taken to help the retrenched. The creation of the National Social Safety Net in 1992 embraced government, employers and unions."

The safety net runs programmes that provide self-help and management skills for people who face retrenchment, the aim being to enable them to support themselves in the informal sector.

The Zambian government had privatised 210 companies by June 1997. The new owners have on average retained 35% to 40% of the workforce and many of those, if not all, have already been trained.

Privatisation agency social impact manager Elizabeth Jere says one-quarter of retrenched workers live in poor households, and have poor educational qualifications.

The agency's study shows that 90% of those retrenched through privatisation received retrenchment benefits when they were laid off, while 10% had to wait some time for a form of reimbursement to be worked out.

An archaic law still exists that stipulates an employee must receive 200 kwachas — barely enough to buy food today — when a company is liquidated.

The result is that some privatised companies which have closed laid off their employees without paying any benefits.

However, many workers also failed to receive benefits because they were not familiar enough with retrenchment procedures to ask for them, the study found.

Zambian press must battle hard to maintain its freedom

BD 9/10/97 (360)

David Simpson

LUSAKA — The press may be free in Zambia, but its members are finding out that there are many ways a hostile government can harass them while claiming to uphold freedom of the press.

If the government needed an excuse for such harassment, it has been presented with a ready-made one in the split between the state-owned media under the umbrella of the Press Association of Zambia and the independent media under the Zambia Independent Media Association.

The state-owned media includes two dailies, Zambia National Broadcasting Corporation, Zambia News Agency and Zambia Information Services.

The independent association was formed last year as the Zambian chapter of the Southern African Development Community-wide Media Institute of Southern Africa.

Only church-owned weekly National Mirror is a member of both organisations.

The Post and the Mirror were highly critical of former president Kenneth Kaunda's regime and played an important role in bringing the Movement for Multiparty Democracy to power in the 1991 elections.

At the time President Frederick Chiluba had reason to be grateful to the independent media and said that press freedom must be promoted "so that whatever we are trying to bury under the carpet ... will not escape the notice of society, and society must call us to account for it".

The uneven application of the new liberal economic policies which favoured traders, increased poverty and evident corruption and bad governance led to severe press criticism largely from The Post and The Chronicle.

The overstaffed and subsidised state-owned media with government-appointed editors have refrained from criticising the government, while three privately owned radio stations depend on it for frequency allocations, and avoid politics.

It has been left to the independent press to highlight government abuses. It, in turn, has found ways of getting back at the press.

The Media Reform Committee instigated by the government in 1993 called for a review of 27 pieces of legislation affecting freedom of expression. Often vaguely worded and capable of interpretation to suit the authorities, these can be used to censor, intimidate or harass journalists.

The government promised to review this legislation, but has since introduced new repressive laws by which aggrieved parliamentarians can bring their complaints before a tribunal, avoiding lengthy court proceedings. If a journalist refuses to name his sources, his allegations are automatically considered groundless, and the parliamentarian can then successfully sue for libel.

In February last year the government banned an issue of The Post, a ban which included dissemination on the Internet.

Petty harassment of The Post's staff continues — a distributor was beaten for having a "faulty bicycle" — and special projects editor Masautso Phiri was arrested for taking photographs at the Kabwe opposition rally where Kaunda was injured by a police bullet.

The government has instigated many court cases against The Post, and despite the fact that these generally come to nothing, it pursues them regardless since they cause inconvenience and expense to the independent media. A free press which is penniless will disappear of its own accord.

The state-owned media are not harassed in this way. They toe the line, parroting government's viewpoint. Because of this discrimination the Zambia Independent Media Association believes the independent media needs a separate body to protect its interests.

The biggest issue affecting the media recently has been the government's plan to introduce a legislated media council on grounds that the media are split and have failed to regulate themselves. The bill would require media practitioners to be qualified and licensed.

The state-owned media association, the independent media association, the local chapter of the Commonwealth Press Union, the Zambian Media Women's Association and the Zambia Union of Journalists rejected the proposal, and realised widespread support from state-owned and independent media workers during two protest marches earlier this year.

The state-owned media body had already proposed a media council to be run by journalists themselves, but the independent association feared government interference through the members of the state-owned media, introduced its own independent media council last year.

Since the government is using this split to justify its insistence on a legislated media council, the question many parties are asking is why, since you both reject the government position, can you not come together and form a single media council?

The independent association's answer to this is that the government should privatise the state-owned media, as it initially promised to do. Members could all join the independent association, removing the need for a separate representative body or council.

Until a month ago the government was insisting it would not privatise its media and that a legislated council was necessary.

The High Court has since upheld the view that a legislated council would contravene constitutional guarantees. While the media in Zambia may have won that particular battle, they are going to have to fight long and hard to maintain their freedom.

SA passes UK as top investor in Zambia

BD 9/10/97 (360)

Claire Pickard-Cambridge

SA COMPANIES have overtaken the British recently as the biggest investors in Zambia with total pledged investment topping $180m against $125,3m by the former colonial ruler.

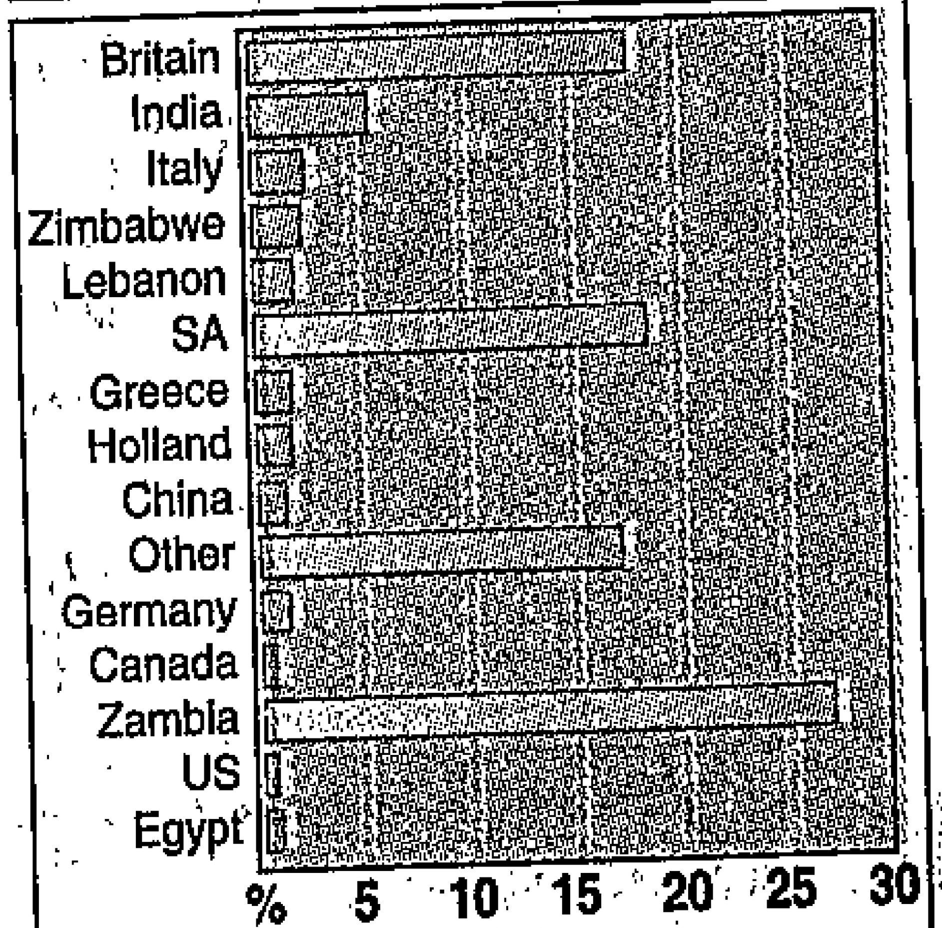
Zambia Investment Centre statistics indicate that investments by South Africans gathered momentum in the past 18 months, overtaking British investors who had held sway through their multinationals and particularly the Commonwealth Development Corporation which has a stake in many newly privatised organisations.

Jerome Mweetwa, senior project development officer for the investment centre, said this week that a survey indicated 60% of the pledged investments had already been realised.

Since privatisation had begun in Zambia in 1993, 18,5% of investment licences had been granted to South Africans; 18% to British investors, 28% to Zambian investors; while businesses from other countries held the balance.

Mweetwa, based at the Afrikaanse Handelsinstituut in Pretoria to promote business and industrial co-operation between Zambian and SA enterprises, said a number of Zambian businesses were seeking partnerships or alliances with South Africans because they needed capital or expertise. He also emphasised that Zambia had freed the repatriation of profits.

Investments by origin 1993-1996
(% contribution of licences issued)



Graphic: KAREN MOOLMAN
Source: ZAMBIA INVESTMENT CENTRE

AFRICA

Zambian business worried by report

(360) BD 14/10/97

Chilombo Mwondela

LUSAKA — The Zambian economy is not showing growth and government must review its economic strategies immediately, say a range of local business organisations.

Their responses follow a report by the United Nations Conference on Trade and Development (Unctad) on the least developed countries, which found that Zambia and Malawi were the only two Southern African Development Community countries with declining economies. But government has disputed the report's findings.

Finance Minister Ronald Penza said in an interview last week that the Unctad report focused more on "social indicators than economic indicators. What I know is that Zambia's growth has never been better," he said.

"This has been a successful year in terms of the economic indicators. Inflation was down from 20% in September to 19,5% this month, against 35% last December."

Penza explained that the social indicators were poverty levels that were currently very high. "But we have already set the target for the social indicators in 2004 as the year by which we would have reduced poverty from 70% to 50%," he said.

However, Zambia Association of Chambers of Commerce and Industry chairman George Chabwera said the economy was in "bad shape". Macroeconomic stability had been achieved by tightening money supply and forcing down interest rates, which had made the commercial banks move away from their trade in treasury bills to traditional banking, he said. "However, there is no growth. We need a growth rate of about 10%. Savings must also be about 30% of GDP because the current 6% is too low to show sustainable growth," said Chabwera.

He warned that about 300 000 entrants to the job market had no jobs while the number of employed people with jobs was also on the decline. "Inflation is coming down but the economy is not growing. So long as government takes the biggest share from the national cake, there will be no growth. This must change," Chabwera said.

Economics Association of Zambia chairman Moses Banda said the news of Zambia's economic decline in the Unctad report was not surprising in view of the delay in privatising Zambia Consolidated Copper Mines (ZCCM). "The 15% inflation target cannot be met if ZCCM is making losses."

Manufacturers' Association chairman Mark O'Donnel said the government was failing to meet its economic targets chiefly because of the bloated public service.

"The Unctad report is a sad report. This year Zambia might show growth of 4% to 5% but when you look at the poverty levels it is no growth at all. The economy has been declining since 1989," he said.

"The problem is that we lack strategies for growth. There are too many civil servants and they are bleeding the country to death. With the civil service at its present size I don't see inflation dropping below 20% in 1997," O'Donnel warned.

Oil industry is unperturbed by Republic of Congo power shift

CAPE TOWN — At about the time rebel Congolese forces were invading the oil centre of Pointe Noire, a Chevron Corp executive was telling an oil conference of his company's $1bn investment in the country.

Luigi Caflisch, GM for the US company's Middle East and Africa operations, was unperturbed by the turmoil in the Republic of Congo, where former army ruler Denis Sassou Nguesso and his Angolan allies appear to have the forces of President Pascal Lissouba on the run.

"My feeling is that they never touch the oil companies, especially when you are off shore," Caflisch said.

Members of Lissouba's government were invited to the Cape Town conference but failed to attend, citing problems at the airport.

Other industry players and analysts at the Upstream Africa conference in Cape Town echoed Caflisch's view. "There's such revenue from oil that pragmatists will always win the day," said Eloi Dolivo, senior petroleum geologist at Geneva-based Petroconsultants.

Dolivo said exports of Congo's 250 000 barrel-a-day production might be disrupted if the fighting in Pointe Noire had damaged the oil terminals, but neighbouring Gabon could easily make up any shortfall.

Congo's oil is all pumped from offshore fields, where Elf Aquitaine is the biggest operator. The group said from Paris it had suspended activity at its Djeno terminal in Pointe Noire after it was occupied by troops.

"There is no one left to operate the terminal which has been occupied by Congolese forces since early yesterday morning," a spokesman said. "However, all the oil fields at sea are functioning normally." Oil is being stocked on the offshore fields. — Reuter.

Zambian govt says it will not privatise state media

(360) BD 17/10/97

LUSAKA — The Zambian government has ruled out privatising the five state media institutions as demanded by opposition parties and media groups.

Tourism Minister Amusaa Mwanamwambwa denied on Wednesday that the ruling Movement for Multiparty Democracy (MMD) had promised to dispose of the mass media. Winding up a parliamentary debate on a private member's motion for the sale of the institutions, he said: "It is totally untrue that the MMD government ever declared at any time it intends to sell the public-owned media. Nowhere in the manifesto does it say MMD would sell the mass media. This is categorical and has been resolved since the inception of the MMD government."

The government controls five key media institutions, including the only national radio and television station, two of the three daily newspapers, the only news agency, and the information service that co-ordinates media events. The private media comprises one daily newspaper, four weeklies, and three community radio stations.

President Frederick Chiluba's government undertook to privatise the media soon after it assumed office in November 1991, but subsequently reversed its decision. — Reuter.

ZAMBIA *'Dubious policy Western donors forced on country'*

Privatisation brings work and strain

ET (BR) 23/10/97 (360)

ANN SIMMONS

Lusaka— It is only 8am but already crowds of enthusiastic shoppers gather in the jungle of wooden vending stalls that jam Lusaka's Freedom Way.

Enos Kasongo, a street trader for the past four years, has come to expect consumers scrutinising the mounds of shoe polish, washing detergent, toiletries, cosmetics and cigarettes on his stand.

"Business isn't bad," said Kasongo, 24, a former baker for a state company. On a good day, he can net $30 — quite respectable considering that the average annual income for a person in Zambia is only $350. "I'm glad to be selling here."

Just six years ago, before this Central African nation embarked on an ambitious programme to sell off state enterprises, traders like Kasongo were shunned as speculators and black marketeers. Today they are part of the fallout from the privatisation of government-owned ventures.

To date, 75 percent of state companies have been sold to private investors. Fewer than 400 000 people in Zambia's 6 million-strong workforce are employed. Most, like the street traders, are in the informal economy.

The hawkers are despised by legitimate shop owners, who say they steal business, smuggle goods into the country and rob the government of tax revenue. Attempts by the authorities to curb or relocate the street trade have been met by violence.

The controversy surrounding street vending reflects the uncertainty many Zambians feel about the government's rush to liberalise the economy. Critics see privatisation as a dubious policy forced on them by Western donors. They say it has increased poverty and suffering, and they doubt its long-term benefits.

Compounding the economic anxiety is concern about the government's commitment to democracy, especially in the face of an opposition pursuing a campaign of civil disobedience. Such behaviour has threatened to damage this nation's reputation as a bulwark of stability.

"Zambia is going through something it has never experienced before, not even during the colonial days," said former Zambian president Kenneth Kaunda. "We used to be united — one Zambia, one nation. Now we are disunited."

International donors seem ready to ignore the social and political discontent of this former British colony as long as it remains on the privatisation track.

Almost three decades of state monopoly played havoc with the economy of Zambia. The socialist-style system nurtured corporations that were overstaffed and under-managed. Output at state-owned Zambia Consolidated Copper Mines, long regarded as one of the country's economic jewels, had fallen 50 percent. Farming was neglected, basic products were scarce and lines began forming at shops for food.

Kaunda defends the policy of state domination he then called "humanism".

"We built a strong base for growth," he said, taking credit for building schools and providing free education; constructing hospitals; ensuring that Zambia's main towns were served by at least a gravel road, and allowing people to keep a little money in their pocket — though there was hardly anything to buy.

In Kaunda's view, the country's economic troubles were born of Zambia's political courage. Zambia's support for the African liberation struggles in neighbouring countries such as South Africa, Namibia, Zimbabwe and Mozambique cost it millions in development aid.

At Misisi compound, a crowded slum of concrete shacks on the outskirts of Lusaka, Kelvin Musole labours to support his wife, Rosemary, and sons — 2-year-old Lloyd and 2-month-old Peter — by selling milk. On a good day, Musole, 26, makes the equivalent of $5.

"Things have changed," said Musole, who moved to the slum three years ago after being laid off as a road worker. "We used to live better in the old days."

Though Musole welcomes the wide variety of products available now in stores, he laments that he can only afford to window shop. Because education is no longer free, he doubts his boys will ever attend school.

"People are prepared to sacrifice a little, but only if they can see ... that it will be better tomorrow," said Robby Makayi, a prominent Zambian journalist who now heads the independent Media Resource Centre.

Moses Banda, an agricultural businessman, said: "Maybe the West is judging success in terms of the number of (state) companies that have been sold. For us, success should be in terms of quality of life."

The Zambian government has also been criticised for its alleged widespread corruption and its lack of tolerance for the independent press. A July report by Human Rights Watch/Africa noted that "the Chiluba administration has made a few begrudging and mostly cosmetic efforts to improve its human rights record". — Los Angeles Times

Coup bid rocks Zambia

Star 28/10/97 (360)

PAUL VICENTE / AFP

Crisis ... Zambian president Frederick Chiluba is at the centre of a reported coup bid.

Confusion grips the country over claims and counter claims on military putsch

Reuters, AFP and Star Foreign Service
Lusaka

Elements of mutinous Zambian army officers who launched a coup in Lusaka have surrounded the state radio and television station and president's residence with tanks, a state security official said today.

"They (the coup leaders) appear to have surrounded the station and the president's house," said the official contacted in Lusaka by telephone from the Democratic Congo capital, Kinshasa. The official said the coup appeared to be in its infancy and army chiefs and soldiers loyal to President Frederick Chiluba were planning a counter-attack.

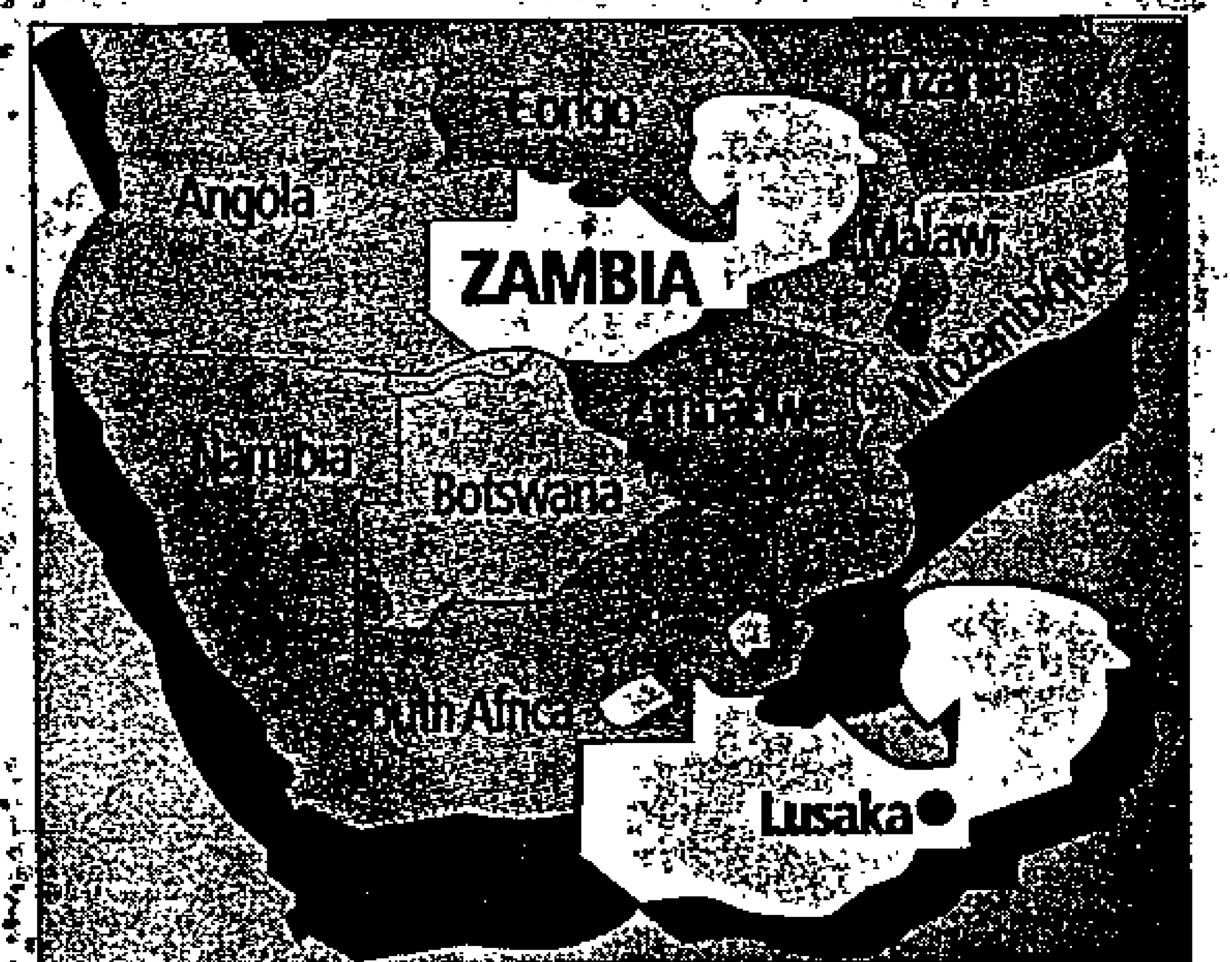
"At the moment it is a stand-off," the official said. "There has been some heavy fighting but it is not over by any means."

Heavy fighting reported around radio post

The official said he had no information about Captain Solo, who told BBC radio he had launched the coup to put an end to corruption in the country.

Earlier Zambian state radio had announced that an army grouping under Solo's command, the unknown National Redemption Council, had taken power in Operation "Born Again", and sacked the army and police chiefs.

President Chiluba has been overthrown in a military coup, the state radio announced early today.



The radio said all airports had been closed and a number of politicians had fled.

Captain Solo said there had been no fighting although his men had captured some government soldiers, and that he had seized power because of the corruption of the government.

"This morning we have toppled the MMD (Movement for Multiparty Democracy) government of Chiluba because of its criminal and corrupt means. The country was going to ruins. It was corrupt completely," Solo was quoted by the BBC as saying.

He said only the military could put an end to the corruption.

The situation in downtown Lusaka was calm and people were going to work normally, a witness there said.

Diplomatic sources said the situation was still unclear.

The South African ambassador in Zambia, Temba Thabeta, said Chiluba was alive and was still in Zambia. He could provide no other details.

Another South African diplomatic source in Johannesburg said Chiluba was still in the presidency building.

"While people may be declaring a coup, Chiluba is still in the State House," the source said, adding that "there is a very blurred situation now".

The South African Foreign Ministry, when questioned on the reported putsch, refused to comment. "We are aware of the media reports. We are not in a position to comment," spokesman Marco Boni said.

Michael Murray, the first secretary at the British Embassy in Lusaka, was also quoted on BBC as saying the situation was far from clear.

"There's been an announcement on the radio that there has been a coup. We are not yet able to confirm that, though we can hear gunfire from the area near State House.

"It's also the case that tanks are said to have moved towards State House. We are in touch with the British community here by radio and by telephone. We've told the British community to stay at home, keep their heads down and listen to the radio," Murray said.

Chiluba was re-elected in November 1996 for a new five-year term. He had been elected a first time in 1991, putting an end to 27 years of rule by the "father" of Zambia's independence Kenneth Kaunda.

He always feared a comeback by Kaunda and to prevent that Chiluba amended the constitution to bar the former leader from running for re-election, on the pretext that his parents were from Malawi.

The amendment drew fierce criticism from many Western countries who suspended aid to Zambia in retaliation for what was seen as a blow to democracy. For the same reason, Chiluba fell foul of his partners in the Southern African Development Community (SADC).

South Africa currently presides over the 12-member SADC.

Chiluba still in charge, says diplomat

Local reporters here say they and the entire country have been taken by surprise and are shocked by the coup attempt.

A reporter at The Post said there was heavy shelling around the Zambia Broadcasting Corporation where the coup leader announced that he and his troops had taken over the country.

"We are really surprised at how suddenly this has all happened. There was absolutely no warning," said the reporter.

The situation is very confused, she added.

'Drunk army men' set off Zambian coup fiasco

Chiluba 'in control'

(360) ARG 28/10/97

STAFF REPORTER AND AGENCIES

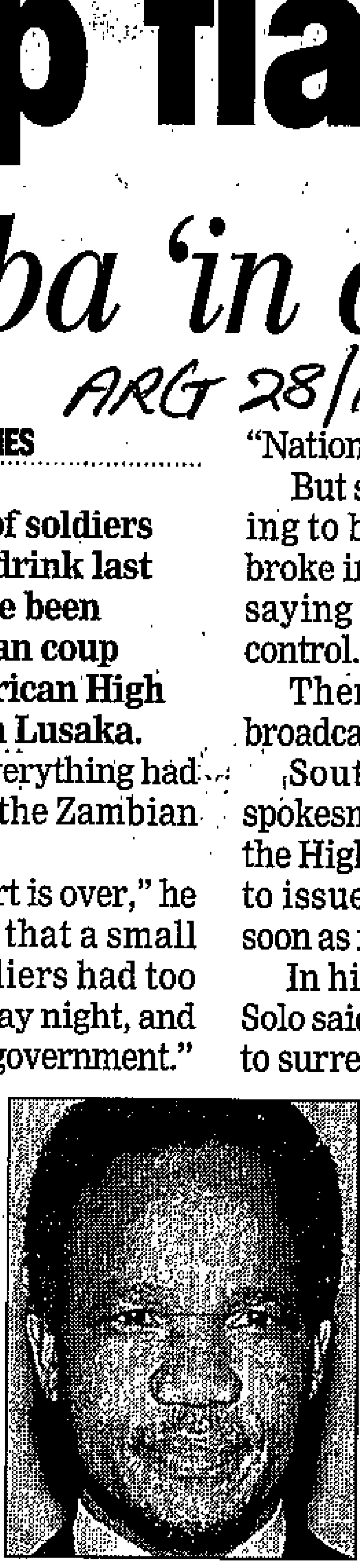
Pretoria – A handful of soldiers who had too much to drink last night appeared to have been behind today's Zambian coup attempt, the South African High Commission said from Lusaka.

A spokesman said everything had returned to normal in the Zambian capital by noon today.

"The morning concert is over," he said. "Indications are that a small group of Zambian soldiers had too much to drink on Monday night, and decided to take over the government."

The spokesman said there was a strong military presence around the Radio Zambia building, from where a "Captain Solo" announced earlier that Zambian President Frederick Chiluba had been overthrown.

"The mopping-up operation to arrest the coup plotters is continuing. No further shots were heard in the city."



Frederick Chiluba: 'The plans of our enemies have been thwarted'

Mr Chiluba's announcement earlier in the morning that a coup had been thwarted was followed by an emotional speech, the spokesman said.

Mr Chiluba was expected to appear on television this afternoon.

Announcing a military takeover via Zambian Broadcasting Corporation at 5.30am, "Captain Solo" said political activity was now banned, the constitution suspended and airports closed.

He said Mr Chiluba had been overthrown by a military group called the "National Redemption Council".

But soon afterwards a man claiming to be a Zambian senior officer broke into the state radio broadcast, saying that the government was in control.

Then came Mr Chiluba's ZBC broadcast.

South African Foreign Affairs spokesman Marco Bonni said earlier the High Commission in Lusaka was to issue a full report later today as soon as it had all the facts.

In his earlier broadcast, Captain Solo said he had called on Mr Chiluba to surrender before 9am or face military attack. "The armoured division of the army will flush him out of State House. He should come out with the Geneva flag."

There had been no fighting so far. "There is no one who is going to stand in our way."

Captain Solo said he "saw an angel and the message was the government had to be overthrown".

Witnesses heard gunfire early in the morning from the direction of Mr Chiluba's State House residence.

Military roadblocks turned back civilians heading into Lusaka this morning, telling people to stay at home.

A South African radio station, quoting an unidentified source, said tanks were moving towards the city.

People with relatives and friends in Zambia started arriving at the High Commission in Pretoria early today to find out what had happened.

They said that they had been unable to reach anyone in Zambia since yesterday.

CHILUBA MAY JUSTIFY HEAVY HAND NOW

Zambian coup attempt fails

ET 29/10/97 (360)

LUSAKA: Government forces are reportedly firmly in control again after a failed coup attempt here, **RICHARD CORNWELL** of the Independent Foreign Service writes.

ZAMBIAN President Frederick Chiluba, facing popular resistance to the effects of a World Bank economic restructuring programme, survived an attempted military coup yesterday.

"I am happy to announce that the plans of our enemies have been thwarted," he said about five hours after sporadic gunfire erupted at dawn near his State House residence and the national broadcasting centre.

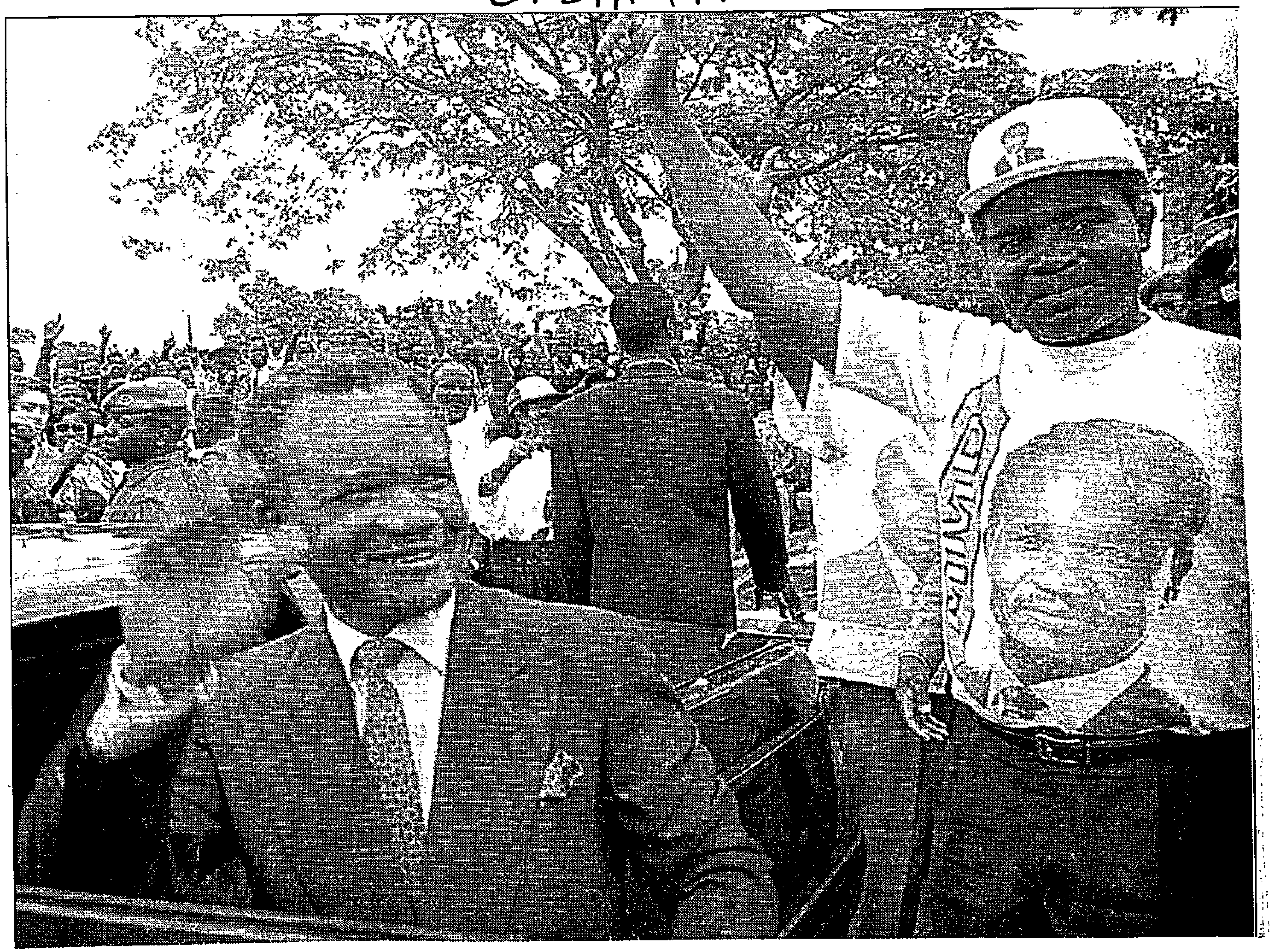
Witnesses reported seeing soldiers in trenches outside State House protecting Chiluba and said streets were largely empty, except for tanks and military trucks.

No casualties were reported, but a senior aide said the coup plotters, from the previously unknown National Redemption Council, had been arrested after being found hiding at the Zambian Broadcasting Corporation.

The government's forces were firmly in control, Mr Everisto Mutale, one of Chiluba's most senior advisers, told Reuters in Kinshasa by telephone from the Zambian capital.

"We have arrested the coup plotters and will make many more arrests as investigations go on," he said.

Analysts are speculating that the coup attempt will allow Chiluba to claim justifi-



CT 29/10/97

360

STILL IN CHARGE: Zambian President Frederick Chiluba waves to supporters in this file picture taken during his presidential election campaign last year. Chiluba regained control of the country after an attempted military coup yesterday. ***PICTURE: AP***

... to claim justification for continued use of a heavy hand against his rivals.

The coup attempt, early yesterday, however half-baked in its conception and execution, coming so soon after scarcely veiled Angolan threats and Luanda's adventures in the two Congos, may be sounding alarms in Lusaka's presidential palace about the logistical latitude being allowed Dr Jonas Savimbi's Unita.

Yesterday listeners to Zambian state radio were greeted by an announcement from a "Captain" Solo that the government of Chiluba had been overthrown by a group called the National Redemption Council.

Reports were later filed with foreign news agencies saying that small-arms fire had been heard on the streets of Lusaka and that tanks had been deployed.

Solo claimed they had been motivated by the chaotic situation in the country in which crime and corruption were rampant.

Loyal military forces dislodged the insurgents from around the radio station and State House, and arrested the ringleaders, including an infantry officer, Captain Chiti, and a Staff Sergeant Solo. Chiluba later went on radio to celebrate the suppression of the coup and to announce his intention of dealing firmly with the miscreants.

But disaffection in the ranks of the Zambian military is nothing new. The rule of Kenneth Kaunda (1964-1991) saw many claims of foiled coup plots, and there were frequent rumours of dissatisfaction in the security forces.

Though he came to power in the wake of widespread popular demonstrations for multiparty elections and the ousting of Kaunda's United National Independence Party, Chiluba's popularity soon waned after his initial victory in 1991 in which he took 76% of the presidential vote.

Public expectations of a rapid improvement in the country's economic circumstances were unrealistic, particularly in a policy environment dominated by the strictures of the IMF and the World Bank. In addition, severe differences arose in the ranks of the ruling Movement for Multi-party Democracy, which proved to be an umbrella organisation for disaffected politicians and businessmen rather than a political party. In particular, certain political leaders were displeased with what they saw as the president's inclination to favour politicians from his own region.

As a result, the number of opposition parties proliferated. Kaunda's return to the political stage seemed to constitute the greatest threat before the elections of 1996, however. The constitution was altered to prevent his candidacy, and the hopes of a unified opposition front were dashed.

Chiluba rejected the advice of other regional leaders, most notably President Nelson Mandela, that he was treading a dangerous path, and that space had to be left for a loyal opposition to operate.

Richard Cornwell is Head of African Security and Analysis Programme, Institute for Security Studies, Midrand.

AFRICA

Zambian businesses stay closed after failed coup

BD 09/10/97 (360)

Chilombo Mwondela

BUSINESS ground to a halt in Zambia's capital Lusaka yesterday as all business houses stayed shut after a failed coup attempt.

The national broadcasting station, Zambia National Broadcasting Corporation (ZNBC), was taken over early yesterday by an army unit still not fully identified by the government.

An officer identifying himself only as "Captain Solo" announced that the army had taken over the government and had surrounded State House.

He gave President Frederick Chiluba an hour in which to walk out of State House under a white flag of surrender.

However, Solo was silenced in the intervening time by army commandos who stormed the broadcasting complex in Lusaka and regained control of the station.

Capt Solo was later identified as Capt Steven Lungu of the 14th regiment. He joined Zambia's army in 1987 and was working on the coup plot in league with some other still unidentified officers.

Lungu was reportedly apprehended just outside ZNBC by the commandos, and bundled into a waiting vehicle. Doors and windows at the media station were reported to have been smashed in the struggle to detain the rebels.

Military sources said earlier the dissident soldiers had gone to the home of army commander Lt-Gen Nobby Simbeye and apprehended his wife and children, taking them to an unnamed barracks in the capital.

They were released after the coup was defused. The general had not been at home.

By yesterday afternoon most members of the diplomatic corps were confident the situation was back to normal, and urged personnel in outlying areas to be calm.

Yet business in Zambia failed to pick up. Banks did not open, while a paralysing fuel shortage continues to haunt the country.

Meanwhile, Zambia Association of Manufacturers chairman Mark O' Donnell thanked the government for foiling the coup, which he said would have spelt disaster for the country's economic programmes.

Planes were still not being allowed to land or take off at Lusaka International Airport by yesterday afternoon.

In a national address yesterday afternoon, Chiluba said the coup's perpetrators were under arrest and would be "brought to book".

Yet his remarks that the government would soon take measures to step up police authority have created fears of a state of emergency being implemented.

SA investors reassured

BD 29/10/99

(360)

Claire Pickard-Cambridge

THE SA high commission in Lusaka says it does not believe SA investors should be perturbed by the attempted coup in Zambia.

"Zambia has enjoyed peace for many years and government has proved it has the support of the army. President Frederick Chiluba has been full of praise for the army's quick reaction," Pieter Pretorius, third secretary at the high commission, said yesterday.

Most of the coup plotters, including self-styled coup leader "Capt Solo", of the hitherto unknown National Redemption Council, had been arrested. Pretorius said the situation had been calm yesterday.

There were mixed reports about the effects on SA businesses. Bonnita administration director Koos Theron said employees at Premier subsidiary, Bonnita Zambia, had been forced to stay home, but no-one was injured or harassed. SA Breweries Africa division said SAB operations had not been disrupted and night and day shifts were continuing.

October 22. – Reuter | and personal" | capitals would be announced official- | late last night. – Sapa

Cabinet meets on coup as Zambia goes back to work

(360) ARG 29/10/97

Lusaka – President Frederick Chiluba held a cabinet meeting today as the capital returned to normal, a day after a group of rebel soldiers failed in an attempt to overthrow the government.

Two more soldiers accused of taking part in the coup were caught today at the Zambian Broadcasting Corporation studios seized by the plotters yesterday, bringing total arrests to 17, officials said.

Shops and offices in the business district, which were closed yesterday, opened their doors and public transport resumed today.

A government official said Mr Chiluba was meeting his cabinet at State House to decide what action to take over the coup bid.

Coup leader Captain "Solo" – later identified as Captain Steven Lungu – and other members of the armed forces were arrested by government troops at the ZBC offices yesterday. One dissident soldier was killed.

Sources at the ZBC studios said the two soldiers arrested today had hidden overnight in the complex. – Sapa-AFP, Reuter

Chiluba announces a 7-day state of emergency

(360) Star 30/10/97

Lusaka – President Frederick Chiluba's government announced a seven-day state of emergency yesterday, giving it sweeping arrest-and-search powers a day after loyal troops quickly crushed a coup attempt.

In its nightly news bulletin state television quoted an unidentified government spokesman saying the emergency powers were to take immediate effect. The decision was made by Chiluba and ministerial colleagues at a cabinet meeting earlier in the day.

The spokesman said the cabinet had "decided to be firm on the matter" of Tuesday's attempted coup, in which one rebel soldier died when troops shot their way into the state radio station to rout mutineers who had announced they were taking power.

He said the emergency would be reviewed in seven days by parliament, which is dominated by Chiluba's ruling party.

Television broadcasts showed Chiluba addressing students who gathered outside his official residence in Lusaka yesterday to show support for the government.

"We will never depart from the rule of law. We are going to move with firmness in the ranks and with justice to all," Chiluba told the students from a Lusaka technical college.

Of the coup bid, he said: "Whoever is involved must know they will never escape the dragnet at all."

On Tuesday, former president Kenneth Kaunda and his United National Independence Party warned that Chiluba would use the coup attempt as an excuse to crack down on the opposition.

Kaunda, who led the nation to independence in 1964, maintained a state of emergency throughout his 27-year rule.

Chiluba repealed the emergency, which had allowed for indefinite detention without trial and wide search-and-arrest powers, after ousting Kaunda in the nation's first multiparty elections in 1991.

In 1992 Chiluba reimposed the emergency for three months after he alleged that opposition groups were planning a campaign of civil unrest to topple the government.

Yesterday's announcement came after shops and businesses reopened and life began returning to normal in Lusaka.

Richard Sakala, Chiluba's special assistant, said five more mutineers were arrested in addition to the 15 captured on Tuesday, including both coup leaders. – Sapa

ANALYSIS

Popular reaction to Chiluba's victory muted

(360) BD 30/10/97

Fears that traditionally stable Zambia was about to join the growing list of central African nations in turmoil have subsided in the wake of President Frederick Chiluba's elected government quashing a coup attempt by disgruntled military officers, reports Michela Wrong.

"I WANT to warn those who rise by the sword they will fall by the sword," said Frederick Chiluba in a special radio address assuring Zambians he was still in control. "I appeal to you fellow Zambians to unite and be resolute. We cannot go back to the Dark Ages."

The attempt to topple Chiluba was announced to the nation by a "Captain Solo", who seized the state broadcasting station and declared that the previously unknown National Redemption Council was taking control in what he dubbed "Operation Born Again".

Saying he had been inspired by an angel, the officer claimed the military was the only institution in Zambia qualified to oust a corrupt and criminal administration that was ruining the country.

Elite troops swiftly staged a counter-offensive.

Twenty rebel officers, including two ringleaders, were arrested and at least one soldier was reported killed.

The coup attempt comes just weeks after the elected president of Congo Brazzaville was ousted, and was staged in a country which neighbours unstable Angola and Congo (formerly Zaire).

It also undermines confident assertions made at the Commonwealth summit that Africa had finally outgrown the stage of military regimes and was firmly set on a democratic path.


CHILUBA

The abortive takeover exposes growing disillusionment with Chiluba's administration, which has squandered the huge goodwill it enjoyed when it ousted Kenneth Kaunda in 1991, ending his 27-year socialist rule and pulling off one of Africa's few successful democratic handovers.

"This is not something that has come out of the blue," said Muhabi Lungu, Kaunda's spokesman. "Ever since the elections there has been a general feeling that something is wrong. We are not surprised."

A former trade unionist, Chiluba tarnished his democratic credentials by tinkering with the constitution to ensure Kaunda could not stand in elections last year.

The move, which coincided with growing reports of high-level government corruption — including allegations of drug trafficking by cabinet members — outraged western donors, who instituted a freeze in balance-of-payments aid only eased in July.

With the hardliners in the ruling Movement for Multiparty Democracy in the ascendant, Chiluba has proved increasingly impervious to criticism, ordering security forces to break up opposition rallies, targeting the press and lashing out at non-governmental organisations.

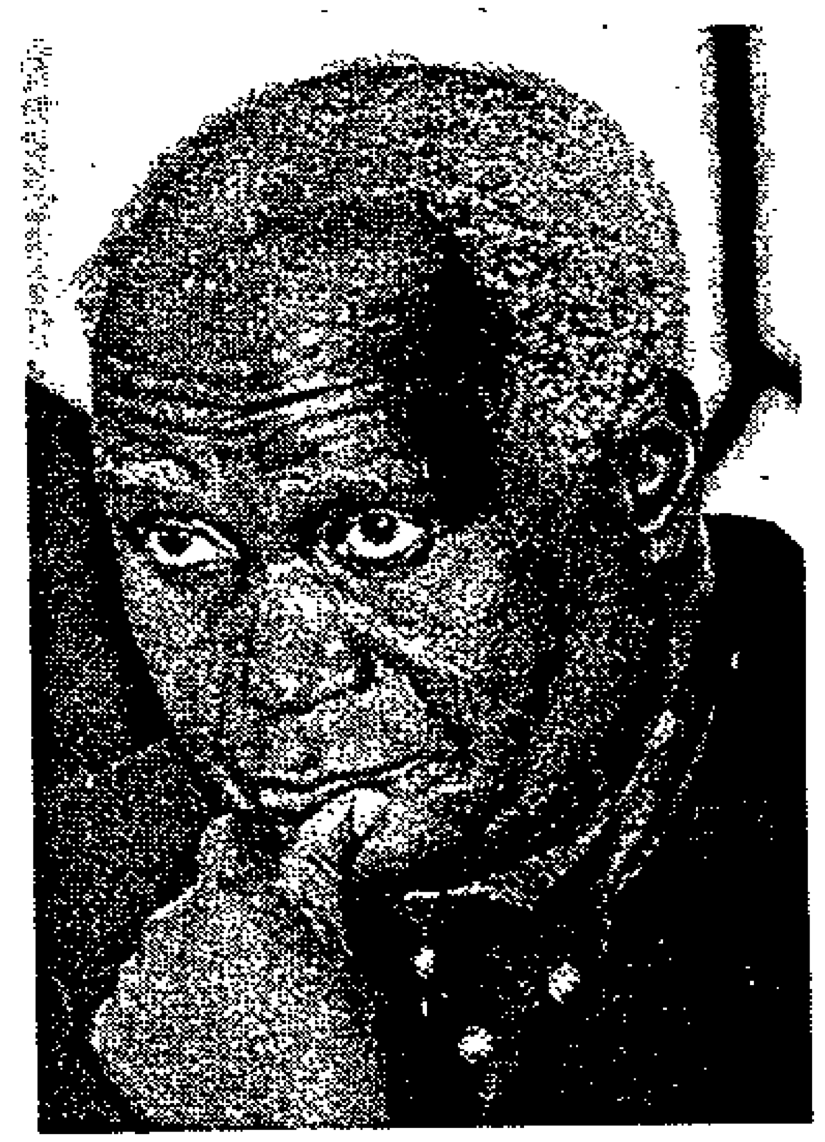
An incident in August when police opened fire on a car carrying opposition leaders, wounding Kaunda and a colleague, was regarded by many Zambians as plumbing new depths. Chiluba denied it was an assassination attempt, but refused to apologise.

The souring political climate has gone hand-in-hand with growing deprivation for ordinary Zambians, who live in one of the world's most heavily indebted nations.

The selling off of the Zambia Consolidated Copper Mines (ZCCM), the country's creaking copper giant, promises to eventually bring more than \$2bn in foreign investment to the industrial heartland.

But the privatisation process, due for completion by the end of the year, is painfully slow.

The aid freeze has exposed the government's heavy reliance on western support to balance its budget. Unemployment is high,


KAUNDA

inflation stands at 30% and few believe the finance minister can deliver a promised growth rate of 5,5% this year.

The El Niño weather phenomenon has hit agriculture. Production of maize, Zambians' staple food, fell by 32% this year, raising the spectre of food shortages. Significantly, the coup was staged a day after a rise in the price of maize flour was announced.

Lusaka residents said yesterday popular reaction to the re-establishment of government control was muted, with few venturing outdoors to demonstrate in Chiluba's favour.

"We have been riding around and there has been no public celebration," said Lungu. "People seem numb. It is a very uneasy atmosphere."

Government critics said Chiluba was unlikely to interpret the coup attempt as a signal for a more liberal approach. Instead they predicted the president, who hinted heavily in his speech that he held the opposition responsible for the uprising, would use it as an excuse to crack down even more energetically.

"The government can now step up its rhetoric and say to the donors: 'Democracy is in danger in Zambia'," said Guy Scott, an opposition leader.

"This will be used as a smokescreen to justify the increasingly hardline methods used against the opposition." — Financial Times.

‘Alcohol, cannabis and despondency’ led to coup bid

BD 30/10/97 (360)

LUSAKA — A cocktail of alcohol, cannabis and despondency apparently led to Tuesday's foiled coup in Zambia by the so-called National Redemption Council, independent Zambian newspaper The Post reported yesterday.

According to Zambian army officers interviewed on Tuesday, the masterminds behind the coup attempt — Capt Steven Lungu, alias "Captain Solo", and Capt Jack Chiti — were probably high on cannabis and drunk when they swung into action.

"There is no doubt that they were both drunk and probably high on pot," said a colonel who declined to be named, "and I think they were despondent about something". This despondency, the colonel explained, was born out of Lungu's ill health while Chiti, who was between 40 and 50, was said to be disgruntled because he had been passed over for promotion for a long time.

It was not clear when the two men decided to stage the coup but according to fellow officers, Lungu and Chiti spent the whole of Monday together.

Lungu, who lives at the Buffalo Village in Lusaka's Makeni neighbourhood and is on study leave, left home early on Monday morning and was seen talking to Chiti at the Arakan Secondary School in the Arakan Barracks at about 7.30am.

At about 10am, the two officers were seen walking together out of the school premises but Chiti returned to the premises later in the afternoon.

The two officers' movements between 2pm and 5pm were unclear but at 5pm Chiti, who had been on extra duty for the past week for an offence he allegedly committed, mounted a guard and deployed sentries around the barracks.

"He later came to the officers' mess but after sometime said he was going to check on the sentries," another officer said.

"Everything seemed normal and we had no reason to suspect that he was up to something." At about 3am, Chiti convinced some soldiers to accompany him "on a mission". The party was later joined by Lungu and they walked to the army commanders' house, near Arakan Barracks on Independence Avenue, where they overpowered the sentries and took over the house.

"They didn't find the army commander but picked up his wife, Kina, and her children and bundled them in the army commander's official Mercedes-Benz and drove them to Arakan Barracks where they locked them up," the officer said.

Before leaving, the coup plotters allegedly ransacked the army commander's bar and carted away cases of Windhoek Lager which they consumed as they went about their business.

The party then drove to the One Bridge Brigade headquarters in Emmasdale where they arrested 64 Armoured Regiment (Mikango Barracks) commanding officer, a Lt-Col Mfula, and other senior officers. "They tied the officers up and somehow managed to convince some soldiers to drive four armoured cars," the officer said.

"The 'arrested' officers were bundled into the armoured cars and taken to Arakan Barracks where they were locked up in cells and some of the soldiers started whipping them," another officer said.

The plotters then drove to the Mass Media Complex where the state radio station and television were located.

Lungu forced his way into Zambia National Broadcasting Corporation studios and announced that the army had taken over the country. — Sapa.

See Page 18

Unscheduled flights barred from landing

LUSAKA — The Zambian government had banned unscheduled flights from landing at its international airport at night because of security concerns, a government minister said yesterday. (360)

A day after President Frederick Chiluba announced a nationwide state of emergency, Transport and Communications Minister Dawson Lupunga said unscheduled flights would not be allowed to land at Lusaka airport between 6pm and 6am.

"A decision will be made regarding scheduled flights later today.

"The measure will remain in place indefinitely," he said.

Chiluba declared a state of emergency on Wednesday after an attempt by dissident soldiers led by junior officers to overthrow his government.

The Board of Airline Representatives said it had been informed that scheduled night flights would also be affected by the airport decision.

It said the measure would affect the operations of airlines such as British Airways and might affect tourism. "We can only hope that it will not remain in effect for a long time," it said.

A British Airways official said the company was trying to get special clearance for its flights. — Reuter

BD 31/10/97

ZAMBIA (360)

SADC in cloud coup-coup land

FM 31/10/97

It was — within hours — business as usual in Lusaka, after Tuesday's pathetic attempt by a pocket of army officers to stage what appeared to be a coup against Zambia's elected President Frederick Chiluba (54).

Officials of an SA mining house who were scheduled to fly to Lusaka delayed their flight by a day because Lusaka airport was closed. They were "not unduly perturbed" about their Zambian investments, however.

Yet the failed putsch again poses questions about Chiluba's style of government and his commitment to democratic norms and practices — which do not match the relative success of his economic reforms.

The Zambian coup attempt underlines the fragility of institutions in a number of southern African states — Angola, Swaziland, Lesotho, the Democratic Republic of Congo — as well as weaknesses in the Southern African Development Community (SADC), to which these countries belong.

"Though it failed," says SA Institute of International Affairs director Greg Mills, "the Zambian coup attempt represents a wake-up call for the SADC to do a stocktake of institutional weaknesses of the organisation, and an appreciation of the region's hotspots, where governments' attempts to consolidate a political order have not been successful."

Given Zambia's geographic closeness to Angola and Congo, "there is clearly a great deal of regional anxiety."

The interesting question, Mills says, is what SA would have done had the coup been successful. Zambia is its third-biggest trade partner on the continent (after Zimbabwe and Mozambique), based on 1995 and 1996 trade figures. SA exports to Zambia last year totalled R1,8bn, and imports R173m.

As chairman of the SADC, SA might have been expected to mobilise the region against the coup. But given the SADC's record, it would probably have done nothing. After all, Angola, also an SADC member, has blithely invaded two countries this year — both Congos — without redress.

Amarnath Singh

Lawyer not allowed to see arrested opposition leader

BD 3/11/97 (360)

LUSAKA — A lawyer said at the weekend he had been denied access to opposition leader Dean Mung'omba, who has been arrested in connection with an abortive coup bid in Zambia.

Mung'omba, who heads the Zambia Democratic Congress (ZDC), is the first political figure to be arrested under a state of emergency declared after a foiled military coup led by an army captain last Tuesday. So far 17 army officers have been arrested.

Lawyer Robert Simeza said he tried in vain to establish the whereabouts of his client, or to see him, as police refused to co-operate. "Everyone is entitled to a lawyer. It is a constitutional right, even under a state of emergency," Simeza said. "A state of emergency does not mean anarchy."

The state of emergency declared on Wednesday by President Frederick Chiluba has yet to be ratified by parliament. This is expected to happen tomorrow in accordance with a constitutional requirement.

Mung'omba was arrested on Friday by eight armed people in plain clothes.

His lawyer said he was mounting an immediate legal fight for Mung'omba's release. "I am taking the matter to court."

His client could have been taken to an intelligence or police complex notorious for its torture facilities.

Mung'omba refused to recognise Chiluba's re-election as president last year. Tipped as the next credible challenger to Chiluba after former president Kenneth Kaunda was barred from contesting the polls, Mung'omba alleged the elections had been rigged and warned he would use any means to remove the government from power.

Mung'omba, who ignored advice from Kaunda to boycott last November's polls, saw his party win only two seats rather than a projected 30 in the 150-seat parliament.

Mungomba formed his party in September 1995, a year after he quit Chiluba's government, in which he had been deputy minister of finance.

His arrest came after Chiluba hinted that political figures might be behind the coup attempt. — Sapa-AFP

Top Zambian opposition leader goes into hiding

BD 4/11/97

LUSAKA — A Zambian opposition leader was in hiding because of fears of arrest following government accusations that a coup attempt last week was backed by the opposition, party colleagues said yesterday.

Zambia Democratic Congress general secretary Azwell Banda went underground after security men searched his home in his absence last week.

"He went into hiding on Friday and we have not heard from him since," the party's deputy general secretary Stanley Haamusonde told Reuter.

Banda went into hiding the same day police detained his party's president Dean Mungomba under emergency laws imposed by the government.

President Frederick Chiluba declared a state of emergency on Wednesday, a day after junior army officers led by Capt Steven Lungu took over the state broadcaster and announced they had overthrown the government. Government troops smashed the coup attempt five hours later.

Mungomba's arrest brought to at least 18 the number of people held since the coup attempt. — Reuter.

(360)

ZAMBIA

Manufacturing pledges total $1,75m

Despite complaints from Zambian manufacturers about a lack of government protection from competing imports, the manufacturing sector continues to receive investment pledges.

The Zambia Investment Centre said in its latest bulletin (October 24) they had received a total of $25,5 million covering 10 projects in manufacturing, agricultural and service sectors. Of these, manufacturing accounts for three of the projects, amounting to $1 746 228 with 70 jobs, while the agricultural sector's pledged investment amounts to $10 549 747 with 446 jobs. (360)

The UK was reported to be the largest investor during the month of August, with pledged investment of $11,8 million. The second was a joint venture between the UK and Zambia, valued at $6 million. Since 1992 local manufacturers have been calling on the government to impose duties on subsidised imports, mainly from South Africa. — *Independent Foreign Service/Africa Information Afrique, Lusaka* ET (Be) 4/11/97

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Cher Jean-Baptiste

Merci pour ton e-mail.

Je l'envoye par le fax comme tu as demande.

Lis ca ensemble avec nes e-mail. C'est un description tres preliminaire.

Respondes bientot s'il tu plait.

Amities

Dave

Health authorities warn of cholera outbreak

BD 5/11/97 (360)

Josey Ballenger

HEALTH authorities had warned of an impending outbreak of cholera in Zambia, British Airways Travel Clinic said yesterday.

The clinic said Zambian authorities had taken "active steps" to minimise the effect of cholera such as educating the public on personal hygiene; washing hands before handling food and after using waste facilities; boiling all drinking water; and separating drinking water wells and latrines.

Zambia is on a list of areas identified by the World Health Organisation (WHO) as high-risk, along with Namibia, Botswana, northern SA, southern Egypt, Libya and Algeria.

A "raging" epidemic in Kenya has left 2 500 victims requiring admission to hospital and a smaller-scale outbreak has occurred in Maputo. The bacterial, diarrhoea-causing disease has plagued Zambia for eight years, causing 500 deaths in 1992 alone. It kills it victims by rapid dehydration.

Clinic director Andrew Jamieson said cholera, which typically flared in the rainy season, could be avoided by observing strict food and water hygiene.

He recommended travellers drank only boiled or bottled water, ate only "piping hot food" and peelable fruits, and avoided uncooked food such as salads.

Missionaries, refugee camp and aid workers, and other high risk travellers would be able to obtain an oral vaccine which was 70% to 80% effective through British Airways from next week.

The traditional cholera vaccination is deemed ineffective by the WHO and is no longer required by any government for entry.

The injection is only 40% effective and has side effects resembling flu symptoms.

Travellers illegally required by immigration officials to show proof of this vaccination can obtain exemption certificates free of charge from the SA Institute of Medical Research travel clinic in Braamfontein. The institute is also considering supplying the new vaccination.

The Gauteng health department could not be reached for comment regarding the number, if any, of cholera cases reported in SA, but a hospital source said SA was "not a receptive country".

Lusaka probe of torture claim

BD 6/11/97 (360)

LUSAKA — A Zambian human rights organisation has announced that it will visit coup plot suspects to assess their detention conditions after one key politician held by police claimed he had been tortured.

The autonomous Human Rights Commission (HRC) move follows a claim made in a High Court in Lusaka on Tuesday by opposition leader Dean Mung'omba that he had been severely mistreated.

In a note handed to the vice-president of his Zambia Democratic Congress (ZDC), Wynter Kambimba, Mung'omba stated: "I have been tortured, no food, no bath, no change of clothes, no visitors, intimidation, victimisation."

His party subsequently addressed a letter to the HRC, an autonomous body formed less than a year ago under a new law, seeking its good offices to ensure that "Mung'omba's human rights are strictly observed while in detention." In a rapid response, the HRC said it would look into the cases of all suspects.

Mung'omba was picked up by security forces last Friday for allegedly conspiring with the junior military officers who tried to topple the government of Fredrick Chiluba on October 28.

His whereabouts were shrouded in mystery until he appeared in the High Court, where his application for a habeas corpus to explain why he is being held, was deferred to yesterday, following a prosecution application for time to prepare its own affidavit.

Armed police were posted in force outside the courtroom on Tuesday, but Mung'omba, casually dressed in a green shirt and khaki trousers, was free to talk to journalists who approached him for an interview. He did not mention torture claims.

Mung'omba said he had no connection with the officers' actions. He said he was being held with all the other alleged coup plotters in one big room at police headquarters. — Sapa-AFP.

Failed coup leaders in torture claim

Zambia crackdown

ARG 8/11/97 (360)

Lusaka – Zambian security forces have tortured up to 34 suspected coup plotters arrested after a failed military putsch last week, Amnesty International said.

Two opposition politicians were meanwhile said to have taken refuge outside Zambia. One prominent leader has been detained since the coup and testified to severe treatment at the hands of police.

In a statement here yesterday, the human rights watchdog organisation "condemned the torture and ill-treatment over the past week of a prominent opposition leader and up to 33 other detainees" held in connection with the coup bid.

Dean Mung'omba, detained leader of the Zambia Democratic Congress, told his lawyers and party officials that he had been tortured and denied food and water until a court appearance five days after his arrest.

Mr Mung'omba is so far the only opposition politician to have been arrested and formally brought before a court this week over the coup attempt against President Frederick Chiluba staged by junior army officers on October 28.

Mr Chiluba imposed a state of emergency, giving increased powers to police, after the coup bid in which junior army officers said they wanted to oust a corruption-ridden regime.

According to Amnesty International, 33 other suspects have been tortured at the central police headquarters in Lusaka.

Detained military officers have reportedly been given no food or water since last week and have no legal representation. They have not appeared in court nor have charges publicly been laid against them.

On Wednesday, Zambia's High Court ordered an investigation into allegations of police torture made by Mr Mung'omba.

A High Court judge set November 12 for a hearing of Mr Mung'omba's habeas corpus application to explain why he is being held.

The state of emergency and the arrest of Mung'omba has raised fears of further action against other opposition leaders both within and outside the country.

One prominent figure, Roger Chongwe, sought temporary refuge in neighbouring Zimbabwe, a privately-owned weekly reported in Harare yesterday.

The Zimbabwe Independent said another opposition figure, Kambarage Kaunda, who has reportedly fled Zambia, is in Angola. – Sapa-AFP

Kaunda has not fled to Zimbabwe, says his son

(360) CP 9/11/97

By JIMMY SEEPE

FORMER Zambian president, Kenneth Kaunda, has not sought refuge in Zimbabwe as indicated by media reports, his son told City Press yesterday.

Major Wesi Kaunda, the second son of the former Zambian president, in a telephone interview with City Press from Zambia, said his father was in Zimbabwe as part of a long programme that would take him to several countries, including Britain, the United States and India.

He said his father had no intention of fleeing Zambia or seeking political refuge in any country out of fear of imprisonment.

He said Kaunda was expected back in Zambia on December 2, after finishing the tour he is conducting on behalf of the Kenneth Kaunda Peace Foundation.

"He is on his way to London where he is expected to stay for a few days.

"He will then go to India to attend the Mahatma Gandhi Memorial celebrations in the coming weeks," his son said.

Speculation has been rife that Kaunda might seek refuge outside Zambia for fear of being linked to a recent coup attempt.

Media reports yesterday indicated that Kaunda, together with a member of another opposition group, Roger Chongwe, had sought refuge in Zimbabwe, fearing President Frederick Chiluba's crackdown on political opposition following the unsuccessful coup attempt.

Kaunda has been outside Zambia since the coup bid by renegade Zambian army forces on October 28.

The attempt was quelled in under three hours by loyal defence force members.

Kaunda Jr was unable to confirm whether Liberal Progressive Alliance leader, Chongwe, had indeed sought refuge in Zimbabwe.

Zimbabwean police indicated that they had placed Chongwe under police protection after receiving information that his life was in danger.

Kaunda Jr, however, said there were indications within Zambia that Chiluba's government links Kaunda to the failed coup attempt and will arrest or take him for questioning upon his return.

□ Meanwhile, Amnesty International on Friday said it had received reports that Zambian security forces have tortured up to 34 suspected coup plotters arrested after a failed military putsch last week.

In a statement, the human rights watchdog organisation "condemned the torture and ill-treatment over the past week of a prominent opposition leader and up to 33 other detainees" held in connection with the coup bid.

Dean Mung'omba, the detained leader of the Zambia Democratic Congress (ZDC), told his lawyers and party officials that he had been tortured and denied food, water and a bath until a court appearance five days after his arrest.

mines

Consortium pays under the odds for Zambian

BD 10/11/97 (360)

David McKay

THE Avmin-led Kafue Consortium had "paid under the odds" for the acquisition of assets in Nkana and Nchanga, the divisions of Zambia Consolidated Copper Mines (ZCCM) for which the consortium had been negotiating for eight months, analysts said at the weekend.

The consortium said on Friday that it had an "agreement in principle" with ZCCM and the Zambia Privatisation Agency to buy the assets of the two divisions. ZCCM will retain a significant equity stake.

Issues covered in the principle agreement were financing for buying the divisions, initial cash outlays and the amount of debt the consortium would assume.

The government's level of equity participation in ZCCM and the capital expenditures to be ploughed into the divisions were also considered.

Avmin MD Rick Menell said yesterday the total funding requirement for its own 27% stake in the divisions was between \$100m and \$150m. This included the acquisition's cash component and capital expenditure the group would undertake.

The company would cast around for finance next year after the deal was fully complete. A final agreement would not be signed until early next year, Menell said.

The financial details of the agreement could not be disclosed in terms of a confidentiality clause. Analysts said that the Zambians wanted to keep the settlement figure under wraps because it was well below their expectations. However, the Zambians had also kept quiet the financial details of its other asset selloffs.

One analyst said Kafue could have agreed to pay half of the \$400m it had initially been thought to cost the group to invest in the divisions. The Nkana and Nchanga divisions produced 50% of ZCCM's copper output which totalled 320 000 tons in its last financial year.

While Nchanga was in good shape, the Nkana division required development of its underground operations. This had probably led the cost of the divisions to be downgraded, the analyst said.

The consortium had also probably reduced the amount of debt which it had to take on.

Menell said the consortium had developed a detailed business plan to improve productivity at the two divisions.

Cost savings could be made through the trimming of head-office overheads and by simplifying the equipment and materials-buying procedure which presently existed, analysts said.

The Kafue Consortium consists of Avmin, Canadian Noranda, US group Phelps Dodge and CDC.

The consortium's negotiations with the ZCCM were protracted and sometimes troubled with the consortium reportedly walking out of an initial meeting.

World Bank postpones aid meeting

(360)

LUSAKA — The World Bank said on Tuesday it had postponed a meeting of Zambia's creditors scheduled for next month because of the slow pace of privatisation of the country's copper mines.

The bank's deputy representative in Lusaka, Richard Beardmore, said the meeting had been put off until next year, which meant that Frederick Chiluba's government would have to draw up its 1998 budget without guarantees of aid.

A third of the country's $1,1bn 1997 budget (January-December) was made up of aid.

BD 13/11/97

REPORTS: Business Day Reporter, Sapa-AFP, Reuter.

ZAMBIA

World Bank postpones creditors' meeting

The World Bank said this week it had postponed a meeting of Zambia's creditors scheduled for next month because of the slow pace of privatisation of the country's copper mines.

Richard Beardmore, the bank's deputy representative in Lusaka, said the meeting had been put off until next year, which means the government will have to draw up its 1998 budget without guarantees of aid, which made up a third of the country's \$1,1 billion 1997 budget.

(360)

"The country may have to go through part of 1998 without donor inflows," Beardmore said. He said the World Bank was also waiting for an assessment of the country's macroeconomic performance from the International Monetary Fund (IMF). Elwaleed Taha, the IMF's Zambia representative, said last week the fund was pleased with Zambia's economic performance over the past few months. — *Reuter, Lusaka*

CT (BR) 13/11/97

Chiluba 'must heed the warning signs'

(360)

CP 16/11/97

ZAMBIA'S President Frederick Chiluba has certainly not had an easy time since he took over the reigns of power from Kenneth Kaunda in 1991.

Even before a man calling himself Captain Solo announced on national radio on October 28 that Zambia had been taken over by the military, insiders knew there was anything but harmony in the country for Chiluba's Movement for Multi-Party Democracy. Something was bound to happen sooner or later and a coup was not ruled out.

The reasons advanced for this assumption were many and varied.. Chief among the reasons was restlessness and hopelessness brought about by massive job losses as a result of an ambitious privatisation programme initiated by the Chiluba government in 1991.

Others included a law that barred citizens with parents born abroad from contesting the presidency during last year's election.

This law was seen as having been specifically put in place in order to bar Kaunda whose UNIP seemed to have gained momentum during the run-up to the elections.

In response, Kaunda pulled his party out of the presidential and parliamentary race, saying: "We do not want to be part of a fraudulent election whose results have already been predetermined."

This was an apparent reference to the voting registers drawn up by an Israeli firm which had numerous errors. These ranged from the exclusion of some voters to placing others in wrong constituencies.

The political scenario then took a new twist. Bombs exploded around the usually peaceful city of Lusaka, killing one police officer and badly injuring another.

The Chiluba government figured it had found out who was behind the spate of bombs.

Some senior members of Kaunda's Unip were rounded up, charged with treason and murder and thrown into jail but released after five months because the state could not come up with any evidence.

Even while the suspects were in detention, bombs kept exploding. This gave birth to talk that the Chiluba government itself was responsible for the planting of bombs in a bid to detract the public's mind from other issues.

With Kaunda out of the way, including a few small parties that sympathised with him, Chiluba took power for a second and constitutionally last term of office amidst protest from civil society and international observers that the elections were not free and fair.

It was at this time that Kaunda declared that he was going to make the country ungovernable through the holding of civil disobedience rallies.

This was going to include the holding of political rallies without obtaining police permits and solidarity marches calling for the annulling of the 1996 elections.

Analysts say Zambia is in a state of economic and political crisis, demanding urgent attention

One such rally was held in Kabwe, a mining town about 100 km north of Lusaka, on August 23, and almost ended in a bloodbath when Kaunda and the chairman of the political coalition were shot and wounded by men believed to be from the state police.

As questions kept being asked about whether the shooting was an assassination attempt on Kaunda and his colleague or a mere attempt to restore law and order, citizens were treated to something they never experienced since independence in 1964.

MAN IN TROUBLE . . . Chiluba believes all is well in his country despite evidence to the contrary and the growing restlessness of his people.

A spate of fires rocked Lusaka. Among the buildings burnt was one which houses the office of the state vice-president, Brigadier General Godfrey Miyanda and a 19 floor state-owned building that housed several private businesses.

As usual the finger-pointing game started, with everybody blaming everybody else.

All these isolated incidents were looked at by analysts as signs of worse things to come. And just five days after Zambia celebrated its 33rd anniversary the country was taken over for at least five hours by the army.

The army's intention, according to Captain Solo, was to save the country from further devastation brought about by rampant corruption and economic mismanagement.

"We do not want to harm any civilians at all. We just want President Chiluba to walk out of State House holding a white flag as a sign of his surrender," Captain Solo said on national radio.

Solo was later identified as Stephen Lungu, a captain in the national army.

President Chiluba later addressed the nation on radio and TV saying: "We are in control . . . the enemy has fallen and victory is certain. Those who live by the sword shall fall by the sword. I am still your president and I am inviting investors to put their money in Zambia because this country is stable, there is no problem here."

Observers say the remarks of the coup plotters regarding corruption and economic mismanagement must be looked into closely and not just dismissed with contempt. – African Infor-

Pylon girder theft caused huge power grid failure

ARG 20/11/97 (360) (~~362~~)

Harare – The power failure which reverberated throughout the southern African power grid and plunged Zimbabwe and Zambia into darkness at a cost of millions was caused by a Zambian thief who removed a girder for slicing up into bracelets.

The removal of the length of steel from the 30-metre high pylon south of Kafue in southern Zambia last Friday caused it to collapse, said Sam Mahlanza, spokesman for the Zimbabwe Electricity Supply Authority.

As it toppled over, it pulled over another two of the massive pylons on the 330 kv powerline from Zambia's Kafue Gorge power hydro-electric station and broke the circuit. The sudden absence of power started a reaction of massive swings of current in the regional power grid that also links the power generation systems of Zimbabwe, South Africa, Mozambique, Botswana and the Democratic Republic of Congo.

Zimbabwe's Hwange 960 mega watt thermal power station, which supplies 60% of the country's electricity, tripped out, as did the 1100 mega watt turbines on Kariba Dam over the Zambezi River.

South Africa lost its connection with Mozambique's giant 2000 mW Cahora Bassa hydro-electric dam. The connection with South Africa's Matimba thermal power station cut out.

Nearly 12 hours later, supplies were restored in Zambia and Zimbabwe.

"It's incredible," Mr Mahlanza said. "These people are not afraid of being electrocuted. I don't know how they remove the struts because they are bolted on to the pylons.

"They sell them. They cut them up for steel bracelets. They use them for scotch carts (donkey carts), and all sorts of welding.

"The incident at Kafue was not isolated," he said. "It's getting out of hand. It's increasing and it's turning into a regional problem."

The first recorded incident of a pylon collapsing took place in the former Zaire two years ago.

Two months ago, a tower near Bulawayo on the line linking Zimbabwe with Botswana was brought down, but it fell on the man trying to steal a girder supporting the tower, killing him.

No one was hurt in the collapse of the Kafue pylon, Mr Mahlanza said. – Sapa

ZCCM unbundling plan 'not economically sensible'

(360)

David McKay

BD 20/11/97

THE decision of Zambia Consolidated Copper Mines (ZCCM) to privatise by unbundling into 11 packages was a politically motivated move, but it could undermine the potential benefits of the process, stockbroker T Hoare & Co said yesterday.

This was after the privatisation of ZCCM moved another step closer last week when the Kafue Consortium, consisting of SA's Avmin, Canada's Noranda and Phelps Dodge of the US, agreed to buy ZCCM's Nchanga and Nkana divisions, the largest of the 11 packages.

T Hoare said ZCCM chose to unbundle its assets as the most acceptable way of achieving its redevelopment, rather than recapitalising itself though a rights issue as originally advised by Anglo American Corporation.

T Hoare analyst Martyn Hay said ZCCM accounted for 90% of Zambia's revenue and it had been deemed politically unwise, therefore, to restructure in a way that allowed a company such as Anglo American control.

"Unbundling, therefore, is politically judicious, but is not economically or practically sensible," he said.

Hay argued that this approach would transform ZCCM into a minority shareholder. "It will allow restructuring and rationalisation (of ZCCM) to be effected in the shortest possible time by enabling a number of participating companies to focus on the essential components," he said.

ZCCM intends to have a 15%-20% "free carry" interest in the project and emerge debt free. In essence, ZCCM's intention is to write down short-term debt, which stands at $150m-$200m owed to local suppliers, while a substantial amount of external long-term debt, totalling about $600m, will be relocated to the various packages. "This is easier said than done," Hay said.

In respect of the recent agreement between ZCCM and the Kafue Consortium, analysts suspected that the consortium had been able to whittle down ZCCM's asking price considerably. As a result, ZCCM would not be able to service its debts as well as expected.

It was reported that the consortium offered $220m in cash and the assumption of the two divisions' debt, which is thought to be $250m for the Nchanga and Nkana divisions. The divisions comprise five underground mines, one open pit mine, a tailings leach plant, a copper smelter and refinery, an acid plant and a cobalt plant.

But recent quarterly results showed losses at the divisions, accountable for about half ZCCM's annual production. This may have forced down the sale price as the Kafue Consortium were able to use the heavy debt and the mines' unprofitability to offer less.

Hay said to maximise its full potential, ZCCM required a capital injection of $2,8bn spread over its divisions.

Zambia will miss its targets, say analysts

(360) ET (BR) 20/11/97

JOWIE MWIINGA

Lusaka — Zambia was unlikely to meet its macroeconomic targets this year after recent upheavals boosted inflation and weakened the local currency, analysts said on Tuesday.

They said an increase in money supply, coupled with shortages in convertible currency and fresh food, would reverse earlier gains by the end of the year. Annual inflation rose to 21,2 percent in October after a steady decline to 19,9 percent in September, its lowest level in almost a decade, and analysts said it was likely to continue climbing.

"We doubt that the government will attain its target of bringing inflation down to 15 percent. Twenty percent is a more realistic figure," said Aaron Nakalonga, an Economic Association of Zambia spokesman.

Nakalonga said the kwacha, which had remained stable at about 1 350 against the dollar for most of the year, was likely to depreciate over the next few months if inflows of donor money remained low. "The postponement of the (World Bank) Consultative Group meeting could further affect the exchange rate," said Nakalonga.

The World Bank has indefinitely deferred its December Consultative Group meeting, at which donors were expected to make pledges to Zambia, because of the slow pace of privatisation of copper mines.

A Citibank monthly bulletin released on Tuesday said a marked increase in money supply had also contributed to the devaluation of the kwacha. It said the currency could fall to about 1 550 kwacha to the dollar by the end of the year.

Despite the upheavals, Zambia was likely to attain its 5,5 percent gross domestic product growth target, largely as a result of improving exports, said Nakalonga. — Reuter

Mugabe tells Kaunda he can stay in Zimbabwe

(360)

Star 22/11/97

KENNETH KAUNDA

Harare – The Zimbabwean government has given former Zambian president Kenneth Kaunda permission to stay in the country for as long as he wishes amid fears for his safety at home, a newspaper reported yesterday.

Zimbabwean authorities recently held talks with the ex-leader, who has claimed that his life is at risk after last month's abortive coup in Zambia.

The government had assured Kaunda that he could settle in the country indefinitely, the *Zimbabwe Independent* reported yesterday.

"It was ... made clear to Dr Kaunda that he is welcome to stay in Zimbabwe anytime he feels it unsafe to go back to his country," an unnamed senior official in the foreign affairs ministry was quoted as saying.

Kaunda's son Wezi claimed early this month that Zambian security forces intended to arrest his father under the emergency powers imposed on the country after an October 28 coup bid by junior army officers.

The government of Zambian President Frederick Chiluba has, however, denied any planned action against Kaunda, who has been under mounting pressure from his own opposition United National Independence Party not to return home because the situation was deemed not safe for him.

The coup attempt in Zambia took place while Kaunda was attending the coronation of King Letsie III of Lesotho. On his return he spent a few days in Harare, where one of his sons lives, before proceeding to Britain.

It was during his stopover in Harare that the government of President Robert Mugabe is said to have told Kaunda he could live there as long as he wanted – and offered him state security if he so wished.

The official cited by the *Zimbabwe Independent* said the move did not represent the granting of political asylum.

"Until Kaunda comes and expresses his intention to stay here permanently because of the unstable situation in his home country, I don't think it can be correctly said we have already given him political asylum. Maybe it's a question of semantics," the official said. – Sapa-AFP

Zambia privatises its only coal mine

ZAMBIA's only coal mine, the cash-strapped Maamba collieries, had been sold to an SA and Mozambican mining company for $30m, a government spokesman said yesterday.

Zambia Privatisation Agency CE Valentiene Chitalu said 80% of Maamba collieries had been sold to Benicon Limited and the government aimed to put up 20% for future public flotation on the Lusaka Stock Exchange.

The sale excluded the company's residential properties at Maamba township which would be sold to tenants within government housing policy parameters, Chitalu said. BD 27/11/97

Meanwhile, Mines Minister Christon Tembo said yesterday that Zamaad realised more than $100m from the sale of some of the state-owned copper mines. The state has so far sold Chibuluma, Kansanshi, Luanshya and Baluba mines, while an agreement for the purchase of Chambeshi, Nkana and Nchanga mines has been concluded, but awaits final endorsement.

(360)

REPORTS: Business Day Reporter, Sapa-DPA.

Zambia freezes public service rises

(360) BD 28/11/97

LUSAKA — The Zambian government said yesterday it had frozen public service wage increases to facilitate a two-year reform programme in which 59 000 jobs would be scrapped.

"The public service reform programme will focus on ... the reduction of the number of employees in the public service from the current 139 000 to 80 000 by the end of 1999 (and) ... imposing a wage freeze for all public service staff until the end of 1998," Labour Minister Peter Machungwa said in a statement to parliament.

Machungwa said resources saved by the wage freeze would be used to pay out severance packages to retrenched workers.

"The government cannot continue awarding salary increases to a bloated public service because it takes away resources from productive sectors," he said.

Machungwa said that the government would lay off 7 000 workers by the end of next month and a further 8 000 by the end of March.

Another 8 000 would be laid off by April.

"This exercise will continue until the public service has been reduced to a target of about 80 000 public servants by the end of 1999," Machungwa said.

About 12% of the 4-million people who are able to work in Zambia are employed in the formal sector.

The government has been under intense donor pressure to trim its bloated and largely inefficient public service.

Early this year, the International Monetary Fund (IMF) suspended negotiations on continued funding under a three-year Enhanced Structural Adjustment Facility programme until the government initiated work on public service reform.

The talks on the loan package are scheduled to resume next month following moves by the government to restructure the public service and meet other IMF demands. — Reuter.

Kenya's leader moves to divide his enemies

(360) M+G 28/11–4/12/97

Unbanned: Richard Leakey (left) and Khelef Khalifa of the opposition Safina Party leave the office of Kenya's attorney general after the party was officially registered

James C McKinley Jr in Nairobi

In a move that appeared calculated to further divide an already splintered opposition, President Daniel arap Moi's government lifted a ban on the liberal Safina Party this week, clearing the way for it to field candidates in general elections next month.

The decision, which also allowed several smaller parties to take part in the election, was a hollow victory for Safina, a pro-democracy coalition with support across ethnic lines that has battled for two years to win legitimacy under Moi's government.

Since forming Safina in 1995, party leaders have been harassed, beaten, arrested and prevented from assembling in public. But with only a month remaining before the general elections on December 29, party leaders said there was not enough time for Safina to select candidates and organise strong campaigns for Parliament and the presidency.

Richard Leakey, the well-known archeologist who is Safina's secretary general, said Moi's ruling party had been preparing for five years for the races, while Safina would be given barely five weeks. In addition, candidates must be nominated by December 4.

"The last-minute decision to give us legitimacy in law is surely intended to divide the opposition," Leakey said. "There are clearly very major restraints to our ability to participate in this election." He said that if the party did decide to field candidates, it would do so under protest. — *New York Times*

Chiluba shakes up cabinet basket

(360) BD 3/12/97

LUSAKA — Zambian President Frederick Chiluba demoted his vice-president and defence minister yesterday, only five weeks after a failed coup by disgruntled soldiers.

Chiluba told reporters that he had also retired the commander of the Zambian Air Force and moved the country's army commander into the foreign service.

"I have shaken the basket upside down so that we can move forward with a bit more zeal," he said. "This is part of what I must do to rejuvenate the cabinet. It is intended to increase the appetite for work."

He did not elaborate on the reason for the demotion or transfer of the country's most senior military officers.

He replaced Vice-president Godfrey Miyanda with Christon Tembo, currently the mines minister, and Defence Minister Ben Mwila with Home Affairs Minister Chitalu Sampa. Miyanda becomes education minister, and Mwila energy minister.

Chiluba said army commander Nobby Simbeye would join the foreign service while air force commander Ronnie Shikapwasya had been retired.

Army officers led by Capt Steven Lungu seized the state broadcasting building on October 28 and announced they had overthrown the government, but troops smashed the coup attempt five hours later. President Chiluba declared a seven-day state of emergency the next day, and parliament extended it by three months early in November.

At least 18 people, including opposition leader Dean Mungomba, have been detained since the abortive coup attempt. — Reuter.

ZCCM loses power section

(360)

BD 4/12/97

LUSAKA — An international consortium formally took over Zambia Consolidated Copper Mines (ZCCM) power division and named Ian Burgwin as the company's CE.

"The power division of ZCCM has been formally acquired by the Copperbelt Energy Corporation," said a company spokesman.

The spokesman did not disclose how much was paid for the unit.

Copperbelt Energy Corporation includes MPI International, the UK-based National Grid Company, and a local management team of Power Division, with ZCCM holding minority shares.

Burgwin, an electrical engineer who has held senior management posts within the National Grid, said the move was exciting.

"As the first electricity privatisation in southern Africa, the spotlight will be turned on the new company and we aim to show (we) ... can build a strong, efficient company to take us into a profitable and successful future," he said.

Power Division distributes electrical power to ZCCM divisions and provides ancillary services. —Reuter.

Jackson urges on Zambia's democracy

(360) BD 4/12/97

LUSAKA — US civil rights leader Jesse Jackson yesterday urged Zambia to strengthen its democracy to improve the lives of its people and attract investment.

Jackson, in Lusaka as President Bill Clinton's special envoy for democracy in Africa, urged the Zambian government to bolster the institution and begin talks with disgruntled opposition leaders.

"A commitment to human rights, the freedom of expression and a free press are prerequisites of democracy," Jackson said.

Zambian opposition parties are demanding fresh elections after they boycotted elections a year ago to protest against constitutional changes approved by President Frederick Chiluba which effectively barred his main rival, former president Kenneth Kaunda, from participating in the polls.

Western donors who praised Chiluba for his readiness to brave unpopular decisions to implement economic reforms, suspended aid to the southern African country last year after the constitutional changes. They have since restored the aid but insist on improvements to the democratic record.

Asked to comment on reports of torture of Zambian political detainees by security police after an abortive coup attempt in October, Jackson said the country needed to extend gains made in governance over the past few years. "The torture of detainees is not a government policy, apparently. Democracy is the process through which problems are solved and one can not really expect more from it than that." — Reuter.

(360) M+G 5-11/12/97

Chris Holt *reports on the 'orphan epidemic' the Aids virus has brought to Zambia*

On a windswept patch of wasteland in one of Lusaka's grim residential compounds, a group of small children is huddled around a woman in a tie-dyed dress. They follow her hand as she scratches numbers in the dirt, nought to three. Now and then wind picks up the dust and hurls it into the children's eyes. This is their school, the dirt their blackboard, this untrained volunteer their teacher. This is the best education they can hope for, these children orphaned by Aids.

No one in Zambia is unaffected by Aids. Everyone you speak to has lost a family member, a colleague, or a friend. If you haven't seen someone for a while, you don't ask where or how they are. And in the wake of Aids, a second human tragedy is unfurling: an "epidemic" of orphans.

By the middle of last year, nine million children worldwide had lost their mothers to Aids, according to Unaids, the joint United Nations programme on HIV and Aids. Some 90% of these children are in sub-Saharan Africa and most of them will also have lost a second parent. In the most affected countries it is thought up to one-third of children will become orphans in the next 10 years.

Up to half of some countries' orphans are looked after by grandparents and many fall into the care of older siblings. The burden on these families, many of which are already very poor, is immense. Albina Mwila, at 72, has taken in six orphans. Now with a total of 12 grandchildren to look after, she struggles to feed them, farming beans, maize and groundnuts on one hectare of land. When food is scarce, she begs from neighbours.

"The hardest thing is to feed and clothe them and pay school fees," Mwila says. Her orphaned grandson Joseph, whose tiny, malnourished body belies his nine years, has a persistent rash and hacking cough. When he is not at school he looks after his younger siblings and cousins. He tells the younger ones stories, cradles a crying two-year-old, and, when necessary, helps his grandmother in the undignified search for charity.

Unlike countries such as India or Thailand, in Zambia orphanages take only a very small minority of children. "Zambian tradition is that you should look after your family and orphanages should be the very last option," says Unaids's Mark Connolly.

Zambia is currently thought to have half a million orphans — 5% of the total population. By 1993, 42% of urban and one-third of rural households already contained orphans. For a country struggling to cope with decades of under-development and high levels of poverty, the orphans represent the seeds of future crises.

A Unicef report this year linked poor educational performance to children's trauma in coping with the sickness or death of parents. Primary school-age children were bearing enormous responsibilities of caring for dying parents, finding food and earning money. School fees, introduced as part of the 1990s shift to free-market economics in Zambia, are beyond the means of many families. Some 68% of orphans in rural areas now do not go to school.

"The implications for the economy, education and health services are very serious," Connolly says. "There are very high levels of HIV infection among professionals with a generation of less educated, less skilled, emotionally less secure orphans following behind when they die." The government is predicting that gross domestic product will fall by between 5% and 9% by 2000, because of the effects of Aids.

No small concern: Young children often have to care for their brothers and sisters after their parents die. PHOTOGRAPH: GIDEON MENDEL

Some policy changes are addressing the situation. Compulsory school uniforms have been abolished in Zambia. Churches and other local groups have set up schools in Lusaka that offer free education to the poorest. At Kabwata Open School — open to all, but also open to the air — 50% of the 300 pupils are orphans. They learn using donated books, chalk and blackboards, and seven teachers are paid by overseas donors.

A project in Chilonga, northern Zambia, funded by the British aid agency Cafod, is typical. There, an orphans' support group farms five hectares of land, its produce going to pay for school fees and other needs. A further two hectares of land is used to teach farming skills to the children.

"There have been plenty of projects addressing the problems of people with Aids, but at first few people were thinking about the orphans," says Cafod's Richard Miller. "This community thought it was important to bring them together and teach them the skills they need to look after themselves."

The chairwoman of the group, Emilia Kumwenda (54) and herself a stand-in mother to 11 orphans, is a formidable woman who believes education is the key to the orphans' future. She runs a nursery and an anti-Aids club for older children, where they learn about the disease. "We recruit children who are not orphans as well, so they will mix and see each other as normal," she explains.

Community-based projects such as these were identified as central to non-governmental organisations' responses to HIV in Southern Africa in 1994. In their Lusaka Declaration on Support to Children and Families Affected by Aids, the agencies urged that, wherever possible, children should be kept in their communities.

Three years on, however, such projects are still missing out on both domestic and overseas government aid, which favours hospital-based programmes and expenditure on testing kits, and doctors' and advisers' salaries.

The "orphan epidemic" in Zambia is still in its infancy. In Uganda, the Commissioner for Health, Dr Sam Okware, has talked about a "window of hope" between the ages of five and 18. "If that group can be educated, if their behaviour can be changed, I think we have a future," he says.

Kumwenda's great-nephew, Dominic Mukaka, joins a group of teenage orphans shakily singing a song with a clear message about Aids, sex and self-respect. It is four years since his parents died and he and his brother joined Kumwenda's disparate brood of young relatives. "I don't even think about my parents any more and I don't feel sad," says Mubaba (18) standing next to his great-aunt. "Now this is my mum."

One Aids virus, two epidemics, PAGE 24

Clearances take number of Moi's opponents to 11

BD 5/12/97
(360)

NAIROBI — Kenya's electoral commission yesterday cleared three more presidential candidates for December 29 elections, bringing to 11 the number of hopefuls standing against the incumbent, President Daniel Arap Moi.

Those whose nomination papers were accepted yesterday include Koigi wa Wamwere of the Kenya National Democratic Alliance. He was turned away on Wednesday because some of his documentation was missing.

The other two were Waweru Ng'ethe (Umma Party), and Martin Shikuku of the Forum for the Restoration of Democracy (Ford-Asili).

Geoffrey M'Mwireria of the Green African Party and Nyerere Mwonda of the Economic Assistance Party were advised yesterday to rectify anomalies in their nomination papers and bring them back later.

Mwongo Nyonga, a peasant from central Kenya, arrived at the electoral commission's headquarters without most of the required electoral documents and the mandatory 5 000 shillings ($79).

He said he was too poor to raise the money and was turned away. The nomination process was scheduled to end at 1600, Kenyan time.

President Moi, in power since 1978 and seeking a final five-year term, was the first to register on Wednesday as a candidate of the ruling Kenya African Nation Union (Kanu).

He was followed by Mwai Kibaki of the Democratic Party, Munyua Waiyaki of the Patriotic Party of Kenya, and Raila Odinga of the National Development Party.

Then came Charity Ngilu of the Social Democratic Party and George Anyona of the Kenya Social Congress.

Kimani wa Nyoike, also Forum for the Restoration of Democracy (Ford-People) was accepted, as were also Michael Kijana Wamalwa (Ford-Kenya), and Wangari Maathai (Liberal Party). — Sapa-AFP.

See Page 11

Zambian copper asset set to boost Maranda's earnings

BD 10/12/97

David McKay (360)

MARANDA Mines hoped its investment in Zambia Consolidated Copper Mines asset Chibuluma, a copper and cobalt operation, would boost its earnings, the company said this week.

MD Simon Malone said in the company's annual report that Maranda's 25,5% equity interest in Chibuluma Mines, the consortium that successfully bid for the Chibuluma project, had "revitalised the company".

The Chibuluma assets consist of an operating mine and an undeveloped reserve, Chibuluma South, estimated to have more than 6-million tons of ore at a grade of 4,35% copper.

The Chibuluma South mine and plant are expected to be in production in the next 36 months. Malone said the construction of infrastructure and the access shaft would start after the completion of final engineering studies.

Chibuluma Mines owns an 85% stake in Chibuluma which it bought at a cost of $17,5m. Maranda's 30% share of this cost, together with the working capital, has been funded by bridging loans.

Profit from the existing mine, Chibuluma West, will be used to finance the development of Chibuluma South, resulting in dividends from Chibuluma West not being paid. Chibuluma West mine produces about 32 000 tons of ore a month, at a grade of about 2,5% copper and 0,1% cobalt.

The Chibuluma investment and the purchase of a high-grade copper and zinc operation in Northern Province would lead to increased earnings for Maranda, assuming the zinc prospects remained strong, Malone said.

Sale of mines earns Zambia $120m

(360) BD 12/12/97

Chilombo Mwondela

LUSAKA — The Zambian government has realised $102m from the sale of Zambia Consolidated Copper Mines (ZCCM) assets, says Mines Minister Gen Christon Tembo.

Tembo said the cash realised so far from the sale of the mines was going towards servicing the $700m debt built up by ZCCM over the past decade.

He did not disclose the sale price of the contentious A-package involving the largest assets, namely the Nkana and Nchanga mines, saying the sale was still being negotiated, although a sale agreement was signed more than a fortnight ago.

He said disposal of ZCCM assets was expected to continue for the next 18 months.

Tembo also disclosed that Package E, the Kansanshi Copper Mine acquired by Cyprus Amax in January 1997, was sold for $28m, with the company committing a further $20m to feasibility studies.

Package B, the Luanshya-Baluba mine which is currently the subject of a court battle, was sold to the Binani Group of companies for $35m.

First Quantum Minerals, a Canadian company, claimed to have entered sale negotiations with the government, saying it had been promised the Luanshya mine by the Zambia Privatisation Agency. The company carried out feasibility studies on the mine costing millions of dollars in manpower and equipment but allegedly could not settle on a cash price with government.

Zambia attracts record foreign investor interest

(360) BD 15/12/97

LUSAKA — Plagued by a chronic lack of investment for more than 25 years, Zambia last month recorded investment pledges of $75m — the highest since the country's Investment Centre first mounted its promotion programme three years ago.

Investment Centre executive director Bwalya Ng'andu attributes the rise in interest to the effective manner in which the government handled and foiled the October coup attempt.

He said it indicated that investors were satisfied the government had the capacity to thwart any uprising that could threaten their investments.

Zambia's image, dented by years of command economics, anti-private sector policies, and the poor investment risk reputation shared by all African countries, has been repaired and investor confidence restored, he said.

Ng'andu said a total of $194m worth of investment pledges were made in 1995, but the actual investment performance stood at $55m. He said about $293,8m were pledged in 1996 and $62m contributed in direct foreign investment in Zambia.

Through to November 30 this year, about $231m in investment pledges had been made. The Investment Centre was still evaluating actual investment performance over this period.

The implementation of the investment pledges averaged between 40% and 46%, Ng'andu said. But he said the situation was improving rapidly. He attributed this to stability in the macroeconomic environment, and drops in inflation and interest rates.

Zambia's mining sector formed the country's core investment potential, accounting for $500m in foreign investment. This was followed by the agriculture and manufacturing sectors, each representing 32% of investment.

Among the economic problems still facing Zambia were the subsidised goods flooding the country's markets, as well as n sophisticated levels of smuggling, which adversely affected investments. Now authorities are vigorously trying to stop the practices.

The frequent closures of small commercial banks had also had a negative effect, sending the wrong signals to potential investors. — Sapa-DPA.

Row over rights to sell Zambia's mine schools

(360)

Chilombo Mwondela

BD 22/12/97

LUSAKA — The schools and hospitals linked to Zambia Consolidated Copper Mines (ZCCM), which neither the government nor the new owners are keen to run, have become the subject of a dispute as mine sales are gradually tied up.

There was a dispute in Zambia's parliament recently over which institution qualified to dispose of the mine's auxiliary assets.

MPs debating a report on public investments questioned why the Zambia Privatisation Agency was not involved in the sale of the mine schools, and claimed the agency was charged by law with the responsibility of overseeing the privatisation of the entire company.

Two mine schools in Lusaka and Ndola have been advertised by a ZCCM/Zambian government privatisation negotiating team, set up by the government to foster the speedy privatisation of the conglomerate.

The privatisation agency told parliament that the sale of schools was not its responsibility. However, independent MP Dipak Patel argued that the negotiating team was advertising the schools without the permission of the agency.

In reply to observations made by the public investments committee on the proceeds from the sale of ZCCM mines, Finance Minister Ronald Penza said these were going into the Zambian revenue account. Permission had been sought from the privatisation agency to sell the assets and the proceeds were being used by ZCCM to meet its obligations.

In his 1997 budget analysis speech earlier this year Penza said ZCCM had a recorded debt burden of $700m.

In a report to parliament, the public investments committee urged the government to ensure the agency was fully involved in privatising ZCCM because it was the only body created by parliament to oversee and privatise state-owned enterprises.

The new Commerce, Trade and Industry Minister Enock Kavindele said the government had privatised 223 companies so far. He said a World Bank funded study of all privatised companies would be undertaken in the first quarter of next year to check on their progress.

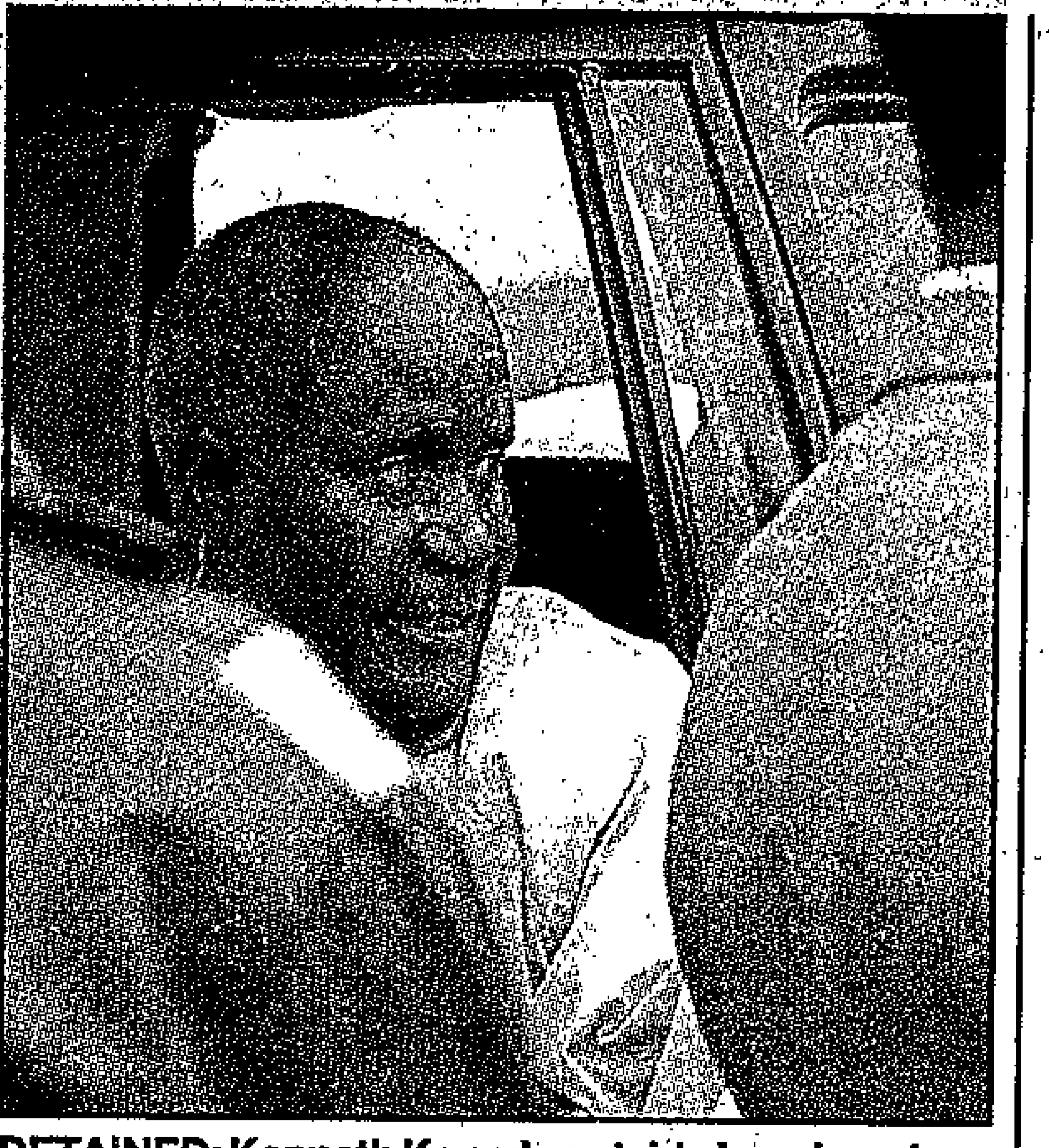
Mines Minister Christon Tembo said recently government had realised $102m from the sale of ZCCM assets. However, the disposal of ZCCM assets was expected to continue over the next 18 months.

Zambia urged to release Kaunda

(260)

CELEAN JACOBSON

ST 28/12/97



DETAINED: Kenneth Kaunda outside Lusaka prison after his arrest on Christmas Day Picture: AP

PRESSURE continues to mount on the Zambian government to release former president Kenneth Kaunda, 73, who is on hunger strike in the Mukobeko high security prison north of Lusaka, following his arrest on Christmas Day.

The US has condemned the veteran politician's arrest and called on the Zambian government to release him "in the spirit of peace and reconciliation".

British Foreign Office Minister Tony Lloyd said his government was extremely concerned to hear of Kaunda's arrest.

The South African government said it viewed Kaunda's arrest with "disappointment" and "grave concern".

It called on the Zambian government to either charge or release him "in the interests of political stability and good governance . . . "

Kaunda, who led Zambia to independence in 1964 and was defeated by Frederick Chiluba in 1991, leads the opposition United National Independence Party.

On Friday, Zambian Foreign Minister Kellie Walubita said Kaunda had been arrested in connection with the investigation into the attempted coup on October 28 to overthrow Chiluba.

Chiluba imposed a state of emergency after the coup attempt.

Kaunda, who was out of the country at the time, returned to Zambia last Sunday and was served with a 28-day detention order. He has denied any links with the rebels.

Kaunda's son, Colonel Pangi Kaunda, said yesterday that the former president's family were concerned about his health as he was on a hunger strike.

Kaunda was flown to the prison at Kabwe after a brief court appearance in Lusaka on Friday.

No formal charges were put to him and he is scheduled to appear in court again tomorrow.

At Friday's hearing, Kaunda said in a sworn statement that his detention was "to facilitate the state's intention to eliminate me".

No charge against Kaunda

semetan 29/12/97 (360)

LUSAKA – Former Zambian president Kenneth Kaunda was continuing his hunger strike yesterday but was calm and relaxed, his assistant, Stan Muntanga, said from Lusaka.

Muntanga said 73-year-old Kaunda had still not been questioned nor had charges been laid against him since his arrest on Christmas Day after the Zambian government accused him of involvement in a failed coup in October.

Yesterday afternoon he was visited by his wife at the Mukobeko maximum security prison at Kabwe, 110km north of the Zambian capital Lusaka.

Muntanga said: "When I saw him he was continuing with his hunger strike but was calm, composed and relaxed. Fortunately he has a cell to himself, but you know the state of our prisons."

There has been an international outcry over Kaunda's imprisonment. Describing Kaunda's imprisonment as "disappointing" and "of grave concern", President Nelson Mandela's office said on Friday Zambian authorities should either bring Kaunda to trial or release him.

Muntanga said Kaunda's legal challenge to his incarceration, which began on Friday, would continue today in the Zambian High Court in Lusaka. "We are waiting for what comes next," Muntanga said.

Meanwhile, the former president's family said at the weekend that his detention was part of a government plan to kill him.

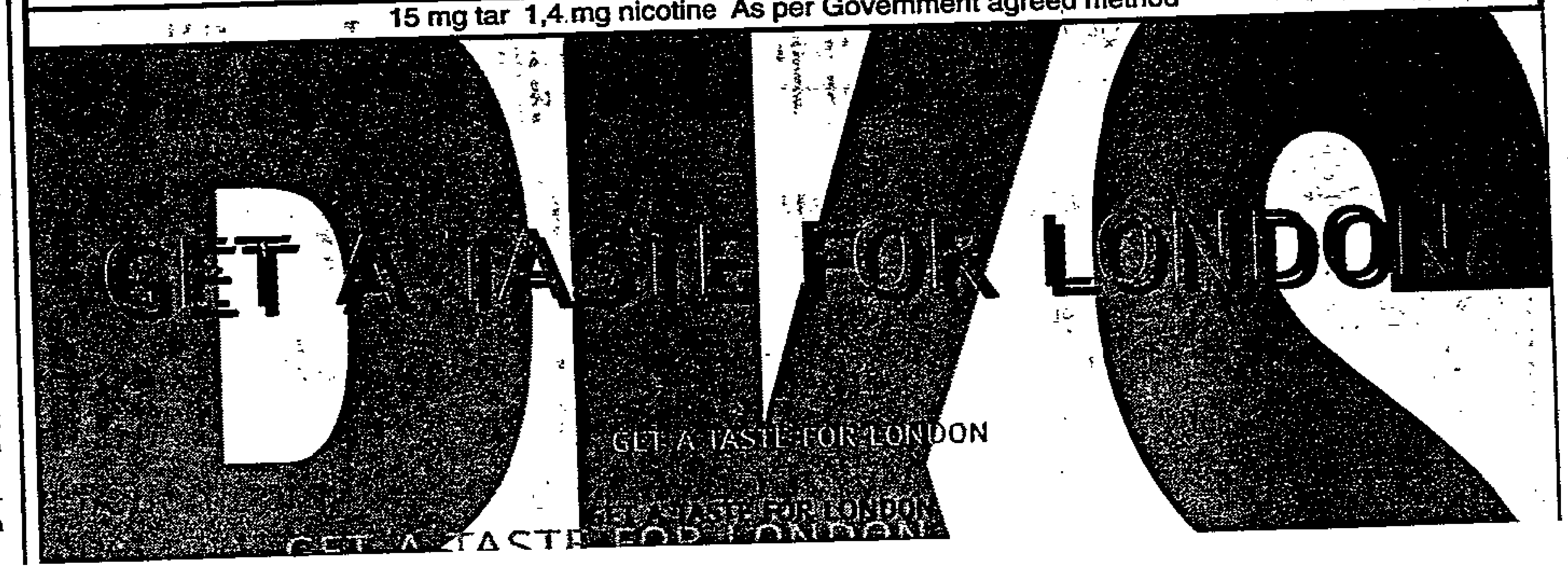
"What these people want to do is kill my father," one of Kaunda's sons, Kambarage Kaunda, said in a broadcast by state radio in neighbouring Angola on Saturday.

Another son, Colonel Pangi Kaunda, said his father's hunger strike was in protest at being held without formal charges.

National chairman for Kaunda's United National Independence Party General Malimba Masheke said the lawyers who visited Kaunda described him as looking "very weak". He has not eaten since he was detained on Christmas Day.

He was transferred to the Mukobeko prison by helicopter on Thursday night after a brief court appearance in Lusaka. – *Sapa-AFP*.

Supporters of detained former president Kenneth Kaunda demonstrating outside the Zambian High Court in Lusaka on Friday where Kaunda was due to appear over his alleged involvement in October's failed coup attempt. Kaunda was taken into custody on Christmas Day. PIC: AP



Zambia ignores plea to free Kaunda

(360)

Coup link denied

ARG 29/12/97

Lusaka – The Zambian government says it will keep former president Kenneth Kaunda in prison in spite of international appeals for his release.

Home Affairs Minister Peter Machungwa said Dr Kaunda was among suspects the government believed were linked to a failed coup on October 28.

Dr Kaunda would not be released "just because he is a former president and has power and friends in high places", Mr Machungwa said.

South Africa, Britain, the United States and Libya have called for Dr Kaunda's immediate trial or release.

Dr Kaunda, 73, who leads the opposition to Frederick Chiluba's government, was arrested on Christmas Day, shortly after returning to Zambia from a lecture tour.

No charges have been filed against him, and he is scheduled to appear in the Lusaka High Court today.

Dr Kaunda has repeatedly denied any involvement in the coup attempt. He was out of the country when soldiers seized control of the state radio station and announced that they had overthrown Mr Chiluba. Loyalist troops quickly crushed the rebellion.

Under state of emergency legislation imposed after the coup, about 90 people – including one other opposition politician and many soldiers – have been arrested on suspicion of involvement in the failed coup. All have had 28-day detention orders extended indefinitely.

Dr Kaunda was flown by helicopter to Mukobeko maximum security prison in Kabwe, an industrial town 130km north of Lusaka, soon after a brief court appearance last Friday.

Wezi Kaunda, the third-born son of Dr Kaunda, has demanded that the government charge or release his father, who he said went on a hunger strike last Friday. – Sapa-AP-DPA

Kaunda resumes bid against his detention without trial

(360) ~~163~~

Business Day Reporter

FORMER Zambian president Kenneth Kaunda would appear in the Lusaka High Court today to resume a court challenge to his detention without trial, a friend of the Kaunda family said from Lusaka yesterday.

The friend, who asked not to be named, said Kaunda was being held in a maximum security prison in Kabwe, 110km from the Zambian capital, where he was visited yesterday by his wife, Betty, and son, Wezi.

He was continuing his hunger strike in support of a demand that he be charged or released, and "looked weak".

BD 29/12/97

Kaunda, 73, was detained on Christmas day by heavily armed paramilitary police under the state of emergency declared by Zambian President Frederick Chiluba after a failed coup attempt on October 28.

He is being held under a 28-day detention order which gave no reason for the action against him.

However, Zambian officials have said his detention "forms part of the investigation into the attempted coup".

Close to 90 people have now been arrested in connection with the coup attempt.

Kaunda was away from Zambia on a lecture tour when junior army officers seized control of the state radio station and announced Chiluba's overthrow.

The friend said Kaunda's habeas corpus application in the Lusaka High Court would resume today.

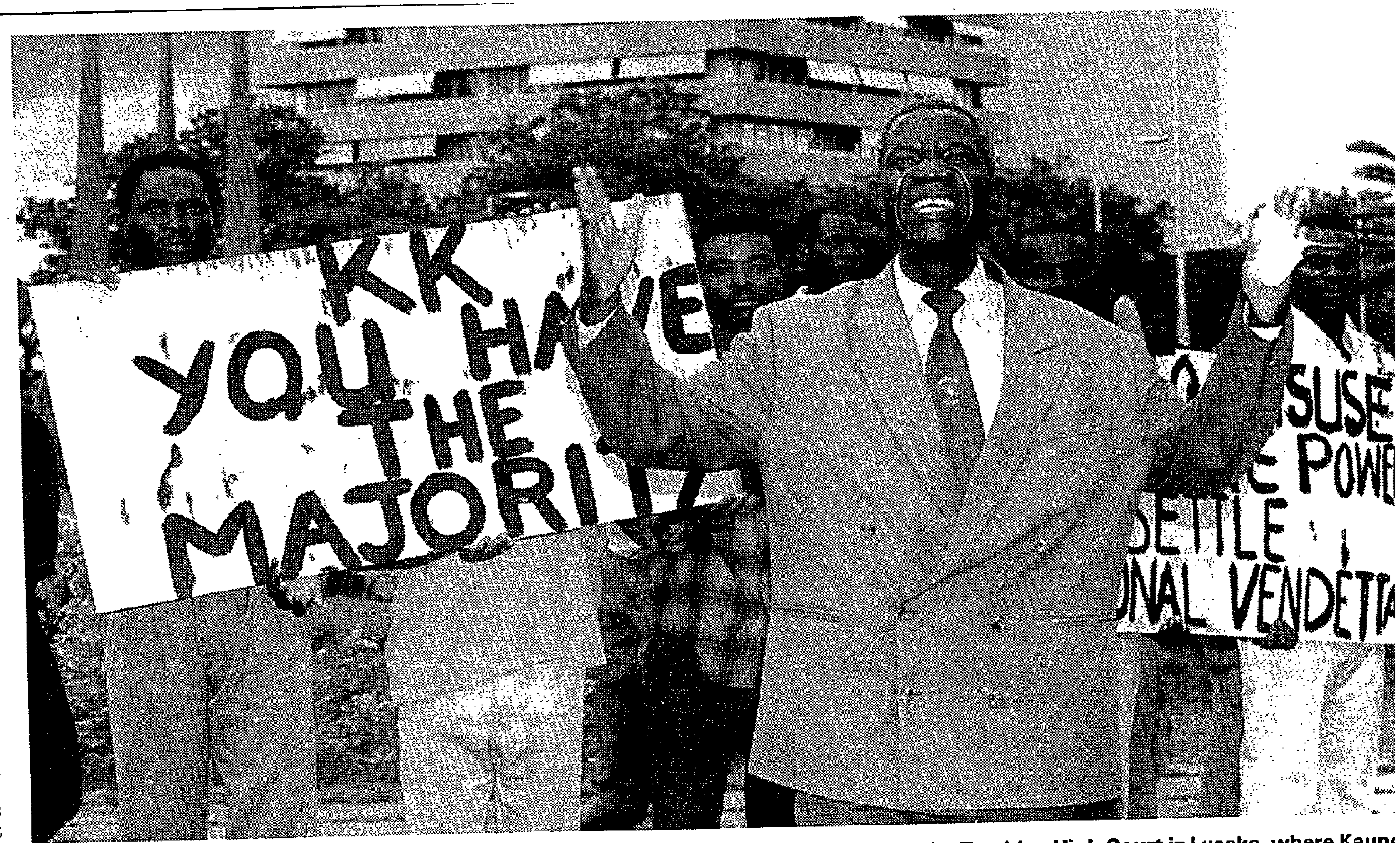
The judge adjourned Friday's hearing after Kaunda's lawyers objected to the presence of about 20 plainclothed security men surrounding him in the courthouse.

Immediately after the hearing, Kaunda was rushed to a military airfield, where he was flown by helicopter to a destination that officials refused to divulge.

Sapa reports that Zimbabwe's National Progressive Alliance yesterday joined international and regional organisations in calling for Kaunda's release. The NPA said the Organisation of African Unity should send a delegation to Zambia to investigate whether there was any substance to the allegations made against him.

SA President Nelson Mandela's office last week noted Kaunda's detention "with disappointment and grave concern", urging the Zambian authorities to bring him to trial or release him forthwith.

Presidential spokesman Parks Mankahlana said the SA government would continue to watch the situation in Zambia closely but planned no further intervention "at this stage".



Supporters of detained former president Kenneth Kaunda demonstrate on Friday outside the Zambian High Court in Lusaka, where Kaun[da] was due to appear for his alleged part in October's failed coup attempt. Kaunda was taken into custody on Christmas Day. Picture:

CAPE TIMES
MONDAY, DECEMBER 29,

CT 29/12/97

Zambia won't free Kaunda

(362)

LUSAKA: The Zambian government has signalled its determination to keep former president Mr Kenneth Kaunda in prison, rejecting international appeals for his release.

Home Affairs Minister Mr Peter Machungwa said yesterday Kaunda was among suspects the government believed were linked to a failed coup on October 28.

Kaunda would not be released "just because he is a former president and has power and friends in high places," Machungwa said.

Britain, South Africa the United States — and most recently Libya — have called for Kaunda's immediate trial or release.

Kaunda, 73, who leads the opposition to President Frederick Chiluba's government, was arrested on Thursday, days after returning to Zambia following a months-long lecture tour.

No charges have been filed against Kaunda, who is scheduled to appear in court today.

Kaunda has repeatedly denied any involvement in the coup attempt. He was out of the country when soldiers seized control of the state radio station and broadcast that they had overthrown Chiluba. Loyalist troops quickly crushed the rebellion.

Kaunda was flown by helicopter to Mukobeko maximum security prison in Kabwe, north of Lusaka, shortly after a brief court appearance on Friday. He was refusing food and water.

Chiluba's critics claim he is using the attempted coup to suppress opposition. — Sapa-AP

Chiluba expected to announce Kaunda's release today

BD 31/12/97 (#3) (360)

LUSAKA — Zambian President Frederick Chiluba would address a news conference today at which he was expected to announce the release of detained former Zambian president Kenneth Kaunda, a government spokesman announced yesterday.

Chiluba's aide Richard Sakala said the president would touch on several national issues, including Kaunda's incarceration.

Sakala would not say whether Chiluba would announce Kaunda's release after mediation by former Tanzanian president Julius Nyerere on Monday night, but he said: "President Chiluba will definitely touch on the Kaunda issue, probably his release. That is definite."

Government sources said Nyerere had successfully brokered Kaunda's release on Monday night, with blessings from the UK, the Commonwealth and the Southern African Development Community.

Legal sources said Chiluba could release Kaunda using presidential prerogatives to pardon convicts and suspects.

The sources said Chiluba regretted Kaunda's detention and that he hoped the former president would retire from politics.

After a visit to Kaunda in Kabwe maximum security prison yesterday, Nyerere said that Kaunda had ended his hunger strike which he had begun with his arrest last Thursday.

"Together we had a nice drink of orange juice and a little biscuit. He broke his fast," Nyerere said.

He did not comment on the prisoner's state of health.

Kaunda, 73, who ruled Zambia from independence in 1964 until he was ousted in 1991 in the country's first multiparty elections.

The Zambian government accuses him of involvement in a failed coup attempt in October. Kaunda has denied any connection with disaffected junior army officers who led the bid to topple Chiluba.

Nyerere said he had met Chiluba again after visiting Kaunda in jail, but did not elaborate on the meeting.

He said the separate talks with Chiluba and Kaunda had been friendly, but declined to give details.

"I came here purely on a personal visit," he said, shortly before leaving for home in Dar-es-Salaam.

Nyerere, who ruled Tanzania from independence in 1961 until he retired in 1985, was a champion with Kaunda of African liberation and pan-Africanism.

Kaunda appeared in court on Monday but his case was adjourned to Friday after his main lawyer collapsed.

Diplomats said Nyerere's mission was part of efforts by eastern and southern African leaders to secure Kaunda's freedom and lower the rising political temperature in Zambia.

Earlier, President Nelson Mandela appealed to Chiluba to pardon Kaunda for any offences he might have committed and guarantee his safe return home, but Chiluba apparently rejected the request to allow the investigation to proceed unhindered.

One report said the request could not be granted because investigators were still determining the degree of crimes Kaunda was said to have committed.

It said the presidency would otherwise be accused of interfering with independent arms of government.

Meanwhile, an immigration official said the government seized the passports of Kaunda's third-born son Wezi Kaunda and his wife Dodri as well as that of United National Independence Party central committee member Stanley Mutangwa when they tried to cross the border to Zimbabwe at Chirundu on Monday.

The local media reported yesterday that Wezi Kaunda had confirmed the seizure of the passports, but he said that no reason had been given.

"I do not know why the passports have been confiscated. We were given no reason; they (immigration authorities) just told us to leave them (passports) behind and go back," Wezi said.

He denied that he was trying to flee the country when the passports were taken, and said he was going to attend to family issues in Zimbabwe, where his two sisters and a brother resided.

The younger Kaunda, a former Zambian army major, is also a close aide to his father.

"Wezi's passport has been seized along with that of his wife. It is a preventative measure to allow security to monitor him easily," a government official said.

Wezi Kaunda said the bars placed by the authorities on him leaving the country would leave his three-year-old daughter, Tengwera, stranded in Zimbabwe where he had left her for the holidays, since she was on his passport. — Sapa-DPA-AFP, Reuter.

ZAMBIA – GENERAL

1998

Zambian parties stage talks protest

Sowetan 2/11/98

LUSAKA – Plans for political talks between Zambia's parties and president Frederick Chiluba were in disarray yesterday with several parties set to stay away in protest against the house arrest of former Zambian Kenneth Kaunda.

Some 15 parties have pulled out of the crucial two-day talks, citing fears for their own security and protesting against the arrest of the founding president, which followed the detention of another opposition figure after an attempted coup on October 28.

An agenda agreed to by the secretaries of the various political parties included Zambia's controversial amended constitution of 1996, the voters' register and the state of emergency imposed after the coup.

Chairman of the opposition organising committee, Simasiku Mwanamungela, told reporters that the talks were postponed after opposition leaders appealed to Chiluba for a new date.

"This is in view of the release of one of our friends from prison to house arrest," he said, referring to Kaunda, who spent six days in jail before the house arrest order.

Kaunda's United National Independence Party (Unip) had vowed to go nowhere near the talks as long as their leader was still in detention. – *Sapa-AFP.*

COURT APPEARANCE TODAY

Kaunda under house arrest after release

(360)

LUSAKA: Kenneth Kaunda is to appear in court today in connection with a failed coup attempt in October by junior army officers. He denies any involvement in the plot.

CT 2/1/98

FORMER Zambian president Mr Kenneth Kaunda spent New Year's Eve isolated from his friends and family after being released from prison and put under house arrest on Wednesday.

Kaunda's youngest son, Kaweche, said yesterday that security police had cut the telephone line at the former president's residence and ordered family members, except his wife Betty, to leave the house.

President Frederick Chiluba on Wednesday announced Kaunda's release from prison, where he had been held since his Christmas Day arrest, but ordered him under house arrest on suspicion that he was involved in plotting a failed coup attempt in October.

He also barred his political rival from politics and from speaking to the press. People caught within 100m of Kaunda's house would be arrested, Chiluba said.

"The police cut the telephone line last night, and have ordered us to leave the house," Mr Kaweche Kaunda said outside his father's home, which was sealed off by heavily-armed police.

But police allowed Kaunda's lawyer Mr Daniel Lisulo to visit him early yesterday, ahead of his second court appearance today, in which he is challenging his detention under emergency laws.

Kaunda appeared in court on Monday, but his case was adjourned until today after his lead lawyer collapsed in court. The veteran African leader, who ruled Zambia from independence in 1964 until he was ousted in elections in 1991 by Chiluba, has denied involvement in the coup attempt by junior army officers, saying he was overseas at the time.

Ninety other people, most of them military officers, have been detained in connection with the failed coup attempt. None of them have been formally charged.

Chiluba said on Wednesday that he would release Kaunda from prison after diplomatic prodding from Tanzania's former leader Mr Julius Nyerere, a close friend of Kaunda, and Organisation of African Unity chairperson, Zimbabwe's President Robert Mugabe.

The United States, one of several countries which appealed to Chiluba to release Kaunda from detention, urged Zambia to publicly prove charges that he was involved in the coup plot.

State Department deputy spokesperson Mr James Foley said the government "has not presented any evidence that Kaunda was involved in coup plotting".

Foley said the US was calling on Zambia to present immediately and publicly any evidence of Kaunda's alleged involvement.

"We also urge the government, as well as the opposition, to take all necessary steps to promote political dialogue and advance the cause of democracy in Zambia," he said.

Chiluba said he resented the diplomatic pressure, but that he had considered the release after Nyerere, who ruled Tanzania from independence in 1961 until 1985, had appealed to him to take into account Kaunda's age. — Reuters

Zambian parties shun talks in wake of Kaunda's house arrest

Lusaka – Plans for talks between Zambia's political parties and President Frederick Chiluba were in disarray yesterday, with several parties set to stay away in protest at the house arrest of Kenneth Kaunda.

Some 15 parties have pulled out of the two-day talks, citing fears for their own security and protesting against the arrest of the country's founding president, which followed the detention of another prominent opposition figure after an attempted coup in October.

An agenda agreed on by the secretaries of the various political parties included Zambia's amended constitution of 1996, the voters' register and the state of emergency imposed after the coup.

The talks were originally to begin on Tuesday, but were deferred to tomorrow, before the latest postponement, in the hope that some parties would decide to attend.

The chairman of the opposition organising committee, Simasiku Mwanamungela, said talks were postponed after opposition leaders appealed to Chiluba for a new date.

"We asked for postponement for at least two weeks so that we can consult our colleagues. This is in view of the release of one of our friends from direct prison to house arrest," he said, referring to Kaunda.

Kaunda's United National Independence Party had vowed to go nowhere near the talks as long as their leader was still in detention. – AFP

Star 2/1/98

(360)

Kaunda defies conditions of house arrest

(360) ARG 3/1/98

Lusaka – Zambian former president Kenneth Kaunda, detained for suspected involvement in a coup bid, has defied a condition for his release from jail into house arrest by attacking his successor in court.

Dr Kaunda, who was in the Lusaka High Court to contest a state decision to arrest and detain him, told backers in a packed courtroom: "It's not Kenneth Kaunda who is on trial, it's President (Frederick) Chiluba who is on trial".

One of the terms for Dr Kaunda's restriction to his Lusaka home, ordered by Mr Chiluba who freed him on Wednesday from a maximum security prison, is a ban on active participation in politics and giving press interviews.

"Bitter men are known to do bitter things," Dr Kaunda stated, in an apparent reference to Mr Chiluba.

The veteran politician, 73, also ignored a senior police officer in charge on the premises, who told him not to address people in court.

"Don't talk to people here," the policeman said, but Dr Kaunda pretended not to hear him as he continued addressing the public gallery.

The first leader of independent Zambia – which gained independence from Britain in 1964 with the break-up of the Central African Federation – spoke as he entered the courtroom, just before the resumption of his habeas-corpus hearing, which was adjourned from Monday.

He was arrested on December 25, three days after returning to Zambia from abroad, and accused of involvement in an October coup bid by junior officers. Dr Kaunda was not formally charged. "This is my business, we have a good case. Let us fight it peacefully, we are bound to win. Victory is certain," said Dr Kaunda, emphasising he was not bitter at the action taken against him.

Appearing relaxed, he spoke freely to journalists during a brief procedural court adjournment and complained that conditions at his Kalundu home in the Lusaka region were strict.

"I cannot see my children and my grandchildren. The conditions are harsh," he said, adding that he had been allowed to talk only with his wife, Betty, and son, Kaweche, since his transfer from the notorious Mukobeko prison, about 100km from the capital, Lusaka. Police allowed two foreign television crews to film Dr Kaunda in the court. – Sapa-AFP

Kaunda says he will not be silenced by 'stupid law'

BD 7/1/98 (360)

LUSAKA — Zambia's defiant former president Kenneth Kaunda said yesterday he would not be silenced by a "stupid law" barring him from politics.

He told supporters in a Lusaka court, where he is challenging his house arrest under state of emergency laws, that he would defy restrictions imposed by President Frederick Chiluba last week which also bar him from talking to the media.

"They cannot silence me. They are too small," he told about 30 supporters in the courtroom before his hearing began. "I am going to disobey this stupid law." Armed police battled to control about 200 noisy demonstrators outside the court as Kaunda's lawyers argued with state prosecutors over amendments to their application for the release of the veteran statesman.

Kaunda, 73, was arrested on Christmas day over alleged involvement in a failed coup bid last October while he was out of the country. He denies the accusation.

The government suspects the man who led Zambia from colonial rule to independence in 1964 of helping to plot the failed coup attempt by rebel soldiers.

Kaunda's lawyers applied last week to amend their application to secure his release from house arrest instead of from the prison where he had been held before.

However, prosecutors argued that Kaunda's lawyers needed to submit a new application since the authority of the detention had changed from a police to a presidential restriction order. — Reuter.

Kaunda defies Chiluba curbs

(360) CT 7/1/98

LUSAKA: Zambia's defiant former president Kenneth Kaunda said yesterday he would not be silenced by a "stupid law" barring him from politics.

He told supporters in a court here, where he is challenging his house arrest under state-of-emergency laws, that he would continue to defy restrictions imposed by President Frederick Chiluba last week which also bar him from talking to the press.

"They can't silence me. They are too small," he told about 30 supporters in the courtroom before his hearing began. "I am going to disobey this stupid law."

Armed police battled to control about 200 noisy demonstrators outside the high court as Kaunda's lawyers argued with state prosecutors over amendments to their application for the release of the veteran statesman.

Witnesses said police beat up at least one of the demonstrators dancing and chanting solidarity slogans.

Kaunda, 73, was arrested on Christmas Day over alleged involvement in a failed coup bid last October while he was out of the country. He denies the accusation.

A senior policeman was suspended last week for allowing Kaunda to speak to the media during an earlier court appearance, two days after Chiluba released him from prison into house arrest.

'They can't silence me. They are too small. I am going to disobey this stupid law.' — Kaunda

The government suspects the man who led Zambia from colonial rule to independence in 1964, and ruled for 27 years, of helping to plot the failed coup attempt by rebel soldiers.

Yesterday, lawyers for the former president and the state argued over technicalities of the application for his release.

Kaunda's lawyers applied last week to amend their application to secure his release from house arrest instead of from the maximum security prison where he had been held before.

However, prosecutors argued that Kaunda's lawyers needed to submit a new application since the grounds of the detention had changed from a police to a presidential restriction order.

Judge James Mutale ruled yesterday that the application could be amended to speed up the hearing.

However, the state immediately appealed against the ruling. The hearing was continuing yesterday. — Reuter

Chiluba's apocalypse

(360)

The feud between Kaunda and Chiluba dates back to when Chiluba was a fiery trade union leader on the Copperbelt, writes **Derek Ingram**.

Sowetan 8/1/98

FORMER president Kenneth Kaunda of Zambia believed he would be arrested on his return home in December from a two-month trip abroad. He was detained on Christmas Day.

Kaunda told me in London in mid-November that he had heard that "something was being organised" and that afterwards his United National Independence Party (UNIP) "would never be the same again".

The first development came on October 28 when a group of soldiers, said to be drunk, took control of the radio station in Lusaka in what was described as a coup attempt.

Within three hours, the government had regained control and 90 soldiers and opposition supporters were arrested.

Kaunda was in South Africa then. President Frederick Chiluba accused him of plotting a coup, but Kaunda said he believes the government organised a phoney coup to justify the reintroduction of a state of emergency.

In August, police had shot at Kaunda and Rodger Chongwe, a former justice minister in the Chiluba government, during a demonstration in the town of Kabwe.

Chongwe was seriously injured and Kaunda escaped with a grazed head. Both believe it was an assassination attempt.

Kaunda left Zambia in September for the United States, Britain and India. He was arrested on a 28-day detention order within a few days of his return to Lusaka. On New Year's Eve he was released from jail and placed under house arrest.

Chiluba and Kaunda have been at each other's political throats for the best part of the 30 years of Kaunda's rule.

As leader of the mineworkers' union, Chiluba was a powerful and troublesome figure on the Copperbelt, repeatedly clashing with Kaunda. Chiluba led numerous strikes and Kaunda detained him several times.

Feud continued

When Kaunda introduced multipartyism and Chiluba won the 1991 presidential elections, Kaunda handed over power with good grace. But the feud continued.

Chiluba denied Kaunda a pension and an official home until the Commonwealth secretary-general, Chief Emeka Anyaoku, mediated. Kaunda then acquired "father of the nation" status, with the facilities most countries accord a former head of government.

He gave up the UNIP leadership for a spell, but later re-entered active politics and resumed party leadership.

With elections again approaching, the constitution was amended to state that presidential candidates must be born of Zambian parents.

Former Zambian president Kenneth Kaunda

The move was clearly aimed at excluding Kaunda because his parents were born in Malawi.

UNIP boycotted the 1996 elections and Chiluba's Movement for Multiparty Democracy won by a landslide in a low turnout.

The return to Zambia of what is, in effect, a one-party authoritarian state is a serious setback for the Commonwealth's programme of good governance and democracy.

Zambia's transition in 1991 had been seen as a model for Africa. It all started so well. Chiluba pledged open government, democracy and freedom of expression.

Kaunda described the day Chiluba took over the State House. He showed the incoming president around the building, introduced the staff and handed over the keys in a proper manner.

He even conducted him around the tunnels that had been built under State House. Soon afterwards, reports began to appear that the cellars had been used during Kaunda's rule to torture people.

The stories had been started by the Chiluba government, but no victims or convincing evidence emerged and the charges were quietly forgotten.

Kaunda refutes the charges. He said the tunnels were built for the safety of all those living in the State House. They had certainly been in danger.

Zambia had been locked in a bitter struggle with the Ian Smith regime in the former Rhodesia and with apartheid South Africa.

The Rhodesians often raided Zambia and sometimes Lusaka itself. Later, South Africans did likewise, notably in 1986. Tunnels for the president and his staff were a logical security need.

Last October at its Edinburgh summit, the Commonwealth toughened its stand on democracy and good governance.

The Commonwealth Ministerial Action Group (CMAG), set up in 1995 to monitor member countries' records on such matters, has so far operated only in West Africa, but has been empowered to look at breaches of the 1991 Harare Declaration by any member country.

The locking up of the opposition leader and former president and other moves aimed at intimidating the opposition in Zambia can be likened to the repression and human rights violations for which Nigeria was suspended from the Commonwealth.

As soon as Kaunda was arrested, the Anyaoku told Chiluba of his serious concern. CMAG is expected to meet early in February.

Whatever happens in the next few weeks, it will have to address the question: If Nigeria is in the Commonwealth dock, why not Zambia? – *Gemini News*.

● On Tuesday Kaunda sought his release or an easing of his detention conditions.

Patrick Mvunga, leading Kaunda's legal team, asked Judge James Mutale to order the government to quickly put Kaunda on trial or free him.

Continued detention

Since his arrest on December 25, Kaunda has not been charged or officially told the reasons for his continued detention, Mvunga said.

Senior state advocate John Siame said that under emergency regulations, the state was not obliged to charge or try Kaunda until its investigations against him were complete.

After prolonged arguments on legal technicalities, the court adjourned until yesterday.

An opposition alliance of 10 groups headed by Kaunda's party has withdrawn from talks scheduled for later this month with the government on political reform, accusing Chiluba of using the state of emergency to crack down on political enemies. – *Sapa-AP*.

Kaunda close to tears in court

(360) Sowetan 9/1/98

LUSAKA – Former Zambian president Kenneth Kaunda, under house arrest for his alleged involvement in a failed coup attempt in October, told the Lusaka High Court yesterday the coup was a set-up.

Kaunda charged that President Frederick Chiluba organised the October 28 coup, carried out by junior army officers, against himself.

"I did not hesitate to condemn the coup. I said this coup is not genuine. I believe it, it's a Chiluba-organised coup against himself," the 73-year-old Kaunda told the court, which is hearing his application to be charged or released.

Kaunda also defended himself against comments he made two days ahead of the coup warning there would be an explosion in the country.

He said the expression was not new and that he was not planning an explosion in the real sense but merely warning those in authority to listen to the people.

Kaunda was arrested on Christmas Day and held in prison for a week before Chiluba agreed to ease the conditions of his detention to house arrest after pressure from other African leaders.

Earlier, Kaunda told the court he had devoted his whole life to non-violent means of struggle against colonialism in his own country and others in the region, yet was being treated "like a killer".

"Where military coups have taken place there has been no peace at all. Poor Africa is full of those examples," said Kaunda, who at times appeared close to tears and dabbed at his eyes with his trademark white handkerchief.

"I am an innocent man and at no time have I felt like this because they are treating me like a killer in my own country. This is something I find very difficult to understand."

He said he had no connection whatsoever with the coup and denied ever having met its alleged leaders, pointing out that he had been in South Africa at the time.

Kaunda, who ruled Zambia for 28 years after independence from Britain, said he had handed over power peacefully to Chiluba after being defeated in the 1991 multiparty elections and bore no animosity towards him.

But he accused Chiluba of malice and wanting to assassinate him, and said he was afraid for his safety.

"Up to this point in time no grounds have been given for detaining me, none at all," Kaunda told the court. He also complained about conditions at Kamwala Prison where he was initially detained.

The hearing continues today. – *Sapa-AFP*

Star 10/1/98 (360)

Relations between SA and Zambia sink to new low after Kaunda incarcerated

By ANTHONY MUKWITA
INDEPENDENT FOREIGN SERVICE

Lusaka – The relationship between Zambia's President Frederick Chiluba and his South African counterpart Nelson Mandela has never been cordial. But it has sunk to a new low with the arrest of former head of state and main opposition leader Dr Kenneth Kaunda.

Despite constant denials that they would arrest him on his arrival from a marathon international tour, Chiluba's government went ahead and did so – and on Christmas Day, no less.

His only apparent crime was to warn the ruling Movement for Multiparty Democracy about a political explosion that would occur soon, if the MMD kept ignoring divergent views.

Kaunda issued the warning in a newspaper interview two days before he left on an international tour. On October 28, while he was in South Africa, junior army officers led by a wayward Captain Stephen Lungu took over the national broadcaster and announced that they had ousted Chiluba's government because of corruption and economic mismanagement.

The next day, Chiluba declared a state of emergency, saying the situation called for emergency powers to bring the perpetrators of the foiled coup to book.

Among the first to be picked up was the leader of one of the major political parties, Dean Mung'omba, who participated and lost the November 18 1996 election which saw Chiluba win power for the second and, constitutionally, last term of office.

Speculation began that the next to be arrested would be Kaunda, who had mounted a civil disobedience campaign in protest at the November 18 election, which some local and international observers had said were not free and fair.

When word leaked out that Kaunda, fondly known by many Zambians as "the father of the nation", would be arrested, other presidents in the sub-region called on Chiluba to exercise leniency, and to consider his contribution to Zambia's liberation struggle from colonial rule.

Among those who expressed concern were Zimbabwean President Robert Mugabe and veteran South African freedom fighter Nelson Mandela, a personal friend of Kaunda.

Information from highly placed sources, believed to be State House officials, said Chiluba talked on the telephone with Mandela, who asked him not to jail Kaunda.

The same sources said Chiluba decided to turn down Mandela's request. Analysts believe he was motivated by spite because of Mandela's personal relationship with Kaunda, Chiluba's arch-enemy.

This interpretation is reinforced by Chiluba's December 31 press conference where he announced the release of Kaunda from a maximum security prison in Kabwe, 100km from Lusaka, and placed him under house arrest.

When asked who had influenced the release decision, Chiluba said former Tanzanian president Julius Nyerere, who had flown to Zambia to seek Kaunda's release, and Mugabe, who had written to him on the same issue, were "part of the bigger picture" as to why he had removed Kaunda from prison and placed him under house arrest.

But when asked to state categorically whether he had considered Mandela's request to grant Kaunda amnesty, Chiluba said: "We are not concerned about people who have been making statements in the press ... we only care about people like Dr Nyerere and President Mugabe, who wrote to us."

The last time Chiluba snubbed Mandela was when the South African leader summoned him to Pretoria in November 1996 and asked him postpone the November 18 election until political differences were ironed out between the opposition, led by Kaunda, and the MMD.

Chiluba said in reference to Mandela's request: "There is no way we can be dictated to on what to do by another country. We are a sovereign state. President Mandela simply advised me and it is up to me to either take his advice or not. Besides, I don't think it is wise for a president of a country to have personal allegiances; a president must have allegiances with a country and not a person."

Chiluba was once more dismissive when Mandela attacked him for his undemocratic lapses, although not by name, in his chairman's speech at the Southern African Development Community summit in Blantyre in September last year.

However, Zambian analysts believe the bad blood between Chiluba and his South African counterpart will cost Zambia more than it will cost South Africa, and that a truce would be in Zambia's interest.

Said one analyst: "Most of the developmental projects in Zambia at the moment are being spearheaded by South Africans: Shoprite/Checkers, Pep Stores, Supreme Furnishers, and soon we will have Stocks & Stocks International. The least President Chiluba can do is acknowledge the South African contribution instead of snubbing their president at every opportunity."

But with Kaunda still under arrest over charges widely believed to be trumped up, and Mandela strongly objecting to his detention, a truce seems highly unlikely.

Coup cost Kaunda R1 350, state claims

ARG 12/1/98 (360)

Lusaka – The Zambian government has accused detained former president Kenneth Kaunda and two other politicians of paying junior army officers 400 000 kwacha (R1 350) to attempt a coup last October.

"Legal papers setting out the grounds of Dr Kaunda's detention were served on him on Saturday, claiming he had also undertaken to pay the soldiers another 20-million kwacha (R66 500) after the coup, which was foiled by President Frederick Chiluba's troops.

"You and your group on October 8 disbursed a sum of 400 000 kwacha to the said Major Musonda Kangwa, Captain Jack Chiti and Captain Steven Lungu," it is claimed in the papers, signed by cabinet secretary Aldridge Adamson, identifying the alleged coup plotters.

Dr Kaunda, 73, was detained without charge on Christmas Day and held in prison for nearly a week, before being placed under house arrest and banned from politics.

Mr Chiluba told South African television yesterday no charges had yet been laid against Dr Kaunda, but would be in due course.

"The state has now issued grounds for his detention and charges will be laid later in the course of the procedural aspect of this," Mr Chiluba said in the television interview.

The grounds for detention allege Dr Kaunda plotted the coup with two other opposition politicians, Zambia Democratic Congress president Dean Mungomba and Liberal Progressive Front chairman Rodger Chongwe.

According to the papers, the soldiers were ordered to rule for three months after the coup and then hand power to the opposition leaders.

It was also reported on South African radio that the plotters, who seized control of the state broadcasting station in October for five hours, had been promised key positions in the government. Sources close to the former president said he considered the allegations against him "extremely silly".

"He laughed," said one source, who declined to be identified.

"He said: 'You mean it is so cheap to carry out a coup?'"

Dr Kaunda has denied any involvement in the failed coup and has said he is being held because of his fight against government corruption and drug trafficking.

He has also said that Mr Chiluba has waged a personal vendetta against him.

The president denied this yesterday, and said: "If there was any personal vendetta, if there was any spirit of retribution or vengeance, we could have (detained him) years back."

International pressure has mounted on the government to either charge or release Dr Kaunda, who led Zambia to independence in 1964 and ruled for 27 years.

But Mr Chiluba said in an interview last night that Zambia did not need to explain its actions to the international community.

"We don't owe it to the outside world to run the affairs of our country. We will listen to friendly advice, (but) we won't give in to cheap intimidation," he said.

"We have no crisis in Zambia, as anybody who comes to our country will tell.

"Generally there is calm; there is tranquillity; people are going about their business as usual."

The president said Dr Kaunda's arrest had not sparked any trouble in Zambia.

Last week armed police had battled to control about 200 noisy demonstrators outside the high court while Dr Kaunda's lawyers argued about his detention.

Dr Kaunda is scheduled to again appear in court today to challenge his detention. – Reuters

Customs union move on access for Zambia

BD 13/11/98

(360)

John Dludlu

SA AND its partners in the Southern African Customs Union will finalise talks this week aimed at granting Zambian products better access to the five-nation market, despite continued opposition to the deal by some of SA's industry federations.

Mfundo Nkuhlu, newly appointed chief director for Africa trade relations at the trade and industry department, said last week the talks within the customs union — consisting of SA, Botswana, Lesotho, Namibia and Swaziland — would be held in Pretoria later this week. "Our aim still remains to grant speedy access to Zambia." He said that the negotiations were still on track.

In terms of the proposed deal, which is opposed by SA's Clothing Federation and Textile Federation, Zambia's products would be granted nonreciprocal preferential access to SA's markets. However, SA's four other partners in the customs union, who have market access ambitions of their own in Zambia, would now be allowed to seek reciprocity, sources in the region said yesterday.

Reciprocity had been one of the sticking points in the talks, according to the sources. It was now up to Zambia to respond to the customs union's proposal, they said. Only "minor" details would be finalised in the Thursday talks.

Clothing Federation executive director Paul Theron said "the industry does not want to get involved in a plethora" of trade accords, while Brian Brink, executive director at the Textile Federation, said the federation supported one trade accord under the auspices of the Southern African Development Community (SADC). The SADC, which is chaired by SA, is negotiating an accord through which trade exchanges in the bloc would be freed in eight years.

The two federations' opposition to the talks stemmed also from a fear that a precedent for more bilateral deals would be set.

The present talks are seen as being politically inspired. The SA government, the first to be approached by Zambia, is seen to be repaying a debt it owes to Lusaka for the latter's role in the anti-apartheid struggle.

A source close to the talks in the region said Zambia's first prize was to join the customs union.

'Kaunda knew nothing about coup plot' (360)

Star 15/1/98

Co-accused testify that former Zambian president was not aware of plans

AFP
Lusaka

One of the alleged leaders of a coup attempt in Zambia told the High Court yesterday that former president Kenneth Kaunda had nothing to do with the plot.

Army Captain Jackson Chiti said he had not met Kaunda since attending a political seminar in 1990, when Kaunda was still in office.

At the end of his testimony at the hearing into Kaunda's application to be charged or released, Chiti turned to the former president and apologised for the fact that their names had been linked.

Another detainee, Zambian Democratic Congress leader Dean Mungomba, also gave evidence on Kaunda's behalf, denying that either of them were involved in the October coup attempt.

The State alleges that Kaunda, Mungomba and Roger Chongwe, the leader of the Liberal Progressive Front who is now in self-imposed exile in Australia, collaborated with the soldiers in the coup plot.

Mungomba and Chiti both reiterated that they had been tortured while in detention.

Mungomba said he was beaten with fists and sticks, shackled, hung upside down in a torture known as "the swing", and given electric shocks.

His torturers had said they also wanted to put Kaunda – who was out of the country at the time – on "the swing".

"In a way Kaunda should thank his stars. I think that if they had put him through what I went through, they could have killed him at his age," Mungomba Chiti said.

Kaunda, who is 73, was detained on Christmas Day after returning to the country and is now under house arrest.

Chiti said he had been similarly tortured and also been beaten on his genitals with a ruler.

Zambian cops get tough on press

MTG 16 - 22/1/98 (360)

Anthony Kunda in Lusaka

The detention of former Zambian president Kenneth Kaunda in connection with the botched military putsch of October 28 last year has brought frustrating privations for journalists.

The government has not introduced any new legislation to restrict the media. But the police seem to have become paranoid, especially about journalists from independent and foreign media.

Journalists have been subjected to rigorous and intimidating searches before entering the courtroom to cover Kaunda's *habeas corpus* hearing, which has been running for two weeks.

Last week, police denied three foreign correspondents — Jowie Mwiinga (Reuters), Katongo Chisupa (Agence France Presse) and Musengwa Kayaya (Pana African News Agency) — from entering the court, saying the courtroom was packed.

In the same week, a Cable News Network (CNN) team had a rough time when police suspected them of having filmed Kaunda in court. Filming or photographing is not allowed in Zambian courts of law. The police swooped on crew members, and cameraperson Amy Merz was assaulted by one of the constables struggling to grab her camera.

Early this week, Reporters Sans Frontiers (RSF) wrote a letter of protest to President Frederick Chiluba over the harassment of journalists by police.

Presidential representative Richard Sakala, information minister David Mpamba, and foreign minister Keli Walubita have all expressed displeasure at the manner in which CNN and other foreign media have covered the arrest of Kaunda.

In a related development, Fred M'membe, editor of the independent newspaper *The Post*, has been summoned — along with human rights lawyer Lucy Sichone and civic rights activist Alfred Zulu — by Lusaka High Court Judge James Mutale for criticising the grounds of the restriction imposed on Kaunda.

Zambia's business sector under shadow of politics

(360) BD 16/1/98

David Simpson

LUSAKA — Political events are having a serious effect on business in Zambia, according to sectoral reviews by business leaders.

The reviews have been released under the auspices of the Zambia Association of Chambers of Commerce and Industry (Zacci).

Zacci chairman George Chabwera has deplored the fact that several citizens arrested under the state of emergency imposed in November have not yet been brought to court in connection with the October 28 coup attempt.

He is equally concerned about the resulting boycott, by several opposition parties, of the interparty talks intended to relieve the tension which built up between the Multiparty Movement for Democracy government and the opposition parties after the coup bid. The talks were postponed as a result of the boycott.

Chabwera said that the state of emergency had hit Zambia's credit rating hard. He also cited corruption, government breach of contract and inefficient administration as retarding Zambia's economic growth. The government has been hesitant to reduce the bloated public service because of the political implications, and partly because of the cost of providing redundancy packages.

Zambia Association of Manufacturers chairman Mark O'Donnell says Zambia is losing millions of dollars in investment and tourism because of the state of emergency, despite the fact that the country is very peaceful.

Meanwhile, the police are putting up indiscriminate and unauthorised road blocks, sometimes known as "corruption allowance" road blocks. Most of the money extracted from motorists goes into their pockets.

He deplored the failure of government and donors to pay enough attention to the economy.

O'Donnell also blamed political interference for what he believed to be the low prices realised from the sale of Zambia's copper mines. He was referring to the delays resulting from the protracted negotiations with the Kafue Consortium on its offer for Nchanga and Nkana mines following President Frederick Chiluba's controversial appointment of former ZCCM CE Francis Kaunda as head of government's negotiating team.

Long delays in the negotiations are thought to have reduced the value of the deal to Zambia, since the ZCCM mines have continued to lose about $1m a day.

In addition, Kaunda cut Chibuluma mine out of the consortium's package and awarded it to Metorex Corporation of SA at a price believed to be about a third of the value the consortium placed on it.

Government restrictions on the issue of work permits to expatriates were also costing business a lot, said O'Donnell. Companies were declining to invest because of this interference in their right to appoint managerial staff.

Zambia National Farmers' Union chairman AM Vashee said his union welcomed government's statement last year that it would no longer be involved in maize marketing, fertiliser distribution or credit facilities. But government had since been involved in a deal to import Canadian maize.

However, he noted that there had been no major government intervention in marketing crops.

Vashee also believed the value of the kwacha was being kept artificially high.

Coup bid hurt economy – Chiluba

ARG 17/1/98 (360)

Lusaka – Zambian President Frederick Chiluba has called for political dialogue to aid economic growth hurt by a failed coup last year in his divided nation.

"Through dialogue and working together, Zambia will make economic leaps," he said yesterday. "Let's get together and find a way."

Opening a new session of the 158-seat parliament in Lusaka, Mr Chiluba acknowledged that talks on political reform were stalled, mainly because of the arrest of former president Kenneth Kaunda on allegations he helped plan the failed coup.

Mr Kaunda's United National Independence Party and its nine-party opposition alliance pulled out of talks with Mr Chiluba's government after Kaunda's detention on Christmas Day under a state of emergency declared after the coup bid.

The parliament, empowered to extend the state of emergency, will be asked to review it on January 29.

Junior military officers stormed the state radio station on October 28 and claimed to have toppled Mr Chiluba. The revolt was quickly crushed by government troops and about 90 suspects – most of them soldiers – have been detained indefinitely under the emergency.

Mr Chiluba told the parliament the coup attempt threatened to "plunge the country into darkness".

He said Zambia's "patient determination" to stick to Western-style economic reforms boosted growth and reduced inflation.

"Come, take my hand. Let's figure out how to make Zambia the Hong Kong, the Singapore of Africa," he said.

Mr Kaunda, 73, led Zambia to independence from Britain in 1964 and ruled virtually unchallenged until Mr Chiluba defeated him in 1991 in the nation's first multiparty elections.

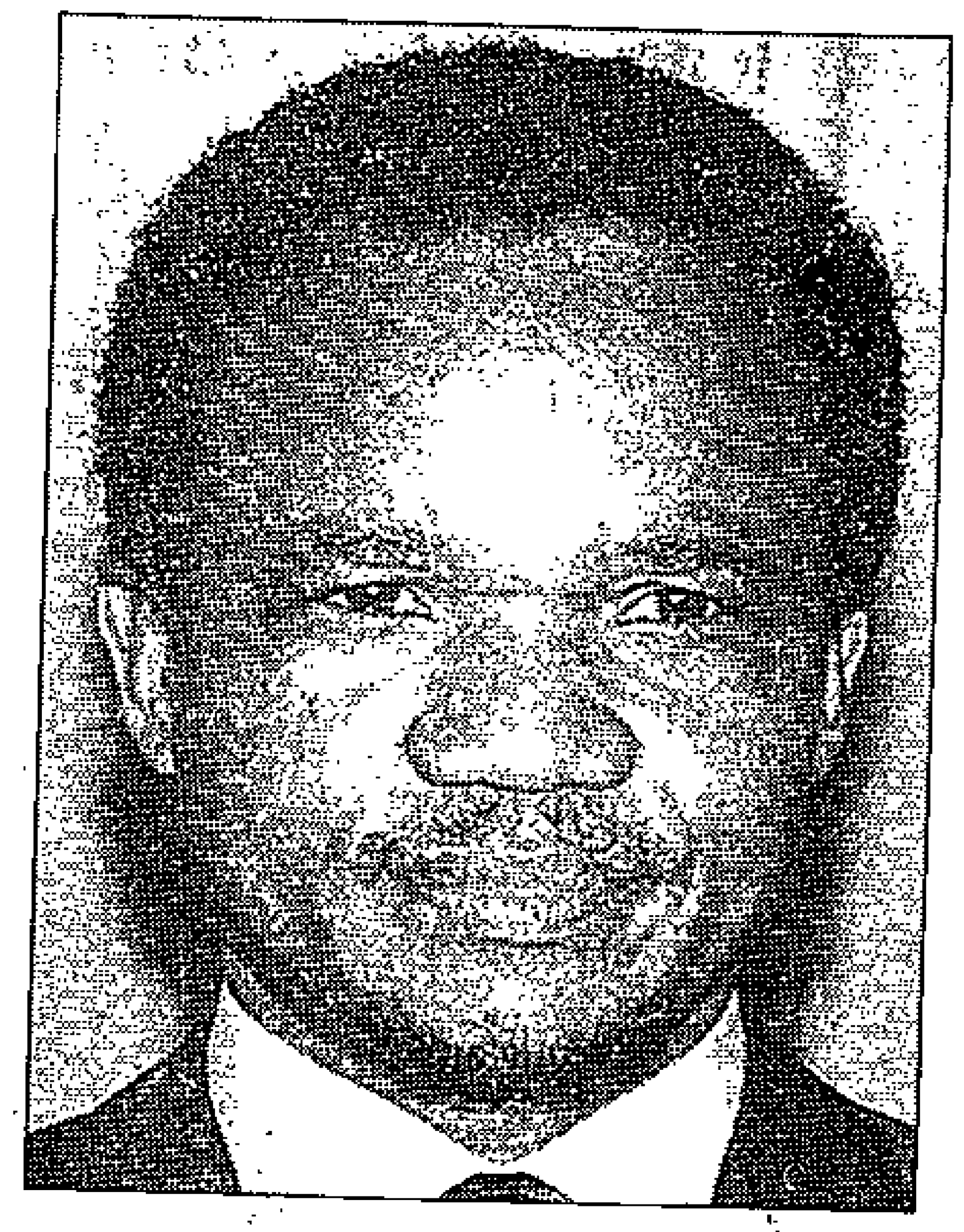
In 1996 Mr Chiluba was re-elected after Mr Kaunda was barred from taking part in the poll under a constitutional amendment passed by the government requiring the president to have Zambian parents. Mr Kaunda's parents came from Malawi.

Mr Kaunda's alliance, the main opposition group, boycotted the 1996 election, leaving Mr Chiluba's ruling party with an overwhelming majority of 131 seats in the parliament. The other 27 members are mostly independents.

Mr Kaunda, who was out of the country when the coup attempt occurred, has repeatedly denied any involvement.

The government alleged last week that Mr Kaunda and opposition leaders Roger Chongwe and Dean Mung'omba promised to pay more than 20 million kwacha (about R70 000) to three junior army officers to carry out the coup.

Mr Mung'omba has been held in detention since the coup attempt and Mr Chongwe is in self-imposed exile in Australia, saying he fears for his safety if he returns home. – Sapa-AP



Talking mood: Frederick Chiluba

Zambia loses tourism earnings to foreign accounts

BD 20/1/98 (360)

Chilombo Mwondela

LUSAKA — Zambia is losing a large slice of its earnings from tourism because private operators, nervous about the country's currency, receive payment in their foreign bank accounts.

The instability of the kwacha over the past year has been largely responsible for this state of affairs, which has led tour operators and travel agencies to complain that government's figures of tourism earnings are misleading.

"The tourism ministry has said the sector enjoyed positive growth with receipts of $28m last year. However, industry operators such as Big Five Travel and Tours executive Dick Nkandu say that a huge chunk of this money has been left in overseas accounts held by lodge and safari company owners. "These people are advertising outside the country and when tourists pay, they deposit money for accommodation, sightseeing and entertainment into a company account abroad. They bring money here only for meals and beer. All Zambia receives are the immigration statistics showing increased numbers of tourists when in reality Zambia has not earned anything significant. This could be avoided if government and the private sector had clear marketing strategies on tourism."

Zambia Investment Centre director Bwalya Ng'andu expects higher tourism income this year with more SA businessmen investing in the construction of lodges and hotels for pleasure resorts in the Lower Zambezi Valley. He said Kubu Cabins and Karibu Safaris were among the new SA tour operators.

SA's Sun Hotel group was also expected to take over the running of the Musi-Oa-Tunya Intercontinental Hotel in Livingstone, where Stocks & Stocks International will be building a tourist shopping centre.

In a recent interview, Tourist Operators' Association of Zambia chairman Doris Glasspoel commended the Zambian government's efforts to liberalise the tourism industry. However, she said the lack of co-ordinated marketing initiatives by Zambian tour operators and government had robbed Zambia of millions in earnings.

"We have to market the airline, travel agents, lodges, hotels, tours and safaris in one package tour or safari so that maximum benefit can be secured for all instead of the individual style of marketing we seem to be embracing," she said.

Opening parliament on Friday, President Frederick Chiluba said government would continue to urge private sector participation in tourism. "The lack of quality hotels has impaired tourism in our country. It is important that we achieve quality accommodation that is affordable. The tourism ministry should begin to license bed and breakfast accommodation in residential areas to help alleviate this problem."

Zambian economy looks good

BD 22/1/98 (360 9)

Claire Pickard-Cambridge

MEDIUM-term prospects for the Zambian economy look brighter than at any time in the past two decades and a shift is taking place in foreign and domestic perceptions of the country, says Standard Chartered Bank.

In its latest report the Zambian branch of the bank says privatisation of the copper mines has driven the change of sentiment along with the continued expansion of non-traditional exports, recovery in the manufacturing sector and tighter monetary and fiscal policies.

Copper output appears to have reached its trough and can be expected to increase 5%-10% this year, with production rising above 700 000 tons a year by 2005 from about 315 000 tons last year.

Manufacturing production rose 15% in volume in the first quarter last year and grew about 7% over the year. The retail sector, tourism and construction also grew.

The bank said that with agricultural production — predominantly maize — down about 10%-15% and a flat year for mining, gross domestic product growth for last year was unlikely to reach the targeted 5,5%. Growth was estimated at 4%.

Business sentiment and prospects were boosted by the November agreement on the sale of the Nkana, Nchanga and Chambishi mines, leaving only Mufulira mine and smelter and some of Zambia Consolidated Copper Mines' (ZCCM) minor assets to be privatised.

Positive and far-reaching economic effects as arrears were settled and demand increased in response to mines rehabilitation and expansion.

The report points out that the agreement between ZCCM and the Kafue consortium on the sale of Nkana and Nchanga was announced only days after the abortive coup attempt in October, underlining the fact that the adverse impact on investment sentiment was muted.

Positive spin-offs for Zambia were expected from an improved macroeconomic policy framework, a healthier geopolitical climate in the region and progress towards liberalising regional trade.

However, these would have a gradual effect and in the short-term economic recovery would be constrained by the vagaries of weather, infrastructural deficiencies and the fact that the core utilities such as power and telecommunications were state-owned.

The report said this would be a critical year during which the new management of the copper mines would begin to restructure their assets and the agreement for the $800m Konkola Deep project should be finalised.

With copper almost fully privatised and the disposal of two-thirds of the enterprises in the Zambia Privatisation Agency's portfolio, reform was shifting to the difficult structural areas, such as the rightsizing of the public service and banking sector reform.

While the government had met its own 1997 targets, it would not be easy to meet those set by the donors next year.

Zambia may bring in taxes to counter loss of aid

LUSAKA — Zambia may introduce new taxes this year to counter an expected dearth in aid as donors withdraw support over governance concerns after a failed coup last October, analysts said yesterday.

"Western donors have expressed great concern over the political events after October 28 and it would be too much to expect them to maintain normal aid flows," Zambia Confederation of Chamber of Commerce and Industry chairman George Chabwera said, referring to the failed coup.

Western governments have urged President Frederick Chiluba either to charge former president Kenneth Kaunda and Zambia Democratic Congress leader Dean Mungomba, held under state of emergency laws for their alleged involvement in the failed coup, or release them. Chiluba has said he would not be dictated to by Africa's former "colonial masters".

The World Bank has indefinitely deferred a Consultative Group meeting set for December, at which donors were expected to make aid pledges to Zambia, because of the slow pace at which its copper mines were being privatised.

It said the meeting would be held some time this year — meaning the Zambian government would have to design its 1998 budget without the assurance of normal aid flows. The government depends on Western donors to fund a third of its $1,1bn budget.

Economic Association of Zambia spokesman Muna Nakalonga said the government would struggle to meet its target of 6% real growth this year. Finance Minister Ronald Penza is to present his 1998 budget on January 30. — Reuter.

Controversy over sale of company's mine homes

BD 27/1/98 (360)

Chilombo Mwondela

LUSAKA — The sale of mine homes belonging to Zambia Consolidated Copper Mines (ZCCM) is the subject of controversy between the Zambian government and ZCCM management, as well as between the government and the Kafue consortium purchasing the Nkana and Nchanga mines.

Mines and Minerals Development Minister Syamukayumbu Syamujaye has condemned the ZCCM management for what he terms "unacceptable" modes of selling the conglomerate's houses.

And in London the government-ZCCM negotiators and the Kafue consortium agreed the state would hand back some institutional houses which had been included in the sale agreement of the Nkana and Nchanga mines, government sources revealed.

Out of 400 mine houses for support staff deeded to the Kafue consortium, fewer than100 were left for the consortium. The government could not account for the remaining 300, but it was generally assumed the houses had been incorporated in the sale of ZCCM mine houses to employees as the conglomerate prepares to wind up active operations.

ZCCM management has not said anything on the disappearance of the 300 institutional houses agreed upon, but the minister of mines suspended the sale of houses last week "until proper procedures are put in place".

The minister directed his deputy, Kaunda Lembalemba, to probe the allocation of ZCCM houses, saying though the government would not have a direct hand in the sale, it would not allow anyone to be victimised.

"The policy of government is that of empowerment and we would like to see that element in ZCCM. Once a report is ready it will be presented to ZCCM management to secure a possible equitable solution," he said.

Six bidders are lined up to buy Chambishi Mine, which was dropped by Ivanhoe Corporation of Canada in early January. After a successful tender, Ivanhoe later said a crisis in its mid-East operations made it impossible to acquire the Chambishi mine.

"By next week, we are concluding a deal with new bidders and the talk about Ivanhoe will no longer be an issue because we have received more attractive bids as compared to those that were offered by previous bidders," said Syamujaye.

The minister said Nchanga and Nkana, constituting 70% of the value of Zambia's copper mining interests, would be conclusively sold by the end of February.

SA investors pour money into Zambian tour ventures

BD 27/1/98

Chilombo Mwondela (360)

LUSAKA — The Zambia Investment Centre is expecting up to $46,6m worth of investment in the country's tourism sector from tour operators based in SA.

Zambia's Deputy Tourism Minister Fidelis Mando said resorts in the Zambezi Valley would be upgraded to compete with those on the Zimbabwean side of the valley. SA's Sun International is investing more than $40m in the Mosi-Oa-Tunya Intercontinental Hotel.

Mando said repairs to the airport runway at Livingstone would permit international flights to land at the town, on the Zambian side of Victoria Falls.

The minister said the development of lodges and safari camps in the Zambezi valley by SA investors was prompting the government to consider the refurbishment of game management areas, as well as a concerted effort to repair roads in national game parks.

The investment centre recorded 10 more SA investors in Zambian tourism during 1997, more than doubling the number of investors from SA involved in Zambia's tourism sector.

Among the 10 are Cinderella Adventures, Shungu River Lodge, Zambezi Jetboat Journeys, Kasusu Game Ranch and Safaris, Guta Game Ranch and Safaris, Mize Game Ranch and Safaris, and Simatanga Game Ranch and Safaris.

Zambian business calls for tax cuts in budget

BD 29/1/98 (360)

LUSAKA — Zambian industrialists urged the government yesterday to cut taxes in Friday's 1998 budget in order to boost production, but analysts said the opposite was more likely due to endangered funding from donors.

The government had revenue of $1,1bn in 1997, slightly more than expenditure, leaving Zambia with a budget surplus of 1,2% of gross domestic product. Donors contributed a third, roughly the amount spent on the social sector. But some business leaders say they fear Britain, the US and other aid donors may curtail funding to show displeasure at a state of emergency imposed after a failed October coup.

Manufacturers' Association chairman Mark O'Donnell said he was lobbying Finance Minister Ronald Penza to cut tariffs and utility costs.

Landlocked Zambia charges importers duty of up to 25% on raw materials and a 5% import declaration fee. O'Donnell said its electricity and fuel were the dearest in southern Africa, pushing up production costs up and making it difficult for local producers to compete regionally.

Zambians are among the most heavily taxed people in southern Africa, with company tax at 35% and VAT at 17,5%.However, some analysts said the government was likely to broaden its tax base or raise existing taxes, rather than cut them, in response to the expected gap in donor aid flows.

The World Bank has deferred a Consultative Group meeting set for last December at which donors were to make aid pledges to Zambia. This was because of the slow pace at which the country's copper mines were being privatised. — Reuter.

Zambia must get house in order — EU

DN 3/2/98 (360)

LUSAKA — The European Union (EU) warned Zambia yesterday that international support for its economic reforms could be hit by the continued detention without trial of 92 people arrested in connection with a failed coup last year.

It condemned President Frederick Chiluba's extension of the 90-day state of emergency that he imposed a day after the coup attempt by junior army officers in October last year.

"The EU now strongly urges the government of Zambia to complete their investigations with all possible speed, to charge or release all the detainees and to end the state of emergency at the earliest opportunity."

Last week the US criticised the government for extending the state of emergency and warned that the country's economic prospects depended on its governance record.

The country is counting on western donors to fund one third of its 1998 budget, but observers say the aid is likely to be withheld. — Reuter.

'Emergency hurts business'

BD 4/2/98 (360)

Chilombo Mwondela

LUSAKA — Retaining its state of emergency would not help Zambia secure the $425m from donors which it was counting on in the budget tabled last week, the Zambia Chambers of Commerce and Industry (Zacci) warned.

Although the budget offered concessions to local business, the emergency had a negative effect on the business climate, Zacci chairman George Chabwera said.

At a budget analysis meeting Finance Minister Ronald Penza and business leaders differed sharply over the state of emergency. Business leaders said the emergency jeopardised access to donor funding; made it harder for businessmen to raise foreign capital and sent the wrong message to the world about stability in the country.

Penza said his government had fulfilled all don,r demands — such as installing an independent judiciary and human rights commission — and should be given his "cheque". If detained former president Kenneth Kaunda broke the law, "it should not change agreements with donors", he said.

Since a coup bid in October, 92 Zambians have been detained including Kaunda. About 90 have not been charged.

Chabwera said wanting 35% of the budget to be contributed by donors was overambitious, especially after extending the emergency for another three months.

Reuter reports Penza announced tax cuts and incentives last week to make local products more competitive. He cut import duty on some imported raw materials, and increased duty on several finished imported products which he said were being undervalued by importers or that created unfair competition. He proposed that specific duty rates for imported tyres, sugar, soft drinks, edible oil, beer and batteries be used as an alternative to ad-valorum rates.

Paranoid politics is business as usual in Zambia

GA/198

MHG 6-12/2/98 (360)

Donald G McNeil

When former Zambian president Kenneth Kaunda arrives at court each morning, up to 100 soldiers surround him and not only shove photographers back with rifle butts, but also jump like basketball forwards trying to block his face. Inside, when a political ally of his asks for a glass of water, a lawyer for Kaunda makes the court clerk taste it first.

Suspicion runs deep in Zambian politics these days. In the last two years, Zambia has had a bomb blast outside President Frederick Chiluba's house, a roundup of opposition leaders, a flawed election, the shooting of two opposition candidates, a lawsuit asserting that the president is secretly a foreigner, threats of invasion, riots in the capital, a coup attempt, a roundup of 90 coup suspects, torture allegations and, on Christmas Day, the arrest of Kaunda.

And yet, life goes on rather normally. The country, some say, would probably be much the same if none of this had happened. This nation of nine million people on the divide between relatively stable Southern Africa and chaotic Central Africa is stumbling along. Once relatively wealthy, now poor; once staunchly socialist, now aggressively free-market; never wholly democratic nor wholly despotic, Zambia is still giving the donor nations that support it a combination of hope and the heebie-jeebies.

A state of emergency is in effect. But there is no curfew, airports are open and rush-hour traffic jams the business district. As a police sergeant in the northern city of Kitwe said: "The state of emergency is only for the political elite in Lusaka."

Spy vs spy: Kenneth Kaunda was wounded in a shooting last year, just another incident in the cloak-and-dagger politics of Zambia. PHOTO: AP

Kaunda is under house arrest while the police try to build a case that he was behind the three-hour coup attempt on October 28.

His lawyers are fighting to have him released, since the prosecutors have presented no evidence other than an unsubstantiated statement that he agreed to give the coup leaders money and jobs.

But Zambia's courts are so slow that a habeas-corpus hearing, normally urgent, has dragged on for a month. The government says Kaunda exploits the hearings to make speeches, and the court has barred all press contact with him.

Many Zambians and outside experts believe that the coup attempt had nothing to do with Kaunda, but was a foray by a few officers who had been drinking and were bitter about their low pay and their generals' handsome lifestyles.

One of the two accused coup leaders, Captain Jackson Chiti, testified on January 15 that the police had tortured him, demanding that he implicate Kaunda. But he denied that the former president was involved and tearfully apologised to him in court.

But there are other theories too: one put about by some American officials and South African military experts is that Zambia overreacted to a feeble coup attempt because it is terrified that Angola is plotting against it.

Supply flights to the Unita rebels in eastern Angola have originated in western Zambia, prompting threats of invasion by the Angolan government. Since Angolan troops helped overthrow Presidents Mobutu Sese Seko in the former Zaire and Pascal Lissouba in Congo last year because Unita had bases in those countries, Zambia is nervous.

But Eric Silwamba, the president's chief of staff and a special envoy to Angola, said Zambia closed the airstrips and expelled the South African company running the supply flights, Meteor-Ex. Its relations with Angola are cordial again, he said.

Nonetheless, a South African military expert said western Zambia's airspace is still largely unwatched by radar and the Zambian army is spread thin in border areas west of the Zambezi River. Silwamba denied that the demoted defence minister and other party insiders had enriched themselves by helping Unita, which still controls diamond areas.

The most common outlook on the repeated crises of the last two years is that they all spring from a deep hatred between two very touchy men: Kaunda, a schoolteacher who led Zambia to independence from Britain in 1964 and ruled it for 27 years, and Chiluba, a trade unionist who formed the coalition that ousted Kaunda in a democratic election in 1991 and then fractured in squabbles.

Chiluba "tried to destroy Kaunda's reputation, calling him a dictator who ruined the country", said the Reverend Nevers Mumba, a clergyman building his own political party. "That touched Kaunda's ego and pride. That's what made him come back into politics."

Kaunda's party says Chiluba changed the Constitution to bar him from running again in 1996; planted bombs as an excuse to claim the existence of a "Black Mamba gang" and jail his party leadership until the 1996 race was over; rigged the election; secretly ordered the police to fire into Kaunda's car during a 1997 party meeting, grazing him and seriously wounding an ally; framed him on the coup charges; and hopes for another chance to kill him.

Chiluba's aides say Kaunda ignored the people's will by running again; produced false witnesses saying Chiluba is Zairean; faked his own shooting; provoked the 1997 riot in which the downtown market was burned; and arranged the coup attempt.

Almost every one of these charges has led to court; almost all have petered out inconclusively. The Black Mamba bombing charges were dropped for lack of evidence. The Supreme Court ruled that Chiluba did not have to take a DNA test to prove his identity. It still has not ruled on the 1996 election. The wounding of Kaunda has yet to be officially investigated.

Chiluba's government resents the fuss foreigners are suddenly making over Kaunda. They recall that Kaunda muzzled the press, jailed hundreds of political opponents and made children leave school to line the roads and wave whenever his motorcade went by. Many Zambians remember waiting all night for cooking oil or sugar, which inevitably ran out, leaving soldiers to whip angry shoppers away.

"Now," a museum guard said, "it is the opposite. There is food on the shelves — but no money to buy it." — *New York Times*

Structural adjustment fails to save Zambia from debt

BD 9/2/98 (360)

Chilombo Mwondela

LUSAKA — Zambia shows no sign of climbing out of its debt trap in spite of submitting to a structural-adjustment programme over the past six years.

At the end of last year, Zambia's debt stock was estimated at $7,1bn, up from $6,4bn at the end of 1996. Last year's figure was also 13% up on that of 1995. When Frederick Chiluba's government took office in 1991, the debt stock was estimated at $7,2bn.

In his budget address, Finance Minister Ronald Penza blamed the lack of improvement on "new borrowing at concessional rates".

The government borrowed from the International Development Corporation last year, through the concessional window of the World Bank, to finance development in health, education, roads and public welfare. Penza said that borrowings also provided credit for the private sector.

He said the structure of Zambia's debt had changed "from short-term financing to more lasting and concessional borrowings for development".

But economic analysts have questioned the government's commitment to debt reduction in view of recent decisions taken to curb opposition parties which run counter to what donor countries have recommended in terms of good governance.

Leaders of Zambia's two main opposition parties have been detained in connection with the October 28 coup bid. Human rights organisations and members of the international community have condemned the Zambian government's detention without trial of more than 90 suspects under a state of emergency. The emergency was extended by parliament recently for another three months.

Economics Association of Zambia co-ordinator Muna Nakalonga said Zambia's debt stock remained largely unchanged because the government continued to borrow in foreign currency. Unless Zambia found a strategy to improve productive capacity, debt would continue to make life harder for Zambians who would have to pay higher taxes to support the government's debt-servicing commitments.

The finance ministry's report for last year said Zambia was highly indebted to the International Monetary Fund, the World Bank and others at $3,294bn compared with $3,253bn in December 1996, a difference of $41m accumulated over 12 months. The balance was owed to donor countries.

Zambia set to seal mine privatisation

(360) BD 12/2/98

PRESIDENT Frederick Chiluba said yesterday that Zambia would formally seal a radical privatisation programme at the end of this month with the handover of the country's state-owned copper mines to foreign private firms.

In a telephone interview from the Zambian capital Lusaka, Chiluba said lengthy negotiations for the privatisation of the large Zambia Consolidated Copper Mines, Zambia's major hard-currency earner and the country's biggest employer, were almost complete.

"The negotiations are almost over and by the end of this month the signing (to hand over mines) should be done," Chiluba said.

The mines are Zambia's economic backbone, bringing in more than 80% of the country's total foreign-exchange earnings.

Selling off the mines, nationalised shortly after independence in the 1960s, is a touchy issue for the southern African nation.

However, Chiluba said there was no alternative to privatisation and that the measure was the only definite way to revive the mines after they had been neglected and mismanaged for years.

"There is simply no alternative to privatisation. We have handed over between 80% and 90% of the economy to private hands ... that is the only way forward and the process is already bearing fruit," he said.

Chiluba declined to give any further details on the mines deal. — Reuter.

Zambian finance minister certain donor aid will flow

CT (PR) 12/2/98 (360)

BUCHIZYA MSETEKA

Johannesburg — Ronald Penza, the Zambian finance minister, said on Tuesday he was confident Western donor countries would continue to help fund the government's spending plans this year.

Penza said in a telephone interview from Lusaka, the Zambian capital, that President Frederick Chiluba's government had honoured all its economic policy promises. He said concern among the sovereign donors over political events Zambia were based on perceptions rather than on reality.

"I am confident they (donors) will help pay for the budget," Penza said. "Most concerns raised by the donors are a result of perception but the reality on the ground in Zambia is very different.

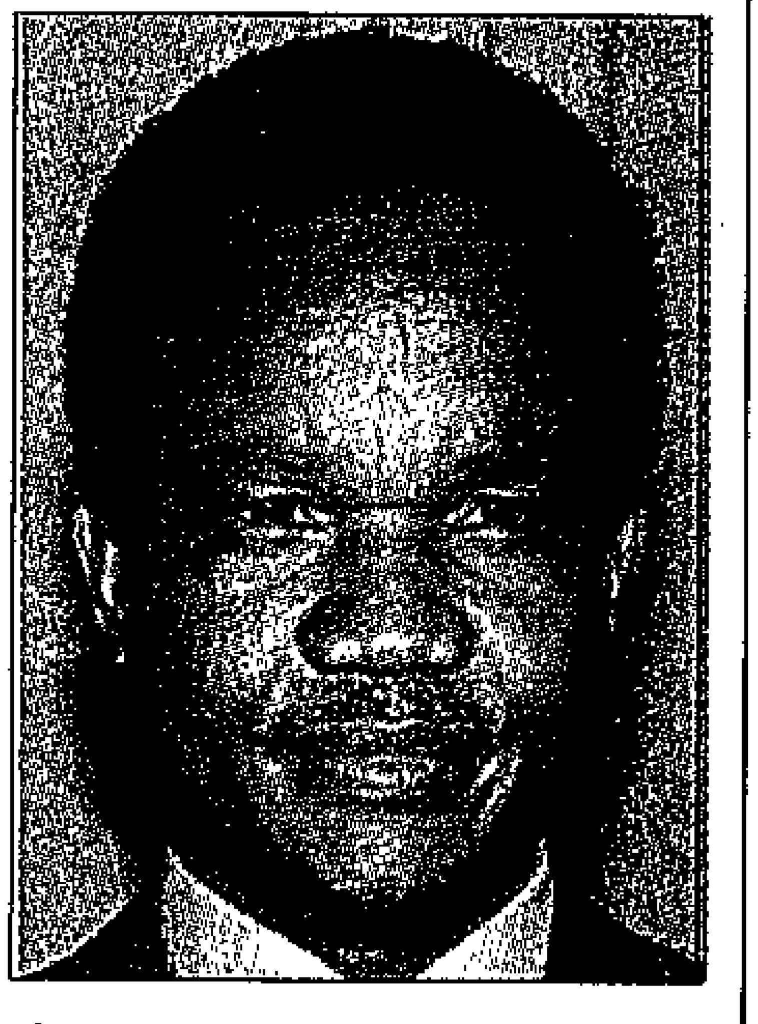
"We have honoured all we had promised on the economic front," he added.

On January 30, Penza announced $1,23 billion of budget spending for this year.

A third of this spending needs to be funded by foreign donors such as the US and Britain. Local analysts have expressed concern that Chiluba's handling of an attempted coup in October 1997 could lead to donors withholding aid.

Chiluba has detained 92 people without trial, including his predecessor, Kenneth Kaunda, under emergency laws imposed after the attempt.

Western governments have criticised Chiluba's crackdown, with the US and the European Union warning that the detentions could have a bearing on international support for Zambia's economic programmes.



CHALLENGE TO DONORS
Zambia's Frederick Chiluba

Penza said that, since presenting his budget, he had held "positive meetings" with Lusaka-based Western donors. He had scheduled another meeting with a group of donors in London at the end of February.

"The Lusaka meeting was very, very positive, and I have no doubt the London meeting will be good as well," he said.— Reuter

PRIVATISATION *'This is the only way forward and the process is already bearing fruit,' says President Chiluba*

Zambia to hand over copper mines

ET (PR) 12/2/98 (360)

Buchizya Mseteka

Johannesburg — Zambian President Frederick Chiluba said yesterday that his country would formally seal a radical privatisation programme at the end of February with the handover to private foreign firms of the country's copper mines, Zambia's major hard currency earner.

Speaking from the capital of Lusaka, Chiluba said lengthy negotiations for the privatisation of Zambia Consolidated Copper Mines (ZCCM), also the country's biggest employer, were almost complete.

The mines are Zambia's economic backbone, bringing in more than 80 percent of the country's total foreign exchange.

Selling off the mines, nationalised shortly after independence in the 1960s, is a touchy issue in the southern African nation.

But Chiluba said there was no alternative to privatisation and the measure was the only sure way to revive them after years of mismanagement and neglect.

"There is simply no alternative to privatisation," he said. "We have handed between 80 percent and 90 percent of the economy back to private hands ... that is the only way forward and the process is already bearing fruit."

Chiluba declined to give further details on the mines deal.

The president, a former trade unionist, said privatisation had managed to reverse years of decline under the former government of founding national leader Kenneth Kaunda, whom he ousted in landmark pluralist elections in 1991.

"We are happy that the whole process of privatisation has gone smoothly and our people are now warming up to the idea," he said.

Chiluba spoke a day after Ronald Penza, his finance minister, said the Zambian government was close to finalising the privatisation of ZCCM, Zambia's lifeblood, in one of Africa's most radical free-market reforms.

Penza, a wealthy man of business who has supervised Chiluba's privatisation programme, said officials were putting the final touches to the negotiations for the sale of Nkana Copper mines, located in the northern city of Kitwe.

Penza said the mining sector was likely to expand as a result of the privatisation programme as foreign investors came to the country, drawn by Chiluba's liberal economic policies.

Mining experts in Lusaka say the number of mining companies prospecting for ore has doubled over the past two years. They put the number of prospecting licences issued in 1997 at 78, compared with only 40 the previous year.

Zambia's mining sector has also doubled over the past year with the reopening of closed mines such as Bwana Mukubwa Copper mine by a Canadian firm.

Chiluba said privatisation would also deal with declining production in the mines.

Output has fallen sharply from more than 450 000 tons at independence and the poor state of the mines was aggravated by a fall in world copper prices.

Apart from ZCCM, Zambia has also privatised the country's only coal mine at Maamba in southern Zambia, after the company almost ground to a halt as a result of poor management, a lack of cash and ageing machinery. — Reuter

Kaunda's security head freed — then rearrested

(360) BD 13/2/98

LUSAKA — The jailed security chief of former Zambian president Kenneth Kaunda, himself under house arrest, was freed yesterday, but later rearrested for failing to tell authorities of an alleged coup plot.

A high court in Lusaka released Kaunda's aide, Moise Kaulungombe, after nearly two months in detention for his alleged connection with the coup bid President Frederick Chiluba's government said it had foiled last October.

However, police rearrested him minutes later when he returned to Kamwala prison in Lusaka for formalities and to collect his personal belongings.

Kaulungombe was charged with failure to inform the authorities about the looming coup. He was due to appear in a magistrates' court yesterday afternoon.

High court judge Irene Mambilima had earlier ruled that the state did not comply with the constitutional requirements of gazetting Kaulungombe's detention within 14 days of arrest. Kaulungombe, who is in charge of Kaunda's personal security, was picked up on December 23 last year, just two days before Kaunda was arrested.

The judge said the detention was unlawful and that there was a clear breach of constitutional provision, and urged the state to strictly follow the law. In their habeas corpus application, his lawyers urged the court to free him immediately.

His became the first successful habeas corpus application among those made so far by some of the people arrested for alleged involvement in the attempt to remove Chiluba from power. In all nearly 100 people have been detained for suspected participation in the foiled coup. — Sapa-AFP.

Zambia leads on privatisation

(360) M+G 13-19/2/98

Government's hands-off approach has ensured an economic success story, writes **Tim Trulock**

For 27 years, the former president of Zambia, Kenneth Kaunda, nationalised not only the large flagship companies, but also many small, nickel-and-dime operations.

The government became the major shareholder in Zambia and then proceeded to run it into the ground, destroying not only the profitability and competitiveness of these companies, but also the work ethic.

But then a new democratically elected regime took over in 1991. The new order had to figure out what to do with these run-down, over-staffed and unprofitable dinosaurs. The solution was the Zambia Privatisation Agency (ZPA).

Formed in 1992 as an independent body to control the process of selling off the state-owned companies and properties (called units), the agency aims to make a realistic assessment of each business — its assets, debts, staff, viability — and sell it off for the maximum benefit to Zambia. Various methods have been used, including trade sales, competitive bids and management or employee buyouts.

The ZPA is a one-stop shop. Although the Zambian government decides what assets are to be privatised, it is up to the ZPA to analyse each unit, often with the help of outside consultants.

Once it has determined the best method for disposal, it makes a recommendation to the government, which then considers it and in most cases rubber-stamps the ZPA's advice. Then it drops out of the process, leaving the ZPA to manage the details.

This method has proved extremely successful in ensuring there is no favouritism or shady deals involved with the allocation of the units. To ensure the privatisation process is transparent, objective and free of political influence, asset evaluations are always undertaken by independent, professionally certified organisations.

By the end of 1997, the agency had privatised 224 units. The sales have netted Zambia about $70-million, not counting the investment pledges that have been made and incorporated in the sales agreements.

Still to come on line are 28 units that are currently under negotiation and waiting to be awarded (including most of the Zambian Consolidated Copper Mines bids). There are still another 137 units in various forms of preparedness waiting to be privatised. The ZPA estimates it will have sold off all the units by mid-1999.

South African investors have acquired 25 units or companies and several of them have made a huge impact on the Zambian economy and standard of living.

One of the first investors was

By the end of 1997, the agency had privatised 224 units. The sales have netted Zambia about $70-million

Anglo American, which acquired the Lusaka Zambian Breweries (Zambrew) in 1994. Before privatisation, Zambrew produced only one type of lager, called Mosi ("The Beer that Thunders").

Mosi was always in short supply and just about impossible to obtain if you didn't have a crate of empties, as there was also a shortage of beer bottles. Out of every case of 24 beers, six would be good, 12 would be passable and the rest would be undrinkable.

The first thing Anglo did was to standardise the brewing process to achieve consistency in the quality of the beer. Then it turned to boosting supply. By the middle of 1997, it had introduced locally brewed Ohlssons and Castle. In the process it has achieved a major market share in the copper belt from the other privatised brewery, Northern Breweries.

Shoprite/Checkers moved into Zambia in 1996 after successfully obtaining several of the old and defunct privatised supermarkets in six of the major urban areas. The first shop in downtown Lusaka caused a huge stir in the city's retail sector.

According to the *Lusaka Lowdown*, a local magazine, it was about 20% cheaper than other smaller supermarkets in the city. The company has now opened many more outlets in the other urban centres in remote Zambia.

Other South African companies are waiting in the wings. Southern Sun has been tipped to win the tender for two prime hotel sites adjacent to the Victoria Falls.

The Zimbabwean side of the falls is overcrowded and constrained by the nature reserves surrounding the town, while Zambia has plenty of space to develop. The type of world-class development that has been proposed on the Zambian side may well kickstart the fledgling Zambian tourist industry.

And with the completion of the negotiations over unbundling the copper and cobalt mining conglomerate, more South African investment is set to enter Zambia.

This is the cornerstone of the privatisation programme and one that has the power to make or break the economy. It is estimated that the sales will raise well over $2,5-billion in upfront and committed investments.

Anglo, which has long owned 27% of the group, estimates the cost of developing Zambia's richest known copper reserve at between $700-million and $800-million.

The Zambian government, which owns 60,3%, will sell its holdings in two stages. First, majority interests will be sold to trade partners, leaving the government as a minority partner. In the second stage, the government will eventually sell at least some of its shares to individual and institutional investors.

The copperbelt province, where the copper mines are located, is beginning to experience a resurgence as a result. Property prices are rising and the service industry is gearing up to accommodate the expected influx of people and money.

To overturn decades of misrule and misguided economic meddling is not easy. But Zambia has managed, against the odds, to overcome problems of nepotism and corruption — at least when it comes to privatisation.

The ZPA has proven to be one of Africa's success stories.

Govt to charge Kaunda with misprision

(360) BD 18/2/98

LUSAKA — The Zambian government said yesterday it would charge former president Kenneth Kaunda with misprision on the grounds that he had concealed his part in last October's failed coup.

Kaunda made a brief court appearance yesterday and the state prosecutor told reporters the charge would be put to him formally today. Misprision is the term for hiding knowledge of treasonable intent.

"The indictment for misprision of treason is already before the court," state prosecutor Robert Katongo said after the hearing. "The court would have read the charges to them if their lawyers had not raised preliminary issues," he said.

If convicted, Kaunda, 73, could face life in prison.

The former president is among 92 people who were detained under emergency laws which were invoked after a failed coup plot by junior army officers last October. None has been formally charged and Kaunda has been placed under house arrest.

Kaunda's lawyers said yesterday the state was trying to pre-empt an application to force Kaunda's release from house arrest by charging him without evidence.

"The charges were brought to the court when it became apparent that the court would order Kaunda's release," defence lawyer Mainza Chona told the court.

"We submit that it would be contempt of court if the state was allowed to pre-empt the decisions of the courts of law," he said.

The court reserved until today its ruling on the defence's application to release Kaunda from house arrest.

Kaunda has consistently maintained that he had no knowledge of the coup plot.

Frederick Chiluba, his successor as president, has denied there is a witch-hunt against Kaunda. — Reuter.

Zambia's political economy puts brakes on progress

(360) BD 18/2/98

Zambia is on the path to economic recovery, but its progress could be hampered if its approach to liberalisation is not mirrored by its neighbours, writes Peter O'Brien

THE popular perception of Zambia consists of one political fact — former president Kenneth Kaunda is under house arrest — and one economic fact — the copper and cobalt mines are very important. That perception does scant justice to the country's situation.

The internal political climate is in fact calm and likely to remain so for the foreseeable future.

It is unfortunate that the Kaunda affair reached the point it did. Had he been allowed to stand in the 1996 presidential elections, he would certainly have been defeated convincingly. Government would not then have experienced such difficulties with donors, and the country's image would be stronger than it is today.

For the economics, one indicator will do. Last year, nontraditional exports from flowers to gemstones accounted for 28% of foreign exchange earnings and showed year-on-year growth of 34%. Obviously Zambia is ceasing to be a single-product economy.

The 1998 budget was presented to parliament at the end of last month. A glance at its contents is enough to give a picture of Zambia which is very different from the usual tableau. Last year, inflation was down to 9%. Interest rates in real terms stood at about 20%, but should be below that this year.

Government expects a surplus this year that will bring the fiscal deficit down to less than 3% of gross domestic product (GDP). In a word, the economy has been stabilised. A yet more remarkable achievement is that this has come about in a fully liberalised framework. Capital markets, investment conditions, foreign trade — all these are subject only to minimum government impositions.

The country's privatisation record is second to none. When the divestiture of state-owned firms was initiated four years ago, the target was to sell off about 325 firms plus Zambia Consolidated Copper Mines. To date, 225 have been privatised. When the Kafue Consortium signs the Nchanga and Nkana contracts on February 27, most of the copper belt will be under private management.

This year's schedule envisages privatisation of more than 100 outstanding cases and preparations will be made to sell off the core infrastructure enterprises, namely telecommunications organisation Zamtel, electricity body Zesco, Lusaka Water & Sewerage, and Zambia Railways.

By the end of the decade, Zambia will be a fully privatised economy under strict macroeconomic management.

In business terms the opportunities are substantial and will continue to grow. Last year, direct foreign investment was $125m with SA firms at the forefront. Already, leading SA companies in agricultural processing and retailing are well established, with sales into the Zambian local market and African neighbours.

The privatisation of mines is scheduled to generate fresh investments of about $2,8bn over the next five to seven years.

These outlays will provide a boost to new activities in ancillary industries. But the copper belt may be only part of the minerals story. Last year, 78 prospecting licences were issued, the first gold mine in more than 30 years began production, and there were signs the country as a whole may offer minerals on a far richer and broader base than was imagined.

Tourism is still in its infancy, yet the potential is enormous. With good management, that sector can contribute far more than the mere $63m it earned last year.

The "virtuous triangle" of stabilisation, liberalisation and privatisation has at last started to produce significant economic results. Last year's GDP growth, at 5,5%, allowed the first rise for several years in per capita incomes.

With investment (essentially private) now up to one fifth of GDP and still stronger flows predicted, the budget scenario of growth reaching 7%-8% a year in the next few years does not seem far fetched. If the forecasts are realised, then per capita income will double by 2010. Since the country is rapidly diversifying its range of output within an already highly liberal framework, there are sound reasons to believe growth is sustainable.

However, the current experience in Asia reminds us that there are no miracles. So what factors are likely to hold Zambia back? Here is where the politics and economics intertwine again: 70% of the population live in poverty and more than half lack the wherewithal to satisfy their basic food needs. Social conditions reflect that poverty. Government aims to have more than one person in every two above the poverty line within the next five to six years. That can only be done with substantial self-help and substantial foreign assistance.

The conditions for this to happen are not promising. Zambia's long reliance on copper and the state inevitably encouraged passive behaviour and an exceptionally sharp rise in the urban population. Both phenomena have not been conducive to community action. The problem in foreign relations affects adversely the chances of assistance. That is particularly serious when even the present budget recognises that at least three quarters of government funding for social investments must come from abroad.

Zambia may therefore be moving on to a strong growth path, yet find it extremely difficult to spread development through the society. The rapid upgrading of mining and agriculture implies relatively limited direct and indirect employment opportunities.

Unless social entrepreneurship, and not just business entrepreneurship, quickly takes root, the internal strains could spill over into the political arena.

The regional context has not been too friendly to Zambia, and it could continue to complicate its future. Politically the country has been a regional haven for refugees. Although in some ways a few neighbouring countries have become less explosive than before, the risk of contagion remains significant. Given the poverty burden, Zambia is in no position to take on further responsibilities.

Economically, Zambia's position as a low-population landlocked country makes access to regional ports and markets essential to growth. The country's intense activity in trade and transport talks has so far yielded limited results. Until there is a significant shift of attitudes elsewhere, the returns will continue to be meagre. Perhaps more than many other countries in southern Africa, Zambia needs its own approach of liberalisation to be mirrored by its neighbours. Geopolitics and geoeconomics could still turn out to thwart sound policies.

□ *O'Brien is an economist working on trade and investment issues in Southern African Development Community countries.*

Zambia emerges as a centre for crossborder trade in stolen cars

(360) BD 23/2/98

LUSAKA — Daring crime syndicates have resulted in Zambia emerging as a centre for crossborder trade in stolen cars.

Cars stolen in Zambia reportedly find their way into neighbouring countries, while those stolen from these countries often cross the border into Zambia for final sale or transit to other countries.

According to police Insp-Gen Francis Ndhlovu, car thefts were a major feature of organised crime in Zambia. He blamed the crime mainly on foreign nationals living in Zambia — mostly Congolese, Zimbabweans and west Africans — who, he said, worked in collusion with Zambian nationals.

Zambia shares borders with Angola, Namibia, Botswana, Zimbabwe, Mozambique, Malawi, Tanzania and the Democratic Republic of Congo.

However, SA was probably the main source of stolen cars, Ndhlovu said.

He said the region's vehicle theft was facilitated by corrupt law enforcement and licensing officials. He cited cases where vehicles from neighbouring countries were cleared by officers at the road-traffic department and issued Zambian registration numbers without inspection and verification by Interpol.

For their part, Zambian local authority officials issued registration licences without counterchecking with the Zambia Revenue Authority on the authenticity of customs clearance and with Interpol for the legitimacy of the vehicles' source.

Many vehicles stolen in the country are taken to garages where they are stripped of all parts which are then sold on open markets.

Ndhlovu said only 37 cars from neighbouring countries were recovered in Zambia between January 1995 and October 1996. During the same period, 15 vehicles stolen from Zambia were recovered in neighbouring countries, including SA.

Most vehicles are never traced. However, sometimes the police are successful. Last year, police pounced upon a crime syndicate in Matero, one of Lusaka's sprawling high-density residential areas.

Documents found included official government car-registration books, roads department and Lusaka City Council licensing-officer date stamps, receipt books, as well as revenue authority customs clearance forms. The cache included several Interpol forms for car clearance and counterfeit date stamps.

Ndhlovu said the police faced an uphill battle trying to prevent thefts and hijackings. Most robbers used AK-47 assault rifles. Warfare in Angola, Mozambique and recently, the Democratic Republic of Congo, had resulted in proliferation of weapons.

Police spokesman Beenwell Chimfwembe said that last month, former police officers of the "Zebra squad" who were disbanded following the election of the Chiluba government were behind some robberies in Lusaka. — AIA.

AFRICA

Zambia turns to black market

BD 24/2/98 (360)

LUSAKA — Zambia's illegal currency market, which collapsed with the removal of exchange controls in the early 1990s, is again thriving as commercial banks run out of hard currency.

Virtually all commercial banks and bureaux de change in the capital ran out of convertible currency on Friday in response to dwindling export earnings and donor inflows, forcing bank customers to go out on the streets to trade.

Consequently, the kwacha, which fell about 6% last month, continued to slide, and was trading at about 1 200 to the dollar from 1 450 in December.

Analysts blamed the hard currency shortage on dwindling Zambia Consolidated Copper Mines (ZCCM) export earnings and erratic donor aid flows.

"The kwacha is going to keep on falling because the ZCCM has no money to put on the market," Zambia Confederation of Chamber of Commerce and Industry chairman George Chabwera said.

"We are desperate to see the privatisation of the ZCCM being completed," he said.

The ZCCM is responsible for about 90% of the country's foreign receipts. The mining conglomerate's output has been declining over the past few years, and the future of Zambia's mining industry is seen to lie in the sale of ZCCM mines.

Hard currency supplies were also affected by dwindling donor and investor inflows in the wake of a coup by disgruntled soldiers last October, Chabwera said.

"Investor confidence is low and donors are unhappy with the manner in which the government has responded to the failed coup. That has had a significant bearing on hard currency availability."

Frederick Chiluba's government declared a state of emergency and detained at least 92 people after the coup attempt. A number of the detainees, including opposition leader Dean Mungomba, have complained of torture by state interrogators.

Western donors led by the US and Britain have urged the government to either charge or release the detainees and warned that the state of emergency could have a bearing on future aid.

Chiluba has responded by saying he will not be dictated to by foreign powers.

However, the state this week charged former president Kenneth Kaunda, who was detained on Christmas Day, and his head of security, Moyse Kaulangombe, with concealing information about the coup plot. Both deny the charge.

In December the World Bank deferred a consultative group meeting at which donors were to make aid pledges to the country for this year.

Zambia depends on donors to fund one third of its national budget.

A Citibank bulletin released on Friday predicted a continued dearth of hard currency.

"Supply of foreign exchange from ZCCM (in January) was only a trickle while the only donor inflow recorded was a meagre $1,7m, the report said. "Indications are that tightness in the supply will continue into February." — Reuter.

IMF, World Bank 'to blame for Zambia's woes'

(360)

Martin Rushmere

BD 24/2/98

HARARE — The International Monetary Fund and World Bank should shoulder some of the blame for Zimbabwe's woes, says the chairman of a quoted industrial group.

Chris Schofield, chairman of steel and building material manufacturer Radar Holdings, says in his review of the six months to the end of December that the company had to operate in a "near shambolic economy".

He says the two international institutions "inevitably must shoulder part of the blame for the mess we are in, since the twin bodies did little or nothing during the first 10 years of independence other than make the appropriate cooing noises on cue".

He takes a sceptical view of their ability to come up with a solution. Their ability to see "what was coming down the pike in the Pacific Rim is not all that reassuring. Do we really need to fly someone in from Washington to tell us that it is useful not to spend more than you earn — or at least can reasonably hope to support?"

Although Radar's net profit rose 61% to Z$7,6m over the same period in 1996, Schofield says in US dollar terms it dropped 6%, while the 21% rise in turnover to Z$178m translated to a 30% fall in US dollars.

Sowetan 2/3/98

Testing times for ailing Zambia

(360)

Politician calls on South Africa to take the lead in bringing about change

By Amrit Manga
Assistant Editor

Zambian Democratic Congress general secretary Azwell Banda says there is now a total intolerance of political opposition.
PIC: ANTONIO MUCHAVE

RECENTLY South Africa granted political asylum to one of the most senior political opponents of the Zambian government - Mr Azwell Banda, general secretary of the Zambian Democratic Congress (ZDC).

He escaped into exile late last year and took refuge in South Africa when he was warned that Zambian president Frederick Chiluba wanted him arrested. His request for political asylum was granted in December 1997.

Banda spoke to *Sowetan* about the plight of his countrymen and women, and warned that unless the Southern African Development Community (SADC) intervenes, Zambia would slide into further social decay and conflict. He does not rule out violence as tensions intensify.

About a month ago Zambian finance minister Mr Ronald Penza spoke glowingly about the "courage and commitment" of his country's people during his 1998 budget speech.

He went on to commend them for their sacrifices, saying his government was "greatly inspired by their determination and support". And his comments were appropriately crafted.

Zambians have during the past seven years under the ruling Movement for Multi-Party Democracy (MMD) endured testing times. According to Penza's own estimates, seven out of every 10 Zambians now live below the poverty line.

Unemployment has increased, the Zambian kwacha has crashed through almost every conceivable lower limit set for it by Penza's ministry and crucial sectors of an impressive social infrastructure have been laid to waste. The kwacha, which once stood at around K30 to one United States dollar, has sunk to K1 300 to the dollar since Chiluba won power in 1991.

Much of the unemployment has come from one of the world's most aggressive privatisation programmes. Of the 325 state corporations identified for privatisation four years ago, 225 have already been sold. In the process, tens of thousands of workers have been disgorged into the unemployment pool.

Times have never been more difficult and the threat this poses to social stability is palpable.

Penza's veiled appeal to the patriotic instincts of this impoverished nation, now classified among the 13 poorest in the world, can therefore be understood.

But just how patriotic and united Zambians are at this point is open to question. According to the ZDC, Zambia's second biggest political movement after Chiluba's MMD, Zambians feel betrayed.

Social discontent

Chiluba, the ZDC says, has not delivered on the aspirations of those who elected him to power. The consequent social discontent has permeated the entire nation, including the MMD.

It is precisely this that gave birth to the ZDC, which was formed by a significant bloc of disenchanted activists who broke away from the MMD. Many were in fact responsible for steering Chiluba's movement to electoral victory in 1991.

So what is it, then, that sets the ZDC apart from Chiluba's movement? Banda says the differences are quite straightforward.

While Chiluba has embraced economic prescriptions handed down by the International Monetary Fund (IMF) and World Bank, the ZDC remains deeply critical of the structural adjustment policies imposed by these institutions.

The reasons seem obvious. Quoting from Penza's budget address, Banda says 7 000 jobs have been pruned off the public services between November last year and January 1998 alone.

"Almost three quarters of the parastatal sector has collapsed," he says, and that has added large numbers of workers to the pool of unemployed. Given that Zambia boasted the largest parastatal sector in sub-Saharan Africa, its impact on unemployment had of necessity been great.

"Zambia has never really boasted a formal employment rate of more than 30 percent at any point in time. But that rate now stands at around 10 percent," Banda says.

And the prognosis does not look good despite the optimism in Penza's budget speech. Deregulation of the currency, relaxation of price controls and trade liberalisation have not brought the flood of investors expected.

Banda describes the expectation that investors would flood to Zambia in response to IMF-prescribed adjustment programmes as "mythical".

"What has happened instead is that many short-term speculators have invaded the country. This is evident from the rapid increase in the number of banks.

"The banking sector appeared to boom. But out of the 26 banks that operated during Chiluba's rule, 10 have collapsed. And the largest indigenous bank is about to go into receivership."

Banda says the reasons are simple. "There is no production to support any financial market." This he blames on the rapid trade liberalisation Chiluba has adhered to, which had the net effect of destroying Zambia's nascent industrial base and turning it into a dumping ground for foreign goods.

Banda cautions that his criticism of Chiluba's policies, which he says have abandoned the Zambian people to the mercy of markets, should not be misconstrued as blind rejection of markets.

The ZDC recognises the necessity of markets and private property must be protected, he says. But the bottom line is that the state must create conditions that encourage Zambia's citizens to invest.

He cites agriculture as an example where there is tremendous scope for state intervention to save it from what now looks like its inevitable collapse. He says it is a known fact that the lifespan of most Zambian copper mines is not longer than 20 years.

"Agriculture therefore offers an attractive substitute to mining. Whether we like it or not, between 40 to 50 percent of all Zambians still live off their land. It was therefore ill-advised of government to abandon rural agriculture and allow agricultural cooperatives to collapse," says Banda.

Facing starvation

The consequences have been severe and has forced the government to undertake a project aimed at distributing relief maize to about one million Zambians.

"It means one out of every nine Zambians are currently facing starvation. Yet Zambia in the seventies used to export maize to our neighbours," Banda says.

It is this reality, rather than any subversive political agenda, that now threatens Chiluba's rule. But he is not showing any sign of relenting on the economic or political front.

As for the political side of the equation, any hope of reform is fast diminishing. Chiluba, says Banda, has seized on the opportunity offered by the failed coup to suspend essential democratic freedoms.

This has simply been a continuation of a trend that emerged ahead of the 1996 general elections, during which Chiluba introduced constitutional reforms which substantially diminished the scope for multiparty democracy.

More recently he ordered the arrest of key opposition leaders, including ZDC president Dean Mung'omba, and United Independence Party president Kenneth Kaunda..

"Chiluba must be pressured by SADC to enter into dialogue with opposition parties. And South Africa must take the lead," Banda says.

Opposition groups need to examine their methods

The government and other stakeholders in the running of countries such as Zimbabwe and Zambia need to examine the means as well as the end in their actions, writes Michael Hartnack in Harare

BD 4/2/98 (360)

A FRESH debate is raging in scientific circles about "antigravity", which Albert Einstein once suspected was as much part of the cosmos as the far more obvious force of gravity.

In much the same way we ought, especially now, to be considering what role "antigovernment" plays in the political cosmos of states such as Zimbabwe and Zambia.

The Zimbabwe Congress of Trade Unions (ZCTU) and the courts seem to be the last best hope for progress towards a civil society.

Despite paranoid ranting from President Robert Mugabe and Home Affairs Minister Dumiso Dabengwa (who is beginning not only to sound but to look like Ian Smith's law and order minister, Des Lardner-Burke), ZCTU leaders Morgan Tsvangirai and Gibson Sibanda yesterday launched further protests against economic mismanagement, soaring prices and extra taxation.

In Zambia, most of the opposition to one-time union leader Frederick Chiluba has either fled abroad or is under lock and key for alleged complicity in October's farcical military coup attempt. Ex-president Kenneth Kaunda remains under house arrest.

Few today would dispute that SA's apartheid years presented a failure of government.

Rarely heard, at least outside SA, are voices suggesting there may have been a parallel calamitous failure in the methods and aims of opposition by the white liberals, the black nationalists, coloured leaders, Asian-origin communities and, for that matter, by right-wing Afrikaner leaders such as Albert Hertzog in identifying and reaching optimum goals.

It is for South Africans to decide whether the BBC's Brian Walden was fair or not in his recent attack on the tactics adopted by President Nelson Mandela after abandoning Gandhian passive resistance.

Walden alleged Mandela "destroyed black nationalism for almost a decade" and "entrenched the nationalist party in power" with an incompetent campaign based on the assumption that "a few symbolic bombings would produce a revolution".

In Northern Rhodesia, Kaunda's fledgling United National Independence Party — or "Murder Incorporated", as it was described by British governor Arthur Benson — certainly did succeed in getting Whitehall to dance to its tune with "operation chachacha".

Lusaka's second thoroughfare (formerly Livingstone Road) continues to honour Kaunda's "triumph" — or was it a disastrous moral defeat, the effects of which Zambians are still suffering today.

In Southern Rhodesia, said pioneer nationalist James Chikerema (cousin of Mugabe and brother of Herald "unrepentant stalinist" editor Charles), a nationalist movement at that time uniting Mugabe, Joshua Nkomo and Ndabaningi Sithole set out "to bring about fear and despondency to the settlers in Rhodesia in order to influence the British government to accede to the popular revolutionary demands of the people of Zimbabwe".

The short-term result was not the dispatch of British troops to Salisbury to oust Edgar Whitehead, who was committed to a colour-blind franchise, repeal of segregation, and a black majority in parliament by 1975. It was the reactionary Rhodesian Front, with its thinking, such as it was, anchored in 1940s McCarthyism.

More than 20 years — and more than 30 000 lives — were squandered. And Robert Mugabe was hardly in power when he was declaring that democratic multiparty politics were unthinkable in a land driven by innately violent ethnic divisions.

This was exactly what Smith claimed (in London on October 8 1965): that Africans would be incapable of sustaining parliamentary democracy "in his lifetime".

Crude Marxism unrecognisable to Marx invaded every sector of the economy while the province of Matabeleland experienced ethnic cleansing.

Government opponents should beware of simplistic, idealistic aims and methods — and the uncritical blindness caused by personal loyalties in a closed society.

Last year a friend (once a white activist for Nkomo's Zapu) said that since 1990, Zimbabwe's wealth had been squandered by its new elite.

This implies the old fallacy: get rid of the elite and poverty will evaporate.

The truth is more charitable to Mugabe, and more problematical for any who would oust him.

The population has increased from 7-million to 12,5-million. Mugabe, like Smith before him, struggles to maintain order in a queue for access to scarce natural resources and an inadequate set of modern institutions: urban housing, schools, health services, jobs.

Getting rid of 200 000 whites eroded the country's modern institutional base, and Zimbabwe today would be vastly poorer for driving out many of the calibre of Finance Minister Herbert Murerwa.

Clearly, Smith's answer (to push whites to the head of the queue in the conviction that they will produce more for all) is unacceptable and untenable.

So is Mugabe's answer: he, personally will decide queue position "in the national interest". The World Bank aim of letting simple market forces, and market forces alone, prevail in the queue is not practical politics.

It would help if the trade unions, opposition parties, and all government opponents saw this clearly in the current atmosphere of paranoia in Zambia and Zimbabwe, and remembered Martin Luther King's paraphrase of Gandhi: that destructive means can never bring about constructive ends — "the ends are pre-existent in the means".

Zambian captain charged over coup

Own Correspondent

3? (360) ARG 7/3/98

Lusaka – After he had spent four months in detention, the Zambian government finally charged army captain Stephen Lungu with treason for his involvement in leading last October's coup attempt.

Captain Lungu, who with some junior army officers took over the national broadcasting centre in the Zambian capital and announced that Zambian President Frederick Chiluba's movement for Multi-Party Democracy (MMD) had been overthrown, is believed to have been the renegade soldiers' leader.

The soldiers took power for five hours on October 28, saying Mr Chiluba's government had plundered the economy through rampant corruption and rendered people jobless with their economic reforms.

Captain Lungu was overpowered by Mr Chiluba's forces and detained in northern Zambia's Kamfinsa Prison.

He has now been moved back to Lusaka's central prison, known as Chimbokaila.

Zambia's home affairs minister Peter Machungwa said Captain Lungu could not be charged earlier because he had been ill with tuberculosis.

Mr Machungwa also dispelled rumours that he had died.

He could not say when Captain Lungu would appear in court to be charged jointly with the 73 other soldiers allegedly involved in the coup. They are still in detention at Lusaka Central Prison.

Meanwhile, Legal Affairs Minister Vincent Malambo told the Zambian parliament the state would move Mr Chiluba's adviser for women's affairs, Princess Nakatindi Wina, from Kabwe Prison and place her under house arrest. Princess Wina was arrested on February 3 by state police in connection with the coup.

Zambia acts on Angola arms

(360) Star 17/3/98

By Anthony Mukwita
Star Foreign Service

Lusaka – Zambia's President Frederick Chiluba has finally broken his silence over allegations that his government is aiding rebel leader Jonas Savimbi's soldiers.

During an impromptu press briefing after the Youth Day celebration late last week, Chiluba said measures were being taken to investigate the arms trade that is allegedly being carried out through Zambian territory.

Chiluba said: "We have some measures to control this. We intend to open all the containers (passing through Zambia to Angola) to ensure that they contain what is declared."

On March 5 Angola's ambassador to Zambia, Manuel Augusto, warned that if the Zambian government did nothing to lessen the arms trade with Unita leader Savimbi, his country would be left with no choice but to defend its people who had been dying, allegedly at the hands of Savimbi's men.

Chiluba did, however, admit that some citizens could be running guns between Zambia and Angola.

He said his foreign affairs minister Keli Walubita would soon visit Angola for talks with President Eduardo dos Santos over the arms situation.

Copper mine feasibility study ends

(360) BD 17/3/98

A FOREIGN consortium undertaking a feasibility study with the aim of buying Zambia's Konkola copper mining project had ended its work but was withholding results until May or June, industry sources said yesterday.

The results would be made public in late May or early June and could be followed by another round of talks with the Zambian government.

"Our information is the feasibility study has been completed but results are being delayed until late May or early June," an industry official said.

An official in London said it appeared a revision of certain aspects of the study was delaying the results.

The consortium groups Canada's Falconbridge and Bermuda-registered Zambia Copper Investments (ZCI), a unit of Anglo American Corporation.

ZCI, 50,6% owned by Anglo, has said it would cost \$700m to \$800m to develop Konkola deep.

The sources said the Zambian government, which has launched one of Africa's most radical privatisation programmes, was getting anxious about the delay in announcing the results of the consortium's study.

President Frederick Chiluba said last month he would finish privatising Zambia's mines, the country's biggest employer, at the end of February or early March.

Analysts said the \$800m debt owed by Zambia Consolidated Copper Mines and the unfavourable copper price was a source of worry for western mining firms investing in Zambia.

The Konkola development would boost production capacity on the copperbelt by 180 000 tons, a 60% increase from the current output level of about 314 000 tons.

Analysts said Konkola's ore resource should sustain mining operations for more than 30 years. — Reuter.

Gauteng kicks off housing provision for '98

OD 17/3/98

(227)

Robyn Chalmers

GAUTENG is one of the few provinces which has started providing housing this year, having delivered more than 1 500 of the 4 130 units it aims to deliver by the end of the year.

The social housing programme was designed at national level and implemented in June 1995, but has been slow to take off. It aims to deliver low-cost housing by releasing housing grants to institutions which develop and manage the housing on behalf of beneficiaries. The programme can be used by local authorities and private organisations to provide low-cost housing under a rental or instalment sale agreement.

The Gauteng housing and land affairs department's 1997/98 annual report said the programme in the province delivered housing through three different vehicles: inner city institutional projects, high-density schemes and temporary housing for destitute people.

The report estimated that 2,5-million people in the province were landless. More than 378 000 households had therefore been targeted for secure tenure through the transfer of land and housing valued at R7,9bn.

The provincial housing backlog was estimated at 760 000 households which was escalating at a rate of 40 000 households a year as a result of natural growth and migration.

The department had set itself a delivery target of 243 000 units by April next year. It had delivered 122 308 stands between the 1994/95 and 1997/98 fiscal years. Under the provincial hostels upgrading programme, 44 000 hostel residents had benefited out of a targeted 90 000.

High levels of migration into Gauteng were exacerbating landlessness and contributing to land invasions. The Mayibuye programme released land for residential development to cope with this problem. A total of 32 869 sites were under development with 8 478 sites already released.

The report showed the department's capital budget had risen to about R900m in 1997/98 from R400m in 1994/95. In addition, the department managed a budget of R645m for the Katorus urban renewal project on the East Rand.

Gauteng housing and land affairs MEC Dan Mofokeng said there were a number of obstacles that had been dealt with. These included legal setbacks and corruption among officials and beneficiaries.

Zambian ban on imported wheat flour draws mixed reaction

(360) OD 17/3/98

David Simpson

LUSAKA — Imported SA wheat flour is still in evidence on the shelves of supermarkets throughout the Zambian capital, Lusaka, two weeks after a government-imposed deadline of end-February.

In September last year the Zambian government imposed a ban on the importation of wheat flour. The aim was to support local millers by restricting imports to whole wheat which can be milled in Zambia.

However, the ban appears to have had only a limited effect and Commerce, Trade and Industry Minister Enock Kavindele has warned shopkeepers that imported flour found on their shelves at the end of February will be automatically assumed to be smuggled and would be confiscated.

Mark O'Donnell, Zambian Association of Manufacturers chairman, says the government does not have the capacity to control smuggling, which sees SA products of all kinds flooding the Zambian market.

Apart from staff shortages in the customs department, imported flour can be immediately turned into bread and there is no way of checking the origin of the flour. The ban increases the incentive to smuggle and raises the price to the shopkeeper and to the consumer, he says.

Oven Fresh Bakery owner Kanti Ranchhod says the ban has helped local millers, but not bakers. "Flour needs to mature for a few months before it is used. The ban creates a shortage, and millers release immature flour onto the market. This results in bread which is too crumbly, and customers complain," he says.

SA flour, says Simba Milling Company executive Chris Constantinou, is mature because it contains the improver potassium bromate. This is banned as a food additive in SA and Zambia, but SA allows it for export. It finds its way into Zambia, and is difficult to spot unless tests are done, he says.

Constantinou welcomes the ban, because, he claims, Zambia has been used as a dumping ground by SA for too long.

Sas Kasselman, marketing manager of the National Milling Company (NMC), agrees that the ban has cut down smuggling and helped millers. His company buys locally grown wheat, which he says is of excellent quality. It is blended with imported wheat for milling. NMC tests for quality, and these do sometimes reveal the presence of potassium bromate in the imported flour.

SA, he says, has an excess milling capacity and that is why they can export at a low price.

The ban is due to end in July, when a special tariff on certain imported goods, including wheat flour, will be introduced. Kasselman would like a rate of at least 50%, and preferably 60%, to enable local millers to compete.

CT 17/3/98

Arms charges denied

(360)

LUSAKA: Zambia's President Frederick Chiluba has finally broken his silence over allegations that his government is aiding rebel leader Dr Jonas Savimbi's soldiers.

During a press briefing after a youth day celebration late last week, Chiluba said measures were being taken to probe the arms trade.

"We intend to open all the containers (passing through Zambia to Angola) to ensure that they contain what is declared."

On March 5, Angola's ambassador to Zambia, Mr Manuel Augusto, warned that if the Zambian government did nothing to lessen the arms trade with Unita, his country would be left with no choice but to defend its people.

Chiluba said his government was incapable of dealing in arms because it is so expensive. — Independent Foreign Service

Chiluba lifts Zambia's state of emergency

(360) 80 18/3/98

LUSAKA — Zambian President Frederick Chiluba yesterday lifted the state of emergency imposed after a failed coup last October, a move expected to appease opposition parties and western aid donors.

Chiluba lifted the emergency with immediate effect. The emergency gave the president sweeping powers including detention without trial.

Emergency rule was imposed by Chiluba in the wake of the failed coup by junior army officers last October. Under the decree more than 90 people were arrested in connection with the plot, including former president Kenneth Kaunda. Kaunda, who ruled Zambia for 27 years, has subsequently been charged with concealing knowledge of a treasonous act.

The emergency was imposed on October 29 for seven days, but was subsequently renewed for three-month periods in November and February.

Emergency rule has been heavily criticised by western donors, the bulk of whom have halted aid payments to Zambia, putting a cloud over the country's finances, which are reliant on foreign aid.

The donors, who underwrite yearly aid of more than $800m, raised concerns that emergency rule would reverse economic gains achieved since Chiluba came to power. The donors, led by Britain and the US, argued that emergency rule was also scaring away potential investors.

After rising to power in 1991 Chiluba dismantled Kaunda's socialist style command economy and ushered in one of Africa's most radical privatisation programmes. Zambian opposition parties led by Kaunda's former ruling United National Independence Party have also been highly critical of emergency rule, saying the president is using it to settle scores with political opponents. — Reuter.

MEDIA

CT (MR) 18/3/98 (360)

Nation group has plan for TV, radio stations

Kenya's Nation newspaper group announced a joint venture plan yesterday to establish television channels and FM radio stations in Kenya, Uganda and Tanzania. The television station will start broadcasting in Nairobi in the second half of this year, and will then be extended on both VHF and UHF frequencies throughout the country as the FM radio relays expand, officials told a press conference. The network will be extended later to Uganda and to Tanzania, with participation by local investors, said Wilfred Kiboro, the managing director of the Nation group. The publicly traded Nation group, in which the Aga Khan, the leader of the Ismaili Muslims, has a controlling interest, is competing head-to-head with the East African newspaper. The newspaper is also publicly traded, but close to the ruling Kenya African National Union, which recently acquired control of KTN Television, which competes with state-owned KBC Television. — *AFP, Nairobi*

Zambia enters second wave of privatisation

BD 19/3/98 (360)

John Dludlu

A SECOND wave of privatisation, involving a number of strategic parastatals, is to be launched in Zambia this year, Lusaka officials say.

The sell-offs, which follow the successful privatisation of more than 200 state corporations, will include telecommunications, utilities, energy, postal services, mines and properties.

Prequalification offers for the privatisation of Zambia Telecommunications Company are expected in August, says Zambia Privatisation Authority official Florence Mumba.

The country's premier insurer, Zambia State Insurance Corporation, is being reshaped and will be advertised after restructuring.

A lease for the Mpulungu harbour, Zambia's only inland harbour which handles mainly cement and sugar, is due out next month.

Opportunities for foreign investors exist in Kafue Textiles of Zambia and Zambian Sawmills. Investors will also be invited to bid for stakes in Zambia Railways, Mulubezi Railway, Tazara Railway, the National Airports Corporation, Zambia Electricity Supply Corporation, Lusaka Water and Sewerage Company, Zimco Properties and Zambia National Commercial Bank.

Mumba said yesterday the plan was to sell smaller entities first to gain experience in privatisation before selling major ones. To date, the agency has sold 215 companies and 198 commercial properties.

Cash was not a major consideration. Instead, a package — including investment, jobs and expansion plans — was considered, she said. As a result, not a great deal of money was realised.

The proceeds are used to finance feasibility studies and help social plans at privatised companies.

Since the start of the privatisation programme, now held as a model by the World Bank, the Zambian authorities have run into labour troubles.

Mumba said the agency had to deal with "overemployed" corporations before privatising them.

She said some of the recently privatised were fairing better in private hands than under state control.

...ce for assurances that Clinton would use the visit to insist on changes to the act. She told them that if Clinton himself did not raise the subject during his visit to SA, Commerce Secretary William Daley would. Daley will be part of the US delegation.

ANC suspends 12 memberships

THE African National Congress (ANC) national working committee suspended the membership of 12 councillors in the Butterworth Local Council yesterday, after they ignored a request by the Eastern Cape provincial government to resign.

The councillors are facing disciplinary charges brought against them by the ANC's Eastern Cape provincial executive committee for bringing the organisation into disrepute and for failing to act in the interest of unity.

The ANC said yesterday the councillors would be suspended with immediate effect pending the outcome of the disciplinary hearing.

The councillors were issued with an ultimatum on Tuesday to relinquish control of the town to the provincial government. The ultimatum was delivered by the police and cited the collapse of Butterworth's administration as the reason.

BMW councillors defended

MPUMALANGA's executive committee should not be publicly crucified for ignoring government regulations and spending R2,3m of unbudgeted tax money to buy 10 luxury BMWs for its MECs, Mpumalanga's portfolio committee on public works said yesterday.

The BMW 528is cost R77 000 more per vehicle than allowed for by ministerial handbook regulations and were bought in defiance of Transport Minister Mac Maharaj's concern about the deal, African Eye News Service reported.

Wool Forum asked for levy

IT WAS incorrectly reported in Business Day yesterday that the National Agricultural Marketing Council (NAMC) had requested a levy on wool. The levy was requested by the Wool Forum and the NAMC, which advises the minister of agriculture, briefed the parliamentary committees of agriculture on the background to the application. Eugene Brock of the NAMC said yesterday that in fact the majority of the council had voted against the application from the Wool Forum.

He said that it was not possible to tell if the membership of the International Wool Secretariat, at which the levy, if approved, will pay for, was a sound investment for wool growers.

REPORTS: Business Day Reporters, Sapa.

Report suggests that AEC be split

BD 19/3/98

Shareen Singh

A GOVERNMENT-appointed research team has recommended the Atomic Energy Corporation (AEC) be split into two separate organisations, with government retaining one part and privatising the other.

Research mandated by the cabinet and overseen by the arts, culture, science and technology department concluded there was no longer a need for the AEC's original nuclear research mandate.

This function should be scrapped and the AEC's remaining core activities — technology development and residual nuclear fuel-related functions — should be separated.

The research report, tabled to an interministerial committee this week, recommended a new public company, AEC Technology, be established to develop and market technology and related products at the Pelindaba and Valindaba sites. This company, to be created with substantial Industrial Development Corporation support, should be privatised.

New management

Interim government funding might be needed for AEC Technology.

The company should be run by a new management team which understood the markets.

The researchers did not believe the mineral and energy department was the appropriate structure to oversee AEC Technology.

"It is not logical or desirable to fund technology development in these areas (such as fluorine chemicals) in a non-transparent manner from the department of minerals and energy.... The department of trade and industry might initially be a more appropriate parent organisation."

Residual nuclear fuel-related functions such as radioactive waste management would continue to exist because of national health and environmental obligations, rather than economic imperatives. The focus would be on "cleaning up the consequences of years of wasteful expenditure".

The Safari reactor, a research reactor producing nuclear isotopes, was of little use and did not justify state financial support.

Evidence pointed to its closure. However, Safari's role in the International Atomic Energy Authority and Afra, a body looking into the peaceful use of nuclear programmes in Africa, might have political implications. A detailed study would be required to determine the impact of its closure, the research team's report said.

Last year the minerals and energy department financed AEC to the amount of R287m for its various divisions.

"It is difficult to understand why an energy ministry should be supporting many of these operations while the AEC does not contribute at all to energy production in SA."

The deputy director-general of arts, culture, science and technology, Rob Adam, said his department would discuss the report with stakeholders in the industry and at some stage a document would be tabled to the cabinet.

The report on AEC is part of a broader investigation of science and technology facilities.

National Union of Metalworkers of SA president Mtutuzeli Tom addresses delegates yesterday, the second day of the union's national bargaining conference held in Johannesburg.

Picture: TREVOR SAMSON

Department 'pulling out all stops' on policy

BD 19/3/98

Shareen Singh

THE minerals and energy department said yesterday it would pull out all the stops to ensure that a new energy policy green paper would be completed by the end of this month.

Deputy director-general Gordon Sibiya said the green paper was long overdue and was affecting progress in the restructuring of certain state assets, such as the Atomic Energy Corporation and the Central Energy Fund, as well as the provision of solar energy systems to communities.

"I have made a commitment to the portfolio committee on minerals and energy to produce the green paper in two weeks' time. If for some reason there is any delay, it will not be longer than 14 days after that."

Sibiya said when he joined the department in March last year the energy division was not fully functional and he had to focus largely on building that section. He had to develop and design new energy projects and a contracts management system.

The department was given the go-ahead last week to appoint three chief directors and three directors. This would more than double the energy division's capacity at a senior level. A chief director in charge of electricity demand and development, Simunda Mokoena, was appointed on Tuesday. The other posts would be advertised next week.

The lack of capacity in the energy division has hamstrung the department's progress in certain areas, including energy policy, said Sibiya.

Industry sources blamed the delay on energy policy on Minerals and Energy Minister Penuel Maduna. "The process of drafting energy policy had begun long before Sibiya joined the department and some key officials left, apparently after disagreements with the minister's approach on issues. There have already been a number of drafts of the green paper, but none officially tabled."

Sibiya said a white paper would follow within two months of the green paper being handed to the portfolio committee. A bill was expected to be tabled by June.

Government loses its status as a 'safe client'

Lukanyo Mnyanda

BD 19/3/98

BUILDERS were considering asking for bank guarantees before embarking on government projects following a growing trend of late payment and nonpayment by local and provincial governments, the Building Industries Federation of SA said yesterday.

Executive director Ian Robinson said government had lost its status as a "safe client" and that nonpayment was hitting emerging contractors the hardest, with a number having been forced to close down because of cash-flow problems.

It was difficult to put a figure on the amounts involved as the situation could change drastically depending on particular cases, but nonpayment was a growing problem which had forced the cancellation of some projects.

Building and construction professionals were reported to be owed at least R80m late last year.

Robinson said there was "something immoral" about the lack of payment which had already forced some smaller players to close down their businesses.

Zambian delegation focuses on potential investors in SA

John Dludlu

A ZAMBIAN delegation, headed by Commerce and Industry Minister Enock Kavindele, is targeting SA investors as the Lusaka authorities prepare for the sale of state-owned assets.

Kavindele launched a week-long road show in Johannesburg yesterday by inviting SA companies to put Zambia, one of Africa's most successful privatisation stories, on their agenda.

Soon to be sold will be the country's telecommunications, energy and transport parastatals and other state-owned corporations and properties.

Privatisation of over 200 relatively smaller entities had already taken place.

Florence Mumba, an official of the Zambia Privatisation Agency, said SA was being targeted as SA's investors already had a presence in Zambia.

Officials from the Zambian Investment Centre also told a seminar organised by the SA Chamber of Business (Sacob) yesterday that the protracted talks with multinational consortium, Kafue — which was in the final stages of buying a significant chunk of Zambian Consolidated Copper Mines — would be concluded soon.

Negotiations with Kafue, which included SA mining group Avmin, had dragged on longer than expected partly as a result of differences over the value of the asset, said Bwalya Nga'ndu, director-general at the investment centre.

The privatisation programme was inspired by a realisation that business was not for government, Kavindele said.

Investments in the public sector would be made in a way that supplemented private capital. Kavindele said the 1992 reforms had started showing results. These included the abolition of all foreign exchange controls; positive interest rates (with the main rate at 24%, significantly lower than some 50%); subsidies were scrapped; and consumer inflation was reduced to 18% from over 300% before the reforms kicked in.

Sacob president Humphrey Khoza called on business in the southern Africa region to form clusters to be internationally competitive, saying they should not wait for governments.

BD 19/3/98 (360)

Project questioned: Page 13

Zambia moves to plug its 'porous' borders

(360)

MtG 20-26/3/98

Chris Gordon and Ann Eveleth

Zambia sent 500 troops to its border with Angola on Monday following persistent allegations that arms to Unita are being ferried across it.

After months of denial that the border was porous, the Zambian government this week finally agreed to take action.

The agreement, announced by Zambian foreign minister Keli Walubita, is that both sides send troops to the border to investigate conditions.

This follows allegations made at a press conference in Lusaka on March 5 by the Angolan ambassador to Zambia, Augusto Emanuelle, who alleged that Zambia had not moved decisively to stop the flow of arms to Unita by road and air, and that the border with Zambia was under effective Unita control.

The Zambian agreement also comes in the wake of growing concerns over the country's use as a supply route for arms to rebel factions allied to former Zairean dictator Mobutu Sese Seko in the fractious Central African region.

The United Nations Integrated Regional Information Network for Central and Eastern Africa (IRIN-CEA) said this week that Ugandan, Rwandan and Burundian rebels were being armed through old apartheid black market smuggling operations led from Johannesburg by three of the late Mobutu's most senior military allies, generals Kpama Baramoto and Ngbale Nzimbi and former Zairean defence minister admiral Mudima Mavua.

IRIN-CEA quoted an East African newspaper claim that these arms were moving through Zambia to the Lake Tanganyika port of Nsumbu, from which they are shipped to smaller ports and into the Congolese battles zones of North and South Kivu.

The Johannesburg-based Institute for Strategic Studies also acknowledged that there is now mounting concern in South African security circles over some clandestine arms links with the Great Lakes region, but lamented a lack of hard evidence on the connection.

Emanuelle also claims that Unita has infiltrated the Maheba and Mayukuyuku refugee camps in north-west Zambia, and was recruiting Hutus. Africa Watch confirmed there had been a degree of Unita penetration of the camps.

Unita's supply lines via Zambia have taken on new importance with the strangulation of routes through the Democratic Republic of Congo and Congo-Brazzaville.

The Zambian Air Force was empowered to shoot down any plane using the country's airspace without permission.

Researchers in the region have cited two major routes for supplies via Zambia to Unita's bases in Angola, including Cazombo near the frontier with Zambia.

The routes are though Zambezi Lodge base in north-west Zambia and Mfuwe in northern Zambia, which is also said to be a route by which weapons reach the Great Lakes region.

The airstrip at Zambezi Lodge was reported to be upgraded and lengthened, though Alex Vine of Africa Watch, recently returned from Zambia, warned that stories of fully-fledged Unita military airstrips were an overstatement.

Angolan intervention in Zambia is not seen as a likely outcome, and would hardly be tolerated by the 14 Southern African Development Community nations.

(360)

Catastrophe awaits Zambia

Sowetan 23/3/98

'Chiluba can change only if Zambians are militant'

By Ndangwa Noyoo

THE GENERAL SECRETARY of the Zambia Democratic Congress (ZDC) Azwell Banda, who was recently granted political asylum in South Africa, was featured in *Sowetan* on March 2. His comments were quite perceptive.

However, he did not touch on certain nuances that continue to influence Zambia's present decayed state.

Of note are three critical areas that must not be glossed over if Zambia is to be redeemed from its present condition – ethnicity, the culture of piracy and a national cadre that does not demand quality leadership.

The three have become definitive of Zambian society and play a crucial role in directing the course of the country's economic and social development pursuits.

Ever since Frederick Chiluba unseated the United National Independence Party (Unip) government in 1991, which was headed by Kenneth Kaunda, his prime mission was to elevate ethnicity on to the national agenda.

To this end, Chiluba from the outset strove to stifle independent thinkers in his Movement for Multiparty Democracy (MMD), particularly those from other ethnic groups, and surrounded himself with sycophants from his tribe in northern Zambia.

He went further to purge all leading people manning Zambia's institutions in the political, economic and social arenas and replaced them with people from his tribal group.

Thus, his first cabinet was composed of individuals mainly from the north of Zambia and his tribe still dominates the current cabinet.

Access to life chances such as formal employment have also been structured along ethnic lines.

Thus jobs in the diplomatic corps, Central Bank, military, civil service, Zambian Privatisation Agency, Zambian Investment Centre and other parastatals have been apportioned to his tribe, leaving the rest of the other 70 tribes (apart from a few henchmen) to fight for the remaining crumbs of the national cake.

Serious ramifications

The ideal of "One Zambia-One Nation", which was initially crystallised by Unip, has now been denuded. This state of affairs poses serious ramifications for social development in Zambia.

The culture of piracy also permeates all economic undertakings in the country.

The leading players in this respect have all been MMD functionaries.

The unbridled privatisation programme currently under way has not and will not benefit the mass of the Zambian people because the same politicians and their clans are the ones who are buying most of the companies, mostly at concessionary rates.

Furthermore, many of the so-called foreign investors are merely fronts for the ruling party.

Privatisation in Zambia, in effect, is the scramble for Zambia.

Zambian president Frederick Chiluba.

The MMD's voracious appetite for wealth has transcended all facets of human decency. Allegations that some high-ranking MMD officials have been involved in drug trafficking are common knowledge.

This culture of piracy now imbues the social fabric and has trickled down to the rest of the society. Corruption, nepotism and maladministration epitomise Chiluba's rule.

Zambia's political crisis – heightened by last year's aborted coup by junior army officers and the subsequent arrests of opposition leaders by the MMD government, notable among these Kaunda – has brought into sharp focus issues of good governance and democratic rule.

Cardinal to the whole notion of economic prosperity and regional integration, as envisaged by the Southern African Development Community (SADC), is political stability.

A requisite ingredient towards regional integration is peace and stability, which should ideally prevail in member states.

Southern Africa has been plagued by political instability that has impacted negatively on the region's economic and social development.

But the internal socio-economic and political landscapes must ultimately define qualitative social, economic and political transformations in each member state.

It would be naive to suggest, as Banda does, intervention from outside, especially from the SADC. Zambians themselves, first and foremost, must demand good governance, accountability and transparency.

They must be in a position to challenge politicians who do not respect the people's mandate.

It is for this reason that the few critical individuals who speak out against the MMD remain lonely voices in the political wilderness or become victims of the state's repressive security system.

Zambians have chosen to be docile in matters of national concern, thus making Chiluba and his lackeys very arrogant. Zambians are the only ones who can save themselves from mediocre leadership and misrule.

The present political impasse is only a storm in a tea cup. More catastrophes await the country under Chiluba's leadership.

For this reason, the internal dynamics will have to shape the Zambian mindset from one of nonchalance and passiveness to one of militancy. Only then can one begin to envisage the extrication of Zambia from the present socio-economic and political quagmire.

(The writer is a Zambian lecturer at Wits University's School of Social Work.)

SA major player in breathing life into Zambian economy

Sowetan 23/3/98 (360)

By Isaac Moledi

SOUTH African companies are becoming major players in the Zambian economy, bringing into life that country's battered infrastructure and the opportunities that were rarely available.

According to figures released by the Zambia Investment Centre in Lusaka, and published recently by the South African Institute of International Affairs' (SAIIA) international policy update, investment pledges from South Africa have reached R889,2 million, easily surpassing those of Britain, which has R607,62 million in the country.

In November alone, Zambia documented investment pledges of R370,5 million – a record since Lusaka began its investment promotion scheme.

SAIIA's Ian Taylor says that recent events may be readily explained by a combination of two factors.

The first is the lifting of trade restrictions on South Africa following the demise of apartheid, and the second factor is the rapid and successful privatisation of Zambian state enterprises under president Frederick Chiluba.

Elected to office with a manifesto committing him to privatise state-run industries, Chiluba has maintained a heady rate of sell-offs since the programme was launched in 1992.

"Under the guidance of minister of finance Ronal Penza and the administration of Valentine Chitalu of the Zambia Privatisation Agency (ZPA) – which plans, implements and controls the privatisation process – Lusaka has disposed of around 215 of the 326 previously state-run firms," says Taylor.

Accounting in their time for nearly 80 percent of Zambia's economic activities, parastatals were established and private firms nationalised under the previous United National Independence Party (Unip) government of Kenneth Kaunda, which ruled Zambia for 27 years after independence in 1964.

Although they were meant to be showcases of independent Zambia, they (the parastatals) rapidly became sinecures for incompetent and corrupt civil servants, often recruited through blatant nepotism.

More importantly, they were a major drain on the increasingly deteriorating Zambian economy for they required constant bailing out by the government.

"Notoriously inefficient, many of the parastatals had become an embarrassment: the brewery in Lusaka infamously running out of beer is but one example of many," says Taylor.

Under Chiluba's government, however, Taylor argues that Zambia's poor image among investors has been slowly reversed and confidence in the country rebuilt.

"Major international companies have not been slow in recognising the potential offered by Chiluba's privatisation programme and have rushed to take advantage of Lusaka's desire to divest itself of the parastatals."

South Africa's African Oxygen, he says, has bought 70 percent of Zambia Oxygen while British conglomerate Lonrho has bought into the breweries for R41,99 million with an additional R12,45 million refurbishment.

Unilever has taken over Refined Oils and Britain's Tate and Lyle and the Commonwealth Development Corporation have purchased 70 percent of Zambia Sugar.

In addition, SA's Shoprite Checkers has opened six supermarkets in Zambia's strategic locations.

"By the end of 1997, Lusaka hopes to have around 90 percent of the economy in non-state hands," says Taylor.

From this investment, he says Zambia hopes to reap some dividends. These include hard currency that it will receive from the repayment for the formerly state-run concerns, which it could invest in the country's battered infrastructure to improve its communication and transport systems.

"This investment is intended to have a knock-on effect on the economy, for Zambia's notorious roads and unreliable communications network comprise at present a major handicap to the nation's development."

The wider economy is also expected to benefit from the additional tax paid and the increased efficiency in service that is expected once private business assumes management control.

Furthermore, the extra tax paid to the government will contribute to the nation's development as the state currently spends about 35 percent of its budget in the social sector.

"These privatisation and other measures have seemingly satisfied foreign businessmen so far.

"Despite being criticised by Unip and Kaunda for selling off the Zambian Consolidated Copper Mines to foreigners with resultant job losses, the privatisation programme in fact has seen only 70 of the 215 assets sold to non-Zambians.

"Only four of the parastatals have closed down after privatisation," the policy update says.

Chiluba sacks his finance minister

ET (PR) 24/3/98 (360)

ANTHONY MUKWITA

Lusaka — Zambian President Frederick Chiluba has sacked Ronald Penza, his controversial finance minister, in a move that economists believe will affect the privatisation programme and partially derail the 1998 Budget.

He has been replaced by Edith Nawakwi, the agriculture minister.

Penza, one of the longest-serving ministers in Chiluba's cabinet, took over the finance ministry in 1992. He was appointed at the start of a structural adjustment programme imposed by the World Bank and the International Monetary Fund (IMF).

His strict adherence to the programme earned him praise from the international community but resentment from state workers who lost their jobs when state firms were privatised.

By the time of his dismissal, the Zambia Privatisation Agency had privatised 222 of 331 companies and units, a record achievement hailed by the World Bank and IMF.

In 1994, Penza was voted world finance minister by a British business magazine.

He has also earned a reputation for being outspoken and for his bold economic decisions, such as introducing taxes on second-hand clothes in this year's Budget. The decision was reversed by Chiluba after an outcry.

In 1996, Penza found himself in trouble with civil servants after refusing them salary increases because the government had no money in its cash budget.

The civil servants' union sued him and the industrial relations court fined him about $1 000. He appealed against the decision, and the case is still pending.

With his dismissal, commentators believe the privatisation programme might be slowed and the Budget partially revised. Some expect Chiluba to scrap other taxes Penza introduced in this year's Budget. — Independent Foreign Service

Zimbabwe mines hit by low prices

(360)

Martin Rushmere

BD 25/3/98

HARARE — Anglo American's chrome and nickel operations in Zimbabwe say they have been battered by low world prices, leading to a serious downturn in profit.

Chrome miner and refiner Zimbabwe Alloys has been the worst hit, recording a Z$87m loss for the year to December compared a Z$71m profit the previous year.

Nickel producer Bindura has reported a 16% drop in profit to Z$127m for the year to December.

The price of the 34 000 tons of low carbon ferrochrome produced by Zimbabwe Alloys fell 20% during the year and the weighted average price for the 10 000 tons of nickel produced by Bindura was 13% lower.

Bindura's future is doubtful, say stock market analysts, because of the decision to postpone indefinitely the development of its Hunter's Road deposit.

Copper price slump claims another scalp

BD 26/3/98 (360)

David McKay

THE decline in the copper price claimed another scalp yesterday when Falconbridge withdrew from the Konkola Deep project, an $800m venture in which Anglo American Corporation holds an indirect stake through Zambia Copper Investments (ZCI).

Falconbridge cited poor copper price forecasts for its withdrawal, which underlines the difficulties other SA companies are having in new ventures to mine the metal. Avmin and Anglo American's offshore arm, Minorco, are labouring under the decline in the copper price which Minorco's Nick von Schirnding said had taken many people by surprise.

The copper price slipped $300/t to about $1 750/t since November and was "in dire straits", London stockbroker T Hoare & Co said in a report.

The London Metal Exchange fixed the price at $1 737/t at the close, and with the western market balance suggesting a surplus of about 800 000 tons for 1998, price prospects were likely to remain low, analysts said.

Minorco had already suspended further development of two copper projects in South America — Quellaveco and Salobo — on which it had spent $80m. It would proceed with its Collahuasi project, but only because it would produce copper at a relatively cheap $0,45/lb for the next six years.

Avmin was hoping to renegotiate the terms of its investment in the privatisation of Zambia Consolidated Copper Mines (ZCCM). Spokesman Julian Gwillim confirmed yesterday the group was reviewing its prospective investment in ZCCM. Avmin remained committed to buying a significant stake in the company, he said.

The withdrawal of Falconbridge from Konkola is the third time ZCI has been left in the lurch by a potential partner. Gencor and Australian company Western Mining were former partners. A ZCI spokesman said the company was 100% exposed to the project and would seek new partners if the project proved viable. A decision would be taken in the second quarter.

SA puts in lion's share of Zambian investment

CT (BR) 27/3/98 (360)

Roy Cokayne

Pretoria — More than half the $272 million foreign investment projects approved by Zambia last year involved South African companies, said Bwalya Ng'Andu, the director-general of the Zambia Investment Centre, yesterday.

He said, after a Zambian investment delegation had given a presentation to the Afrikaanse Handelsinstituut, that Sun International's $50 million hotel complex at Livingstone on the Zambian side of the Victoria Falls was the biggest South African investment in the country last year.

Ng'Andu said the hotel project involved the construction of three hotels and should increase tourism to Zambia.

Other South African companies which had invested in the country included Shoprite-Checkers, Smart Centre, SAB, Anglo American, Anglovaal, Ackerman's, Bonnita and Clark Cotton.

Ng'Andu said a large number of investment opportunities existed in Zambia in a variety of sectors. These included mining, manufacturing, chemicals, telecommunications, energy, property and the financial sectors.

Ng'Andu said Zambian President Frederick Chiluba's government had done away with the socialist-inclined policies of his predecessor, Kenneth Kaunda.

This change was receiving an encouraging response from the private sector after initial misgivings, he said.

"There is also clarity now on the fact that the government does not want to be in big business."

Ng'Andu said Zambia's inflation rate had dropped from 200 percent in 1992 to 18,6 percent last year. The inflation rate target for this year was 9 percent, he said.

Kafue deal collapse may delay privatisation

(360) ST(BT) 5/4/98

ZAMBIA's bid to revive its copperbelt suffered a setback this week when talks to sell its two biggest mines to a foreign mining consortium collapsed.

Zambia Consolidated Copper Mines (ZCCM) said it was unable to reach agreement with the Kafue consortium and "negotiations have now ceased".

Anglo American, a 27.3% shareholder in ZCCM, said on Friday it was concerned that the collapsed deal would further delay the privatisation of ZCCM.

Zambian officials said they would open talks with other interested parties, and named Anglo American as a likely contender for the Kafue package.

But Anglo's Jack Holmes said it had not been approached.

Holmes said Anglo had viewed the privatisation of ZCCM as a matter of the utmost urgency.

"It is necessary that this company is put in a position where there are new owners with plenty of investment capital to put into the company, which it desperately needs and has not had now for many years," Holmes said.

The Kafue consortium confirmed that the bid had failed, stating that its recent offer for the purchase of the Nkana and Nchanga had been rejected.

"The findings of the consortium's extensive due diligence process, together with the downward shift in the copper market and other unresolved issues, significantly reduced the value of the assets," the consortium said.

"Although the breakdown of the negotiations was disappointing, the negotiating team has a duty to realise value for the assets," the head of ZCCM's privatisation negotiating team, Francis Kaunda, said.

The Kafue partners include SA's Avmin, Canada's Noranda, US-based Phelps Dodge and the Commonwealth Development Corporation.

The group won the bid for the two mines late last year, offering the Zambian government about $400-million. The deal was to have been concluded this week, but talks dragged on as copper prices slumped more than 30% in the past nine months.

ZCCM said it believed that even at the present low prices, the assets represented a valuable and unique opportunity for investors.

A week ago, another Zambian mine privatisation effort was thrown into doubt when Canada's Falconbridge backed out of the Konkola project.

Zambia was once among the world's biggest copper producers, with output peaking at about 750 000 tons in 1970. But mismanagement, neglect and ageing equipment, coupled with falling copper prices, have halved that figure.

ZCCM is also burdened by $800-million in debt, with at least $200-million in short-term liabilities to suppliers.

The Kafue consortium was negotiating for a package comprising the Nkana and Nchanga copper division, the Chambishi cobalt and acid plants, and other assets. Nkana and Nchanga are Zambia's biggest copper mines, making 171 666 tons of copper and 4 252 tons of cobalt in the year to March 1997.

No price tag was made public, but analysts estimated it at about $250-million, with further capital investments of hundreds of millions of dollars. — *Reuter*

Kafue talks failure stalls Zambian mines revival

(360) PD 6/4/98

ANGLO American, a major shareholder in Zambia Consolidated Copper Mines (ZCCM), said on Friday it was concerned that failure in talks to sell Zambia's two biggest mines would further delay the privatisation of ZCCM.

Zambia's bid to revive its massive copperbelt suffered a major blow on Thursday when it failed to reach a deal to sell ZCCM's Nkana and Nchanga divisions and other assets to a group of foreign mining companies known as the Kafue consortium.

"Obviously as shareholders we are very concerned that these negotiations have broken down and that therefore the completion of the privatisation process is still somewhat uncertain," said Jack Holmes of Anglo American.

"Any delay of consequence — particularly at this critical stage when everyone is looking at very low copper prices, and the company's production is not going very well — is a serious concern," Holmes said.

Anglo American, through its subsidiary Zambia Copper Investments, holds a 27,3% interest in the largely state-owned ZCCM.

The Kafue partners — Avmin of SA, Canada's Noranda, US-based Phelps Dodge and London-based Commonwealth Development — had offered $700m for the package.

The group said that the recent slump in worldwide demand for base metals had forced the consortium to re-evaluate the mines since winning rights to the project last year.

Spot copper prices have dropped about 40% since June amid growing supply and weak Asian demand due to slumping economies in that region.

Zambian negotiators rejected the offer, saying that even at current low copper prices the assets were good value.

Zambian officials said they would soon open talks with other interested parties, and named Anglo American as one likely contender for the Kafue package.

But Holmes said Zambia had not approached Anglo over a possible role in the project.

"Whether we would be invited to play a role, and if we are invited whether we would be interested in pursuing the matter, is not something I can comment on at the moment," Holmes said.

Noranda has said it remains interested in the project.

A spokesman for Avmin said the process was now in the hands of the Zambians, and the company would await their direction.

Holmes said Anglo had viewed the privatisation of ZCCM as a matter of the utmost urgency.

"It's very necessary that this company is put in a position where there are new owners with plenty of investment capital to put into the company, which it desperately needs and has not had now for many years," Holmes said.

Zambia launched its drive to privatise ZCCM two years ago in a bid to revive its mining industry which is the country's biggest employer and major hard currency earner. — Reuter.

Cards

Zambian chemical plant closes

(360) (#62) BD 8/4/98

Chilombo Mwondela

LUSAKA — Zambia's hopes of becoming more self-reliant in fertiliser production have been dashed following the closure of the country's only chemical factory.

The main reason for the halt in production of fertiliser and other acidic products at the Nitrogen Chemicals of Zambia plant in Kafue is a lack of working capital.

The company was put up for privatisation early last year but failed to attract viable buyers. Sasol of SA withdrew its bid without providing reasons. Management had also pushed for a buyout under the current privatisation programme, but failed to raise the money.

Machinery was turned off at the last sections which were still running — the ammonia nitrate plant which produced porous grade explosives and the nitric acid plant.

The sulphuric acid, fertiliser, and ammonia plants stopped functioning a few years ago when the company was hit by financial problems.

Commerce, Trade and Industry Minister Enock Kavindele said the Zambian government owed the company a lot of money. "It is true that if this money was given to Nitrogen Chemicals it could limp along as it is looking for a prospective purchaser. But Nitrogen Chemicals owes a lot of money to a lot of creditors," he said.

The inability to purchase raw materials and the subsequent halt in production left 1 000 workers with an uncertain future.

National union spokesman Michael Hichintu said workers had not been told whether they would receive severance benefits and were waiting to receive payments for the past three months. "The workers are starving," Hichintu said.

Talks on Zambian mines begin

BD 9/4/98 (360)

ZAMBIA's top privatisation negotiator said yesterday fresh talks with foreign firms interested in the purchase of the country's two biggest mines would start today.

Francis Kaunda, head of the Zambia copper mines privatisation team, said Nchanga and Nkana mines would still be sold as one entity despite domestic calls for them to be unbundled.

Kaunda said it was too early to name the interested foreign firms, coming into Zambia after negotiations with a South African-led foreign consortium collapsed last week. "We will mainly be looking at bids submitted so far; look at the serious ones and then begin serious talking next week."

The fresh attempt to try and sell the two mines, which make up 65% of total assets owned by the giant Zambia Consolidated Copper Mines (ZCCM), is part of a radical privatisation campaign by the government of President Frederick Chiluba.

Kaunda said last week "bad faith and dictatorial terms" were behind the collapse of negotiations to sell the two mines to the Kafue International Consortium.

The consortium partners include SA's Avmin, Canada's Noranda Incorporated, US-based Phelps Dodge and London-based Commonwealth Development Corporation.

Kaunda said the consortium had sought to alter terms agreed upon in November, including the amount of ZCCM debt it would assume. He said that the group also wanted assets not included in the original deal.

The Kafue partners said the recent slump in worldwide demand for base metals had forced the consortium to re-evaluate the mines since winning the project last year. It said it had offered \$700m over a five-year period for the mines but Kaunda said only \$105m was offered.

Since last week's talks collapsed, the influential Economic Association of Zambia has called on the government to unbundle the two mines and sell them as separate entities, but Kaunda said it was too late for that.

"For now we must retain the package as it is and find buyers as soon as possible."

Kaunda and the government accused western donors of undermining the bid to sell the mines by attaching conditions that defeated free-market principles.

Kaunda said Zambia's negotiating position is weakened by donors who linked the privatisation of the mines to their annual aid contributions, due to be reviewed next month.

He also criticised consortiums, saying they limited competition.

The Nkana and Nchanga projects are Zambia's biggest copper mines, producing 171 666 tons of copper and 4 252 tons of cobalt in the financial year ended in March 1997. — Reuter.

Copper belt project 'no longer viable'

(360) BD 14/4/98

Chilombo Mwondela

LUSAKA — British development finance institution, the Commonwealth Development Corporation (CDC), has halted plans for several developments in the copper belt following the collapse of negotiations to sell government's Nchanga and Nkana mines.

Last week government turned down an offer from the Kafue Consortium, which consists of SA's Avmin, the CDC, Phelps Dodge of the US and Noranda of Canada, for the two key mines in the Zambia Consolidated Copper Mines (ZCCM) fold. Kafue said it could not improve its offer in view of low copper prices.

CDC CE Roy Reynolds said in an interview that the Zambian government's decision to reject the offer had been unfortunate. CDC no longer saw a need to help construct a planned shopping mall on the copperbelt or to get involved in any other investment there because business would not be viable if the mines continued to languish.

Plans for a new hotel on the copperbelt have also been shelved until the privatisation of the two big mines.

As a partner in the Kafue Consortium, the CDC had intended to put $1bn into rehabilitating the two mines, which make up half of ZCCM's output.

Chilanga Cement, a company which falls under the CDC portfolio, has shelved a $65m plan to expand its operations. CE Patrick Gorman said the company had hoped earlier that business flowing from mine rehabilitation would justify the expansion of the cement plants.

Reynolds said the CDC remained committed to the acquisition process on the mines, provided government appreciated the potential impact of the Kafue Consortium's investment package on the Zambian economy.

Kafue's offer was structured into a cash component, pledged investments, the takeover of the two mines' debt commitments, and other social undertakings affecting employees.

CDC has invested heavily in Zambia in agricultural and commercial concerns. Its biggest contribution to the privatisation process so far has been the major shareholding it took in Zambia Sugar Company and Chilanga Cement. The CDC is also running the Mpongwe Development Scheme, which is producing wheat.

Copper provides about 90% of Zambia's earnings, according to the Economics Association of Zambia, but declining copper production has been linked to the fall of the kwacha against the dollar in recent months.

Zambia's copper production has fallen from 700 000 tons in 1970 to 318 000 tons last year. Meanwhile, the dollar, selling at 1 300 kwachas in December last year, is now at 1 800 kwachas.

The Bank of Zambia has warned commercial banks to desist from "fueling speculation" on the money market because of the drop in copper sales, thereby causing an "artificial shortage" of the dollar.

Deputy Bank of Zambia governor Abraham Mwenda says he hopes for a "better exchange rate at the end of 1998, when copper prices are expected to rise".

Mines dispute threatens privatisation in Zambia

C (Mr) 17/4/98 (360)

Buchizya Mseteka

Johannesburg — A row over the sale of Zambia's copper mines was threatening one of Africa's most radical privatisation programmes and could reverse economic gains of the last five years, analysts warned yesterday.

They pointed to the sharp fall in the value of the kwacha, Zambia's currency, now trading at 1 800 to a US dollar from 1 300 last year, as an indicator that the failure to privatise the mines had the potential to destabilise the Zambian economy.

The dispute revolves around the value of the mines, investments in the industry and the amount of debt would-be investors should assume.

'Zambia is all about mining. When that is in turmoil, the economy follows suit'

"This row ... must be resolved as soon as possible for the good sake of the mines and the economy as a whole," said a Western diplomat based in Lusaka.

A leading banker added: "Zambia is all about the mining industry. When that industry gets into turmoil, the whole economy follows suit."

A World Bank team arrived in Lusaka on Wednesday to work out a survival plan for the giant Zambia Consolidated Copper Mines (ZCCM).

The visit follows the failure of talks to sell the Nkana and Nchanga copper mines to the Kafue consortium of foreign firms. Nkana and Nchanga are the two biggest mines in copper-rich Zambia, accounting for 65 percent of ZCCM's assets.

"The officials will look at the interim arrangement and financial implications of the failed ZCCM negotiations," a finance ministry official told Reuters. "They will also look at working out a survival plan for ZCCM while awaiting new buyers."

The Kafue consortium — comprising South Africa's Avmin, Canada's Noranda, the Commonwealth Development Corporation and US-based Phelps Dodge — won the rights to the project last year.

However, talks to finalise the agreement dragged on as copper prices fell nearly 40 percent amid slumping worldwide demand for base metals.

Zambian negotiators said they broke off talks after the consortium sought to alter terms both sides had agreed to in November, including the sale price and the amount of ZCCM debt the group would assume.

The consortium said its revamped package offered $700 million over five years for the mines and other assets, but the Zambian negotiators valued the package at only $105 million.

US-based Citibank warned in a recent newsletter: "Although the government maintains its commitment to privatisation, the break in negotiations is a major setback, not only to the process of selling the most important piece in the programme, but also to the prospects for economic growth in 1998." — Reuters

AFRICA NEWS DIGEST

☐ ZAMBIA

EJ(BE) 21/4/98

World Bank intervenes in stalemate on privatisation of state mines (360)

The World Bank, one of the major architects of Zambia's privatisation process, has sent a team to the country to assess the economic effect of the stalemate in the talks between the Zambian government and the Kafue consortium regarding the sale of the Nchanga and Nkana mines, the premier packages in Zambian Consolidated Copper Mines (ZCCM).

Talks between the consortium and the government broke down two weeks ago after the consortium decided to alter the terms agreed in November, plus the debt it would have had to take over. A presidential spokesman said: "The president (Frederick Chiluba) is determined that no assets will be sold at less than their full value, because the assets, especially the mines, are not the property of this generation or indeed this government."

The consortium comprises South Africa's Avmin, Canada's Noranda, the Commonwealth Development Corporation and the US's Phelps Dodge. — *Independent Foreign Service, Lusaka*

Zambia feels the pinch as donor support lags

BD 23/4/98 (360)

Chilombo Mwondela

LUSAKA — Zambia has so far obtained less than a quarter of its much-needed balance of payments support from donors for the present financial year.

According to the budget estimates, about $500m is required to bridge the government's financing gap.

This is significantly more than last year's requirement.

Without balance of payments support, Zambia cannot keep to its debt-servicing agreement with the International Monetary Fund. It could also mean that Zambia will fail to qualify for the heavily indebted poor countries debt-relief programme.

One recent blow is the loss of several quarterly aid grants from some donor governments because of the delay of the consultative group meeting convened by the World Bank every year. The bank and its partners act in concert to help developing countries.

Zambia has already lost aid from Britain and Japan because of the delay of the consultative meeting, which is now held after the end of these governments' financial years.

The setting of the consultative group meeting on May 12, almost in mid-year, has meant that other donor countries which have planned to give aid to Zambia might also not fully honour their pledges.

Reluctance to fulfil pledges is also brought on by reduced aid budgets and the fact that Zambia has already missed the first and second quarters of the year in the aid portfolio.

According to financial experts, the donors have not reached agreement yet on whether to finance the Zambian budget. The agreement is finalised once donors believe the terms they set have been fulfilled by government.

The demands of Zambia's partners include that government lift the state of emergency — which it did recently — and that all coup detainees be released or charged.

They also want charges to be laid against those alleged to have tortured coup detainees.

Mine unbundling on the cards

BD 24/4/98 (360)

THE Zambian government would announce plans to unbundle its embattled mining company, Zambia Consolidated Copper Mines (ZCCM), after it won crucial financial help from the World Bank, a senior government source said yesterday.

"The minister of finance has been convinced of the need to unbundle ZCCM and she will be communicating this decision to the (World) Bank and potential buyers," the source said. Finance Minister Edith Nawakwi is expected to make the announcement as early as today.

The World Bank also granted ZCCM a 40-million SDR (special drawing rights) short-term survival package while the government sought buyers for the copper mining corporation, the source said.

Negotiations were also taking place for further World Bank aid of up to 60-million SDR to support ZCCM's restructuring and retrenchment programmes.

The government has set a target for privatising ZCCM, which is largely state-owned, by June 30, the source said.

The source said the government was talking to Canada's Noranda mining firms as well as a Chinese firm fronted by the European Investment Bank.

The privatisation of ZCCM, launched with much fanfare a year ago, hit problems last month when government negotiators broke off talks with the Kafue consortium to sell its premier Nkana and Nchanga mines, citing unfavourable terms. The consortium included Avmin of SA, Noranda and US-based Phelps Dodge and the Commonwealth Development Corporation.

The Kafue consortium won the rights to the project last year, but talks dragged on as copper prices fell nearly 40% along with slumping worldwide demand for base metals. Zambian negotiators said they broke off negotiations after the Kafue group sought to alter the terms both sides had agreed to in November.

The consortium said its revised package offered $700m over a five-year period for the mines and other assets, but Zambian negotiators valued the package at only $105m. However, it is understood the government is considering changing the composition of the privatisation committee to facilitate new talks with the consortium.

A reshuffling of the committee to include more people sympathetic to the government's position could make it difficult for former ZCCM chairman Francis Kaunda, to block any future deal with Kafue.

Members of the consortium indicated this week that ~~they were~~ still willing to take over the mines but stressed there could be no increase in their offer.

"Someone has to tell the government that the assets are not worth much — just above zero," said one representative. "The operations are only just in a commercially rectifiable state."

Some analysts suggested ZCCM's losses were running at an annual rate of $250m.

Jacob Mwanza, the governor of the central bank and a director of ZCCM, is believed to favour a renewed bid from Kafue.

Kaunda said the collapse of the Kafue bid was "not the end of the road" and that the committee had received "expressions of interest" from companies that it considered to be serious. "The door is now open to whoever," he said.

Kaunda said the protracted talks with Zambia Copper Investments, an associate of Anglo American, over the $800m Konkola Deep project was going well.

Meanwhile, Avmin said yesterday it was not talking separately to the Zambian government regarding its privatisation of Zambia Consolidated Copper Mines. However, it was keeping a "line of communication" open through the Kafue consortium. — Reuter, Financial Times.

AFRICA

Bank of Zambia planning to introduce forex curbs

Chilombo Mwondela

LUSAKA — The Bank of Zambia has announced that it plans to introduce foreign exchange "regulatory measures" by the middle of this year.

The central bank's director of economics, Felix Kani, said this would be done to safeguard the economy from money launderers and other "get-rich-quick" elements who were taking too much money out of the country.

Kani told businessmen the Bank of Zambia would "not sit by and allow a free-for-all situation to reign in the foreign exchange sector.... For a long time now the central bank has not been regulating the forex industry in the country, a situation which has been abused by certain sectors of the business community."

Exchange controls were scrapped in 1992 when the economy was liberalised, a move which government has punted as a big attraction for foreign investors. For possibly this reason, the authorities are proving slow to specify what form these "regulatory measures" will take.

Kani argued that the move would not mean reintroducing exchange controls, but did not clarify what he meant. He said only that controls and regulatory measures were different. He said Britain and the US had instituted regulatory measures to protect their currencies.

Economics Association of Zambia coordinator Muna Nakalonga said it was easy for shops such as the SA supermarket chain Shoprite, which he said collected not less than 150-million kwachas in daily sales, to send money out through the purchase of supplies. "We must not forget we have an import-orientated economy and Shoprite is getting three quarters of its goods from SA. How is Shoprite expected to keep its money here when it is not obliged, even by law, to keep 5% of its profit here," he asked.

Kani said inflation had risen in the first quarter from 16,3% to 18,6%, a development he attributed to the kwacha's depreciation. Denying the dollar shortage in Zambia had reached a crisis point, Kani said it was difficult for the central bank to make a coherent plan because of the country's dependence on donor funds.

He accused forex dealers and commercial banks of causing an artificial shortage. "These dealers are being guided by speculative demand as opposed to transactional demand. Because of this uncertainty, they are hoarding the forex."

Secretary of the Bankers' Association of Zambia, Abdul Munshi, said it was not true that commercial banks were involved in causing an artificial shortage of the dollar as had been claimed earlier by the central bank. "If customers would rather keep their money in dollars there is nothing we can do." The situation would have been much better if the talks involving government's planned sale of the Zambia Consolidated Copper Mines' Nchanga and Nkana divisions to a foreign consortium had been successful.

He said until the outcome was known of the donors' consultative group meeting on Zambia next year, the kwacha would continue depreciating.

The kwacha has fallen from 1 300 to the dollar in January to 1 850.

(360) BD 29/4/98

IMF team in Lusaka to discuss key new loan package

A TEAM from the International Monetary Fund (IMF) had begun talks with officials in the Zambian capital, Lusaka, on a key loan package, government officials said yesterday.

(360)

The loan package revolves around a second-year enhanced structural adjustment facility for Zambia. "They (IMF) arrived at the weekend and are conducting talks with the government on a new loan facility," said a senior finance ministry official. The team would return to Washington and compile a report for the IMF board of directors, which would in turn make the final decision on a new package.

The structural adjustment facility is a three-year programme that provides concessional loans to eligible members of the IMF undertaking reform to strengthen their balance of payments and improve their growth prospects.

Officials were optimistic on a new agreement, saying Zambia had met economic benchmarks it had set for itself and agreed with donors, the IMF and the World Bank last year.

Officials say Zambia achieved economic growth of 5% of gross domestic product and a fiscal surplus of 1,2% last year.—Reuter.

BD 29/4/98

AFRICA

Mines too broke to retrench

(360) BD 30/4/98

LUSAKA — Zambia Consolidated Copper Mines (ZCCM), the cash-strapped mining house, has suspended a scheme to trim its labour force due to financial shortfalls resulting from the delayed privatisation of its mines, an official said yesterday.

Sam Equamo, spokesman for ZCCM, said the firm had also sent some workers on paid leave while it sought funds for their redundancy packages.

"It is no secret that ZCCM has financial difficulties. We are trying to cut costs so that the company can keep going until it is finally privatised," he said. "The retrenchment programme is on hold until we access some money, hopefully in three months' time, to pay them their terminal benefits. We hope some privatisations would have been concluded by then."

The Mine Workers' Union of Zambia said about 3 000 of its members had been targeted for retirement by ZCCM, which employs a 38 000-strong labour force.

The government is holding talks with an international consortium and a London-based Asian concern for the privatisation of the country's two premier mines — Nkana and Nchanga. Zambia reopened talks this week with the Kafue consortium, which includes South Africa's Avmin, Canada's Noranda, US-based Phelps Dodge and the Commonwealth Development Corporation after it rejected an inadequate offer from the group.

Government officials said the talks would revolve around the value of the mines, Zambia's economic engine and the amount of ZCCM debt to be assumed by the buyers. ZCCM negotiators broke off talks with the foreign mining companies two weeks ago after rejecting the consortium's revised offer for Nkana and Nchanga.

The collapsed talks left Zambia's privatisation plans for the largely state-owned ZCCM in disarray and threatened the country's economic recovery.

Zambian officials said the ZCCM privatisation team, led by top negotiator Francis Kaunda, was also holding separate talks in the Irish capital Dublin with a London-based Asian concern which was also eyeing copper mines.

The Zambian government has set a target of June 30 for the privatisation of ZCCM, which accounts for 95% of Zambia's hard currency earnings and is its biggest employer. Officials said Finance Minister Edith Nawakwi would announce plans to unbundle ZCCM as soon as the plan received presidential consent. They said President Frederick Chiluba was studying the matter and would decide in a few days.

The Kafue consortium won the rights to the project last year but talks to finalise the deal dragged on as copper prices fell nearly 40%. Zambian negotiators said they broke off negotiations after Kafue tried to alter terms agreed on by both sides in November.

ZCCM debt is estimated to be $800m, with at least $200m of that short-term liabilities to suppliers. The consortium offered $700m over a five-year period for the mines and other assets but the Zambians valued the package at only $105m.

The World Bank has since loaned Zambia 40-million special drawing rights as short-term survival aid for the mines while Zambia seeks buyers. — Reuter.

ZCCM cannot pay for redundancies

(360) CT(MR) 30/4/98

Jowie Mwiinga

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The Mine Workers' Union of Zambia (MUZ) said about 3 000 of its members had been targeted for retirement by ZCCM, which employs a 38 000-strong labour force.

The government is holding talks with an international consortium and a London-based Asian concern for the privatisation of the country's two premier mines, Nkana and Nchanga.

Zambia reopened talks with the Kafue consortium, which includes South Africa's Avmin, Canada's Noranda, US-based Phelps Dodge and the Commonwealth Development Corporation (CDC), this week after it had previously rejected an inadequate offer from the group.

Government officials said the talks would revolve around the mines' value, Zambia's economic engine, and the amount of ZCCM debt the buyers would assume.

ZCCM debt is estimated to be in the region of $800 million, with at least $200 million of that short-term liabilities to suppliers.

ZCCM negotiators broke off talks with the companies two weeks ago after rejecting the consortium's revised offer for the Nkana and Nchanga divisions, the country's biggest mines.

The collapsed talks left Zambia's privatisation plans for the largely state-owned ZCCM in disarray and threatened the country's economic recovery.

The Zambian government has set a target of June 30 for the privatisation of ZCCM. It accounts for 95 percent of Zambia's hard currency earnings and is its biggest employer.

Officials said Edith Nawakwi, the finance minister, would announce plans to unbundle ZCCM as soon as the plan received presidential consent. They said President Frederick Chiluba was studying the matter and would decide soon.

The Kafue consortium won the rights to the project last year, but talks dragged on as copper prices fell nearly 40 percent amid slumping worldwide demand for base metals. — Reuters

Donors 'must get tough' with Zambia

Charles Mubambe (360) BD 12/5/98

LUSAKA — Two international human rights groups have sent teams to France ahead of the meeting of Paris Club donors to lobby representatives to take a strong line with Zambia on human rights issues.

Amnesty International and Human Rights Watch/Africa said they wanted donor representatives to set conditions of good governance and the observance of human rights as criteria when they meet to discuss the renewal of much-needed donor funding to Zambia during talks in Paris today and tomorrow.

Zambia needs at least $150m to bridge the balance of payments shortfall and another $285m in project financing support.

Alex Vines of Human Rights Watch said he would be in Paris to lobby, while Casey Kelso of Amnesty said from London the organisation would press foreign governments to discuss long-term reforms that should be undertaken to protect human rights.

Amnesty's members had urged the Canadian government to raise human rights issues, such as the alleged torture of prisoners, with Zambian Finance Minister Edith Nawakwi, who was in the US and Canada last week to muster donor support.

Donors had denied Zambia funding for the past two years because of concerns about good governance, human rights, the 1996 elections and the controversial Mwanakatwe Constitution which barred former president Kenneth Kaunda from standing for election. But Deputy Finance Minister Dan Pule remained optimistic that donors would bale out Zambia.

$530m carrot for Zambia

BD 14/5/96

PARIS — International donors yesterday pledged about $530m to Zambia for this year and urged it to try to make progress on economic reform and human rights, the World Bank said.

The bank said Zambia could receive more financial assistance later this year if it speeded up political reform and that a further meeting would be held before the end of this year.

A consultative meeting of aid donors came after two earlier meetings were called off due to donor anger over the policies of President Frederick Chiluba's government and the country's failure to reach a deal on privatisation of its state-owned copper mining group. Zambia had been seeking $300m in project aid and $289m in balance-of-payments support by donors.

Zambia's economy is almost totally reliant on exports of copper and a continuing issue for its economy is diversification. — Reuter.

☐ ECONOMIC REFORM CT(BR) 14/3/98

Donors pledge $530m to Zambia (360)

International donors yesterday pledged about $530 million to Zambia in 1998 and urged it to make progress on economic reform, privatisation and human rights, the World Bank said yesterday. The World Bank said Zambia could receive more financial assistance later this year if it speeded up democratic and political reform.

A consultative meeting in Paris of aid donors came after two earlier meetings were called off after donors were angered by the policies of President Frederick Chiluba's government and the country's failure to reach a deal on privatisation of its state-owned copper mining group. Zambia had been seeking $300 million in project aid.

The country needs $70 million for public service reform. Zambia's economy is almost totally reliant on exports of copper, and a continuing issue for the country is diversification of its economy. Privatisation of the huge Zambia Consolidated Copper Mines has been a key condition of resuming aid to Lusaka. — *Reuters, Paris*

Zambian relief as aid is granted

BD 15/5/98 (360)

Chilombo Mwondela

LUSAKA — The Zambian authorities breathed a sigh of relief but human rights bodies were angered by the Paris Club's decision this week to overlook alleged governance problems and grant Zambia three-quarters of the budgetary aid it requested.

Civil rights groups which went to Paris to lobby the World Bank and donor nation representatives are outraged by what they describe as a "turnaround" by donor countries. The rights groups said the aid, in the region of $500m, should have been more strictly tied to progress in governance and human rights.

Zambian government sources said government was particularly pleased to gain support from donors such as the US, Finland and Denmark which had warned Zambia that aid would not be forthcoming unless its human rights record improved.

The donors' decision was significant for the Zambian government which based 35% its budget allocations on donor funds which had taken a long time to materialise.

Civil rights organisations in Zambia and abroad, such as the Inter-African Network for Human Rights, Amnesty International, the Zambia Independent Monitoring Team, and Article 19, termed the decision as a reverse of the donors' positions.

The European Union said earlier this year it would not resume its aid programmes to Zambia until it was ruled democratically.

The donor countries recently cited the illegal detention of 102 people in connection with last October's attempted coup, and urged that detainees be given a speedy trial. Two detainees have since died. At the time they expressed concern about reports by the Zambian Human Rights Commission that detainees were being tortured. They also demanded that the torturers be prosecuted.

Civil rights bodies said the Zambian government made no progress in fulfilling the above conditions. However, all detainees were formally charged a month before the Paris Club meeting and a state of emergency was lifted which had been imposed after the attempted coup.

IMF team to discuss debt deal with Angola

(360) BD 15/6/98

LUANDA — The International Monetary Fund (IMF) began annual discussing with the Angolan government yesterday a deal to normalise relations with creditors and reschedule the country's heavy debt burden.

An IMF delegation was expected in the capital, Luanda, yesterday. It would find a widening balance of payments deficit, but little political will to address problem's root, economic and political analysts said.

"The gap in the balance of payments was high (last year). Now with the drop in the oil price it's even greater," an economist said.

"Yet instead of doing a deal with the IMF, the authorities prefer to renegotiate the debt bilaterally, or just not pay it."

Statistics show Angola's external debt totals $10bn — one and a half times its gross domestic product. Most of Angola's $3,8bn budget for the financial year ending this December is funded by its in creasing oil wealth, with output currently 750 000 barrels a day.

The budget was calculated with oil prices at $18 a barrel, but crude has been under pressure since the budget was announced in February. Economists calculate that for every $1 drop in the oil-price, Angola has lost $120m in projected income.

Angola has been an IMF member since 1989, but the world body has never implemented a programme in the nation, crippled by a 20-year civil war ending in 1994.

To keep up its current level of spending, the government has built up huge arrears at home and abroad. An accord with the IMF will assure creditors Luanda is willing to correct its economic policies and will be able to start repaying its debts. — Reuter.

Zambia needs to privatise copper mines

ST (BT) 17/9/98 (360)

Economic recovery depends largely on the sale of the jewels in the copperbelt crown, writes TONY HAWKINS

ZAMBIA's business leaders and analysts this week welcomed a $530-million aid package pledged by Western donors, but warned the privatisation of its mining industry was essential for longer-term stability.

The country's international donors, who met in Paris on Tuesday and Wednesday, pledged more assistance later this year if Zambia speeds up privatisation.

While copper privatisation may not be a formal condition for support, there is a keen awareness that without it, promising developments in the Zambian economy will be reversed, with dire consequences for the country's 10-million people, whose per capita gross domestic product is a meagre $140 a year.

Eight months ago, Lusaka was regarded as one of sub-Saharan Africa's serious economic reformers. Its privatisation programme was described as one of the best on the continent; inflation had been brought down from 187% in 1993 to an average 24.8 % last year. Manufacturing industry had begun to reverse a 15-year decline, nontraditional exports were expanding at 33% a year, more than 200 state enterprises had been privatised and foreign direct investment was running at well over $100-million annually.

It all started to go wrong in November when, following an abortive coup attempt, President Frederic Chiluba imposed a state of emergency and arrested prominent political opponents, including former president Kenneth Kaunda.

Despite this setback, copper mine privatisation appeared to be on track with Anglo American and its partner, Falconbridge, planning to invest up to $800-million in the development of the Konkola Deep project and the Kafue Consortium on the brink buying the Nchanga and Nkana mines — the jewels in the copperbelt crown.

The donors, long critical of the government's indifferent human rights and governance records, set three preconditions: the lifting of the state of emergency, the release or charging of those detained in connection with the coup attempt, and an investigation into allegations of torture.

With the donors satisfied, albeit grudgingly, these conditions have been mostly met. The way was open for Zambia to press both for more aid and for its inclusion in the Heavily Indebted Poor Countries debt initiative.

But this year's collapse of the copper price — from an average of more than $2 600 a ton in 1997 to $1 700 — has transformed the business outlook.

First Falconbridge ditched the Konkola scheme, then last month talks between the government and Kafue, comprising SA's Avmin, Noranda of Canada, Phelps Dodge of the US (30% each) and Britain's Commonwealth Development Corporation (10%), collapsed.

Lower copper prices and gloomy predictions of future trends forced Kafue to rework its numbers, while the mines were fast deteriorating as asset-stripping gathered momentum.

The rump of the state-owned Zambia Consolidated Copper Mines, after the sale of most of the smaller mines, is said to be losing about $2-million daily.

With copper and cobalt accounting for three quarters of Zambia's exports last year, the knock-on effects of the industry's decline are severe. Businesses on the copperbelt are reportedly owed upward of $40-million by ZCCM and if a privatisation package is not announced soon, there could be a domino effect.

Already, one survey suggests manufacturing output is falling sharply and that, as a consequence, the government's tax revenue and foreign exchange targets are unlikely to be met.

After GDP growth of 6.5% in 1996, growth slowed to 3.5% last year and analysts expect little if any expansion in 1998.

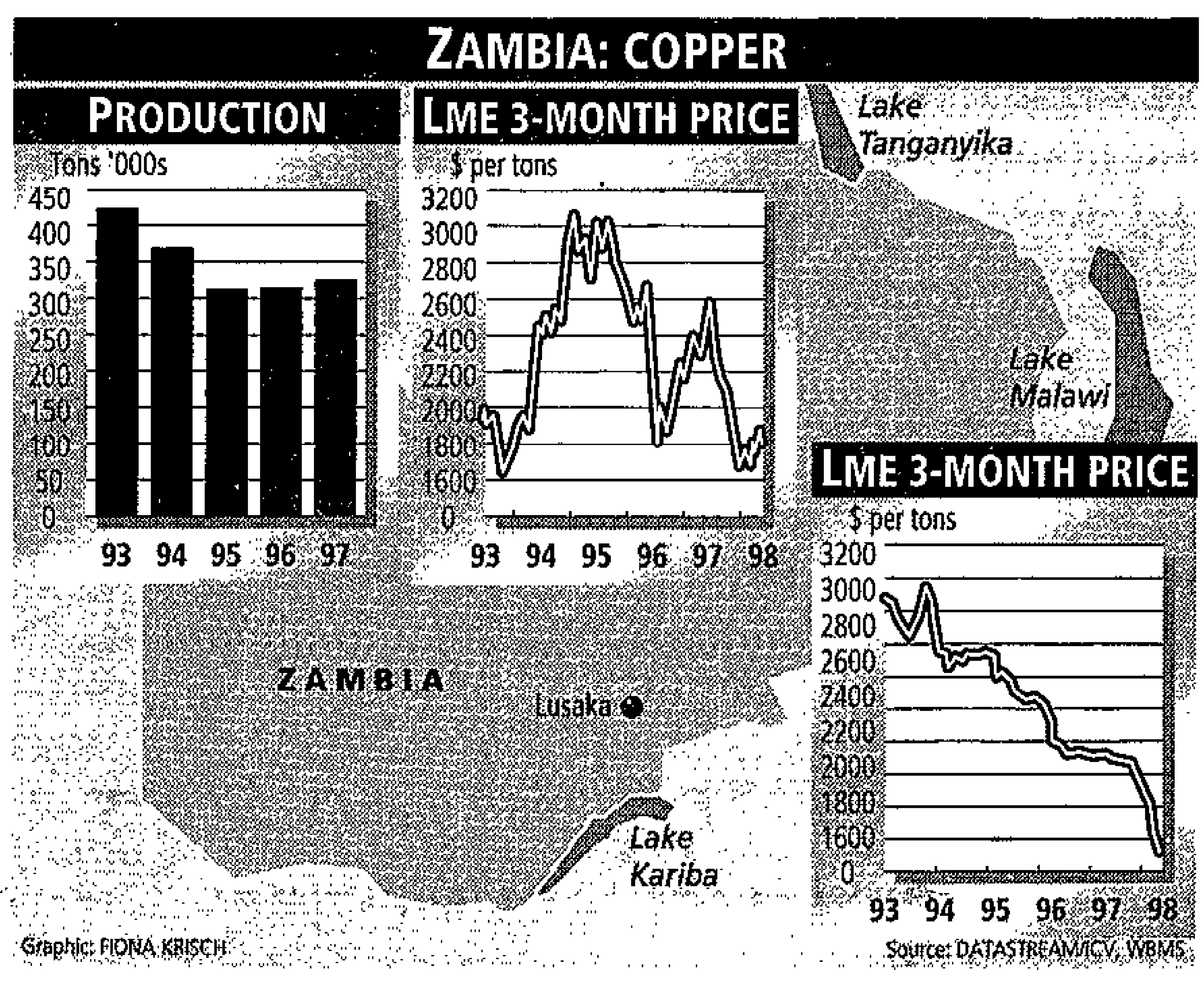
The talks with Kafue ran aground over valuation and last week Chiluba said again the consortium wanted the mines at "giveaway" prices.

"We shall not do this," he said, adding foreign consultants had valued the mines at $500-million while Kafue was offering only $131-million in cash, along with $70-million in the takeover of debt and long-term investment of $500-million.

Lusaka is relying on donors to fund 35% of this year's budget spending. Without aid, IMF targets for the second phase of the Enhanced Structural Adjustment Facility are unlikely to be met.

Unlikely though it seems, Lusaka's brinkmanship in holding out for a better deal might yet pay off.

But it's a high-risk strategy. If it fails, the consequences — social, political and economic — could be devastating. — *Financial Times*



Copper price will rebound, Zambian president tells World Economic Forum

Chiluba counts on ZCCM deal

ET (Mr) 18/5/98 (360)

JAMES LAMONT

Windhoek — Zambian President Frederick Chiluba said yesterday his government still hoped to reach an agreement with the Kafue consortium over the sale of the Nchanga and Nkana mining divisions of Zambia Consolidated Copper Mines (ZCCM).

Negotiations between the government and the consortium — which comprises Avmin, Noranda of Canada, Phelps Dodge and the Commonwealth Development Corporation — foundered over price earlier this year.

The government had valued the assets at $500 million. Kafue offered $131 million in cash, $70 million in takeover debt and a $500 million investment commitment.

The sale of ZCCM assets is central to Zambia's privatisation drive. The two divisions represent 60 percent of Zambia's output of copper, its main export earner.

Copper and cobalt accounted for about 70 percent of Zambia's exports last year.

"The future of Nchanga and Nkana is bright," Chiluba said at the World Economic Forum yesterday. "The fact that one agreement has not been reached does not take away the interest of all prospective buyers from us."

Chiluba said he did not believe the low price of copper on world markets should influence the price paid for the jewel in ZCCM's crown.

"If one of the reasons that it wasn't sold was the copper price, then that is very temporary," he said. "The price of copper will have to start coming back."

He added: "The best way to attract new investment, the best way to transfer technology, the best way to train our people, is to privatise. The remaining part (of ZCCM) doesn't have a chance to stay (in state hands)."

But mining sources in South Africa have said the Zambian government held out for too high a price in a buyer's market.

The world copper price hit new lows of $1 700 a ton this year. A number of mining assets around the world have recently come on to the market.

"The Zambian government would have got a far better price if it had sold these assets five years ago," one source said.

Asked if the Kafue consortium had waited for the price of copper to come down before submitting its final bid, thus forcing a lower price for the mines, Chiluba said he could not say what their motives were, but that he was puzzled by their delay.

New owners are turning Zambia's (360) mines around

JOWIE MWIINGA CT (MR) 20/5/98

Lusaka — Zambia's mining industry was being reshaped by private investors despite the poor performance of largely state-run Zambia Consolidated Copper Mines (ZCCM) and recent hiccups in the sale of its premier mines, companies and analysts said yesterday.

Private investors who had bought former ZCCM mines were turning around loss-making operations and slowly boosting the country's mineral output.

"Operations at mines that have been privatised and newly opened are very stable and production is gradually increasing," a mines development department official said.

Among the more visible new operations is the Bwana Mkubwa mine, which was acquired by Canada's First Quantum Minerals last year. ZCCM had closed the mine in 1984.

First Quantum began re-treating tailings left over from ZCCM operations at the mine in March after a year-long construction and rehabilitation exercise.

"We are producing between 20 and 30 tons of copper a day, and have already exported 300 tons," said Andries Scott, the mine manager. "Our aim is to produce 10 000 tons of copper every year."

Another successful operation is the Dunrobin mine, which began gold production in the central district of Mumbwa last September and is owned by London-listed Reunion Mining.

The company's production target is 20 000 ounces of high-grade gold a year, but it is now operating at half capacity.

Theo Bull, a mining analyst, said production levels at the new mines were small, but they were beginning to change the face of the country's mining industry. "They are making use of resources that were just lying there, and that is clearly beneficial."

Roan Antelope Mining, which recently acquired ZCCM's Luanshya and Baluba mines, said it had committed $69 million to boost copper output from the present level of 45 000 tons.

"We have already started installing new equipment at the mines. Once we have completed that, within the next two years, we expect production to increase to 65 000 tons a year," said Kaulanda Nyirenda, a Roan spokesman.

Canada's Colossal Resource, which began producing cobalt alloy from ZCCM slag in the central town of Kabwe last June, has embarked on a $3 million re-engineering exercise to boost production. The plant, which sold more than 200 tons of alloy between June 1997 and the early part of this year, has suspended operations while the work is under way.

Analysts said new investment was crucial to the survival of the mining industry, which had seen copper output halved from a peak of 720 000 tons in 1969 as a result of mismanagement and ageing equipment at ZCCM.

More new investment would come in through the privatisation of existing mines, but talks to sell Nkana and Nchanga have run aground after the two sides failed to agree on a price. — Reuters

Foreign money has Zambia over a barrel

(360) Star 20/5/98

By Paul Vallely
Lusaka

Zambia has become a nation of traders.

It is impossible to enter a shop or office in down-town Lusaka without having to squeeze through row after sad row of ramshackle roadside stalls. On the main streets they sell shoes, bags, clothes, electrical equipment and much else. In residential areas it is small amounts of food or cigarettes.

One World Bank official told me: "Economic activity on such a scale has to be a good sign."

He would say that. The rash of street-trading sprang up in the city centre almost overnight in 1993 soon after Zambia's new government brought in an economic reform programme inspired by the Bank and the IMF. In Zambia today no one seems to make, mine or grow anything any more. They are all selling to one another.

The thing is, when you talk to the traders you find business is chronically poor.

A diplomat from one of the nations to which Zambia owes a large chunk of its foreign debt believes all trade is good.

"If maize passes through Zambia from South Africa to the Congo it creates jobs."

But things look different to the hungry of the Copperbelt who see the cereal pass by on its way to the Congo where it sells at a good price.

The market is working perfectly in this, matching supply to demand, taking the food to where there is the money to pay for it. The shame is that ordinary Zambians just do not have the cash.

Nor do their businessmen. Part of the economic reform demanded by the West is large-scale privatisation. Some 215 of the 315 state businesses have so far been sold in a programme which the World Bank sees as "the wonder of Africa". But Zambian entrepreneurs cannot afford to buy. Most of the businesses have been sold to foreigners.

Another trouble is that the Zambian national interest and that of foreign capital sometimes do not coincide. When a big hotel was privatised in Livingstone it was bought by a rival Zimbabwean hotel across the river and shut down.

Foreign money has the Zambians over a barrel. That much is clear over the sale of the nationalised copper industry whose South African and Canadian buyers, having initialled a deal, are now trying to renegotiate a harder bargain.

Trade may be the lifeblood of any nation, but it does nothing to redress those injustices which grow from an imbalance in power. – The Independent, London

One-stop shop will assist investors in Zambia

Charles Mubambe (360)

LUSAKA — Investors wishing to set up businesses in Zambia will no longer have to shuttle between government offices for the necessary licences and permits.

The Zambia Investment Centre (ZIC), a government-created institution that oversees the operations of all business investment in the country, is being reshaped into a one-stop shop for all investment application procedures.

The government has already approved the transformation of ZIC into a development authority, the first step towards making the centre a one-stop service provider. But it will be effected only after the Investment Act is amended by parliament later this year.

ZIC board secretary Anne Mwenya said the operations of the authority would include provisions which would make it more effective in promoting, facilitating and monitoring investment.

At present it takes as long as 56 days for investors in either the manufacturing or the mining sector to be issued with licences, and four months for agricultural sector investors.

"The secondment of lands and immigration officers to ZIC and the elimination of other licences by harmonising licensing procedures into a single application to the authority will help improve the situation," Mwenya said.

The authority will also be mandated to obtain co-operation and compliance from institutions directly involved in the investment process, such as the immigration department and the Zambia Revenue Authority.

AFRICA

Taxes drive firms out of Zambia

BD 1/6/98 (360)

LUSAKA — Soft drink producer Coca Cola Company's decision to suspend an ambitious expansion programme in Zambia this week underscores industry's frustration with the government tax regime.

Zambia's taxes are forcing multinational firms to close their production plants in Zambia and to set up new operations in neighbouring countries where taxes are lower, industry officials said.

"Thousands of workers are languishing in Zambia because an increasing number (of firms) are moving their operations elsewhere in the subregion, where the tax regimes are more reasonable," Manufacturers' Association of Zambia chairman Mark O'Donnell said.

Zambia Bottlers, Coca-Cola's local operation, announced this week that the multinational firm had placed on hold a $75m investment package intended to double its output because of what it called "massive" taxes on soft drinks.

The company's decision followed the government's refusal to slash the tax on soft drinks from 25% to 9%.

Government officials on Thursday called a meeting with Zambia Bottlers officials in a last-ditch effort to persuade the company not to suspend its investment programme.

"The government has been open and positive, and, if we are lucky, something positive might come out of the talks," company MD Ian Ackerman said.

Manufacturers have warned of increasing unemployment and reduced output if the government does not slash taxes.

Several corporations have downsized their operations or closed their Zambian production plants in recent months, saying the high taxes made them uneconomical.

Among the firms that have closed their Zambian operations are tyre manufacturer Dunlop Zambia and pharmaceutical firm Johnson and Johnson. Both companies have moved their production plants to neighbouring countries.

"High import duty and other taxes in Zambia make it cheaper for these companies to produce in countries such as Zimbabwe," O'Donnell said.

Excise duty varies from between 10% to 125%. Import duty on raw materials into Zambia ranges from 10% to 25%.

Commerce and Trade Minister Enoch Kavindele conceded that the country's high taxes pushed production costs up but said the cash-strapped government could not afford to lose the revenue that would result from tax cuts.

"The Zambia Bottlers proposal, if implemented, would cost the government about $3m per year," he said.

However, the manufacturers association said Zambia was bound to lose more in lost production and rising unemployment than by cutting taxes. It advocated that a maximum ceiling of 50% be placed on excise taxes. — Reuter.

Cheers as Kaunda is freed

(360) ARG 1/6/98

Lusaka – Zambia's former president Kenneth Kaunda, charged with concealing knowledge of a coup plot last year, walked free today after the State withdrew its case.

Attorney-General Bonaventure Mutale announced that the State was dropping all charges against Dr Kaunda.

This was just minutes after the trial, sent to Lusaka's High Court by magistrates in April, opened today.

Dr Kaunda, who led Zambia for 27 years from independence until he was ousted by Frederick Chiluba in multiparty elections in 1991, walked free from the court and was met by deafening cheers from hundreds of jubilant supporters as he left the building.

He had denied the charges.

Western diplomats said it was believed that freedom for Dr Kaunda, who has been under house arrest for most of the time since his detention, came as part of a deal brokered by President Mandela. – Reuters

'Mandela instrumental in Kaunda's release'

Claire Pickard-Cambridge

PRESIDENT Nelson Mandela had been instrumental in securing the release yesterday of Zambia's former president, Kenneth Kaunda, after months of negotiations, western diplomatic sources said.

The state dropped charges that Kaunda had known of last year's plot to overthrow Zambian President Frederick Chiluba shortly after high court proceedings began yesterday.

Legal sources said the state had no evidence against Kaunda, who has been under house arrest for more than five months, or his head of security, Moyse Kaulungombe, who was also freed yesterday.

It is understood that Mandela, as chairman of the Southern African Development Community (SADC) and as head of a country which wanted to promote democracy, felt it was important to influence the situation. In addition, the relationship between the African

Continued on Page 2

Kaunda

(3b0)

Continued from Page 1

BD 2/6/98

National Congress and Kaunda went back a long way because many ANC leaders had lived as exiles in Zambia.

Although discussions between Mandela and Chiluba began shortly after Kaunda's arrest on Christmas Day last year, the tempo apparently picked up in recent weeks. Mandela sent Defence Minister Joe Modise to Zambia as a special envoy to facilitate negotiations about two weeks ago.

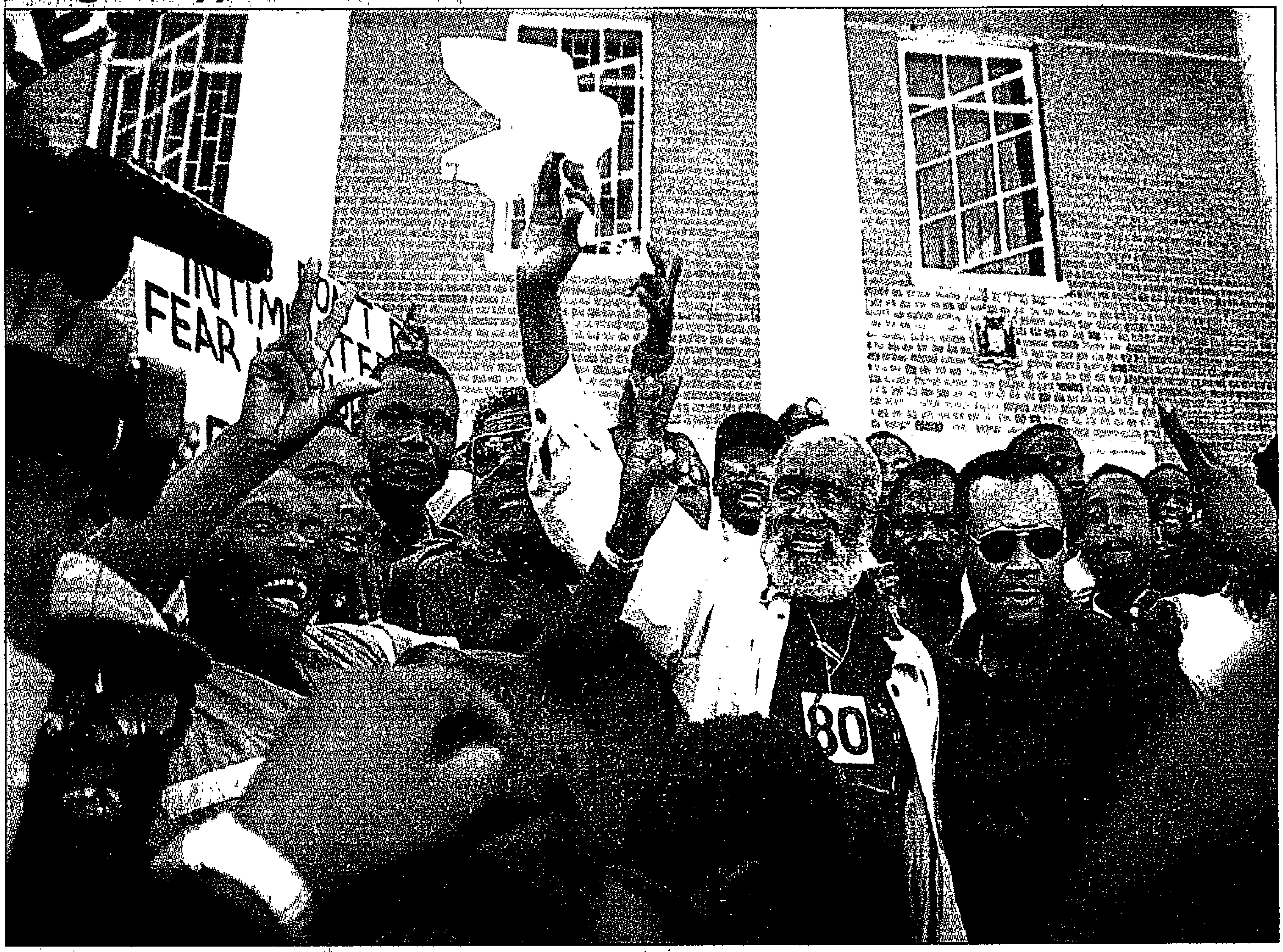
The foreign affairs department, in welcoming Kaunda's release, said Mandela, in his personal capacity and as chairman of the SADC, would follow events in Zambia with interest.

Diplomats said there was still concern about 80 more people being tried for treason in connection with the coup attempt, including Zambia Democratic Congress leader Dean Mung'omba and Princess Nakatini Wina, the ruling MMD party's chairman for women's affairs. If convicted they could be sentenced to death, but defence lawyers claimed there was no serious evidence against them and expected charges to be withdrawn.

The independent Post newspaper reported that Chiluba's government negotiated earlier with Kaunda's family in a bid to secure an undertaking that Kaunda would stay out of politics in exchange for his release. But sources close to Kaunda said yesterday he would make his own decisions about what he intended to do.

Shortly after his release, Kaunda told a gathering that his United National Independence Party should fight to regain power.

Charges dropped



RELEASED: Former Zambian president Kenneth Kaunda (centre) waves a handkerchief as he is mobbed by supporters yesterday on the steps of the Supreme Court in Lusaka after his release. Charges that he concealed advance knowledge of a coup bid last October were dropped. *PICTURE: AP*

Mandela brokered Kaunda's release

CT 2/6/98 (360)

LUSAKA: President Nelson Mandela played a decisive role in brokering the withdrawal yesterday of charges against former Zambian president Kenneth Kaunda, who was arrested on Christmas Day last year on suspicion of involvement in a coup plot.

According to insiders here, Mandela sent Defence Minister Joe Modise to talk to Zambian President Frederick Chiluba recently. Modise shuttled between Pretoria and Lusaka several times in recent weeks to try to find a compromise.

Chiluba agreed to withdraw the charges against Kaunda — a major concession — on condition Mandela persuaded Kaunda to quit active politics.

Shortly after walking free from court yesterday, Kaunda said he would recommend an urgent meeting of his United National Independence Party "to decide on who should lead it".

Kaunda's arrest five months ago followed an abortive coup by a number of junior army officers last October while Kaunda was out of the country. The ageing "father of the nation" was bundled off to a top-security prison on Christmas Day but later released into house arrest.

COMPROMISE: Frederick Chiluba

Kaunda vowed to continue in politics and to carry on waging a campaign of civil disobedience against what he terms Chiluba's corrupt government. But senior party officials said yesterday the veteran was about to leave the political stage after the diplomatic deal brokered by Mandela.

The speculation that Kaunda would retire from politics seems to have been corroborated by his recent statement that his party was ending its election boycott and would contest forthcoming elections.

Asked for comment after Kaunda's release yesterday, Mandela's spokesperson Parks Mankahlana said only that "President Mandela, in his capacity as chairman of the Southern African Development Community (SADC), takes a keen interest in developments in the region. He is naturally pleased that this has happened and hopes the leaders of Zambia will work together to give a better life to their people".

In a brief statement, South Africa's Department of Foreign Affairs said the government welcomed Kaunda's release, which created "an opportunity for all political parties to engage in a meaningful dialogue in the interests of all the people of Zambia".

"President Mandela, in his capacity as chairman of SADC as well as in his personal capacity, will follow events in Zambia with interest and trusts that the release of Dr Kaunda will further promote the reconciliation process in that country," the department said.

Earlier, Kaunda sympathisers in the packed High Court here broke into ululations and chants after the state entered a no prosecution plea against Kaunda and his aide Moyce Kaulungo'mbe, and Judge Japhet Banda told them they were free. — Reuter and Staff Writer

ANALYSIS

Kaunda's case a disaster for Zambia's image

(360) BD 3/6/98

Even though former Zambian president Kenneth Kaunda has finally been freed, the country is still counting the cost of his detention, writes Theo Bull in Lusaka

MOST Zambians were caught unawares by the release from prison on Monday of former president Kenneth Kaunda.

In the high court the state dropped all charges of concealing treason against him and his party's chief of security, admitting that there was no evidence against them.

Those close to the case had known since the previous weekend that, almost incredibly, after seven months of investigation and five of detention, only two quite laughable pieces of evidence were produced against Kaunda. These were a cutting from the Post newspaper in which he warned of an explosion unless four vices were removed — the citizenship clause in the constitution, the current voters' register, corruption and drug trafficking — and a statement from an immigration officer that he had left the country on a certain day.

Kaunda, though widely respected for his role as founder president of the country for 27 years, is not seen by most Zambians as a serious contender for power in today's world. Indeed, at least until six months ago he was no longer a popular figure. However, since his political comeback —he regained the leadership of the United National Independence Party (Unip) about four years ago — it has been shown time and again that President Frederick Chiluba takes him very seriously indeed. In fact the spectre of "KK" can be said to have distorted the political judgment of the president and many of his senior colleagues.

The decision in 1996 to change the constitution to prevent Kaunda from running for the presidency is a case in point. Hounding him like a criminal, in the misplaced belief that he must be connected to last October's failed coup attempt, is another. As with changing the constitution, it has not brought him unpopularity at home, but the effect of the whole Kaunda affair on Zambia's image abroad has been disastrous.

It is not a closely guarded secret that on Christmas Day newspapers and TV and radio stations across the world are empty of news and are busy looking for something more interesting to report than the weather in Bethlehem. Yet the Zambian authorities chose Christmas Day to bring, at dawn, a huge contingent of well-armed police to arrest Zambia's best-known politician and the father of the nation.

As should have been expected, this picture of Zambia as an unjust, ungrateful and oppressive country (for that is certainly what it looked like) reached into the most distant villages around the world, undoing in a day years of painstaking work on the part of many government agencies to present an opposite image. It was a public relations coup in reverse on a historic scale.

Then this dignified, strong old man, who not long before had been shot and slightly wounded by a police bullet, was confined to an overcrowded public cell. From there, under embarrassing pressure from former Tanzanian president Julius Nyerere and President Nelson Mandela, he was moved, first to more upper-class confinement in Kabwe and then to strongly guarded house arrest in Lusaka. Each move was a photo opportunity and a confirmation to the world that Zambia was not changing for the better.

The preliminary hearings in the high court followed, with various unpleasant or amusing incidents, each of which provided a further gift to the world's media.

Now, after all this self-inflicted damage to Zambia's international standing, comes the revelation that there never was any case against this man. Kaunda and his family have suffered, but they will get over it, and he will reap some political benefit, though his leadership of Unip is under challenge and the party is in disarray.

It would be natural to conclude that the standing of the government in the eyes of the people will suffer more than Kaunda, but recent history does not necessarily support that view. On two occasions, in the Zero Option and the Black Mamba trials, both involving senior Unip officials on serious charges, the state's case was found to be virtually baseless and much of the evidence fabricated. All the accused were acquitted after long periods in prison.

Yet it was mainly among the intelligentsia and the more privileged groups that the government's standing was affected. However, notice was certainly taken, as it was meant to be, of the government's power to keep innocent people it did not like locked up for a long time.

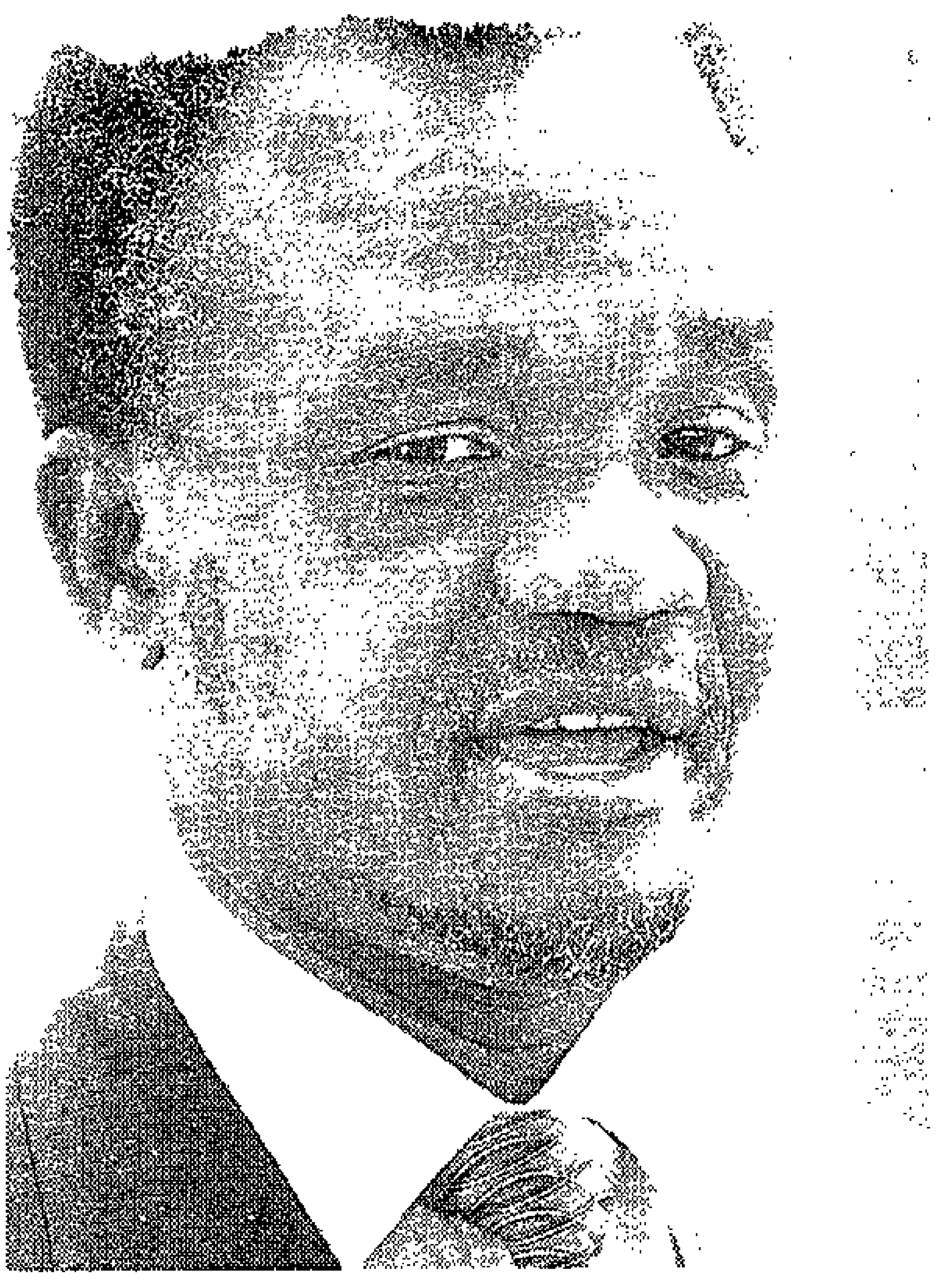
Clearly after those trials there was no great undertow of sympathy for Unip, even when leading members of the party were falsely accused. It will be interesting to see if public reaction this time is any different, when the accused do not come only from the leadership of Unip.

It is strongly rumoured that the written evidence against Zambia Democratic Congress leader Dean Mung'omba and Princess Nakatindi, leader of the women's section of the ruling MMD, is likely to be almost as flimsy as that against Kaunda.

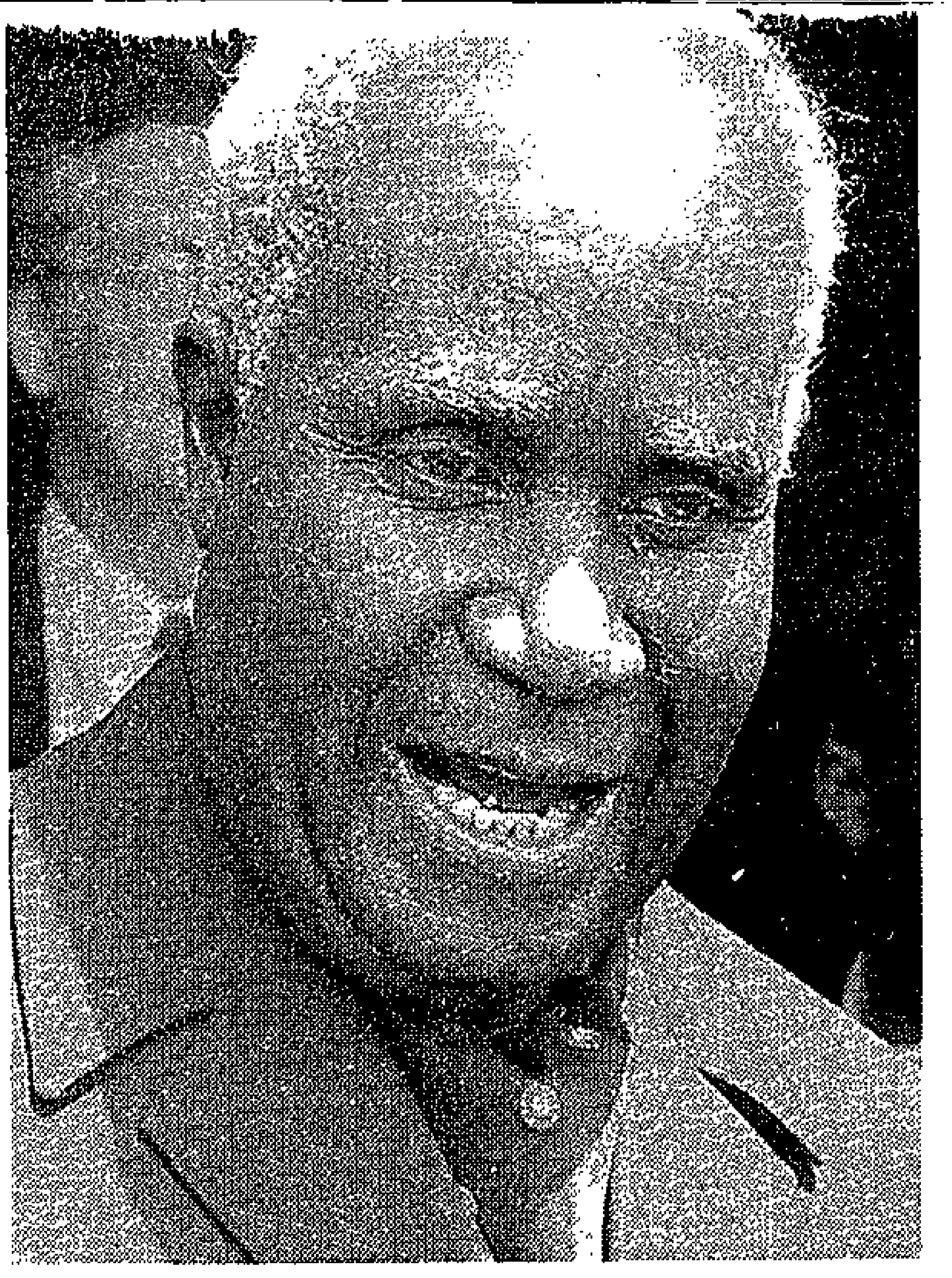
Not only is a conviction unlikely, even going ahead with the case could be an embarrassment. It is also clear that the great majority of more than 70 army personnel accused were followers — and often unwilling followers — rather than leaders in the attempted coup.

Thus it looks as though the score sheet of convictions for treason, after seven months of investigation, is unlikely to justify the expense, the public inconvenience during the state of emergency, the slowing of inward investment, withdrawal of some donor assistance and clear loss of international standing.

Such hidden costs will not receive much attention in the state-owned media. However, the public may this time take note of them nonetheless.



CHILUBA



KAUNDA

Shock wave shows the cracks

Côte d'Ivoire's highly profitable banking sector has been shaken up by a series of bad loans, writes **Mark O'Dwyer**

THE new International Monetary Fund-World Bank programme and liberalisation of the cocoa and coffee sector are sending shock waves through the calm and highly profitable world of banking in Côte d'Ivoire.

The three-year programme backed by the fund and the bank will include a financial sector reform project at national and regional level, says finance minister N'Goran Niamien. IMF directors on a recent visit to Abidjan, the Ivorian capital, said they had two concerns about the local banking system: capital adequacy and banking supervision.

A recent spate of bad loans to the cocoa and coffee sector — the banks' biggest source of business — and awkward parallels with the Asian banking crisis came to light while the Washington-based institutions were negotiating the new aid and debt relief programme, worth $3bn to Côte d'Ivoire.

The main debtor was a leading cocoa and coffee exporter, SICC, owned by a family with close links to the head of state. Moreover, the government is a shareholder in the domestic bank creditors, who, according to local bankers, have lent at least $20m in unsecured loans to SICC. The state owns 20% of the two biggest of these banks, both French controlled: SGBCI (a subsidiary of Societé Générale) and BICICI (the Banque Nationale de Paris operation).

The government owns 100% of BIAO, the other bank with heavy exposure to SICC.

Under the watchful eye of the donors, there was no state bale-out of SICC. SGBCI and BICICI, both quoted on the local bourse, took heavy provisions against bad loans. These cut net profits at Societé Générale, which has about 35% of the Ivorian market.

Despite the recent problems, commercial banking remains a highly profitable business in Côte d'Ivoire. Four big commercial banks have about three quarters of the market.

The second tier is made up of niche banks.

These include Paribas and Citibank, which specialises in corporate business. Some smaller niche banks in Abidjan have made more than 100% return on capital in recent years.

Even the big commercial banks showed pre-tax profits between 33% and 50% of capital in 1995 and 1996. Critics say this made the banks complacent. The recent bad cocoa loans highlighted their weaknesses in the face of change.

Liberalisation of cocoa and coffee has reined in the power of the Caisse de Stabilisation, the state authority which once controlled all cocoa and coffee exports. This was forcing Ivorian banks to re-examine business with the sector, which accounts for 40% of the country's exports. The banks prefinance exporters so that they buy the beans up-country and get repaid from export proceeds.

A leading banker in Abidjan says lessons are being learned. "A more corporate approach is needed," he says. "When the state was regulating the cocoa sector, the amount of stock the trader had was more important than the quality of its management. Now we have to direct credit towards companies with sound finances which are well run."

"Côte d'Ivoire is probably overbanked and yet the amalgamated resources of all these domestic banks is considered inadequate to finance cocoa and coffee," says an international banker in Abidjan. "So the merchant bank arms of the Ivorian banks who think they have enough exposure to the sector act as intermediaries bringing in offshore banks to mobilise international capital. That way Ivorian cocoa becomes part of the world market for risk."

Although the Washington institutions are looking at tightening banking supervision, the Commission Bancaire is considered strict. The commission, as in the French system, is separate from but subordinate to the central bank. Each bank must report its balance sheet, liquidity position and profit and loss account monthly to the commission.

The common currency of eight west African countries, the CFA franc, has worked in Côte d'Ivoire's favour as it is the main economy among the eight. However, the CFA franc's peg to the French franc may be holding back non-traditional banking. "An investment bank dealing in treasury and capital markets needs to be able to move capital in and out of the country freely. But here there are exchange controls, largely to protect the French treasury from the effects of capital flight," says an Abidjan bank director. — Financial Times.

Zambia seeks private investors for port

BD 10/6/98 (360)

LUSAKA — Zambia's privatisation agency said yesterday it was looking for private investors to operate the country's main inland harbour, which links the southern African country to the great lakes region.

The agency said it wanted to lease the "operations and supporting assets of Mpulungu Harbour Corporation to a long-term development and commercially efficient operation".

It said proposals would be invited during a formal 11-week tender process which started yesterday.

Mpulungu is located on Lake Tanganyika and links landlocked Zambia with the Democratic Republic of Congo, Burundi and Tanzania.

The agency said the European Union was looking at conducting a $3m rehabilitation exercise to upgrade and expand theharbour's capacity and facilities. The port's level of cargo throughput was around 6 000 tons a month and could rise further with new investment.

"In the past, cargo handled by the port was mostly north-bound.

"In the recent past there have been substantial exports by Burundi through Durban in SA, using the port as a transit point," the agency said.

"The market for more of the cargo destined to and from the great lake countries can be captured," the agency said.

It said it expected to conclude the negotiation process on the leasing of the harbour by January next year. — Reuter.

Zambia rejects life belt, opts to tread water in a stormy sea

Zambia's failure to sell its biggest mines to the Kafue consortium may prove catastrophic for Zambia, writes Theo Bull

(360)

BD 12/6/98

LUSAKA — Zambia's failure to sell its biggest mines to the Kafue consortium is far more than just a bungled negotiation.

It will damage the investment climate in the region and may prove catastrophic for Zambia's economy and political stability.

In mid-1996 the cabinet accepted advice to privatise ZCCM in unbundled units by open tender, with the aim of sealing agreements by end-June 1997. Bids closed at the end of February, and the consortium was the only bidder for the key Nchanga and Nkana mines. The figures were $140m in cash, $125m in debt assumption, committed investment $200m, uncommitted $550m, ZCCM retained interest 10%, and substantial tax concessions.

Negotiations started in a friendly atmosphere, but with no substantive team lead on the Zambian side. A month later President Frederick Chiluba appointed former ZCCM chairman Francis Kaunda to the post. The mood soon became harsher as Kaunda used muscle to get the bid raised.

Kaunda partially succeeded because an improved bid followed in June: cash up to $160m, debt assumption $150m, committed investment $400m, uncommitted $350m, ZCCM retained interest 12%, and substantial tax concessions.

June passed with its target date for closing the deal. In mid-August the CEOs of all four consortium members — SA's Avmin, Phelps Dodge of the US, Canada's Noranda and the Commonwealth Development Corporation — came to Lusaka to see Chiluba. There was a horrendous misunderstanding, with the president blaming Avmin for alleged actions by Anglo American over the Konkola Deep mine. No one told him it was not Anglo but Avmin he was meeting.

Almost everything went wrong. Even an offer of £10m in British aid made through CDC was interpreted as a bribe and duly rejected. But despite the failure to reach a deal at this meeting (a lost opportunity in itself, for the June offer would prove the best) detailed talks continued.

Under pressure from the donors and Finance Minister Ronald Penza, top-level talks started again on September 30 and a slightly revised offer was made. This offer was accepted and there were serious hopes of a detailed agreement by mid-January.

The consortium prepared a memorandum of understanding which it believed reflected the position reached by all parties, but the government and ZCCM declined to sign it in November, passing up an opportunity to clinch a deal on what were still fair terms considering copper had fallen by about 35% since the June offer was made.

Noranda then began to take the lead in negotiations from Avmin and adopted a more hard-nosed line. ZCCM reneged on the provision of 300 management houses, and relations deteriorated.

On March 10 this year, the consortium cut its offer. This time it was cash $200m, but over four years and dependent on the copper price. Full debt assumption dropped to $35m, with an additional $40m again dependent on the copper price. This was rejected by the Zambians in early April, but the consortium left its bid on the table and the parties soon got together again. In May a "final" bid was made: cash $130m, debt assumption $35m, copper and cobalt price participation up to $150m, working capital investment $76m, and a five-year capital investment programme totalling $708m.

Considering ZCCM's losses had kept growing (from $500 000 a day in the year to March 1997 to around $1m a day), that the copper price had barely picked up, and that the donors in Paris had just made progress on privatisation of the mines a conditionality for the next year's aid, there was still potential for a deal. But on May 28 Kaunda again rejected the offer. Noranda and Phelps-Dodge pulled out of the consortium the next day and Avmin and CDC followed them on June 9.

The Zambian public has little idea yet of the scale of the disaster. Had Kaunda closed the deal earlier, Zambia would soon have regained prosperity on its impoverished copper belt, contributing to national recovery. But through its negotiators' lack of a wider vision, Zambia missed that easy chance. At best, having rejected its only real suitor, Zambia will have to get tarted up and go out on the streets to look for another.

Meanwhile, almost everything is getting worse. Recent mining production is 20% or 25% down and many miners are on indefinite paid leave. Heavy equipment is falling apart, payments to suppliers are falling further behind and loans are no real answer.

Though collection is getting more efficient, tax revenue is declining fast as the economy shrinks. Some of this year's donor aid will not materialise. Zambia's capacity to keep up with its international debt obligation is seriously under threat. There is a real prospect of a free-for-all in the value of our local currency, leading to a collapse of the economy.

Zambia can be likened to a drowning sailor desperate for even a life belt, and yet it had a comfortable lifeboat riding beside it. It is as if it shouted to the skipper that, because there were only bare boards and simple rations on his boat, it was not willing to come on board. Zambia would rather risk trying to survive on its own in the stormy sea. Truly, those whom the gods wish to destroy they first make mad.

☐ *Bull is a mining analyst based in Lusaka.*

Electricity supplier faces crisis

(360) BD 18/6/98

LUSAKA — Zambia's sole electricity company said yesterday it was faced with a financial crisis resulting from a failure by Zambia's large mining company ZCCM to settle bills of around $54m.

The state-run Zambia Electricity Supply Corporation (Zesco) said the Copperbelt Energy Consortium (CEC), which bought power in bulk for redistribution in the northern Copperbelt province, could not clear its debt with Zesco because ZCCM was unable to pay it. Under a contract entered into last year CEC can settle its debts with Zesco only after ZCCM, its main customer, had paid it.

However, Zesco would continue supplying ZCCM with power because of its strategic position. ZCCM accounts for nearly 90% of the country's hard currency earnings and is earmarked for privatisation.

Union officials at Zesco warned the firm would collapse if ZCCM did not settle its debts soon and called for a review of the CEC contract. — Reuter.

Mandela, Chiluba kiss and make up as Kaunda is set free to retire

CT 23/6/98

(360)

MANDELA is now friends with Chiluba, the Zambian opposition is dead and everybody is happy, right? Wrong, writes **ANTHONY MUKWITA** for Independent Foreign Service.

PRESIDENT Nelson Mandela mending fences with his Zambian counterpart Frederick Chiluba is good news, depending on how one looks at it, Zambian political analysts are saying.

The sour relationship between Mandela and Chiluba, which has been public knowledge, changed recently when the SA statesman brokered the release of former Zambian president, Kenneth Kaunda, jailed last December for alleged involvement in a military coup attempt last October.

The jailing of Kaunda, which was roundly condemned by the international and local community, seemed to deepen the wedge between Mandela and Chiluba, both of whom previously took any opportunity to snub each other.

After Kaunda's arrest, several African leaders, including Mandela, Zimbabwe's Robert Mugabe and former Tanzanian president Julius Nyerere, asked Chiluba to release him on compassionate grounds.

They also asked Chiluba to consider the fact that Kaunda had served Zambia for a long, 27 years, having led the independence struggle from the British.

Chiluba chose to listen to pleas made by Tanzania's Nyerere and Zimbabwe's Mugabe, but during a State House briefing in Zambia's capital Lusaka on New Year's Eve, he made it clear that he would not listen to Mandela because he (Mandela) was making his request in the media.

Besides the media bit, Chiluba also accused Mandela of being a bad statesman who cherished relationships with individuals and not governments.

"A president is not supposed to be like that," Chiluba told the Zambian press, as he announced that, because of Nyerere and Mugabe, he was going to move a criminal from jail to his house".

But, it now appears, Mandela's luck has changed. He has managed to clinch a deal with Chiluba to release Kaunda from his house arrest and set him free on condition that the "old man" retires from active politics and concentrates on nation-building.

But some Zambians, however much they appreciate the fact that Kaunda is now free, do not appreciate the fact that he will no longer be a force on the Zambian opposition political scene. A few even blame his friend Mandela for contributing to the breaking down of the only opposition that was left in Zambia after Chiluba's MMD took over power after a landslide election victory in 1991, which saw the end of Kaunda's 27-year reign over Zambia.

John Musonko, a teacher in Lusaka, said: "Without Kaunda there is no UNIP and without UNIP, there is no opposition in Zambia ... what Mandela has done, with good intention of course, is to further weaken the Zambian opposition. He has also made Zambia a one-party state."

Musonko may have a point, as even Kaunda said in an address to chanting supporters when he was freed on June 1: "They jailed me so that they could divide you (UNIP). The same thing happened when I left politics in 1991 ... I had to come back in 1994 because UNIP was divided .. they will, however, not break me because I am a strong man."

But he retired the next day anyway. The only other opposition in Zambia is either in exile or jailed after being linked to a coup widely believed to have been staged by junior army officers who had had a few too many drinks.

But analysts are saying all that starts well probably ends well and Mandela should not be blamed if the old man — Kaunda — is genuinely tired of playing hide and seek with the Chiluba government, which he has often said is made up of scared little men in suits, "scared of their own shadows". Mandela is now friends with Chiluba, the Zambian opposition is dead and everybody is happy. — Independent Foreign Service

FILE PICTUR

IN: Mandela is back in Chiluba's good books.

IMF pleased with reforms

(360)

LUSAKA — The International Monetary Fund (IMF) is happy with Zambia's economic reforms and is to ask its directors to mobilise support for efforts being made to improve the economy. BD 6/7/98

IMF alternate executive director Abraham O'Brian, speaking in Lusaka, assured Zambia's government that the IMF delegation's visit to Zambia had educated them on the implementation of economic reforms. "We will support your case and ensure that you overcome all economic obstacles that have retarded efforts to lessen the pangs of poverty," O'Brian said.

The IMF was proud of Zambia's track record in implementing the austerity package through a rigorous structural adjustment programme, despite a huge US$7,2bn external debt burden.

Acting Finance Minister Alfeyo Hambayi said the economy was fragile and needed international support to meet its targets of poverty alleviation. — Sapa.

Environmentalists scrutinise plan for $10m country club

(360)

BD 16/7/98

David Simpson

LUSAKA — A luxury country club just outside the Zambian capital Lusaka is set to get off the ground if environmental objections do not get in the way.

The $10m Chalimbana Country Club, on the Chalimbana River, is designed to cater for high value international tourists. Similar facilities exist in most countries of the region, such as the Windhoek Country Club on the edge of the Namib Desert.

The plans include a main clubhouse as well as conference rooms, restaurants and recreational facilities which include a golf course. A tree nursery, animal sanctuary and recreational dam are also planned.

However, the land, for which a local company, Safari International, holds a 99-year lease, is in a gazetted forest area. Safari obtained the lease in 1993, at a time when the forest reserve was not gazetted as such.

The company recently made its plans public, and encountered protests from environmentalists concerned about its effects on the forest reserve and the headwaters of the Chalimbana River. However, the terms of the lease require lessees to protect the river and its source, and Safari International MD Gary Page says the firm intends to do so. The project's success depends on maintaining the environment, he says.

The International Finance Company, an arm of the World Bank, is investing in the project and has approved its own environmental impact assessment of the project.

Page is irritated by critics who have ignored his invitations to tour the area. Not only is the project environmentally sound, he says, but it should provide jobs for locals, and create a high quality tourist facility which impoverished Zambia desperately needs.

☐ ZAMBIA (360) ET (BR) 22/7/98

Unsold mines block $235m donation

Zambia's hopes of getting the $235 million pledged by donors in Paris early this year are growing bleak because of the government's failure to dispose of two key mines.

According to the latest Citibank (Zambia) publication, released last week, the government has until now failed to dispose of the Nchanga and Nkana mines which Edith Nawakwi, the finance minister, had promised would be sold by this month. There is still no definite deal on the negotiating table since the Kafue consortium pulled out of talks on the mines.

"Although the government recently concluded the sale of Chiluba mines," the report reads in part, "to some investors this will have no consequence in the release of the balance of payment support" because Nkana and Nchanga are the "jewels in the crown" of Zambia's mines, and nothing short of their sale would impress the donors. — *Independent Foreign Service, Lusaka*

Eskom to buy electricity from Zambian utility

Robyn Chalmers

ESKOM is to sign a contract today to buy power from Zambian electricity utility Zesco for an undisclosed price which will allow it to bolster its capacity in peak demand periods.

This comes after a recent agreement for Eskom to buy power from Mozambique's Cahora Bassa dam for the first time in 16 years. The price at which the Cahora Bassa power has been bought has yet to be divulged, but Eskom expects to receive about 900MW of uninterrupted power.

An Eskom spokesman said yesterday that although the utility had a surplus of electricity generation capacity, it was economically advantageous to import power. This was particularly necessary during peak periods of demand on weekday mornings and evenings.

"This reduces pressure on Eskom's base-load generation plant which is not designed to operate in a stop-start mode."

Eskom said Zambia and Mozambique would benefit from the foreign exchange they received from the sale and could make better use of plants which were, until now, underutilised.

This was economically beneficial for the region, as it reduced pressure on Eskom to build new generation plants. It could, in turn, affect the price of SA's electricity.

SA has exported electricity to all its direct neighbours — Lesotho, Swaziland, Namibia, Botswana, Zimbabwe and Mozambique. It has previously imported from Mozambique and Namibia.

The exchange of power between SA and Zambia means that electricity will pass through Zimbabwe's transmission network, for which the country will be paid.

Eskom said that the contract with Zesco was a "milestone event" in the regional electricity supply sector.

BD 24/7/98 (360)

Unions back taxing of informal sector

BD 24/7/98 (360)

LUSAKA — Facing diminishing revenue collection, the Zambian government wants to tax the informal sector.

Until now, the few workers in formal jobs have been taxed heavily. However, after numerous complaints from the Zambia Congress of Trade Unions and other unions, the government has decided to extend the tax net.

Director of taxes Berlin Msiska said the department hoped to work with councils to collect about $25 a month from informal traders.

"We want to work out how we can have councils collect the tax on our behalf alongside the daily market levies collected from workers in this sector, most of whom trade from council markets," he said. The mining town Kitwe and tourist city Livingstone are being used as trial areas.

The congress of trade unions and chambers of commerce have welcomed the idea.

However Lolaa Kamwinyi, the chairman of the Zambia Traders' Association committee, said the government was being unfair. "Why should government tax small fry when they are giving big fry like Shoprite-Checkers tax-free periods of up to a year?"

Lolaa said most traders were in business not because they were not qualified to do other jobs, or because this was their choice, but because government had failed to create a favourable environment to enable them to get jobs in the formal sector.

Congress of trade unions secretary-general Alec Chirwa said government had made the right move. The exercise would bring some relief to workers in the formal sector and broaden government's tax collection base, he said.

Chirwa said the national revenue authority should tax only those who had the capacity to pay something, as some traders' businesses were little more than hand-to-mouth operations.

Since the opening of the economy in 1992, many Zambians have lost their jobs. The informal sector is the only way to survive.

It consists mainly of street sellers and has become so established that the government is reluctant to remove vendors from the streets because of the public outcry. The state has even created a vendors' desk at State House.

Many in the informal business community conduct traditional businesses, the commonest being the sale of second-hand clothes. The hardest-hit victims of Zambia's harsh privatisation drive are in industries such as mining, manufacturing, transport, banking and farming.

The effect of the decreasing amount of pay-as-you-earn tax from the few workers in the formal sector is only being felt now and is not enough to meet the finance ministry's needs. — AIA.

Bank finances infrastructure

LUSAKA — The Development Bank of Southern Africa and the Zambian Electricity Corporation (Zesco) said this week they had signed a R210,4m loan agreement to supports the upgrading of Zesco's infrastructure.

"This loan is the first investment by the bank in Zambia in terms of its extended mandate in the Southern Africa Development Community and focuses on infrastructure development," the bank said.

The loan will form part of Zesco's $198m power rehabilitation programme, which includes support from the World Bank, European Investment Bank, Agence Francaise de Developement and the Zambian government. The upgrading of the electricity network would allow Zesco to supply cheap, efficient electricity to stimulate economic growth in the country, the development bank said. — Reuter.

Angolan refugees pouring into Zambia

20/4/98 (360)

LUSAKA — About 64 000 Angolan refugees fleeing conscription into Unita in eastern and northeastern Angola have arrived in Zambia, human rights organisations said yesterday.

The United Nations High Commissioner for Refugees and Zambia's interior ministry would verify the figures later this week.

A UNHCR spokesman could not confirm the numbers of refugees. He said about 2 000 refugees of Burundese and Rwandese origin had arrived in Mwinilunga and were temporarily camped there.

Inter-African Network for Human Rights and Development executive director Ngande Mwanajiti and Human Rights Watch researcher Alex Vines said Unita rebels were about to execute a major military offensive in Angola.

Mwanajiti and Vines, who recently returned from eastern Angola bordering Zambia, said Unita was forcibly drafting men and women aged 13 to 30 to beef up its defences.

They visited refugee camps at Maheba near Solwezi in the northwestern province, and Mukulaikwa in Lukulu in the western province, where they saw columns of new refugees arriving.

A statement issued yesterday quoted some refugees at the camps as saying Unita was killing anyone who opposed its military adventurism. "They want to beef up and build a powerful battalion to topple the Luanda government," one refugee said.

Mwanajiti and Vines appealed to the United Nations to prop up the faltering Lusaka protocol to salvage the Angolan situation from sliding into full-scale war.

Presidents Frederick Chiluba of Zambia and Robert Mugabe of Zimbabwe also appealed to the international community to pressure Unita to implement the Lusaka protocol, signed on November 20 1994 to prevent another outbreak of war in Angola. — Sapa.

privatisation

Anglo agrees to help speed up ZCCM

(360) BD 11/8/98

David McKay

ANGLO American and the Zambian government announced last week that they had agreed with Zambia Consolidated Copper Mines (ZCCM) to inject pace into the privatisation of the debt ridden copper producer.

ZCCM was to be privatised, but only a handful of its assets have been sold and attempts to sell its flagship Nkana and Nchanga divisions were abandoned earlier this year after about 18 months of negotiations.

It was reported earlier that Anglo American intended to take over management of some of ZCCM's operating assets.

As an interim measure prior to privatisation, this was believed to be still part of Anglo's plans for ZCCM, industry sources said.

The announcement said that a plan had been installed which would take the heat out of the concerns of ZCCM's creditors.

At the same time it would speed up privatisation.

Anglo American has been acting through its Bermuda-registered company, Zambia Copper Investments (ZCI), which holds a 27,3% stake in ZCCM.

ZCI said: "The representatives present agreed that the privatisation of ZCCM should proceed expeditiously and that they would co-operate in preparation of a plan to accelerate the privatisation of the remaining assets."

An analyst said the development of an action plan would, perhaps, enable ZCCM to win a moratorium on the debt owed to creditors, thought to include suppliers.

"Reading between the lines, it appears ZCCM has realised that it has no option but to reach agreement on privatising its assets — or close down altogether," he said.

ZCCM is reported to be losing up to $2m a month this year, after posting a $155m loss in the 1997 financial year.

The plan may see ZCCM call a rapprochement with its disenchanted suitors, including Avmin, an SA company which led an international consortium interested in buying the Nkana and Nchanga divisions.

Avmin did not discount at the weekend being drawn into new negotiations with ZCCM. It would, however, depend on what was offered, a spokesman said.

Zambia was once among the world's biggest copper producers with annual output peaking at around 750 000 tons in 1970. It is thought mismanagement and ageing equipment, coupled with the decline in the copper price, has put the skids under ZCCM.

The stalled ZCCM privatisation threatens the development of Konkola Deeps — a project which Anglo American is pursuing. Anglo American chairman Julian Ogilvie Thompson has said ZCCM's privatisation was a condition of Konkola's development.

NEWS DIGEST

eT(MR) 12/8/98

☐ PRIVATISATION (360)

Negotiations for sale of Zambia's state mines reach advanced stage

Negotiations between the state-owned Zambia Consolidated Copper Mines and buyers of its Nchanga and Nkana mines have reached an advanced stage, Richard Sakala, President Frederick Chiluba's press aide, said yesterday an announcement on the sale of the mines would be made soon. "A lot of work is currently going on in the background to dispose of Zambia's premier mines ... a major announcement will be made soon, possibly this weekend or next week," he said. The delayed sale of the mines has caused havoc in financial and stock markets, plunging the economy into uncertainty and pushing up the annual inflation rate to more than 30 per cent. Similarly, the local currency has plummeted to an all time low of 1 990 kwacha to one US dollar following erratic foreign exchange earnings from reduced copper production. To worsen matters, the international community has warned that it will not release the $530 million it pledged at the Paris donor conference last May unless ZCCM assets were privatised as soon as possible. — *Sapa, Lusaka*

Avmin renews talks on Zambian mines

(360) BD 13/8/98

David McKay

AVMIN has renewed talks with Zambia Consolidated Copper Mines (ZCCM) to bid for the parastatal's copper-cobalt slag deposits and the Chambisi cobalt and acid plant, valued at between \$50m and \$100m.

This comes amid warnings from the international donor community that it will not release the \$530m it pledged to Zambia last May unless ZCCM assets are privatised as soon as possible.

Reuter reports that the UK has held back its financial aid to Zambia, with the British High Commission saying the funds would have been wasted propping up loss-making mines.

Earlier this year the Avmin-led Kafue consortium — its partners were Canada's Noranda, Phelps Dodge of the US and the Commonwealth Development Corporation — withdrew from the bidding for ZCCM's flagship operations, Nchanga and Nkana, when no agreement on price could be reached.

The Chambisi operation will require less capital to develop than Nkana and Nchanga, but could involve a new plant and developing technology to extract the cobalt.

Avmin is believed to have discussed terms with a ZCCM team led by Francis Kaunda in London yesterday. However, Avmin's Julian Gwillim declined to comment.

One analyst said as an interim measure Avmin might "toll-treat" cobalt concentrate supplied from ZCCM, or possibly the Democratic Republic of Congo, through the Chambisi plant.

The cobalt reserves are a byproduct of ZCCM's copper production and have been built up since it started producing the metal in the 1930s.

An analyst said the concentration of cobalt in the dumps far exceeded any naturally occurring deposit.

According to The Post newspaper in Zambia, Kaunda has been forced to start unbundling ZCCM's mine privatisation packages following apathy from investors.

Anglo American Corporation, a sub-

Continued on Page 2

Avmin

Continued from Page 1

stantial shareholder in ZCCM, last week urged it to divest itself of its major assets.

Presidential press aide Richard Sakala said earlier this week that a pact for the sale of Nchanga and Nkana mines was at an advanced stage, and an announcement on the sale of the mines would be made soon, possibly this weekend or next week.

The delayed sale of ZCCM has caused havoc in financial and stock markets, plunging the Zambian economy into uncertainty and lifting the annual inflation rate to above 30%. The local currency has plummeted to its weakest level yet due to erratic foreign exchange earnings from reduced copper production.

Zambia lifts ban on wheat

(360)

Charles Mubambe

BD 13/8/98

LUSAKA — Zambia, has lifted a ban on wheat imports, to the chagrin of local farmers, who fear that the move will affect local production.

It is feared that cheap imports will stifle local production levels, which had recorded increasing yields since the ban was imposed in 1996.

Commerce and Industry Minister Enock Kavindele said the ban would be lifted with immediate effect.

The Paris Club and World Bank demanded the lifting of the ban at a meeting in France last May as a condition for releasing $530m.

While the move is expected to cheer SA grain millers, the Zambia National Farmers' Union says it will hurt the local milling industry, especially if the government does not act to curb the smuggling of flour.

Union president Ajay Vashee said the government should raise tariffs on wheat to protect the industry. Millers are worried that the weakening rand will see a flurry of cheap flour into the country.

AFRICAN BUSINESS

Timing linked to ZCCM sale

UK delays $32m aid to Zambia

(360)

From Reuters CT(BR) 13/8/98

Lusaka — Britain had held back financial aid to Zambia because the funds would have been wasted propping up the southern African country's money-losing mines, the British high commission in Lusaka said yesterday.

Britain would release the $32 million it pledged in balance of payment support when Zambia Consolidated Copper Mines, the state-owned company, stopped reporting losses or was privatised, the high commission said.

"Unless ZCCM's operating losses are first stemmed and eliminated, the British balance of payment support would simply be consumed in an apparently endless cycle of loss-making.

"As soon as privatisation (of ZCCM) is a reality, this support will be available."

Britain had pledged to release the funds at the end of last month, the target date for the sale of ZCCM's premier Nkana and Nchanga mines.

Western diplomats in Lusaka said other foreign donors would withhold balance of payment support until the two biggest mines were sold.

Zambian officials said an announcement would be made soon regarding the privatisation process, but they gave no further details.

"There is a lot of work going on in the background, and an announcement on the sale of Nkana and Nchanga mines will be made soon," said Richard Sakala, the presidential spokesman. "We are very optimistic about the outcome of the ongoing negotiations."

Negotiations to sell the two mines to Kafue, the foreign mining consortium, collapsed in June after the government and the group failed to agree on a price.

The consortium included Canada's Noranda, South Africa's Avmin, US-based Phelps Dodge and the Commonwealth Development Corporation. The group disbanded in early June after the government rejected its final $1 billion offer.

The delayed sale of the mines, which account for 65 percent of ZCCM's output, has plunged the Zambian economy into its worst crisis in years.

ZCCM posted a $155 million loss last year from a $32 million loss previously, and is expected to suffer heavy losses this year after a drop in copper prices and a lack of investment in its operations.

Reduced copper earnings have seen the local currency fall to an all-time low of about 2 000 kwacha to the dollar after holding steady at about 1 300 kwacha for most of last year.

Zambia's annual inflation rate jumped to 24 percent in June after falling to 18 percent in December, its lowest level in more than a decade.

Zambia was once among the world's biggest copper producers, with annual output peaking at about 750 000 tons in 1970. Mismanagement and ageing equipment coupled with falling world copper prices have since halved that figure.

Zambia must privatise its mines to restore confidence in its economy

(360)

There appears to be light at the end of the tunnel in Zambia's efforts to save its mining industry, reports Theo Bull in Lusaka

MD 26/8/98

SIX weeks or a month ago darkness reigned in Zambia's mining industry.

The Kafue Consortium's long-fought bid for Nchanga and Nkana Mines in the state-owned Zambia Consolidated Copper Mines (ZCCM) stable had failed and no other bidder was in sight. Production was down 25% and the copper price 35%. Payments to suppliers were falling further and further behind.

The donors, for the first time, were starting to squeeze government by withholding balance of payments support, pending privatisation. Government's tax revenue was declining fast and the prospect of a failure to honour internal debt payments was looming.

Yet despite these pressures neither Francis Kaunda, in charge of the mines privatisation team, nor anyone who mattered in government, could bring themselves to work on the root problem — privatising Nkana and Nchanga. Instead their fruitless trips around the world, scouting for buyers, continued.

However, in the past three weeks the chemistry has started to change. Edith Nawakwi, the still new finance minister, understands the enormity of the danger facing Zambia and it seems she is getting this across to President Frederick Chiluba. Furthermore, Anglo American has realised that it can play a constructive, even a creative, role to the benefit of its shareholders and the Zambian copper industry as a whole.

A number of other things have been happening. The Commonwealth Development Corporation has reaffirmed its willingness to help (though not to take a lead) in the privatisation; SA's Avmin has been willing to commit money for a slice of the action and has done a deal to buy the cobalt and acid plant at ZCCM's Chambishi and the slag dumps at Nkana; Canadian company Noranda has shown continuing interest in the copper belt; and Hong Kong Shanghai Bank has been pursuing its client's interest in Mufulira mine, provided the smelter there is put back in the package with the mine and the concentrator.

Until now Mufulira has been withheld in favour of Anglo, to make the Konkola Deep Package more attractive.

All these factors are important, but the key change is that Anglo is now serious about buying the whole of Nkana, other than the slag dumps Avmin is taking. This means Anglo would take the underground shafts and reserves as well as the concentrator, smelter and refinery. Anglo, it seems, has always liked the smelter at Nkana better than the one at Mufulira.

There have been rumours in Zambia and SA that Anglo is interested in the rest of copper belt. If that is so then logically it will need a large partner, and Noranda is the obvious candidate. But Noranda has made no secret of its unwillingness to "play second fiddle" to Anglo in any copper belt acquisition.

It seems much more likely therefore that Anglo would take Nkana, alone or with another partner, and relinquish its rights to the smelter at Mufulira. This would clear the way for Hong Kong Shanghai's client (there has been interesting speculation over who this is) to take the whole of Mufulira. This would be a great relief for the Zambian government, for Mufulira without the smelter had been proving unsellable.

It would be too costly for ZCCM to retain Mufulira, and closure would involve 6 000 or more job losses. With Nkana and Mufulira disposed of in this way, Nchanga would be left for Noranda or a consortium led by them.

Nchanga still has great exploration possibilities as well as its existing underground shaft and open pit. If $40m to $50m were realised for each of Nkana, Nchanga and Chambishi with the Nkana dumps, and perhaps $30m for Mufulira, the cash received would be similar to that expected earlier from the Kafue Consortium and Zambia would still have succeeded in getting top class companies to run the industry.

The signs are good, but Kaunda has managed before to snatch defeat from the jaws of victory. Let us hope that lessons have been learned and that this time negotiations will be vigorous and within weeks the remaining mines will be sold to strong purchasers. Only then will national confidence be restored, donor funds start to flow again and the economy start to recover.

Will Zambia be able to raise itself from the dirt?

(360) ST 23/8/98

Despite the high-octane drama around it, very little is heard of Zambia, yet the country seems set for a horrific collapse, writes MICHAEL SCHMIDT

ALICE Chipidi could be a walking advert for Frederick Chiluba's new, liberal-democratic Zambia. But, like many of her countrywomen, Alice is literally eating dirt.

A good-looking 22-year-old, her head wound in a colourful scarf and her bright-eyed children at her side, Alice walks the dusty streets of Kalinga-linga township in the capital, Lusaka. In her hand is a lump of grey clay, bought at a market along with tomatoes and dried fish.

Alice breaks a piece off the lump and nibbles on it thoughtfully. My guide informs me pregnant women eat this clay because they need the minerals.

But Alice is not pregnant and when I ask her what the clay is she answers simply: "Food."

In a country where 86 percent of the people live below the poverty line, both explanations are equally plausible — and equally shocking.

The starvation is the most obvious legacy of Kenneth Kaunda's failed African socialist experiment, which ran from independence in 1964 until he was defeated in elections by Chiluba's Movement for Multiparty Democracy in 1991.

Kaunda's fundamental error was failing to set fair produce prices for farmers while subsidising food in the cities. The result was that farmers stopped farming and flooded the cities. Zambia became Africa's most urbanised country — with a severe food production problem.

Today, it produces only half the volume of food that neighbouring Malawi does — despite the fact it is six times larger. Stories abound of hectares of arable land and once-viable crops such as pineapples and groundnuts gone to seed.

Kaunda also failed to diversify a nationalised economy based almost entirely on copper. After world copper prices collapsed in the mid-'70s, Zambia never truly recovered.

But blaming Zambia's ills on the past would be a mistake.

Chiluba, former general secretary of the Zambian Congress of Trade Unions, became president on the crest of a wave of worker demands for an end to one-party rule — and for protection against the International Monetary Fund's pauperising austerity programmes.

But he instead betrayed his electoral mandate and quickened liberalisation of the economy. The cost of basic foodstuffs rocketed: mielie meal went up 720 percent between 1991 and 1996. In the same period, the value of the currency declined by 325 percent. A rand buys 338 kwachas.

Job losses escalated under Chiluba's privatisation programme, which, critics argue, has seen some viable state-owned concerns shut down and others sold at fire-sale rates.

Rusty, outdated equipment and silence characterise the once-vibrant Copperbelt pits run by the statal Zambian Consolidated Copper Mines.

Multinationals such as Anglo American, which were bought out in 1970 at terms very favourable to them, are waiting patiently in the wings for the Zambian government's asking price to fall through the floor.

South Africa's recolonisation of Zambia is in full swing — Shoprite now owns the country's biggest supermarket chain, and white South African farmers have bought up extensive farmlands in the north, some importing nasty habits such as sjambokking workers.

Liberalisation has benefited only a tiny elite — those who live in luxury compounds bristling with satellite dishes and electric fencing.

But outside their high walls, Zambia is dying: five members of the University of Zambia and Allied Workers' Union were buried in two weeks. They all died of malnutrition-related ills.

"We eat perhaps once a day, sometimes once every two days, and drink water in-between," one shop steward said. His colleagues had not been paid for July.

Zambia owes more than R44-billion to foreign governments, the IMF, the World Bank and others.

The national Bank of Zambia's foreign reserves have fallen more than R756-million since December — to the lowest point in six years — largely due to servicing this debt.

Chiluba's democratic credentials are flimsy — society is stifled by a law which renders any organised group of citizens, no matter how innocent, illegal unless licensed by the state and scrutinised annually by police.

All the indications are that Zambia faces imminent collapse — state executions started up again last year after a seven-year break, while the state-owned media divert attention from the gloomy economy by covering the trial of a handful of plotters involved in last year's pitiful coup attempt.

The trial has also revealed the military's serious lack of battle-readiness — armoured cars have no diesel and no-one is sure if the air force even exists. The rumour is that the last three jets were repossessed.

Added to this, the Congolese military vehicles openly prowl Copperbelt towns as the war in the Democratic Republic of Congo heats up and while Angola openly threatens pre-emptive air strikes on the west of Zambia to cut Unita's supply lines.

With so much high-octane drama around it, very little is heard about Zambia. There is virtually no militant tradition, so no street protest and no international coverage. If Zambia does collapse, a bloody multipartisan battle for control of the remnants, particularly the mines, is virtually assured.

People such as Alice, already marginalised, would simply be obliterated in the chaos.

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Zambia's railways to sack half its workers in restructuring

BD 8/9/98

LIVINGSTONE — Zambia's railways will, as part of a $300 000 restructuring exercise, retrench nearly half of the parastatal's workforce.

However, railway officials said there were fears that retrenched workers could be forced into crime as most did not have skills apart from their railway experience.

Zambia railways' southern region public relations officer, Daniel Simonda, said under the Swedish-funded restructuring exercise in preparation for privatisation, the company would lay off 2 600 out of its 5 217 employees.

"Apart from the monetary packages they will get, most workers will be given the company houses they have been staying in, but that is all they will have.

"In a difficult economic situation such as we have in Zambia, the financial packages will soon be taken up by social needs.

"That will leave the former workers desperate for other forms of income, but they are not being prepared for this," said Simonda.

He said in Livingstone, where a substantial number of the railway employees would be retrenched, there were no other industries that could absorb the former workers. He said they needed to be trained in self-employment.

Head of railways operations in Livingstone, Maurice Banda, said the railways itself could be a target of its former employees who could join groups of criminals who stole wagon parts made of brass.

The restructuring exercise began in March and was expected to last two years when government was expected to privatise the parastatal. — Sapa.

(360)

Copper output in Zambia up

(360)

LUSAKA — Zambia's copper output rose to 30 300 tons in August, up 16% from July, but the upward move seems unsustainable, according to a Citibank report released yesterday.

Zambia Consolidated Copper Mines (ZCCM) accounted for 77% of August output. The firm's production was up 29% on the previous month.

However, output at the troubled majority state-owned ZCCM was likely to fall in the near future due to "production risks associated with poor employee morale, inadequate supply of raw materials (and) inadequate working capital".

Zambia is under pressure to fully privatise ZCCM. Talks on the sale of its premier Nkana and Nchanga mines collapsed in June after the government and an international consortium differed on sales terms. —Reuter BD 10/9/98

IMF tells Zambia it must reverse economic slide to get funds

(360) BD 11/9/98

LUSAKA — The International Monetary Fund (IMF) said yesterday release of funds to Zambia under a loan package would depend on the government's ability to reverse a slide in the economy and create conditions for growth.

"Discussions between the IMF and the national authorities on the enhanced structural adjustment facility (Esaf) are continuing. We hope progress can be made soon," the IMF's Kenneth Myers said.

Esaf is a three-year programme that provides concessional loans to eligible members of the IMF undertaking reform to strengthen their balance of payments and improve their growth prospects.

The IMF disbursed special drawing rights (SDRs) for $10m to Zambia in the programme's first year, but withheld second-year Esaf funds after the government failed to meet economic targets.

Zambia has lost many of the economic gains made in the second half of last year, with annual inflation rising to 27% in July from a 10-year low of 19,9% last September.

Esaf loans carry an interest rate of 0,5% and are repayable over 10 years with a five-and-a-half-year grace period. Zambia can borrow up to $40m in its second and third Esaf years. — Reuter.

Lusaka plans tax review after Coca-Cola cancels $75m deal

BD 16/9/98 (360)

Charles Mubambe

LUSAKA — The Zambian government is set to review its tax regime to stem the flight of investment from the country.

This follows Coca-Cola's move to cancel a $75m investment programme because of high excise duty imposed on domestic and imported goods.

The Zambian Revenue Authority said yesterday the excise duty was levied on goods like carbonated drinks, tyres and cigarettes, among others. Coca-Cola was paying 25% excise duty on carbonated drinks it bottled, but the duty on other affected goods ranged from 10% to 125%.

In May this year, Commerce and Trade Minister Enock Kavindele announced plans to reduce excise duty for Coca-Cola in return for the firm's planned investment. High retail prices as a result of the knock-on from high excise duty had resulted in depressed sales and profitability for the company.

Coca-Cola said last week the viability of its business in Zambia was threatened. At least 15 000 local jobs were in jeopardy.

Last week, government announced the establishment of a tax policy force to recommend tax and nontax revenue measures for adoption in next year's budget.

The finance ministry's permanent secretary for budget and economic affairs, Bornface Nonde, said at the time: "Our quest for economic advancement, based on private initiative and market forces, requires that we eliminate tax inequalities."

This is viewed as a desperate bid to calm the business sector and shore up investor confidence. The manufacturing sector, which relies heavily on imported raw materials, is hard hit by taxes such as import duties and value-added tax, which stands at 17,5%.

The Zambia Association for Chambers of Commerce and Industry says the tax regime is stifling investment. Association chairman George Chabwera says: "Many businesses in this country have tried to keep up with their tax obligations by using their capital. This has resulted in their businesses folding."

Several multinationals have relocated their businesses to neighbouring countries offering more favourable tax regimes.

Zambian brewery lifts earnings 19,9%

(360)

Charles Mubambe

BD 15/9/98

LUSAKA — Zambian Breweries has increased after-tax profit 19,9% to 1 559-million kwacha for the six months to June 30 this year — despite mounting competition in the beer market and poor economic growth in Zambia.

The interim results indicate turnover rose 18,6% to 42 919-million kwacha against the same period last year.

Zambian Breweries, which is 50% held by SA Breweries (SAB), achieved the results without increasing the prices of its products. However, the company experienced pressure on its margins after incurring some losses as a result of the restricted availability of foreign exchange in Zambia.

SAB acquired 50% of the shares in Zambian Breweries when the firm was privatised in 1994.

Since listing on the Lusaka Stock Exchange in August last year, Zambian Breweries has performed well, largely due to its dominance in the clear beer market.

Zambian Breweries MD Paul Crosley says the firm will continue improving the quality of its four brands of beer.

It did not plan to introduce any new brands, he said.

Time for action on copper mines

The frontrunners are emerging in fresh negotiations for mines on Zambia's copper belt, writes Theo Bull in Lusaka BD 17/9/98 (360)

LUSAKA — The future of the Zambian mines still to be privatised remains clouded, but a clearer outline is beginning to emerge of the shape of things to come.

Anglo American has spent some active weeks on the copper belt, especially around Nkana mine. It seems to have established a good working relationship with Canadian mining company Noranda, both on the ground and in top-level discussions. An Anglo-led consortium including Noranda looks set to bid seriously and quickly for Nkana, with its smelter and refinery. Others might join the consortium later, but on Anglo's terms.

This prospect looks firm enough to have allowed government to negotiate seriously with HongKong Shanghai Bank and Reunion Mining for the sale of Mufulira mine complete with its smelter. This smelter was previously withheld from the Mufulira package in favour of Anglo American for use with Konkola Deep.

Under the new arrangement that is emerging, the smelter at Nkana mine in Kitwe will satisfy Anglo's requirements for the existing Konkola mine and for the new Deep Shaft there when that finally gets under way.

HongKong Shangai and Reunion are due here again within days and it is believed that an offer of $30m is on the table.

The remaining piece of jigsaw would then be Nchanga. No one seems to be rushing forward to negotiate and Anglo does not appear to want it. It is, however, vital for Anglo that Nchanga be in competent hands before it makes any commitment on Nkana.

One solution under consideration is to put Nchanga under Anglo's management until a buyer is found. This would satisfy Anglo's short-term concerns, but for the future development of Nchanga (where there is still great potential despite the short remaining life span of the open pit mine) a long-term mining developer of international standing is needed.

Those who watched Zambia fiddle for more than a year while the mines burned are justified in questioning whether the country has the determination yet to enter without delay into binding agreements to sell the mines.

Time will show. But there is an important deadline of September 30 in the mind of the World Bank and the donor community. A further meeting for next month was set by the donors in Paris last May.

All balance of payments, support and some other aid have been withheld, with a surprising degree of determination. If there is not significant and genuine progress now there will be no meeting next month and still no release of funds. The situation is getting so desperate that there really may be action this time.

High cost of Coke in Zambia leaves bad taste in the mouth

BD 23/9/98 (360)

The Zambian government seems determined to keep the price of Coca-Cola high, and has fired a minister who wanted to change things.
Claire Pickard-Cambridge reports from Lusaka

A ROW over high excise duties on Coca-Cola products in Zambia has reverberated around the country, sending mixed messages to investors about government policy.

Coca-Cola is more costly than beer in Zambia and is understood to be four times more expensive than the same product bottled in Zimbabwe.

The Zambian government's decision to distance itself from an official agreement negotiated with Coca-Cola to drop the duty from 25% on the wholesale price to 5% has had many ramifications.

Not only has it put the brakes on Coca-Cola's plans to invest another \$75m over the next five years, but high prices spell lower demand, which will affect many associated supplier companies and the informal sector.

Zambia is traditionally regarded as a "nation of traders", and the vice-president of Coca-Cola in southern Africa, S'bu Mngadi, says the microeconomy has been the country's chief driver of growth. "About 60%-70% of our Zambian customers are hawkers and vendors in the informal sector and they stand to be hurt or to lose their livelihood as a result of high prices."

The saga surrounding the duties also contributed to the dismissal of Commerce, Trade and Industry Minister Enoch Kavindele on Monday. He was fired one day after indicating publicly that he was at loggerheads with Finance Minister Edith Nawakwi over cuts in duties for Coca-Cola.

Zambian President Frederick Chiluba has distanced himself from an agreement reached between Coca-Cola and a heavyweight team of government officials, saying the matter had not been finalised with cabinet.

Nawakwi, in turn, annoyed the business community by saying that Coca-Cola could go elsewhere if it objected to the duties. She also said it would not be fair of Coca-Cola to "blackmail the country" over the duties.

In an interview hours before his dismissal, Kavindele said Nawakwi's message to Coca-Cola made his job — which was to attract investment — more difficult. He claimed that her comments were out of line with government policy, and that at least 19 000 jobs could be lost across a broad spectrum if Coca-Cola pulled out of Zambia.

Companies which would be damaged as a result included Zambia Sugar, which sold 25% of its product to Coca-Cola subsidiary, Zambia Bottlers; Zambia Oxygen; Crown Cork; the Zambia Electricity Supply Corporation; Kapiri Glass Products; and Lusaka Water and Sewerage, Kavindele said.

"As acting finance minister I negotiated a lower excise duty for Coke because we were imposing the highest duty in the region. We also have long borders and so high duties just encourage the smuggling of Cokes into the country."

He said he had prepared a statutory document to make a special allowance for Coca-Cola, cutting its 25% excise duty to 5%, but Nawakwi had failed to sign it.

Mngadi has denied reports that Coca-Cola suspended production in Zambia last week. Both plants and nine depots were fully operational. "We are sensitive to our social responsibilities in Zambia and hope to stay, particularly as Coca-Cola's activities have a multiplier effect. If we were to close shop the impact would be severe."

He said an excise duty of 25% was levied on the wholesale price of every case of Coca-Cola leaving the factory, making the retail price the highest in Africa and one of the highest in the world.

Mngadi said the excise duty — which is unrelated to the 17,5% VAT duty paid by consumers — was drastically hiked early this year when the government revised the method of evaluating the tax on carbonated soft drinks. Instead of the 25% tax being calculated on the manufacturing cost, it was now based on the wholesale price.

Since then Coca-Cola reached an agreement with a heavyweight team of government officials including Kavindele, the deputy finance minister, the Zambia Revenue Authority and the Zambia Investment Centre for the duty to be dropped from 25% to 5%. In return Coca-Cola agreed to drop its prices, and to implement a \$75m investment plan over five years "which would have been one of Zambia's biggest foreign investments", Mngadi said.

However, President Frederick Chiluba later distanced himself from the agreement, saying the matter had not been finalised with the cabinet.

"We are extremely disappointed by government's inability to ratify our agreement but remain confident that obstacles will be overcome as we still wish to remain in Zambia," Mngadi said.

Other businessmen and foreign agencies speculate that the negotiation of a special concession on Coca-Cola's duties may have laid the government open to similar demands from other manufacturers. They say the pinch on government finances and pressure from donors to meet debt repayments may also have resulted in Chiluba's change of heart.

Whatever the truth of the government's dilemma, its inconsistency has sent negative signals to investors already concerned about the shaky state of the economy.

ZCCM gets a UK offer for Mufulira

(360)

David McKay BD 4/11/98

THE privatisation of Zambia Consolidated Copper Mines (ZCCM), delayed by the slump in copper price and government imbroglios, gained momentum yesterday with the UK's Reunion Mining making an offer to buy the Mufulira complex.

Mufulira mine contributed about a fifth to ZCCM's annual copper output of about 300 000 tons before its privatisation got under way.

A condition of the sale of the Mufulira mine, however, is that its surface copper processing facilities are included in the package. It is for this reason that analysts are hopeful all major portions of ZCCM will be privatised by year-end.

In the original terms of ZCCM's privatisation, the Mufulira mine was not offered in the same package as its smelter and refinery. This perplexed some analysts who said the mine would never be sold alone. Despite its significant underground reserves, the mine is costly to operate and does not benefit from cobalt byproduct revenues.

Instead, Anglo American Corporation had, through its Bermuda-registered Zambian investment company Zambia Copper Industries, arranged to buy Mufulira's smelter and refinery with the intention of wrapping them into the Konkola Deeps project.

"As a stand-alone mine, Mufulira has little chance of being sold. It needs its dedicated smelter and refinery which Anglo American currently controls," Investec analyst John Clemmow said.

A new arrangement is now being considered.

Reunion Mining, a London-listed African mining company, said yesterday it had signed a memorandum of understanding with management of the Mufulira division. The two parties have formed a company Mufulira Copper Mines to conduct the transaction, to be funded by a group of international investors and mining firms.

Reunion's Peter Wynter Bee said the offer for the Mufulira complex was motivated by its own management and that Reunion was "helping to put the deal together".

AFRICAN BUSINE

Sale of Mufulira to Reunion opens way for Anglo to buy Nkana copper smelter

Anglo may yet dominate in Zambia

~~(360)~~ (360) ET(Mar)5/11/98

FROM BLOOMBERG

Lusaka — Anglo American, the South African mining house, would dominate the development of Zambia's copper production by buying the Nkana smelter to process output from its Konkola Deep deposit, analysts said yesterday.

Tuesday's signing of a memorandum of understanding between Reunion, the British mining group, and the state-owned Zambia Consolidated Copper Mines (ZCCM) to buy the Mufulira copper mine and smelter, a processing unit to which Anglo has right of first refusal, opens the way for Anglo to buy Nkana, ZCCM's biggest smelting unit.

Anglo was initially discouraged from buying ZCCM's existing assets as the government did not want one company controlling its copper industry. It encouraged Anglo to develop the new Konkola Deep deposit.

The falling copper price has frustrated attempts to sell ZCCM, which earns 90 percent of Zambia's foreign exchange, and the government is now in talks with Anglo.

"(The state) did not want Anglo coming in and in effect owning Zambia. They have less choice now," said Richard Norman, an analyst at HSBC Simpson McKie in Johannesburg.

Anglo now had the chance to combine Nkana, the biggest asset, with possibly the best property, Konkola.

Konkola is estimated to have reserves of about 381 million metric tons of ore grading at 3,5 percent copper, John Clemmow, a London-based Investec Securities analyst, has said.

Anglo, which owns 27 percent of ZCCM through its Bermuda-registered Zambia Copper Investments, initially had planned to use ZCCM's Mufulira smelter to process any output from Konkola.

Analysts said Anglo would not have let ZCCM sell Mufulira unless Anglo would be able to use the larger Nkana smelter.

While Anglo was not immediately available for comment, it has confirmed it is in talks with ZCCM about the possibility of taking over Nkana.

"Anglo would get processing capacity. That is all it wants," said Norman.

The freeing up of the Mufulira smelter from Anglo's possible control helped ZCCM as it could sell the smelter with the Mufulira mine which, without processing facilities, was seen as valueless, said Norman.

By combining a large smelter with a significant unmined deposit, Anglo would position itself to dominate Zambia's copper industry, with some of the world's best reserves.

While ZCCM is still a significant copper producer and the world's biggest cobalt miner, it lost 468,1 billion kwacha (R1,3 billion) in the year to March 31, double its loss the year before. Copper production has fallen 14 percent in the quarter to June 30 to 67 200 metric tons. Analysts say its mines have seen their most productive days.

"There is no underlying excitement in ... ZCCM," said Barry Sergeant, an analyst at BOE Securities in Johannesburg. "The assets and properties have seen their best days. The only quality property left is Konkola Deep."

The state of ZCCM's copper mines and the falling copper price, which is close to an 11-year low, was likely to see ZCCM sell most of its remaining assets to small mining companies like Reunion, said Sergeant.

The copper price and the potential for copper production in South America and the Democratic Republic of Congo had "cast a pallor over ZCCM on perhaps a permanent basis".

Charles Kernot, an analyst at Paribas Capital Markets in London, said the purchase of Mufulira by Reunion, if successful, "will catapult them into a much larger league".

Zambia Sugar sees after-tax profit rise

BD 24/11/98 (360)

Charles Mubambe

LUSAKA — Zambia Sugar, one of the most promising listings on the Lusaka Stock Exchange, has increased after-tax profit to 12,389-million kwacha for the six months to September, a considerable increase against 11,350-million kwacha for the 12 months to March 31.

Profit before tax at 13,953-million kwacha is three times higher than in the previous six-month period. The earnings per share for the period is 2,28 kwacha, against 0,73 kwacha over the same period last year.

The directors have proposed a final dividend of 1,29 kwacha per share payable in April next year to holders on the register as at January 29. The dividend is subject to approval by members at an extraordinary general meeting on December 17 1998.

Prospects in the new year remain good as long as there is macrostability, says a report from the company, which recently moved its head office from Ndola on the Copperbelt Province to Mazabuka in Southern Province, where its sugar plantations are located.

The company says there is considerable room for growth in the local market, as per capita sugar consumption in Zambia is still among the lowest in the world. In addition, export opportunities abound in the region.

Louvet Distillers — a joint venture including SA, Portuguese and British nationals, and a company based in the Bahamas — recently signed an agreement with Zambia Sugar to supply it with molasses for production of industrial alcohol once the company sets up a facility in Mazabuka.

Kwacha will drop further, report says

Charles Mubambe

BD 27/11/98

(360)

LUSAKA — The Zambian kwacha will continue to depreciate as import demand increases along with reduced foreign exchange inflows, warns a Barclays Bank treasury report.

The shortage of foreign exchange resulted in the commercial bank's dealing centres putting orders in the pipeline, said the bank.

The local currency closed the week ending November 13 as low as 2 170 kwacha to the US dollar.

The delayed sale of Zambia Consolidated Copper Mines' (ZCCM's) core assets, Nchanga and Nkana, is partly to blame for weakness in the economy.

Government's hopes of building on the economic achievements of the previous two years looked grim due to severe foreign exchange constraints. Its macroeconomic objectives were to achieve a real economic growth rate of 5%, and to reduce inflation from 18,9% in January to 15% by year-end.

However, it is doubtful this will be achieved with inflation increasing marginally to 27,6% last month.

Government's plans to increase gross international official reserves to an equivalent of about 2,5 months of import cover looks far-fetched if the $117,6m in reserves recorded in July is anything to go by.

Bank of Zambia governor Jacob Mwanza said failure by ZCCM to meet its financial obligations in time, agricultural marketing problems and the loss of business and investor confidence have contributed to the low performance of the economy this year.

External debt service obligations had depleted the level of official reserves and affected the central bank's ability to intervene in the foreign exchange market.

The chairman of the Zambia Industrial Partnership Council, Theo Bull, said: "The only remaining vital step needed to stimulate the economy is to sell at least a majority interest in the three remaining large mines. Then, if government does not falter in any of its vital macroeconomic polices, we shall start to see real signs of recovery."

AFRICAN BUSINESS

BANKING *Trouble at National Bank of Kenya raises questions about restructuring and sets rumours flying*

Kenya's ailing financial sector is overbanked, or 'there's a plot'

(360) U (MR) 27/11/98

DAVID MAGERIA

Nairobi — Financial trouble at National Bank of Kenya had raised concern about the future of Kenya's commercial banks, which were suffering from bad debts and bad management, financial analysts said yesterday.

"When we had problems with the small commercial banks, it was alarming but not surprising. Trouble at the National Bank of Kenya (NBK) is more shocking. It is the fourth largest bank and this raises questions of sector solidity," said a cabinet minister.

Officials at the Central Bank of Kenya said the banking system was generally sound, and small commercial banks in trouble were simply paying the price of years of abusing existing rules.

Financial analysts say Kenya's banking sector is just emerging from years of flouting banking laws, a high non-performing loan profile, persistent bad management and high interest rates that discouraged any private sector investments.

"Overall, provision of bad debts is still an annoying factor in all banks," said Amish Gupta, the associate director at brokerage Shah Munge.

Anthony Ndzuya at Zimele Asset Management said: "It is time to bite the bullet and seriously address the bad debt problem. (Bank) profits going down will obviously change the people's perception, but eventually it is the better option."

Non-performing loans and advances, at 52 billion shillings (R4,9 billion) at September 30, represented 21 percent of total advances. Loans loss provisions rose to 26 billion shillings from 19 billion shillings in 1997.

The central bank has seized control of five small commercial banks since September. On Saturday, the government injected

2 billion shillings into the NBK after speculation the NBK was in trouble had fuelled "unnecessary panic" among depositors, according to Simeon Nyachae, the finance minister.

In its latest report on bank supervision, the central bank said its ability to foster a stable and sound financial system was hampered by weaknesses in the banking laws. It said out of 30 commercial bank failures between 1984 and last year, 87 percent were a result of insider abuse, and "current restrictions on insider loans are not adequate".

Rampant insider loan abuse led the state earlier this year to sack three directors at the Kenya Commercial Bank, east Africa's largest retail bank. The loans have since been regulated.

The central bank said despite non-performing loans being high, banking institutions still posted "very high profits".

"To ensure that adequate provisions are maintained, the central bank has made proposals for penalties on institutions that fail to comply with requirements of provisioning," it said in its report yesterday. "This will ensure stability of the sector and avoid crisis like that experienced in southeast Asia."

Foreign fund managers said the decision to seize some banks may be a blessing in disguise, arguing that Kenya was heavily overbanked while the economy was in decline.

Kenya has 55 commercial banks, and the central bank classifies 30 to 35 of these as small banks. A senior banking official said some were formed for "sentimental value rather than pure economic thinking".

"A flight to quality in the banking sector amid the crisis has seen shares of Barclays and Standard Chartered rising on the Nairobi stock exchange.

Under regulations coming into effect from January, commercial banks must raise their share capital to 200 million shillings from 75 million shillings to enhance their share market and increase efficiency. That figure would rise to 500 million shillings in two years, the central bank said.

On Wednesday, four small banks separately said they were merging into two solid medium banks. Other mergers were expected in the coming month, investment advisers said.

Market jitters after government intervention at NBK have persisted, and some banking executives smell a conspiracy. "Rumours pose the greatest risk even to the most stable. It is now fashionable to just pick up the phone and spread the message that either this or that bank is folding," said a bank manager.

In unveiling the NBK package, Nyachae spoke of a plot by small banks to spread panic and force the government into further relaxing the rules, especially the proportion of deposits held by the central bank.

But investment analysts said bank failures partly reflected a retreating economy, with this forecast likely to worsen.

"What is happening is reflective of the general state of the economy," said John Ngumi, an investment adviser. — Reuters

(360)

BD 9/12/98

Mine sales key to Zambian growth

Alternatives to privatisation are being sought

Charles Mubambe and
Claire Pickard-Cambridge

LUSAKA — Zambia's privatisation of nonmining companies is continuing steadily and several larger state enterprises such as Zambia Railways, Zambia National Oil Company and Zambia National Commercial Bank have been handed over to the Zambia Privatisation Agency.

The Barclays quarterly economic review of the Zambian economy said the enterprises handed over to the agency might not be privatised — some would be restructured and commercialised, while others might be operated through concessions or their shares sold to the public to dilute the government's interest.

By September, 222 companies were privatised and negotiations for the sale of another four completed. The report was optimistic that the forthcoming signing of the tourism concession agreement could attract investment into tourism. However, the completion of the privatisation of Zambia Consolidated Copper Mining remained critical for the injection of life into the economy.

It is hoped the mines' sale, which government hopes to complete by the end of the year, could trigger the release of renewed balance of payments support by donors.

The report said investments in mineral exploration, estimated at $50m a year, were encouraging. They had risen from $2m in 1991 and $20m in 1994/95.

Manufacturing output declined 30% over the past year, but there were signs this had been arrested. "Output is static and many manufacturers that have managed to survive are optimistic about the future."

Like all sectors of the economy, optimum performance in manufacturing is dependent on the rationalisation of the mining sector.

The decline in investment pledges is consistent with the overall underperformance of the economy and is also perhaps a reflection of regional recession. "There appears to be a lack of confidence in the economy … one of the major issues behind this is the delayed disposal of Nkana and Nchanga mines," the review said.

Zambia's goals of reducing inflation to 9% and boosting gross domestic product to 5,5% are unlikely to be achieved.

Costs inhibit new business in Zambia

(360)

Charles Mubambe

LUSAKA — The high cost of setting up business in Zambia is inhibiting foreign investment in the country, Zambia Investment Centre director-general Margaret Mwanakatwe has admitted. BD 2/12/98

At a national convention on revitalising the Zambian economy held recently, she said duty and value-added tax on productive capital equipment at the point of importation were among the measures stifling investment in the country.

"Let us refrain from taxing the local or foreign investor even before he has begun to make money in our country. Allow the establishment of business first and tax its future income streams. Let us invest now for a greater benefit in the future."

Mwanakatwe urged the government to create incentives that would attract investments to rural areas, noting that 90% of investment is going to urban areas.

Zambians urge for trade change

(360)

Sowetan 28/12/98

SOME things seem never to change. Apartheid South Africa was, understandably, Zambia's political enemy number one. Although its politics now pose little threat, post-apartheid South Africa is still enemy number one – but this time in the economic arena.

Ever since president Frederick Chiluba's government liberalised the economy, high quality South African goods, including fresh farm produce, have simply replaced Zambian-made goods on the shelves.

The fragile Zambian manufacturing sector can neither withstand the competition nor, in some cases, even afford to keep its machines rolling.

The problem is further compounded by South African laws which – thanks to preferential tariff structures – discourage imports of products from outside the Southern African customs union, which embraces Namibia, Botswana, Lesotho and Swaziland.

A popular cartoonist in one of Zambia's tabloids depicted a typical scenario in the ongoing marketing war between Lusaka's major department stores.

"Just unpacked!" the produce on the shelves screamed. "Cabbages from Cape Town! Oranges from Bloemfontein! Carrots from Gauteng! Original Irish potatoes from Ireland via the RSA. Genuine apples from Durban."

The message is clear to ordinary Zambians: everything worthwhile is imported, from mangoes to mushrooms, oranges to cream, beer to wine, needles to pharmaceutical products like paracetamol and chloroquine.

This does not only happen in the capital. Even in remote villages, the tag "Made in RSA (Republic of South Africa)" is an everyday sight. One of the country's best-known business consultants, Gilbert Mudenda, calls Zambia "South Africa's trading shelf".

As a result economists, farmers, industrialists, financiers, academics and opposition politicians agree that Zambia's biggest problem right now is what is seen as unfair trade competition from South Africa.

The label "Made in South Africa" is seen all too frequently in Zambia these days on everything from food to pharmaceuticals, according to Lusaka-based journalist *Hastings Nyasulu*. He reports that many Zambians are calling for less reliance on such imports as local jobs are disappearing.

Zambian President Frederick Chiluba.

Scaled down

A number of Zambian factories have closed and once-prosperous farms have been abandoned, pushing thousands of workers out of jobs.

Formerly active factories employing more than 100 workers each are now being turned into warehouses, their labour forces scaled down to a bare dozen at best.

The million-strong base of those in formal employment in 1990 has now shrunk as low as 240 000.

President Frederick Chiluba, once Zambia's most popular national trade unionist, has now been forced to concede that the trend is an alarming one, and in mid-November had to call an *insaka* (a meeting for dialogue and finding solutions to a problem in the local Bemba language), inviting stakeholders to debate the best ways to "revitalise the economy" and make recommendations for the 1999 budget.

The *insaka* was unanimous on one point at least: the biggest culprits are the South African companies based in Zambia.

The country's major department store chain, Shoprite Checkers, imports almost 90 percent of its stocks, including fresh meat, cheese, butter, cabbages, ham, potatoes and all other fresh farm produce.

Its sister company, the Hungry Lion fast food chain, imports all its peeled refrigerated potatoes. Both companies take advantage of the zero-rated duty on food imports into Zambia.

Ajay Vashee, president of the 10 000-strong Zambian National Farmers Union, condemned the trend and demanded the government set up a private sector-driven board of tariffs and international trade which would have powers to streamline problems arising from unfair trade practices.

"This is the sort of unfair competition that has killed agriculture in Zambia," he said. "While the Zambian farmer tries hard to keep workers in employment by farming, the government is showing clearly that it does not care what happens to the produce after the heavy toil. We are not scared of competition but we cannot stomach unfair competition."

George Chabwera, president of the Chamber of Commerce and Industry, insisted that the government revisit both investment and agricultural policies.

"We are not against the liberalisation of the economy," he said. "We are not against privatisation. But South Africa and other countries are turning Zambia into a dumping ground for their subsidised exports. Government policy is forcing the Zambian consumer to create jobs for South Africans, not Zambians."

The balance of trade situation is dire. Fresh farm imports alone are reported to be gobbling up R11,8 million a week of scarce foreign exchange.

In contrast, Zambia exports tobacco, paprika and soya beans worth no more than R23,6 million a year.

Farmers argue that the kind of money spent on fresh consumables from South Africa could be better spent on importing farm implements and subsidising inputs to recreate lost jobs.

In the meantime, the local currency, the Kwacha, is sinking fast. While in January 1998 it took K1,250 to buy R5,9, by December the rate had reached K2,300.

On December 1 the depreciation finally brought a response from the ministry of finance, which implemented foreign exchange regulations banning the purchase of more than R29 500 in foreign currency in a single transaction.

But the chamber of commerce said that was too little, too late. In the past five years, 112 major companies have closed down in Zambia, while some have relocated to either Zimbabwe or Kenya citing a poor economic environment for manufacturing.

They include tyre giant Dunlop Zambia Ltd, whose products could not compete with South African imports and whose Ndola plant closed its doors in 1997.

Livingstone Motor Assemblies has abandoned its assembly of Fiat and Peugeot cars, and at least 51 textile companies have closed since 1994.

Ghost towns

The overall effect is to turn some factory-centred communities into ghost towns. Livingstone city, which had 38 textile factories in 1986, is now left with only three, all operating at far below capacity.

Even Zambia's giant blanket manufacturing company, Zambia Textiles, which in 1994 employed more than 4 000 people, now has a streamlined workforce of about 400.

"My blankets can match any other from either South Africa or Zimbabwe," said its managing director, Thomas Fonseka.

"But even if I produced the best blanket, it would not sell on the Zimbabwean or South African market because of uneven duty rates which favour them against us."

The opposition has now smelt blood and the South African trade problem has now become its main political campaign banner.

Millionaire Anderson Mazoka, a favoured candidate for the 2001 presidential race after stepping down as managing director of the massive Anglo American Corporation (East and Central Africa), says his new United Party for National Development will work to recreate the more than half a million jobs lost in the past decade and revitalise the industries which have collapsed. – *Gemini News*.

Enforcer or protector?

Sowetan 31/12/98

Zambian police chief Francis Ndhlovu has been accused of being more intent on battering opposition parties than fighting crime, writes **Melinda Phiri.**

(360)

IN the main, Francis Ndhlovu, head of Zambia's police, is a quiet man. He seldom gives press interviews. In fact, nobody appears to remember when he last did.

A law graduate of the University of Zambia, Ndhlovu was an unknown figure publicly until five years ago.

Then, in 1993, president Frederick Chiluba fired Darius Kalebo, a vastly experienced and extraordinarily courageous career police officer, as inspector-general of police and appointed Ndhlovu in his stead.

Ndhlovu was reappointed police chief on a contractual basis in 1996 when he retired – a presidential decision that raised much comment in the country.

By any measure, Ndhlovu's stay in command has been attended with much public criticism. Many of Chiluba's critics regard him as overtly partisan, unprofessional, vengeful and even murderous.

His force of 13 000 officers is often accused of summary killings, torture, prolonged detention and beatings against – it is argued – innocent citizens.

Human rights activists have repeatedly excoriated him for running a police force bent on violating basic individual rights and liberties.

From the records, it appears there is an increasing streak of brutality among Ndhlovu's officers that makes one recoil in horror.

This year has been a particularly bad year for many Zambians who, directly or indirectly, have suffered at the hands of the police.

In April police shot and seriously wounded two teenage boys caught stealing oranges in an orchard at an agricultural college in the capital Lusaka.

Three youths were shot and injured in Chambishi in the Copperbelt on suspicion of stealing copper wire from an opencast mine. Eyewitnesses say the suspects were shot after they had already surrendered.

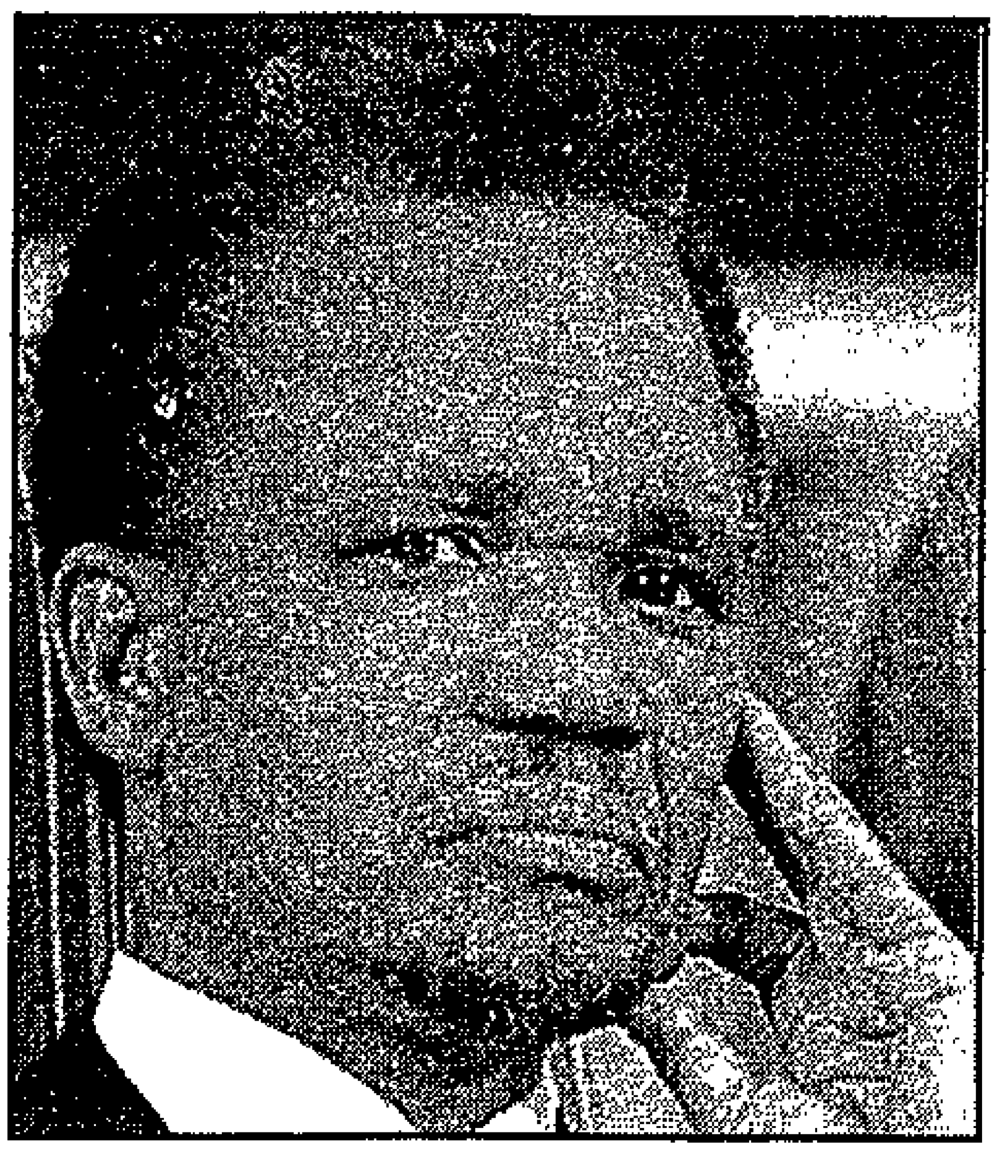
Two months earlier a police officer in Lusaka had gunned down a passenger bus conductor after he asked him to pay for the ride.

At about the same time, a reserve police officer shot a motorist found pushing a car at night in a Lusaka suburb. The motorist died instantly.

Four other youths were shot dead in the city's industrial area when a police patrol mistook them for thieves as they were offloading car tyres from a truck at night.

And in early November police at Matero, a township located on the northern outskirts of Lusaka, allegedly tortured a female senior high school student to death during interrogations.

Bertha Mugamanzila had been arrested in connection with a leaked grade 12 examination answer sheet. A medical examination found that



Zambian president Frederick Chiluba is expected to reappoint a police chief notorious for his brutality.

she had died of head injuries.

Her family is contemplating legal action against the police.

Several members of the opposition, including former president Kenneth Kaunda, have also found themselves on the wrong side of the police.

On August 23 last year police broke up an illegal opposition alliance rally in the central town of Kabwe, 130km north of Lusaka.

Police used live ammunition against the crowd in an apparent display of excessive force.

Kaunda's head was grazed by a bullet, while Rodger Chongwe, leader of the Liberal Progressive Front, was shot in the neck.

Public condemnation of the apparent assassination attempt against the two opposition politicians flew thick and fast.

Human rights activists accused the police of acting irresponsibly and overzealously, and called on Ndhlovu to resign.

Last November riot police battered members of Kaunda's United National Independence Party (Unip) during political protests in Lusaka.

Party members were demonstrating against a Supreme Court ruling on a much-prolonged case, brought by opposition activists who claimed Chiluba's 1996 re-election was void because his father was Zairean.

The judges had thrown out the case and declared Chiluba a Zambian citizen.

Cuthbert Kolala, Unip shadow minister of mines, had a fractured knee after staggering into a ditch when police hit him with batons and teargassed him.

Kolala claims the police beat him unconscious in the ditch and left him only when they thought he was dead.

Ndhlovu's effectiveness in dealing with the opposition does not seem to be matched by his force's capacity to curb an increasing crime rate in the country.

His officers are largely ineffectual in investigating thefts, and often bungle even the most straightforward criminal cases.

Observers point to mysterious fires that constantly occur across the country, burning properties, including the Cabinet Office in Lusaka, where the vice president works.

To date, police say they have not the slightest inkling what caused the blazes.

Critics suggest Ndhlovu's failure to combat crime is a result of his apparent preference for serving as Chiluba's enforcer, rather than as a policeman.

While he lets rowdy members of the ruling party hold mass meetings – even marching to the presidential palace without the mandatory police permit – members of the opposition are severely battered for trying to do the same, even when police permits have been granted.

The general consensus in Zambia is that the police chief has struck a deal of sorts with Chiluba to eliminate all possible threat against the ruling party.

And though Ndhlovu's contract has expired, few doubt that Chiluba would be more than glad to have it renewed.

But what appears to worry local observers more is the current series of indiscriminate police shootings of mostly innocent people.

The observers say the police have gone on the rampage against the very people they are expected to protect.

At the last count, more than 30 people are estimated to have been killed by the police in questionable circumstances in 1998.

In 1997 a local private weekly newspaper charged Ndhlovu with "crimes against democracy" on account of the brutality of his officers.

With his police force still exhibiting their vicious streak, it will be no surprise if Ndhlovu is again indicted on the same score. – *Gemini News.*

ZAMBIA - GENERAL
1999

Chiluba between a rock and a hard place

Star 10/1/99

Zambian president faces the threat of an Angolan invasion over rumoured gun-running to Unita rebels

By PETER FABRICIUS
INDEPENDENT FOREIGN SERVICE

Zambian President Frederick Chiluba is a worried man, caught between renewed threats by the Angolan government to invade his country to stop it supplying weapons to the Angolan rebel government, and his apparent political and financial dependence on a gun-running network that runs right into the senior echelons of his government and even his family, sources say.

This week, Zambian drug officials briefly arrested David Tokoph, chairperson of Zambia's only airline, Aero Zambia, apparently to demonstrate they are taking seriously Angolan government allegations that the airline was running guns to Unita from South Africa.

Tokoph was released and left Zambia the next day for South Africa. Yesterday he denied the gun-running charges and said Aero Zambia had just one aircraft flying the Angolan run – and that was chartered to the Angolan official airline TAG and flew between Johannesburg and the capital Luanda.

Chiluba flew to Harare this week to ask his friend, Zimbabwean President Robert Mugabe, to placate the Angolans, who earlier this month renewed charges that Unita was being supplied out of Zambia.

Last year, Angola threatened to invade Zambia to cut off the supply lines itself – a threat which Chiluba took very seriously, as Angola had just invaded two other neighbouring countries for the same purpose.

Angolan forces entered the Democratic Republic of Congo – then Zaire – in 1996/97 to help topple Unita ally Mobutu Sese Seko, and later also invaded the Republic of Congo (Brazzaville) to help oust another Unita ally, Pascal Lissouba.

Last year, the Angolan ambassador to Zambia issued a thinly veiled threat to give Zambia the same treatment unless it cut off Unita's supply lines. In response, Chiluba swiftly demoted his defence minister, who was allegedly involved in the gun-running, and agreed to set up a joint monitoring commission with Angola.

According to Jakkie Potgieter, researcher at the Institute for Security Studies in Midrand, observers apparently found no evidence of Zambians supplying Unita then.

But earlier this month Angolan President José Eduardo dos Santos told the Zambians that he had "irrefutable" evidence that Unita was in fact being supplied from Zambia.

Potgieter said the fact that Angola had renewed the allegations suggested that they had spent the last six months verifying them and had found them to be true. Dos Santos also had no reason to alienate Zambia without strong proof.

Potgieter said he had been to Zambia this week to verify the claims and found corroboration for them from a wide range of sources in the government, opposition and business. "The information we have indicates there are Zambians making a lot of profit from supporting Unita."

Suggestions had been made that the networks supplying Unita with guns and diesel and taking out Unita's illicit diamonds from Angola included at least one member of the Zambian cabinet.

The Zambian press has run several stories recently naming a cabinet minister, other senior officials and even one of Chiluba's sons as being involved in the smuggling rackets.

Potgieter said Chiluba's government had the capacity to bring the culprits to book – or, if it could not do that, to close the border posts with Angola – but he doubted if it had the political will to do so as the people involved appeared to be providing political and financial support to his party.

"Chiluba has to act quickly and firmly to stop this. On the one hand he is tarnishing his reputation as the regional mediator in the Congo peace talks. On the other, the threat from Angola is real."

Potgieter said Zambia was also buzzing with rumours and speculation about the alleged involvement of Aero Zambia in the smuggling rackets. In an interview in Johannesburg yesterday, Aero Zambia boss Tokoph denied the charges.

(360)

He did confirm reports in the *Zambian Post* that he had been detained by Zambian officials on Tuesday when he arrived at Lusaka airport from South Africa.

He said the officials had found some valium pills on him, which had been prescribed for his heart condition.

He had been held and interviewed for several hours and then taken to a clinic, where he spent the night. After his Johannesburg doctor faxed confirmation that the Valium had been prescribed, he was released and returned to South Africa.

Sources connected to the incident said senior Zambian government officials had said they had received instructions to detain Tokoph, and suggested the order had been given to demonstrate that Chiluba was taking Angola's accusations of gun-running seriously.

Lusaka exchange reflects the effect of weaker investment

BD 20/1/99 (360)

Charles Mubambe

LUSAKA — The Lusaka Stock Exchange's market capitalisation fell to \$301m last year against \$705m in 1997, largely due to weaker institutional investment in 1998 on the part of both domestic and international players.

The exchange's GM Charles Maté and analysts concurred that the exchange, despite having been a star performer in Africa in 1997, had experienced a 51% reduction in US dollar value as a result of the depreciation of the kwacha and a 37,9% decline in activity.

Barclays Bank Zambia, in its review of the 1998 economy, said the fall in market capitalisation had also been the "result of a lack of buoyancy in the economy, the disappointment of investors' expectations regarding completion of the privatisation of the mining industry, and the poor performance in the macroeconomic aspects of the economy".

Although trading volumes were lower last year, the small individual domestic investors kept the market going through their regular participation in transactions.

About 20 000 Zambians have invested in the stock market, compared with less than 1 000 at the opening of the exchange in 1994.

This represents a decline of 29,9% in kwacha terms and 57% in dollar terms.

In kwacha terms the decline is the result of the general downward trend in share prices in the year, while in dollar terms, a portion of the drop is due to currency devaluation, according to the exchange's overview of trading in 1998.

Many analysts saw the full privatisation of Zambia Consolidated Copper Mines as key to restoring investor interest and demand for equities on the exchange.

The huge success of the market in 1997 also amply demonstrates that the stock market can show growth and superior performance only when there is growth in gross domestic product, low inflation and a stable exchange rate.

The government's hopes of reducing inflation and increasing the gross domestic product were not realised, with inflation increasing from 26,1% in November to 30,6% in December. "(Gross domestic product) growth is estimated at a negative 2% as a result of a diminishing local market, a reduction in activity in the mining and manufacturing sectors, a smaller than usual maize crop and continuing lack of activity in the construction sector," said Barclays Bank.

Citibank (Zambia) said: "The continued fall in the value of the kwacha and possible salary adjustments expected in the first quarter, following the recent lifting of the wage freeze (on civil servants' salaries by the government), will only continue to promote an upward trend in the rate of inflation."

Against 1998 expectations, only National Breweries, a subsidiary of Lonrho Africa, was listed on the exchange. The Zambia Privatisation Trust Fund holds shares in privatised firms such as Pamodzi Hotel, Northern Breweries, Kafironda, Zambia Oxygen, Metal Fabricators of Zambia and BP Zambia.

Management to restructure itself

BD 20/1/99 (360)

Charles Mubambe

LUSAKA — The Zambia Privatisation Agency has relinquished its role in restructuring the Zambia State Insurance Corporation, citing lack of funds to pay a restructuring manager who won the contract.

Instead, management at the insurer in Lusaka, which monopolised the industry for two decades until 1992, has been given the job of restructuring the multibillion-kwacha corporation, a move which has raised eyebrows in the industry.

Last year the privatisation agency awarded the lucrative restructuring award to Eastgate Group Limited (UK), which bid jointly with a Zambian firm, David & Dash, beating five other tenderers. The winners of the tender were supposed to begin work immediately to assist the insurance corporation's board to restructure the firm and do the groundwork for its privatisation.

However, government funding for the exercise was not forthcoming.

Former insurance corporation MD David Matongo, who manages David & Dash, said his company had not been told of the latest development.

Cavemont Merchant Bank (Zambia) MD Meebelo Mutukwa said the restructuring of the insurance corporation lacked transparency. There was no public statement on letting management restructure the corporation.

Analysts doubt the rationale of mandating management to restructure itself, fearing the move could further erode the value of the parastatal. It is a custodian of pensions worth about $35m.

The privatisation agency dismisses arguments that delays in privatising the corporation could affect its value.

Zambia's reserves fall to historical lows (360)

Charles Mubambe (BD 20/12/99

LUSAKA — Low copper prices and donors withholding balance of payment support throttled Zambia's foreign reserves to a record low of $92,7m in December compared with $209m in the same period in 1997. The position left an import cover ratio of less than five weeks.

November statistics on Bank of Zambia inflows and outflows of foreign exchange reveal that, for the second month running, a deficit was recorded. Total inflows for the month were $5,8m. Total outflows, on the other hand, were $13,5m, leading to a deficit of $7,7m.

The state of foreign reserves, coupled with the refusal of the International Monetary Fund/World Bank to release the promised $530m balance of payments support pending the finalisation of the sale of Zambia Consolidated Copper Mines, considered crucial to the economy, has created a situation where there has been an ever increasing shortage of foreign exchange resulting in the slide in the value of the kwacha.

The exchange rate depreciated from 1 421,90 Kwacha to the US dollar to 2 300 Kwacha to the US unit during the year. This fuelled inflation which increased to 30,6% (annualised) at the end of December, up from 18,6% at the end of December 1997.

Citibank projects that January inflation will soar to between 31% and 33%.

Despite the good copper production figures in December, a 7,3% drop in copper prices translated into lower foreign exchange inflows for the country.

Gross domestic product growth is estimated at a negative 2% as a result of a diminishing local market, a reduction in activity in the mining and manufacturing sectors, a smaller than usual maize crop and continuing lack of activity in the construction sector.

Despite the adverse economic conditions, government has continued to serve the country's considerable foreign debt.

Environmental concerns delay hotel resort project

BD 22/1/99 (360)

Charles Mubambe

LUSAKA — Environmental and cultural concerns have delayed construction of Sun International's proposed $45,6m hotel resort at the Victoria Falls world heritage site in Livingstone, Zambia.

Sun International was awarded a portion of the Mosi-O-Tunya National Park after successfully bidding through the Zambia Privatisation Agency to construct three hotels. They will include a day visitors centre and a small casino.

Government sanctioned construction last year but the project was halted later after tourism ministry officials raised concerns about the legality of handing over an area gazetted as a national park.

The delay has upset tour operators hopeful of business spin-offs, and those angling for the 3 000 jobs to be created during the 18-month construction period.

About 6 000 people will be employed when the hotel becomes operational — a boost to the near-ghost town which has seen at least 23 key companies close over the past five years, owing to cheap imports which killed local industry.

An impact assessment study contracted by the Environmental Council of Zambia, warns that if protective measures are not put in place, wildlife at the Heritage Site and National Park will be disturbed.

The report warns that no structures should be built within 50m of the high water level to preserve the vegetation and prevent destabilisation of the riverbank.

MD Philippe Cauvaras, who is managing the project in Zambia, declined to comment on the delays and referred all queries to the privatisation agency. An agency spokesman said the start had been delayed by the need to have an agreement that satisfied all stakeholders.

The Toka Leya people who have lived at the site around the Victoria Falls for hundreds of years say they are worried that the hotel complex and the tourist influx will erode their culture.

They fear increased dealing in relics associated with sacred sites or ceremonies, the erosion of traditional values and loss of sanctity of sacred sites.

The report also warns of atmospheric emissions from the hotels' incinerators. It recommends that protective measures be implemented with an environmental manager present on site during construction to ensure compliance.

Sun Hotel International has also been warned that care be taken not to pollute the Zambezi River.

The report says the configuration of the hotel resort should allow wild animals like, hippos and elephants to move from the Zambezi river through corridors.

Livingstone mayor David Siasundi says residents want Sun International to start the project immediately because they understand the benefits.

Coca-Cola loses its fizz in Zambia (369)

Charles Mubambe BD 28/1/99

LUSAKA — The demand for Coca-Cola's products in Zambia had dropped 80% since the general increase on excise duties on soft drinks last year, Zambia Bottlers MD Ian Ackerman said this week.

He said last year's price increase of Coca-Cola products from 500 kwachas (R1,10) to 900 had rendered his company's products uncompetitive.

High retail prices as a result of the knock-on effect of high excise duties had resulted in depressed sales and profitability of the company in which Coca-Cola Inc owns 49% in plants in Lusaka and Kitwe.

The company has lost the market to Coca-Cola products from Malawi, Zimbabwe and Namibia which are selling at about 600 kwachas.

Until last May Coca-Cola was paying 25% excise duty on the wholesale price of carbonated drinks and other products it bottled. The government had earlier announced plans to reduce duty from 25% on the wholesale price to 5% as a special deal for Coca-Cola in return for the firm's pledge to invest $75m over the next five years. This was later rescinded by the government; in turn Coca-Cola's expansion plans were put on ice.

Finance Minister Edith Nawakwi is expected to announce a reduction in duty when she presents the budget on January 29. This is seen as a desperate measure to calm the business sector and shore up business confidence.

In recent years several multinational companies have moved their businesses to neighbouring countries offering more favourable tax regimes.

The excise duty, which is unrelated to the 17,5% VAT duty paid by consumers, was increased drastically last year when government revised the method of evaluating tax on carbonated soft drinks.

World Bank to lend Zambia $170m

BD 28/1/99 (360)

Agreement on the sale of state-owned mines led the bank to resume balance of payment support

Claire Pickard-Cambridge

THE World Bank's approval of a $170m loan for Zambia ends a 14-month absence in balance of payments (BoP) support and will help support Zambia's economic reform programme.

Phyllis Pomerantz, World Bank country director for Zambia, said from Washington yesterday that the credit approved on Tuesday reflected the "renewal of the partnership between Zambia and the international community". Credit for much-needed BoP support recognised that Zambia had managed to maintain its economic reform programme, she said.

The funding approval closely follows the signing of a memorandum of understanding between Anglo American and the Zambian government last week to form a company to buy state-owned Zambia Consolidated Copper Mines's (ZCCM) remaining assets — Nkana and Nchanga divisions, Nampundwe mine and the Konkola Deep prospect.

The ZCCM sale is expected to trigger growth in recession-hit Zambia. The stalled sale was a key stumbling block to the release of funding because donors believed the right economic framework had to be in place to ensure that support was used effectively.

Pomerantz said the $170m would be disbursed in three tranches, with Zambia able to access the first $65m in BoP immediately. The package was also designed to support costs linked to ZCCM's privatisation, stimulation of an export promotion programme in other parts of the economy, social sector spending and the public sector reform programme.

She said the public sector reform programme was a comprehensive one which included restructuring, improving management and performance incentives, some retrenchments and improved salaries for remaining employees.

Funding would be linked to continued reforms and completion of the ZCCM sale.

At a World Bank board meeting on Tuesday several other nations, including the UK and Germany, indicated their intention to provide bilateral BoP support to Zambia in the months ahead, she said.

The European Commission has already approved new support to Zambia.

BoP support is crucial for Zambia which has substantial foreign exchange needs. These are linked to heavy debt-servicing commitments; the low prices of its principal exports — copper and cobalt; falling copper production; and the money required to pay for imports as the rest of the economy expands.

Pomerantz said although BoP support had been withheld, project aid had continued over the past few years with donor support in certain sectors.

The director of the Bank of Zambia's economics department, Denny Kalyalya, welcomed the loan yesterday, saying: "This is a momentous day for us. We had no balance of payments support for a long time, which put a lot of strain on the economy. We hope bilateral donors will follow suit, which will help to ease the enormous external Jebt burden."

Figures for last year have not been released yet, but Zambia's external debt is estimated at between $6bn and $7bn.

Kalyalya said the loan would help stabilise the exchange rate. "Last year the kwacha came under a lot of pressure, largely because we did not have good export performance or BoP support."

Stabilising the exchange rate would help fight inflation, which had been fuelled by the currency's rapid depreciation. "A steady exchange rate should stabilise the prices of imported inputs which would help stabilise the output of the manufacturing sector," he said.

FORCES ON ALERT: Frederick Chiluba

Zambia 'holds airline chief in bid to cut Unita supply lines'

CT 29/1/99 (360)

ROSS HERBERT
INDEPENDENT FOREIGN SERVICE

LUSAKA: The Zambian government has reportedly arrested a top airline executive in an attempt to cut off arms supplies to Unita and avoid threatened retaliation from the Angolan government.

According to the *Zambian Post*, David Torkoph, chairperson of the private airline Aero Zambia — previously linked to arms supplies to Unita — was detained on Tuesday on his return from South Africa.

A "senior pilot" told the *Zambian Post* that Torkoph had a Boeing 707 painted in Aero Zambia colours operating between SA and Angola.

Meanwhile, Zambian President Frederick Chiluba is reported here to have placed the Zambian armed forces on high alert and to have met senior military officers because of the perceived threat from Angola.

The Angolan government last year issued a thinly veiled threat to take military action against Zambia to cut Unita's supply lines. Chiluba took the threat seriously enough to demote his defence minister — Angola had recently invaded both Congos on the same pretext.

The minister had been linked to the illicit arms dealing.

Earlier this month Angola delivered a letter to the Zambian government claiming that it had "irrefutable" evidence that Unita was still being supplied from Zambia.

Observers believe the reported arrest of Torkoph may be Chiluba's response to Angolan allegations, although it could not be established yesterday why he had been arrested.

The *Zambian Post's* pilot source said Torkoph — who also owns the airline Inter-Air — had a Boeing 707 parked in a hangar in Pietersburg and yet another in Harare.

It also reported that Torkoph had constructed an airstrip at the western town of Mwansabombwe near the Angolan border and that a C-130 Hercules cargo aircraft regularly left the airstrip for an unknown destination.

It said Torkoph was held at the airport until 7pm till his attorney arrived and was then taken to an unknown destination.

As Chiluba opened parliament last Friday, a member of his ruling MMD party said Chiluba should investigate Angolan charges of arms' smuggling by looking at Aero Zambia.

Jakkie Potgieter, researcher at the Institute of Security Studies in Midrand, who has just returned from Zambia, said he found the reports in the Zambian press entirely credible as he had discovered evidence of gun, drug and diamond smuggling networks with links to senior officials in the Zambian government.

The developments come at a time of deep discord in Zambia over allegations of corruption and economic mismanagement.

Upbeat Zambian budget looks to 4% growth

(360)

BD 1/2/99

Resumption of foreign aid has boosted confidence in the national economy

LUSAKA — Buoyed by the news that foreign financial aid has been restored, Zambia's finance minister on Friday announced a stiff programme of tight monetary policies and deficit reduction.

"The confidence of our co-operating partners in our economic programme has been restored and balance of payments support has resumed," Finance Minister Edith Nawakwi said in parliament.

She presented a national budget which aimed at 4% growth in gross domestic product (GDP) and a fiscal deficit of 1,8% of GDP.

Nawakwi also said inflation would be reduced to about 15% from 27% last year.

She pledged to abide by western-style economic reforms adopted to lure back international donors who withheld $235m in aid and loans last year. The donors were displeased about the progress made over economic reforms and the privatisation of state-owned enterprises.

Nawakwi told legislators the sale to SA investors of the largest government-owned firm, Zambia Consolidated Copper Mines, had been approved in principle and restored confidence in the privatisation programme.

The World Bank said donors welcomed the sale as removing obstacles to resuming aid. No immediate confirmation was available on the sum to be funded. The budget anticipates about $300m in foreign aid.

Economic problems, lagging growth and withdrawal of foreign support put pressure on the local currency, which fell by 69% against the dollar last year.

Instead of a hoped-for 5% growth, the economy suffered negative growth.

Looking ahead to the coming year, copper production was expected to increase by 6%, agricultural output by 5% and other exports by 15%, Nawakwi said. Copper earns 90% of the nation's hard currency income.

Zambia's economic problems were worsened by a fall in world copper prices last year, which reduced export earnings by nearly $330m — about 10% of GDP.

Nawakwi said the government planned to raise 65% of its spending from taxes and internal sources with the rest — about $300m — coming from foreign aid and loans.

Spending was targeted at about 2 228-billion kwacha for the year, with 45%, the lion's share, going to social services including health and education services that have declined sharply in recent years. — Dow Jones.

World Bank approves $170m package to Zambia

(360) CT (BR) 2/2/99

ANTHONY MUKWITA

Lusaka — The World Bank has approved a balance of payment support (Bop) to the Zambian government amounting to some $170 million.

The money is supposed to go towards the public sector reform programme, which is aimed at reducing the public service from about 130 000 to 80 000 this year.

Part of the money will go towards paying for the retrenchment of miners from ZCCM, the state mining company.

Edith Nawakwi, the finance minister, said yesterday the reason the World Bank had lifted the freeze on informal aid was because the government had signed a memorandum of understanding with Anglo American to sell the remaining stake in ZCCM for $90 million.

The release of Bop depended on the sale of the mines, especially since they had been operating at a loss of about $2 million a day.

Now that the World Bank has lifted its informal aid freeze, analysts feel Western donors might follow suit and give Zambia bilateral support, although governance remains an area of doubt.

Economists in the country have described the 1999 Zambian national budget, released on Friday, as a boost to the country's almost non-existent agricultural sector. The government intends to spend about $2 billion on the sector this year.

Several incentives have been given to agriculture for the first time. The sector has long been ignored in favour of mining. For instance, agricultural machinery will now attract no tax.

Moses Banda, the chairman of the Economic Association of Zambia, said: "This is one incentive the farming community has been asking for ... but without capital incentives it's useless because Zambian farmers are mostly poor."

He said the incentive would probably encourage farmers from Zimbabwe and South Africa to move to Zambia for new farming ventures.

Zambia also hopes to achieve economic growth of 4 percent, compared with last year's 5,5 percent. Inflation is targeted to drop from the current 30,1 percent to 15 percent.

Reasons given by the government for not realising last year's economic targets ranged from the non-sale of ZCCM to the freeze in informal aid.

Economists said the budget tried to meet some of the recommendations made at Zambia's economic convention last November. For instance, the state-owned telecommunications utility, which was supposed to be privatised, will now only be partially sold.

The government will now hold on to 80 percent, while 20 percent is expected to be sold to some South African businesses.

The cash-strapped electricity utility company, also supposed to be completely privatised, will now only be commercialised. — Independent Foreign Service

Brewery secures clear monopoly

(360)

Charles Mubambe

LUSAKA — Zambian Breweries, one of the leading firms on the Lusaka Stock Exchange, has secured a monopoly in Zambia's clear beer market with its acquisition of cash-strapped Northern Breweries.

SA Breweries is the managing partner, and holds 45% of Zambian Breweries, a former parastatal, that may diversify into the opaque beer export market later this year.

The heavily indebted Northern Breweries in Ndola, Copperbelt province, was on the brink of collapse when Zambian Breweries began negotiating to take it over. The two firms will remain separate but Northern Breweries will become a subsidiary of Zambian Breweries.

Last October Zambian Breweries expressed interest in acquiring Northern Breweries, which was a division of Zambian Breweries before privatisation. Under Zambian privatisation, Northern Breweries was separated from Zambian Breweries and sold to Uganda's Madhavani group several years ago. Since then, Northern Breweries, which brews three brands, failed to expand its 10% market share.

Zambia Competitions Commission chairman Nicholas Kwendakwema said the commission authorised the takeover because Northern Breweries was facing bankruptcy.

The acquisition has cheered Zambian Breweries which is thinking of offloading more shares on the stock exchange; at present 10% of its shares are listed. There has not been any movement in Zambian Breweries' share price of 200 kwachas.

BD 8/2/99

ZCCM's cost-cutting shifts into high gear

BD 16/2/99 (360)

Claire Pickard-Cambridge

MOST of the 7 000 retrenchments at Zambia Consolidated Copper Mines will take place before the month end and other cost-cutting measures, including the renegotiation of contracts with suppliers, are being implemented, says ZCCM.

Corporate affairs manager Sam Equamo said in Lusaka yesterday the World Bank would provide government with funding for retrenchments. These would take place at the Nkana, Nchanga, Mufilira and Konkola divisions, while the corporate head office and operations centre in Zambia were also being scaled down. A retraining programme had been introduced which aimed to make those retrenched more self-sufficient in the market place.

Last month ZCCM, the Zambian government and Zambia Copper Investments — the company through which SA's Anglo American Corporation holds its interest in ZCCM — concluded a memorandum of understanding regarding the acquisition by ZCI and partners of an 80% interest in a new company. The new company would acquire the assets of the Konkola, Nkana and Nchanga divisions and ZCCM's Nampundwe mine, subject to several preconditions being met, including the formation by ZCI of a consortium with a substantial mining partner.

An Anglo spokesman said that before the memorandum was signed, the donor agencies had noted that ZCCM had a heavy staff burden and stipulated that ZCCM should implement retrenchments in advance of its sale.

Zambia competition body investigates Parmalat deal

Charles Mubambe (360) BD 17/2/99

LUSAKA — The Zambia competition commission is investigating whether Italian multinational Parmalat's purchase of a majority stake in Johannesburg Stock Exchange-listed Bonnita Holdings will render Zambia's milk industry uncompetitive.

Last year Parmalat bought Premier's majority stake in Bonnita Holdings. Its subsidiary, Bonnita Africa, owns the assets of the Dairy Produce Board, a parastatal that used to monopolise Zambia's milk industry.

Bonnita turned Dairy Produce Board around to make it one of the most profitable outfits in Zambia. Since then Parmalat's controlling stake and sophisticated management strategies have boosted operations in Zambia.

Fearing Parmalat could abuse its dominant position in Zambia, the commission is investigating ways to ensure local dairies are not destroyed by the multinational's superior technology, financial muscle and its good distribution channels.

Commission executive director George Lipimile says the commission is studying Parmalat's merger proposals. While the commission is interested in addressing some of Parmalat's competitors' concerns, this is not intervention in the liberalised market.

The probe is holding up the firm's plan to list on the Lusaka Stock Exchange in the first quarter of this year.

World Bank opens new aid talks with Zambia after Anglo deal

BD 25/2/99 (360)

LUSAKA — The World Bank said yesterday it had opened new aid talks with Zambia after removing aid restrictions imposed last year amid concern over the government's economic programme.

Phyllis Pomerantz, the World Bank's country director for Zambia and Mozambique, is heading a team to consult the government, unions, business and aid groups on aid requirements.

"Over the next few weeks the World Bank will be holding meetings with the government and a broad range of groups in Zambia," the bank said. "The meetings will review progress on the government's reform programme and World Bank-assisted programmes, as well as discuss views on future priorities."

Feedback from the meetings would be used to define the bank's country assistance strategy in the period 1999 to 2001.

World Bank assistance to the impoverished southern African country has grown significantly in recent years and now totals about $700m.

However, the bank suspended balance of payments support to Zambia last year after the government failed to meet a self-imposed deadline to privatise its key mining industry by the end of December.

The prospects for Zambia brightened last month when it signed a memorandum of understanding to sell its premier copper assets to SA's Anglo American Corporation for $90m in cash and $300m in future capital outlays.

The International Monetary Fund, also part of a donor community that threatened to withhold aid if the mines were not privatised, approved a $170m financial package for Zambia following news of the Anglo deal. — Reuter.

Zambian copper enters new era

(360) CT(BR) 26/2/99

DARREN SCHUETTLER

Johannesburg — Zambia's struggling copperbelt is about to emerge from years of neglect with board rooms in Johannesburg, London and elsewhere determining the revival of an industry at the heart of the country's economy.

Thirty years after Kenneth Kaunda, the socialist president, ended foreign domination of the mines dating from the days of Cecil Rhodes, they are soon to return to the private sector.

Anglo American would acquire the lion's share of Zambia's copper assets for $90 million and future capital investment.

While details still have to be negotiated, the agreement marks Anglo's return as a dominant player in Zambia's economy since the late 1960s, when Kaunda nationalised the copper mines.

The Anglo deal, which is expected to close in late March, caps a privatisation programme that has involved the unbundling and privatisation of the largely state-owned Zambia Consolidated Copper Mines (ZCCM).

Ten separate projects involving companies from South Africa, India, China and North America have been concluded or are almost finalised.

"The Zambian copperbelt should regain some of its former glory as the privatisation process continues," said HSBC Securities in a detailed analysis following the Anglo deal.

"We believe the copperbelt is a strategic global copper resource capable of sustaining large-scale copper production at less than $50c a pound," the report said.

It added that output was expected to double to 600 000 tons annually by 2005.

But the copperbelt is also feeling the pain of restructuring that comes with the privatisation process. More than 7 000 miners will be retrenched in the coming months.

Anglo is now searching for partners to share the heavy capital cost of refurbishing the ageing mines and plants. — Reuters

Full alert in Lusaka after bomb blasts

(360)

Explosions are work of 'an external source', claims Zambian minister

Star 1/3/99

Reuters
Lusaka

Zambian officials said yesterday police and troops were being mobilised after bombs exploded in and around the capital with a population of three million.

"We are treating this as a security crisis and all our security and armed forces are on full alert," Legal Affairs Minister Vincent Malambo said in a telephone interview.

One Angolan security guard was killed and another man wounded when a bomb rocked the Angolan embassy at about 11am, Malambo said.

The main water pipeline into Lusaka was cut off in an earlier explosion, leaving the city without water, he said.

There was no immediate claim of responsibility for the attacks.

"From our viewpoint and preliminary analysis, this looks like the work of an external force, an external enemy," Malambo said.

Shortly after the interview, two more bombs exploded outside the United States International School and headquarters of the Zambian electricity supply firm, taking to six the number of explosions, a security official said.

"Our experts are searching major centres in the city because we believe there could be more bombs out there," a security officer said.

Malambo said ministers, military and security chiefs had been summoned to an emergency meeting chaired by the Vice-President General Christon Tembo.

The first explosion was heard in a residential area around 1.30am on Saturday and police reported explosions in a shanty town and on a farm.

One of the explosive devices was defused later.

President Frederick Chiluba was expected to fly home immediately from Rwanda, where he was meeting President Pasteur Bizimungu to promote a plan to end the war in the Democratic Republic of the Congo. Chiluba visited Uganda on Saturday for talks with President Yoweri Museveni.

Angola, Zimbabwe, Namibia and Chad are backing Congolese President Laurent Kabila in a war against rebels backed by Uganda and Rwanda.

Angolan President Jose Eduardo dos Santos has so far spurned Chiluba's peace initiative, charging instead that Chiluba is backing Unita in the rebel movements campaign against the Luanda government.

President Nelson Mandela has tried to defuse the rising tensions between Angola and Zambia. On Thursday, he dispatched Foreign Minister Alfred Nzo to Lusaka and Luanda.

Mandela was trying to arrange a three-way summit with Chiluba and Dos Santos. Mozambican President Joachim Chissano visited Lusaka and Luanda last week.

In 1996 and 1997, Angola sent troops to the two Congos to topple governments after accusing them of supporting the Unita rebel movement led by Jonas Savimbi.

■ Sapa-DPA reports that signs of growing Western involvement to break the deadlock in talks for peace in the DRC emerged in Harare yesterday as a senior official in President Bill Clinton's administration announced "increased interest" in the continent's turbulent regions.

Thomas Pickering, US under-secretary for Political Affairs and number three in the State Department, opened a five-nation African tour in Harare that focuses on Central Africa, but also takes in Nigeria as the West African nation moves towards democracy.

He spent nearly two hours with President Robert Mugabe, regarded as one of the hawks of the Congo conflict, and said that their talks had been "wonderful".

"We intend to give the continent increased attention," he told reporters afterwards.

Mysterious bombing spree rocks Lusaka

(360) CT 1/3/99

LUSAKA: Zambia deployed police and troops here yesterday after six bombs exploded in and around this capital city of three million people.

An Angolan security guard was killed and another man wounded when a bomb rocked the Angolan embassy about 11am, reducing part of the two-storey building to rubble.

Bombs also exploded at the US International School and the headquarters of the Zambian electricity supply firm.

"We are treating this as a security crisis and all our security and armed forces are on full alert," Legal Affairs Minister Vincent Malambo said.

There was no immediate claim of responsibility for the attacks. Malambo pointed a finger at an external enemy but declined to give details.

"From our viewpoint and preliminary analysis, this looks like the work of an external force, an external enemy. This has nothing to do with internal dynamics," Malambo said.

Zambian President Frederick Chiluba, who cut short a visit to Rwanda where he had gone to promote a peace deal for the Democratic Republic of the Congo, returned home and went straight into security briefings.

"The president has arrived and is being briefed by security chiefs," said an official at State House, Chiluba's official residence.

Senior security officials said Zambia had reinforced its position along the borders with Namibia, Angola and the Democratic Republic of the Congo.

The first explosion was heard in a residential area around 1.30am and police reported explosions in a shantytown and on a farm. One bomb was defused. The main water pipeline into Lusaka was cut off by an explosion, leaving parts of the city without water, Malambo said.

Senior security officials said bomb experts had found and detonated four more bombs planted on two major pylons supplying electricity to Lusaka.

"Our experts have just detonated four bombs we found planted on two major electricity pylons supplying Lusaka. The operation involved taking down the main grid feeding Lusaka and the city is now without power. But we hope to restore it soon," said a senior security official.

BRIEFED: Zambian President Frederick Chiluba

Bomb experts, police and troops had widened the area of their search just in case more bombs had been planted elsewhere in the city, the official said.

"Our experts are searching major centres in the city because we believe there could be more bombs out there," a security officer said.

Regional security analysts were baffled by the explosions.

"The whole thing is puzzling. It is difficult to know who is behind this and why this is happening," said Jakkie Potgieter of the Johannesburg-based Institute for Security Studies.

Tensions have run high between Zambia and Angola in the last few weeks, with Luanda accusing Lusaka of backing Unita rebels led by veteran guerrilla Jonas Savimbi.

Angolan President Jose Eduardo dos Santos has so far spurned Chiluba's Congo peace initiative because of the allegations. — Reuter

CAPE ARGUS, MONDAY, MARCH 1, 1999

(360) ARG 1/3/99

Zambia clamps down as mystery bombing wave rocks Lusaka

Lusaka – Zambia tightened security in the capital and widened a search operation after an Angolan embassy guard was killed and another wounded in a series of bomb blasts.

Local and regional security analysts said they were baffled by the motive for the explosions, which hit the main water pipeline, the Angolan embassy, the US International School and the headquarters of Zambia's electricity utility.

Bomb experts detonated four bombs planted on two power pylons feeding electricity to the capital.

Lusaka residents contacted by telephone said police and army units had been deployed in residential areas and outside strategic buildings and installations in the city.

"We are treating this as a security crisis. All our security and armed forces are on full alert," said Legal Affairs Minister Vincent Malambo.

Zambian President Frederick Chiluba, who cut short a visit to Rwanda, returned home and went straight into security briefings, officials said.

Aides said Mr Chiluba would make a detailed statement on the explosions later today.

Senior security officials said Zambia had reinforced its position along the borders with Namibia, Angola and the Democratic Republic of Congo.

There was no immediate claim of responsibility for the attacks.

Tensions have run high between Zambia and Angola in the past few weeks, with Luanda accusing Lusaka of backing Unita rebels.

On Thursday, President Mandela dispatched Foreign Minister Alfred Nzo to Lusaka and Luanda to try to defuse the tensions. – Reuters

(360) ARG

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1/3/99

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On Thursday, President Mandela dispatched Foreign Minister Alfred Nzo to Lusaka and Luanda to try to defuse the tensions. – Reuters contract that will go to court or

Troops deployed after Lusaka blasts

POLICE and troops were deployed in Lusaka yesterday after bombs exploded in and around Zambia's capital.

"We are treating this as a security crisis and all our security and armed forces are on full alert," said Legal Affairs Minister Vincent Malambo.

An Angolan security guard was killed and another man wounded when a bomb rocked the Angolan embassy at 11am.

The main water pipeline into Lusaka was severed in an earlier explosion, leaving the city without water, Malambo said.

No one claimed responsibility for the attacks. Malambo pointed a finger at an external enemy but gave no details.

Senior security officials said Zambia had reinforced its position along borders with Namibia, Angola and the Democratic Republic of Congo.

After Malambo spoke, bombs exploded outside the US International School and the Zambian electricity supply firm's headquarters, taking to six the number of explosions since midnight. Experts were combing the city for more bombs, a security official said. Five had been defused.

Zambian President Frederick Chiluba, cut short peace talks in Rwanda, going straight into security briefings on his return home. Angola, Zimbabwe, Namibia and Chad are backing Congolese President Laurent Kabila in a war against rebels backed by Uganda and Rwanda.

Angolan President Jose Eduardo dos Santos has spurned Chiluba's peace initiative, charging that he is backing Unita rebel's campaign against the government.

Analysts warn that tension between Angola and Zambia threatens to turn into military confrontation. In 1996 and 1997 Angola sent troops to the two Congos to topple their governments after accusing them of supporting Unita. — Reuter.

(360) BD 1/3/99

Chiluba: 'We will defend ourselves'

(360) CT 2/3/99

LUSAKA: Zambian President Frederick Chiluba yesterday visited sites here which were bombed on Sunday, including the Angolan embassy, and declared that his country would defend itself against any external attack.

"Zambia has never been to war with anyone. If any country is exporting violence to Zambia, we are not interested and we will defend ourselves," Chiluba said.

Asked about the security of Zambian diplomats in Angola, he said: "We are in contact with the Zambian embassy in Luanda. Our mission is quite safe in Angola and we are in touch all the time to find out the state of affairs."

Relations between Zambia and Angola have been strained by Luanda's allegations that Lusaka is backing Unita rebels — a charge Chiluba denies.

The bomb blast at the Angolan embassy was one of five explosions in the capital on Sunday.

Another 12 bombs — three of them found at the High Court yesterday — were defused or detonated, officials said.

Although there was no visible security presence on the streets of Lusaka yesterday, authorities said that they had put security forces on full alert and called on Zambians to prepare for "any eventuality".

Information Minister Newstead Zimba said that Zam-

Crunch looming for Kenyan stockbrokers

BD 2/3/99 (360)

NAIROBI — Several Kenyan stockbroking firms are facing financial difficulties, and more closures could follow that of Town & Country Securities in coming months, senior industry sources said yesterday.

Kenya's Capital Markets Authority last week suspended Town & Country Securities from the Nairobi Stock Exchange for three months because of the company's financial problems. The firm accounted for a tiny percentage of market turnover, but brokers warned that its troubles could just be the tip of the iceberg.

Many of Kenya's 20 stockbroking firms were struggling to keep their heads above water. "Times are tough for companies at the bottom of the market," said Rick Ashley, MD of Kestrel Capital. "It wouldn't be a great surprise if there were more problems to come."

Kenya's stock market has been in the doldrums for more than 18 months, since the International Monetary Fund suspended a key loan in July 1997 on the grounds of official corruption. That sent interest rates soaring, the economy into recession and turnover on the stock market tumbling by about 40%.

Turnover averages about $300 000 a day. With the stockbroker on each side of any deal earning about 1% in commission, that translates into daily earnings for the industry of just $6 000, not much when shared among about 20 firms.

The markets authority is seeking legislation to allow it to close brokerages in financial difficulty, and put them under statutory management. Brokers say market forces may push other firms to the wall, in the same way as last year's Reliance Bank closure prompted a crisis of confidence in banking, and led to other closures. — Reuter

RES

Bombs found in Zambia's capital

ID 2/3/99 (360)

Tension escalates between Zambia and Angola

LUSAKA — Security staff had found 12 unexploded bombs over the past two days in the Zambian capital, which experienced at least five blasts on Sunday, officials said yesterday.

Three of the unexploded bombs were found at the high court building yesterday, while the rest were discovered on Sunday, government spokesman Newstead Zimba said.

No one has claimed responsibility for the bombs or Sunday's five explosions. One security guard was killed in a blast at the Angolan embassy.

Zimba told state radio that 14 devices appeared to be of the same type and said US experts were being asked to assist ongoing investigations.

Extra paramilitary police were patrolling the city yesterday after blasts ruptured a key water pipeline on Sunday, cutting off water supplies to some parts of the city, and damaging a building owned by the state power company.

Meanwhile, riot police were in a standoff with about 1 000 anti-government university students who attempted to march to President Frederick Chiluba's official residence yesterday. Police said the students had not obtained a permit to hold the march and senior officers were negotiating with student leaders to turn back from a university campus.

Witnesses said Chiluba visited the Angolan embassy yesterday to inspect damage to the building after Sunday's explosion killed an Angolan security guard and seriously wounded another.

Zimba said Zambia would receive the US assistance it sought in investigating the weekend explosions.

"We have invited the US government for expert assistance in the investigations of these acts of terror. We will leave the door open to other countries of goodwill to send in more experts into the country to help our security agencies in these investigations," Zimba said.

The US swiftly condemned the bombings in the copper-rich nation as "egregious acts of senseless violence" and urged all parties to show restraint to avoid exacerbating the situation.

Chiluba's aides said the government was treating the matter as a security crisis and had placed its armed forces on full alert since the explosions.

Chiluba, who cut short a visit to Rwanda where he was promoting yet another peace deal for the Democratic Republic of the Congo, returned home late on Sunday and went straight into security briefings, state officials said.

Aides said Chiluba, who came to power in landmark pluralist polls in 1991 when he defeated founding father Kenneth Kaunda, would make a statement on the explosions late yesterday.

Senior security officials said Zambia had reinforced its borders.

Tensions have run high between Zambia and Angola in the past few weeks, with Luanda accusing Lusaka of backing Unita rebels led by veteran guerrilla fighter Jonas Savimbi.

Angolan President Jose Eduardo dos Santos, who has sent troops to support President Laurent Kabila in the Democratic Republic of the Congo, has so far spurned Chiluba's Congo peace initiative because of the allegations.

SA President Nelson Mandela has tried to defuse the tension between Angola and Zambia. On Thursday, he despatched Foreign Minister Alfred Nzo to Lusaka and Luanda. Mandela was trying to arrange a three-way summit with Chiluba and Dos Santos. — Dow Jones, Reuter.

POLITICS

High-level efforts to avert Zambia-Angola war

(360)

Sowetan 2/3/99

By Jimmy Seepe

A HIGH-LEVEL diplomatic delegation involving South Africa and the Southern African Development Community is expected to be dispatched to Zambia and Angola to try and calm the situation between the two countries.

This follows concern that a full-scale war could erupt between the two countries following a series of explosions in Lusaka on Sunday.

Fears of a war between these countries first arose when Angola accused Zambia of supplying arms to the rebel Unita movement currently at war with the Luanda government.

Senior South African intelligence sources told *Sowetan* yesterday that the Lusaka bombings had raised concern that "the situation could get out of hand and deteriorate unless urgently addressed".

Although there is still no clear indication as to who might have planted the bombs, it is generally believed that they could be related to a deteriorating relationship between Angola and Zambia.

Possibilities that the bombs could have been planted by Angolans have been dismissed by South African intelligence sources who suggested that they had nothing to gain from those actions.

Speculation is rife that the blasts could have been a decoy coming from inside Zambia to get attention and put pressure on Angola.

The first blast went off at 1.10am, the second at 1.15am and the third at 1.30am, causing panic among residents who suspected at first that Angola had attacked Zambia.

The bombs shook houses in several parts of Lusaka, some as far as four kilometres away from the scene of blasts in Rhodes Park and the posh residential area of Kalundu.

The fourth bomb was defused by police bomb disposal experts. There were no casualties.

Nobody has claimed responsibility for the blasts. Speaking to *Sowetan*, the intelligence official said "there are clear indications that this (the bombings) is a warning of bigger things to come".

The South African Secret Services, which gathers intelligence information in the region, is understood to have warned the Government and the security committee of the SADC about the deteriorating relationship between the two governments.

It is believed the secret services had urged the Government and regional countries to develop a mechanism to respond to early warning signals promptly.

COMMODITIES *Concept of a single point of sale builds on Mombasa's successful tea auctions*

East Africans mull over a regional coffee auction for Nairobi

GT (DR) 3/3/99 (360)

MANOAH ESIPISU

Nairobi — Musalia Mudavadi, the Kenyan agriculture minister, said yesterday that Kenya was holding informal talks with neighbours Uganda, Tanzania, Rwanda and Burundi on selling coffee at a common central auction in Nairobi.

Mudavadi told Reuters that the concept was derived from the successful east African tea auction at Kenya's coastal resort of Mombasa.

He added that the idea of a centralised coffee auction had been well received by Kenya's neighbours.

Traders in the region also welcomed the idea but warned that such a plan could take time to materialise.

They said a single auction would increase competitiveness in pricing, but technical questions needed to be considered. These included customs and foreign currency regulations in some of the east African states.

Mudavadi said there was no time frame yet on when such auctions would begin. This was in part because Kenya wanted to complete reform of its own coffee sector before a decision was taken.

"We have been holding informal talks on a common auction. It is quite clear that such an auction would serve the region well. The tea auction has proved this," Mudavadi told Reuters. "This is encouraged by the enhanced regional co-operation."

The reform of Kenya's coffee sector is expected to be completed by end of this year when new coffee laws are enacted which would formally end the dual role of marketing agent and sectoral regulator played by the coffee board of Kenya.

This month, Mudavadi ended the coffee board's marketing monopoly when he issued licences to three other marketing agents.

Mudavadi said he also wanted to see the reform of the Kenya Coffee Auctions (KCA), which owns the Nairobi coffee exchange, with a diversification of ownership. Currently, 65 percent of KCA is owned by the coffee board, and the balance held by a Nairobi family with a long tradition of coffee trading.

Commodity analysts say an initial primary offering in KCA is an option, although allowing all registered marketing agents an opportunity to invest in the company had also been discussed.

The coffee board has previously said it was keen to relinquish some of its shareholding in KCA, but it was reluctant to put exact dates on when the move would be implemented.

Kenyan officials say auctions offer the best prices in an open and completely accountable market. They have refused to allow coffee sales by private treaty, as sought by large estates.

Uganda and Tanzania have previously expressed a desire to sell their coffee at the Kenyan auction, which regularly attracts premium prices and gourmet coffee seekers.

Mudavadi also spoke of the need for Kenya and its neighbours to seek new markets abroad.

He said that Kenya was lucky its premiums were much sought after, but if another country started producing such good coffee it would be under pressure.

"I was in China recently. It is a large market, and they did not appear to have heard about our coffee. That is a situation that we have to rectify."

Traders felt questions on the issuance of International Coffee Organisation certificates, transport guarantees from warehouses to destinations and taxation would pose severe headaches.

"I sell my coffee by month. If I want coffee on the steamer from Mombasa in February, I do not want it to arrive from Tanzania or Uganda in March," one senior trader in the Kenyan capital Nairobi told Reuters.

"That could cause me claim problems, and if I cannot meet my claims, I will be out of business." — Reuters

Tanzania lifts GDP growth despite poor weather conditions

Wambui Chege

Dar es Salaam — Tanzania will shrug off drought to record improved economic growth in 1998-99, Daniel Yona, the finance minister, said on Monday.

He raised his forecast for 1998-99 gross domestic product (GDP) growth to 4,3 percent from 4 percent. The Tanzanian economy grew 3,3 percent in 1997-98.

He called the expected growth modest, adding that climatic and other factors had been taken into account in making the new forecast.

But it showed that economic recovery was on course. Tanzania had initially forecast GDP growth of 3,5 percent in the fiscal year ending June 1999.

Yona said a drought caused by the failure of the seasonal "short rains" that fall between October and December had undermined agricultural production, but other sectors were showing steady growth.

The drought followed heavy rains linked to the El Niño weather phenomenon in late 1997 and early 1998. The rains damaged infrastructure and ruined the coffee crop, one of Tanzania's main commodity exports.

Yona said mining, tourism and manufacturing were doing better than expected, and GDP growth would have been stronger if not for the drought.

"We have spent more of our budgetary resources on food and less is going into other sectors," he said. "We hope the drought will not last too long and we hope we will be able to contain the food situation within a reasonable time."

Analysts were surprised by his optimism at a time when they believed growth would be depressed by the drought. Government cash is needed to fund food imports to help alleviate famine.

"Clearly, there must be other sectors of the economy doing far better than previously thought," said one economist. "That could explain the figure issued by the finance minister." — Reuters

CT(BR) 3/3/99

Drought expected to end Kenyan deflation

Manoah Esipisu

Nairobi — Kenya's inflation rate was poised to rise in the coming months after months of deflation, the Central Bank of Kenya said yesterday.

This is because a widespread drought has begun to push up the price of basic foods.

Prices fell 0,5 percent year on year in the 12 months to February, compared with a fall of 1,1 percent in January.

Maurice Kanga, the bank's chief economist, said underlying inflation, which excludes food prices, declined to 2,5 percent in February from 5,8 percent in January. "The overall inflation remained low in the month but showed signs of increase," he said.

"Both year-on-year and three-months annualised inflation rates rose to higher levels than in the previous month.

"This is because the ongoing drought is beginning to impact negatively on the supply of basic foods."

The threat of famine looms across a large section of this east African country of 29 million people.

The government has spent 400 million shillings (about R39 million) buying maize from the key Rift Valley and western Kenya growing areas. It will distribute the maize to ravaged areas of eastern and northeastern Kenya in its efforts to combat famine.

Musalia Mudavadi, the agriculture minister, said he wanted a further 500 million shillings to buy more maize to help avert starvation.

Drought results in an immediate rise in the prices of fresh vegetables and fruits, which are favoured by many families in Kenyan urban centres.

Meanwhile, the bank has cited low inflation as one reason for a fall in yields on treasury bills. The yield on the benchmark 91-day treasury bill stands below 8 percent after peaking at 27 percent in the middle of last year.

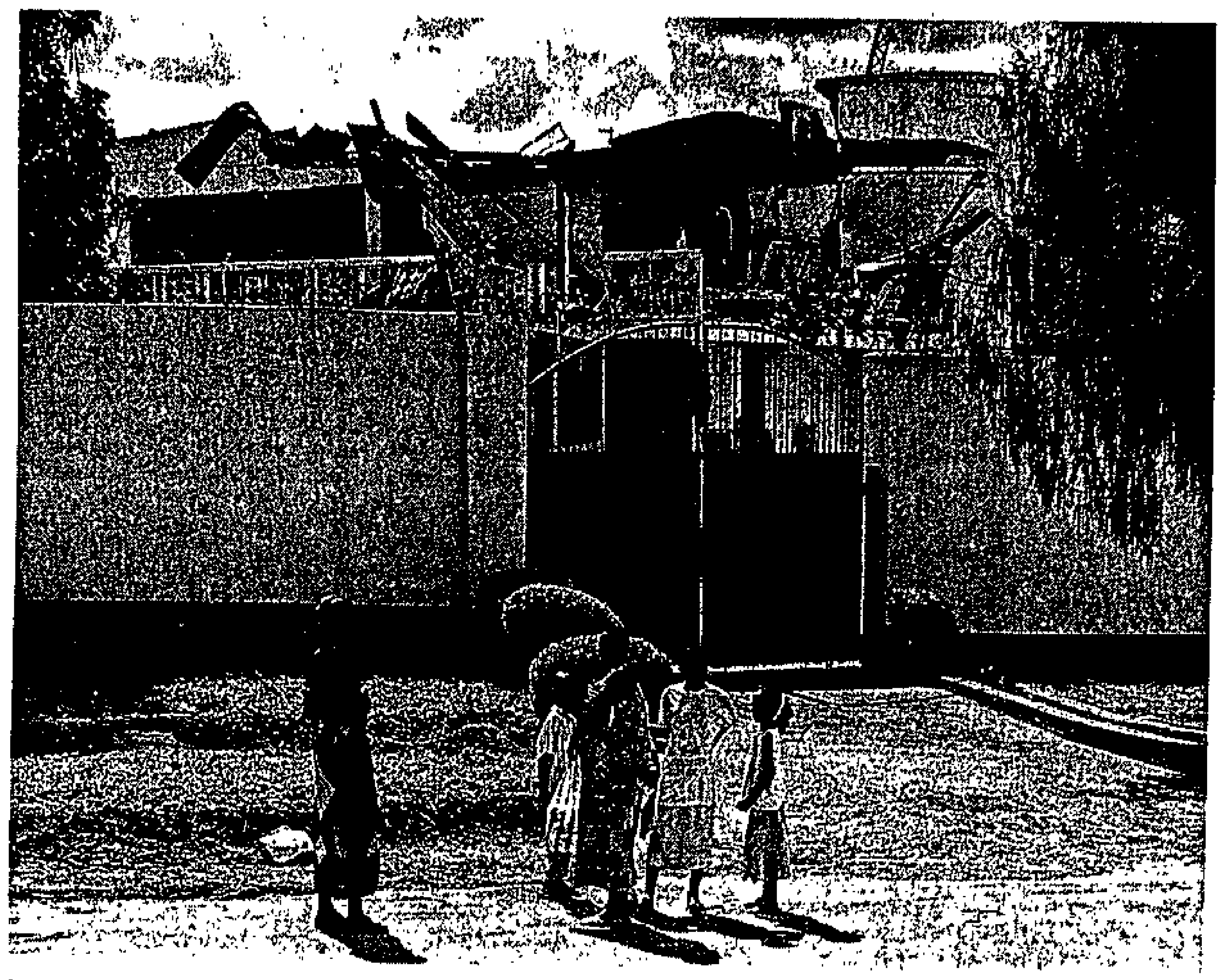
Kanga said the shilling, which weakened in reaction to a Cabinet reshuffle nearly two weeks ago, had regained most of its losses. But it remained generally weak against the dollar, averaging 64,01 this week from 63,12 last week. — Reuters

(360) CT(BR) 3/3/99

(360)
BD 5/3/99

Bombs and economic betterment

Zambia's attempts at domestic stability are being greatly undermined by someone else's war, writes Greg Mills



Local residents look at the damage done to the Angolan embassy in Lusaka on Sunday after a bomb exploded in the compound killing a security guard. Six explosions rocked the Zambian capital on Sunday and several undetonated bombs were found on Monday, bringing the number of bombs known to be planted throughout the city to 17. Picture: AFP

FIVE bomb blasts rocked the Zambian capital, Lusaka, last Sunday. One exploded at the Angolan embassy, the others were aimed mainly at infrastructure targets. The last time Zambia experienced this sort of violence was just ahead of the 1996 elections when a shadowy political group known as the Black Mambas claimed responsibility for a number of attacks.

Zambia's tense relations with Angola and the possibility of internal insurrection raise a number of questions. Firstly, is there any likelihood of war between Angola and Zambia? Secondly, what are the domestic forces pitted against President Frederick Chiluba's government and are there any reasons why they might mount such attacks? Thirdly, what are the implications for SA?

Relations between Zambia and Angola have been strained over allegations that Chiluba allowed illegal weapons shipments to pass through Zambian territory to Unita rebels in Angola. Several senior Zambian officials have been implicated, including the Zambian Vice-President Lt-Gen Christon Tembo, Energy (and former defence) Minister Ben Mwila, and former Commerce, Trade Minister Enoch Kavindele.

Similar claims have been levelled against the president's son, Tito Chiluba, and the late former finance minister Ronald Penza. Tembo, an ex-army commander, has denied these allegations, saying: "The story is militarily unsound, using faulty and outdated intelligence."

Chiluba also has denied formally Angolan charges that Zambia had provided arms to Unita: "We do not have the capacity nor resources to prosecute a war with Angola," Zambian news agencies quoted him as saying. "We have sacrificed in the past for Angola's independence and we do not want to throw that kind of peace to the winds."

The irony of these allegations is that Chiluba has been playing a key mediating role in finding a diplomatic solution to the conflict in the Democratic Republic of Congo.

When the rebellion broke out against Congo President Laurent Kabila in August 1997, Chiluba was apparently keen to send troops to his aid. His sympathies reportedly still lie with Kabila. However, Zambia's business community, cabinet ministers, public servants and military officers persuaded him against sending martial support.

They argued that the intervention was too costly for Zambia in terms of money and its international standing and that barging in would be unpopular with Zambians, beset by the country's economic difficulties.

However, probably the most persuasive arguments came from Zambia's top military officers who told Chiluba that the army could not be expected to fight a war which would be unpopular at home with already demoralised troops. Instead, he has played a leading role among Southern African Development Community members in making peace in the Congo, which has given him greater stature among southern African heads of state.

Meanwhile, fighting has intensified in Angola and the United Nations Observer Mission in Angola plans to withdraw its 1 000 peacekeepers when its mandate expires at the end of February.

The recapture of M'banza Congo, a strategic city on the main road to coastal oil installations and the northern border with the Congo, was announced on national television by Gen Joao de Matos, chief of the Angolan Armed Forces during a visit on February 13. The government also announced the capture of Songo in northern Angola.

In the northwest province of Lunda Norte, it announced the recapturing of Luo diamond mine 48 hours after it had been seized by Unita forces. These developments have prompted Zimbabwean President Robert Mugabe to urge SADC involvement in support of the Angolan government against Unita. Zambia is caught between instability and maverick leadership to its north and south.

Angolan President José Eduardo dos Santos was asked in an Angolan television interview in February whether he would accept an invitation to meet Chiluba. He replied: "We have reiterated Zambia's involvement in the process of destabilising Angola and even said that Zambia was taking part in an aggression against Angola. We would; therefore, attend a meeting only if we could see changes in the attitude of … Zambia and its president."

There have been continuous allegations that Unita has set up bases in Zambia following the disruption of its (then) Zairian supply lines. Chiluba has, as expected, denied Zambian complicity though his regular liaisons with Savimbi appear to suggest otherwise.

Elements of Unita are believed to have been deployed in western Zambia where established logistical road supply routes exist. In September last year Zambian troops impounded a truck carrying weapons, but later handed them over to Unita soldiers.

The Angolan government has long tried to blame Unita, its supporters and neighbouring governments for its problems. However, it is increasingly clear the Angolan situation can no longer be seen as a morality play about the forces of good (the government) pitted against the evil (Unita) and that Luanda should shoulder responsibility for its failure to provide Savimbi with a diplomatic route out of the war.

It also is apparent Angola's elite is becoming rich from the conflict — both as a result of the negative impact on the establishment of conditions of good governance, financial transparency and accountability and as a result of arms resupply deals.

The next presidential elections are scheduled for 2001. Chiluba's Movement for Multiparty Democracy (MMD), which holds 131 seats in the 150-seat National Assembly, has been hard hit by persistent allegations of corruption and maladministration in the wake of the emerging markets crisis. Zambia's gross domestic product (GDP) fell 2% last year.

In January 19 opposition parties agreed to unite for the next election, while about 800 MMD cadres resigned in support of party vice-treasurer Sylvia Masebo. There may be an ethnic dimension to future opposition: almost all MMD government ministers are Bemba people from the northeast and Copperbelt and many non-Bemba think the party ethnically biased. There are also rumblings among the military and disaffected members staged a botched coup attempt in October 1997 led by an army captain. An additional cause for wider concern is parliament's approval of a presidential slush fund which, last year, stood at R38m.

The president may use the absence of a credible successor to justify a third term in office even though this is prohibited by the constitution. This could occur, however, through an amendment or an exemption from the two-term provision. But this action could serve to unite further his domestic opposition and increase the likelihood of violent resistance among Zambia's 9,8-million people.

Chiluba's political failings should not obscure his reforms of Zambia's previously decrepit economy. He has instituted complete foreign exchange liberalisation, opened Zambia's markets, implemented a far-reaching programme of privatisation and encouraged foreign investment.

Yet Zambia remains one of the most heavily indebted nations in the world and its economic performance is still shaky and dependent on the key minerals sector. With a total external debt of more than $7bn (or 160% of gross national product), inflation sits at more than 30%. Last year the kwacha depreciated from 1 421 kwacha to 2 300 kwacha to the US dollar. This has hit Zambians hard in a country where the annual per capita GDP is just $400.

SA's trade and investment relationship with Zambia is growing: two-way trade increased from R1,4bn in 1995 to more than R2bn in 1996 and R2,4bn in 1997. The balance (1997 figures) is in SA's favour, with R2,23bn in exports and R180m in imports.

The privatisation of Zambian Consolidated Copper Mines (ZCCM), although not smooth, is now on track and will involve a considerable investment by SA-linked operations.

The privatisation is the centre piece of Chiluba's restructuring and privatisation of former president Kenneth Kaunda's patronage-laden system of more than 200 parastatals.

The World Bank's approval of a $170m loan for Zambia's balance of payments (BoP) support closely followed the signing of a memorandum of understanding between an Anglo American-led consortium and the Zambian government in January to buy ZCCM's remaining assets in an $800m deal. Zambia is dependent on BoP support given its foreign exchange needs which, in turn, are linked to its heavy debt-servicing commitments (about half of total government expenditure), the low price of its principal copper and cobalt exports and the demand for imports as the economy expands.

Zambia sits at the cross-roads of regional and domestic instability. SA will have to focus its diplomatic resources on ensuring peace prevails and that Zambia is not sucked into central Africa's vortex of violence. This strategy will not only support regional democracy, however shaky, but will aid SA's expanding business interests.

Mills is director of the Institute of International Affairs. This is an edited version of one of the institute's intelligence updates.

Zambian army on full alert after blasts

mtG 5-11/3/99 (360)

Anthony Kunda

Zambia's government has warned Lusaka residents to avoid being on the streets at night and is beefing up its armed forces, following seven bomb blasts in the city this week.

The warning came in the face of mounting accusations by the Angolan government of Zambian involvement in gun-running for Jonas Savimbi's Unita forces in Angola.

The bombs initially saw the Zambian authorities shocked and disbelieving. Four bombs went off in residential areas, two at a water treatment plant in Chilanga, one in the commercial district and others at the foot of electricity pylons east of Lusaka.

The Angolan embassy was also damaged by an explosion. After touring the damaged building, President Frederick Chiluba said: "We may have clues, but for now we will leave it to experts to investigate."

Zambian Minister of Information Newstead Zimba would not lay blame on any group. But Minister of Legal Affairs Vincent Malambo said: "From our point of view and preliminary analysis, this looks like the work of an external force, an external enemy."

Chiluba said at a press conference: "Zambian politics have never known violence. We are not at war with anybody and therefore we shall not allow anybody to export violence to Zambia ... We are not declaring war on anybody, but we can defend ourselves."

The army and the air force are on full alert and security in Lusaka has been tightened.

There has been no official communication from the Angolan government to the Zambian government on the bombing.

Accusations of Zambian government involvement in gun-running for Unita surfaced in January. The government challenged Angola to provide evidence. But when an Angolan delegation flew to Lusaka to present the evidence publicly, Zambian officials prevailed on them not to do so.

Two weeks later, Angolan foreign minister Venancio de Moura sent a memorandum to Zambian foreign minister Keli Walubita, naming among government leaders involved in gunning-running Minister of Energy Ben Mwila and Vice-President Lieutenant General Christon Tembo.

Moura said his government has evidence of "direct support of the Zambian government led by the vice-president through the intelligence services of this country".

Tembo has dismissed the accusations as groundless.

At a Southern African Development Community meeting last month, Chiluba said: "Zambia has neither the capacity nor the will to be involved in the military destabilisation of Angola. And I have no doubt that when independent investigators have done their work, we will be vindicated."

But the vindication has been long in coming and the accusations are still running hot. There appears to be considerable difficulty in arranging a meeting between Chiluba and Angolan President José Eduardo dos Santos.

This week the Zambian Parliament, during a debate for estimates of expenditure for the defence ministry, endorsed increased funding to modernise the army. Backbench MP Simasiku Namakando said Zambia is surrounded by countries with big armies.

"Modern war needs to be fought with modern weapons. Our neighbours like Angola have the most sophisticated equipment."

Zimba said: "Zambians must prepare for any eventuality. Government will do its utmost to render the necessary protection to lives and property. People will have to co-operate with security officers. And from now onwards people must try to avoid being on the streets at night."

(360) Sowetan 8/3/99

Zambia's airline grounded

ZAMBIAN officials grounded the nation's main airline on Saturday for allegedly flouting aviation laws, and denied the move was connected to alleged transport of weapons to Angolan rebels.

Aero Zambia, formed by foreign and local investors after the state-owned Zambia Airways collapsed in 1994, was grounded for improper maintenance procedures, Transport Minister David Saviye said.

Saviye said there was no connection to an independent investigation into allegations the airline leased out aircraft for the transport of arms from a north African country to the rebel group Unita in neighbouring Angola.

Those charges were being "competently handled by security people," Saviye said.

Relations between Angola and Zambia have been strained over charges by Angola that Zambia is supporting fighters of Jonas Savimbi's Unita rebel group.

Zambia denies supplying the rebels but acknowledges traditional smuggling routes on its remote and lengthy western border with Angola are almost impossible to patrol. – *Sapa-AP.*

Zambian newspaper under police siege

(360)

Editor and other staff members able to evade cordon, and judge orders that seven detained journalists be brought to court

Star 12/3/99

By Ross Herbert
and Hans Pienaar
Star Foreign Service

About 50 paramilitary policemen were still maintaining a cordon around the Lusaka offices and printing plant of the Zambian *Post* last night, blocking the paper's production and locking its senior photographer, production team and print workers inside without food or water.

Editor Fred M'membe and other staff members managed to "escape" simply by walking out when the policemen changed shifts yesterday morning.

Police also detained a security guard, known only as Abangwe, who is a former soldier and is apparently being accused of providing the newspaper with military secrets.

Meanwhile, a judge ordered three of seven journalists detained by police to be produced by 9am today, after their lawyers had brought a writ of habeas corpus.

The whereabouts of the three was still unknown last night, and three others, although having been seen by aid workers in the cells in which they were being held, were in low spirits.

Political reporter Dixon Jenge said that, 48 hours after they were first surrounded, the remaining staff were still without food and that lawyers were negotiating with police to get them fed.

M'membe said the paper had not been able to print yesterday's edition despite intervention by their lawyers.

The seven were arrested after a story on Tuesday in which senior military officers said Zambia's military was in disarray and wholly unprepared to defend the country against an attack from Angola.

The story followed remarks by President Frederick Chiluba that Zambia would defend itself against any attack from Angola, which has launched a series of accusations that senior Zambian officials – including Energy Minister Benjamin Mwila – were involved in gun-running to the Angolan rebel movement Unita.

"They threw our things all over the place as they looked for my husband under the bed and in the wardrobe. When they found he was not there, they said they would be back," said the wife of one of the reporters who police could not find, Reuben Phiri, who is undertaking a course in South Africa.

M'membe accused the government of trying to divert attention from the real issue of whether Zambians are involved in aiding Unita and what Zambia is doing to investigate the allegations.

"The issue (of Zambia's military strength) they are trying to victimise us on is available everywhere. Details of arms transactions are published in books on every country," he said.

An application with regard to the arrest of six *Post* reporters ended in farce.

An application for a writ of habeas corpus was scheduled to take place at the High Court at 3pm yesterday.

Professor Patrick Mvunga, for the reporters, told the court they had been unable to locate the whereabouts of three of the detained reporters from either police sources or officers of the attorney-general.

The other three – Kelvin Shimo, Lubasi Katongo and Joe Kaunda – were in Woodlands and Chilanga prisons. Applications had been made to the inspector-general of the police and to two local police stations.

The state claimed that, right until the time of the hearing, it was unable to get through to the inspector-general to "receive instructions".

The judge said he would not accept the laxity of the state in failing to produce the bodies.

He ordered that the six reporters be brought before the court at 9am today.

MASSIMO SAMBUCETTI / AP

Zambian reporters arrested for army story

(360) M+G 12-18/3/99

Anthony Kunda

Seven Zambian reporters were arrested this week after their newspaper published reports that the Zambian army did not have the capacity to withstand an attack by the Angolan army.

The Post's reporters Joe Kaunda and Kelvin Shimo were arrested on Tuesday night. Police later arrested Goodson Machona, Lubasi Katundu, Brighton Phiri, Amos Malupenga and Reuben Phiri.

The Post quoted senior army and air force officers on Tuesday saying that the Zambian army's fighting unit did not even constitute one Angolan division.

Its editor, Fred M'membe, said the arrests were "a barbaric act aimed at crippling the newspaper. There is no justification for the arrests."

He called on the government to release his staffers and arrest him instead. "As editor, I am responsible for what is published in *The Post*. It was my decision to publish the story on Tuesday. I alone must face the temerity of the state machinery."

The arrests followed instructions by the deputy speaker of the Zambian government, Simon Mwila, to the Ministry of Defence to "mete out appropriate measures against *The Post* newspaper for exposing the country's security system to the enemy."

The Inter African Network for Human Rights and Development said in response that the "state drips with double standards. We ask the government to apply the same amount of pressure and pick up all ministers implicated in the Angola gun-running saga.

"Pouncing on reporters from privately owned newspapers will not solve the current crisis Zambia is facing. This crisis has nothing to do with Post Newspapers but everything to do with accusations and counter-accusations."

Court orders Zambia to release journalists

Human-rights record in spotlight after arrests

(360)

ARG 13/3/99

Lusaka

The Zambian high court yesterday ordered the release of six journalists detained for questioning the army's ability to fend off an attack by neighbouring Angola, and criticised the state for their arrest.

Police arrested the journalists on Wednesday after the publication of their report in the Post, a privately owned newspaper.

Mr Justice Elliot Chulu, of the Lusaka high court, said: "The six applicants will immediately be set free.

"However, it is sad to note the circumstances under which the applicants were detained."

Relations with Angola have been tense since President Jose Eduardo dos Santos accused Zambia of supporting Angolan rebel leader Jonas Savimbi, whose forces have renewed their war with the Angolan government. Lusaka denies the charge.

Police also released eight other employees of the Post who had been held in the newspaper's offices since Wednesday, delaying publication of Thursday's morning edition by several hours.

Police surrounded the newspaper's offices for several hours on Thursday, but stayed away yesterday.

The journalists were detained after the Zambian parliament directed the defence ministry to take action against the Post over the article, which appeared at a time of high tension in the capital.

A spate of bombings rocked the capital at the end of February. Although no one has claimed responsibility for the attacks, government sources have privately pointed to the deterioration in relations with Angola in recent months.

The arrest of the journalists has thrown an unwelcome spotlight on the Zambian government's human rights record.

In a letter to the government before the court decision, media watchdog Reporters Without Frontiers said: "Our organisation wishes you to use all your authority to ensure that the six journalists are released immediately."

Zambia is seen as less tolerant of press freedom than its neighbours in southern Africa.

Annual reports compiled by the Media Institute of Southern Africa (MISA) have recorded more violations of press freedom in Zambia than in neighbouring states.

MISA's Fanwell Chembo said: "In terms of harassment of journalists Zambia has, unfortunately, been far ahead of its neighbours." – Reuters

Zambia frees journalists arrested over army story

(360)

Chilombo Mwondela

LUSAKA — The Zambian government has released six journalists arrested in connection with a story about the strength of Zambia's defence force.

The journalists' release followed a ruling by Judge Essau Chulu, on Friday, who noted the sad circumstances which had led to their arrests.

The journalists were detained for more than 48 hours after writing a story about Zambia's military preparedness in the independent newspaper the Post.

Judge Chulu said he hoped the six could rely on the word of principal state advocate Donald Kasote "that the six applicants will continue to enjoy their freedom" after their release.

Addressing a national youth rally in Lusaka on Friday, President Frederick Chiluba extolled the virtues of patriotism.

"A patriot is a person who loves his or her country and is willing to defend it. I have been saddened by events of the past few weeks which have revealed that we have people who call themselves Zambians but lack courage and patriotism. They are ready to side with the enemy and sacrifice Zambia purely for selfish and monetary gain," he said in apparent reference to the detained journalists.

BD 15/3/99

Chilanga's fortunes likely to rise

Charles Mubambe (360) PD 16/3/99

LUSAKA — Chilanga Cement has emerged among the best buys on the Lusaka Stock Exchange and its fortunes are expected to improve further as Zambia completes privatisation of the mines, says the Lusaka Stock Exchange bulletin for February.

The company, which was the first blue-chip company to be privatised under Zambia's liberalisation policy in 1994, has high quality reserves that will last well into the next century. It currently outperforms the Lusaka bourse's market index.

Chilanga enjoys a dominant market position, being the monopoly producer of cement, and has exploited its proximity to export destinations such as the Democratic Republic of Congo, Burundi and Rwanda to ward off competition.

It is consistently profitable and has managed to maintain sales levels during a prolonged economic downturn.

Anglo American has a 12,6% stake through Zamanglo Industrial Corporation, its wholly owned Zambian operation. Chilanga recently acquired a 20% stake in Mbeya Cement which was sold by the Tanzanian government.

Cavemont Merchant Bank analyst Meebelo Mutukwa is quoted in the newsletter as saying growing competition, imports and reticence by foreign investors to buy Zambian shares before the resolution of mine privatisation has resulted in a flat share price, which does not reflect the company's strong financial performance.

Newspaper back on streets after police siege

BD 16/3/99 (360)

Chilombo Mwondela

LUSAKA — Zambia's independent daily The Post was back on the streets again yesterday after police action prevented publication.

Detained journalists were released on Friday after a *habeas corpus* application in the high court. Their arrest and a police siege of the newspaper building earlier in the week led to the loss of two successive editions.

The crackdown came after an uproar in the National Assembly about a Post article that questioned Zambia's military capacity to withstand an incursion from Angola.

The Media Institute of Southern Africa reported that the newspaper claimed in its latest edition that the "plan to cripple the paper" was hatched by Zambian military intelligence and security services officers.

They attempted to detain all the paper's reporters and support staff. However, the operation evidently failed after only six reporters were arrested. The rest gave the police the slip.

Lawyers for the six, evidently charged with espionage, told the institute the charges did not stand in the absence of summonses. A docket had been opened and charges could be revived.

On Thursday Post finance manager Patrick Musengwa was looking for a printer. Independent Printers, a sister company that prints The Post, was barricaded by security officers. More than 15 staff members were confined to the premises. On Friday, after the journalists were freed, the siege was called off.

The journalists said the police did not torture or interrogate them. However, one journalist, Brighton Phiri, said he was assaulted by inmates at the Chelston police cells in Lusaka.

Inter-African Network for Human Rights' development director Ngande Mwanajiti and Zambia Civic Education general-secretary Astridah Zulu commended Judge Elliot Chulu for his ruling, which led to the release of the journalists.

Information and Broadcasting Minister Newstead Zimba, told a news briefing on Thursday that state security should be of concern to all Zambian citizens during the impasse between Zambia and Angola.

"The misuse of press freedom to expose the country to attacks is dangerous. So each paper must account for its activities," he said.

Zambian Breweries maintains profit

BD 17/3/99 (360)

Charles Mubambe

LUSAKA — One of the leading firms on the Lusaka Stock Exchange, Zambian Breweries, has overcome difficult conditions to post a $2,16m after-tax profit for the year to December, a slight improvement on 1997's $2,15m.

SA Breweries is the managing partner and holds 45% of the company, a former parastatal.

Zambian Breweries maintained its profit levels despite a squeeze on disposable incomes in an economy that experienced a negative growth of 2%, currency devaluation of 69% against the US dollar and foreign exchange constraints that spawned inflation.

Costs came under pressure as a result of devaluation of the kwacha, with most major inputs such as malt, hops, plant and spares increasing 72%. There was also an escalation in some US dollar-priced locally procured inputs such as coal and maize.

Zambian Breweries is set to monopolise Zambia's clear beer market following the recent acquisition of cash-strapped Northern Breweries based in Ndola, 350km from Lusaka.

Zambian journalists charged with espionage

BD 19/3/99

LUSAKA — Six Zambian journalists were charged with espionage yesterday, one week after being detained for questioning the Zambian army's ability to fend off an attack by neighbouring Angola.

The reporters, all employed by the privately owned newspaper The Post, were charged in a Zambian court with collecting and publishing information that threatened state security.

They pleaded not guilty and were granted bail.

They are scheduled to return to court on April 16.

Under Zambian law espionage is punishable by a minimum of 20 years in jail.

The charges stem from an article published in The Post earlier this month which questioned Zambia's military capability and gave details of its limited arsenal.

The journalists were detained on March 9 after the Zambian parliament directed the defence ministry to take action against The Post over the article, which appeared at a time of high tension in the capital. They were released a few days later when the government failed to lay charges against them.

A spate of bombings rocked the capital at the end of last month. Though no one has claimed responsibility for the attacks, government sources have privately pointed to the deterioration in relations with Angola.

Relations between the two states have been tense since Angolan President Jose Eduardo dos Santos accused Zambia of supporting rebel leader Jonas Savimbi.

Lusaka denies the charge.

The detention of the six reporters was widely condemned by media watchdog groups, including the Paris-based Reporters Without Borders. — Reuter.

Chambishi mine breaks even

Charles Mubambe BD 19/3/99 (360)

LUSAKA — Chambishi Metals, a heavy loss maker under Zambia Consolidated Copper Mines (ZCCM), has managed to break even during the four months it has been under Anglovaal Mining (Avmin).

Avmin said that Chambishi, which was acquired from ZCCM in September 1998, produced 3 800 tons of copper and 820 tons of cobalt for the months up to December 31 last year.

The company has embarked on a rehabilitation programme and technology has been upgraded. The drive to modernise operations is a far cry from the years of state control when little was reinvested in the conglomerate's divisions.

Avmin acquired Chambishi for $50m from ZCCM in Zambia's privatisation programme which is expected to be completed by the end of this month. The company holds 90% equity in the new company, which includes the Chambishi cobalt and acid plant and the Nkana slag dumps, while the remaining 10% is owned by ZCCM.

More reporters held in Zambia

BD 24/3/99 (360)

Eight face spying charges in media crackdown

Chilombo Mwondela and Irin

LUSAKA — Two more reporters from Zambia's independent daily, the Post, were arrested at the weekend and charged with espionage.

This brings to eight the number of journalists from the newspaper facing spying charges, and has fuelled fears of growing official intolerance of the independent press.

Monday's edition of the Post reported that Zambian police raided the homes of five journalists of the newspaper on Saturday morning.

They arrested Douglas Hampande and MacPherson Muyumba, who were charged and then released on bail.

The paper's editor-in-chief, Fred M'membe, and reporters Reuben Phiri and Sam Mujuda were not at home when the police raided their homes.

The espionage charges follow the publication of a report on the Zambian army's weaponry by the newspaper just over two weeks ago.

The report questioned Zambia's military capacity to withstand an incursion from Angola, and came at a time of growing tensions between Zambia and Angola following Angolan allegations that top Zambian officials were helping to supply arms to Unita rebels. Zambia has denied the allegations.

The report caused an uproar in Zambia's parliament, prompting the deputy speaker to order the defence minister to take "appropriate" action against the newspaper. Six journalists were arrested in pre-dawn raids following the order two weeks ago. They were charged with espionage and released on bail after spending two days in detention.

However, the detained journalists were released only after a habeas corpus application in the high court.

Ordering their release, Judge Essau Chulu said he hoped the six could rely on the word of principal state advocate Donald Kasote "that the six applicants will continue to enjoy their freedom" after their release.

The journalists said at the time that the police did not torture or interrogate them. However, one journalist, Brighton Phiri, said he was assaulted by inmates at the Chelston police cells in Lusaka.

The arrests have been condemned by media and human rights organisations who have expressed growing concern about the Zambian government's attempt to stifle publication of the independent daily newspaper.

Two editions of the Post were lost after the arrests and a siege of the newspaper building by police. More than 15 staff members were confined to the premises at the time.

The newspaper has since claimed that a "plan to cripple the paper" was hatched by Zambian military intelligence and security services officers.

Information and Broadcasting Minister Newstead Zimba has since warned a gathering of journalists that state security should be of concern to all Zambian citizens during the impasse between Zambia and Angola.

"The misuse of press freedom to expose the country to attacks is dangerous. So each paper must account for its activities," he said.

Addressing a national youth rally in Lusaka shortly after the arrests, President Frederick Chiluba extolled the virtues of patriotism. In an apparent reference to the detained journalists, he said: "A patriot is a person who loves his or her country and is willing to defend it. I have been saddened by events of the past few weeks which have revealed that we have people who call themselves Zambians but lack courage and patriotism."

He said these people were "ready to side with the enemy and sacrifice Zambia purely for selfish and monetary gain".

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REST OF AFRICA

Zambia aid in balance

Anglo has only days to find a privatisation partner for copper mines

(368)

BD 25/3/99

David McKay
and Chilombo Mwondela

ANGLO American Corporation has just over a week to find a mining partner to help it buy a large slice of Zambian Consolidated Copper Mines (ZCCM), or it will disappoint Zambia's government, which wants ZCCM fully privatised by month-end.

In January, Anglo said it had agreed "in principle" to buy the bulk of ZCCM, but an important condition was finding a "substantial mining partner". Evidently, Zambia, under pressure from donors who want the privatisation to be wrapped up speedily, hoped Anglo would clinch a new partner by the end of March.

Anglo said yesterday it was seeking a major mining partner for the venture, but was releasing no details. Analysts say a partner is hard to find, owing to the poor state of the copper market. London Metal Exchange inventories are high and prices could slip further, they say.

In terms of an agreement in principle, Anglo said it would create a new company to buy Nkana and Nchanga divisions, the Nampundwe mine and Konkola Deeps, all contained in ZCCM. The deal was negotiated through Bermuda-registered Zambia Copper Investments (ZCI), the company through which Anglo already has a 27% stake in ZCCM.

Anglo said it was even prepared to reopen talks with Western Mining and Falconbridge in its search for a partner. The North Americans have previously walked away from investing in the Zambian copper belt.

For Zambia, there are important political implications if it fails to privatise ZCCM, one of the preconditions for donor aid.

Zambia went through last year without balance of payments support, because foreign donors thought its human rights record was not good enough. They also cited the poor implementation of the structural adjustment programme, which covers privatisation of the all state-owned enterprises, such as ZCCM.

However, Finance Minister Edith Nawakwi, replying to questions in parliament on the issue, said recently that the delayed sale of ZCCM's mines had not affected Zambia's relationship with the donor community. "There is a misnomer both at home and abroad. They talk about the mines as if they are owned by government. We have sold them, and are going towards the conclusion of the disposal," Nawakwi said.

She said the International Monetary Fund had already released some money to the government in the form of balance of payments support, and insisted that the discussions with Anglo on the sale of the mines were on course.

However, she conceded that there had been a delay of six weeks on the part of Anglo American.

"Naturally, the procedure will now take much longer," Nawakwi said, emphasising that this was strictly a business transaction not to be confused with other issues.

ZCCM has suffered a painful privatisation, with disposal of flagship operations Nkana and Nchanga a major stumbling block.

The Kafue consortium, consisting of SA's Avmin, Phelps Dodge of the US and Noranda Mining of Canada, bid about $150m for the two divisions, but Zambian authorities turned it down.

Press asks Chiluba to drop spy charges

Claire Pickard-Cambridge and Chilombo Mwondela (360) BD 26/3/99

THE World Association of Newspapers has written to Zambian President Frederick Chiluba in a bid to persuade his government to drop spying charges against nine journalists of the independent Post newspaper.

The Paris-based body, which represents 15 000 newspapers, defends press freedom worldwide.

The nine journalists, who include the Post's editor-in-chief Fred M'membe, were arrested more than two weeks ago after an article in the paper questioned Zambia's capacity to withstand a military incursion from neighbouring Angola. The article, headlined "Angola worries Zambia's Army", outlined Zambia's military position and placed Angola in a superior position.

The journalists have been charged with espionage and released on bail.

"We are greatly concerned that these journalists have been charged with the serious offence of espionage simply for exercising their right to freedom of expression," the association said in a letter signed by its president Bengt Braun.

"We urge you to withdraw the [illegible]arges against all Post employees immediately and [illegible]ll further actions against the newspaper or its [illegible]h might inhibit the free flow of information."

Police arrested six Post jo[illegible]lists on 9 March and surrounded the editorial offices and printing plant the following day, preventing anyone from entering or leaving. The six were charged with spying, as were two other journalists and editor-in-chief Fred M'membe, who were arrested and released later.

Police deputy commissioner Emmanuel Lukonde said he wanted the reporters to help with investigations into who had revealed the information but M'membe refused to disclose the source.

Sun Hotels to take Victoria Falls plunge

(360) CT(MR) 29/3/99

FRED CHELA

Lusaka — Sun Hotels International and the Zambian government have concluded negotiations on the construction of a $20 million hotel fronting Victoria Falls, on the border between Zambia and Zimbabwe, Enos Chipawa, the tourism minister, said on Friday.

He said the construction of new structures was expected to start shortly.

The structures of the former Mosi-oua-Tunya Intercontinental Hotel would be pulled down to prepare ground for the ultra-modern new hotel, which will have between 600 and 1 000 rooms.

The management of the land fronting Victoria Falls had stalled the negotiations, but this hurdle had been ironed out, said Chipawa.

Sun Hotels International and the National Parks and Wild Service (NPWS) would manage the piece of land together.

When Sun Hotels completes the construction, Zambia and Zimbabwe are expected to pool their resources to attract organised packaged tours from overseas.

The NPWS has been tasked to monitor activities that might threaten the surrounding environment.

Sun Hotels will be responsible for the maintenance of structures within the Victoria Falls precinct.

The core aspect of the agreement is a clause in the lease agreement that the environment ministry, the Livingstone City Council and Sun Hotels International will be jointly responsible for protecting the ecosystem of the land along the Zambezi river.

Gaudensio Rossi, the chairman of the Hotel Association of Zambia, welcomed the conclusion of the negotiations.

He predicted a tourism boom for Livingstone and the rest of Zambia once the ultra modern hotel structures, expected to include luxury chalets and villas, are finished.

Construction is expected to take 18 months.

In a related development, the European Union has agreed to release funds to refurbish the Livingstone International Airport, which is in a dilapidated state. — Independent Foreign Service

An expectation of war

Sowetan 29/3/99 (360)

Fears are that Angola may invade Zambia because it appears to be helping the Unita rebel movement. Hastings Nyasulu sketches the background.

ZAMBIA and Angola were whispering about war a year ago. Six months later they were talking about war. Now they are shouting about war.

The situation is so tense that a small spark could ignite what most Zambians have been anticipating: an Angolan invasion of Zambia.

Since 1997 Angola has been accusing Zambia of being an accessory to the arming of Jonas Savimbi's Unita rebel movement. Zambia flatly denies this but Angolan president Eduardo dos Santos is not convinced.

Zambian president Frederick Chiluba brokered the ill-fated 1994 Lusaka peace protocol between Dos Santos and Savimbi, who was originally funded by the apartheid-era South African regime and the United States.

Unita reneged on the deal and the war has since escalated. Dos Santos takes little cognisance of that peace effort.

The question is who is propping up Savimbi?

Last year Angola accused Zambia of letting Savimbi use the country's airspace to transport arms, fuel and other accessories to Savimbi's eastern stronghold of Andulo.

They claimed he was using Ndola airport, on Zambia's border with the Democratic Republic of the Congo. Zambia denied the accusations but surprisingly fired top management at Ndola and banned Metex International, a South African airfreight company operating a Boeing 737 aircraft.

Airlifting of arms

Angola has since named Zambian vice president General Christon Tembo and former defence minister Ben Mwila, now energy minister, as the main figures behind the airlifting of arms to Savimbi.

In a three-page letter to United Nations sanctions committee chairman Robert Fowler, Luanda claims Zambia supplies arms to Angola through the Zambia Intelligence and Security Services (ZISS).

"Metex International used Zambian airports and airspace to supply material to Unita military forces with the Zambian government's consent," reads the letter.

While Angola was presenting its case before the United Nations in early March, three bombs went off in Lusaka.

One killed a security officer at the Angolan embassy. In all, 15 bombs exploded in the city.

The Zambian government hastily hired American FBI and Dutch military officers to investigate.

Involvement of top Zambian government officials in gunrunning seems difficult to prove. Political analysts agree that some individual Zambians were most likely involved.

Whether top government officials were or not, Angola would like to persuade Zambia to fall in step with its neighbours in joint actions on issues affecting the region.

The Dos Santos government wants Zambian military cooperation against Savimbi to help cut the rebels' military supply lines.

So far Zambia has been the pariah. It has problems because of the absence of a clear regional foreign policy. Chiluba seems to have nothing in common with his neighbours.

By contrast, Angola has strong ties with almost all its vital neighbours – Namibia, Zimbabwe, Congo-Kinshasa and Congo-Brazzaville.

Angola cut Savimbi's traditional routes from the north by helping to engineer the overthrow of former president Pascal Lissouba of Congo-Brazzaville and Savimbi's once-ardent supporter Mobutu Sese Seko of Zaire.

Angola is controlling the air space in the two Congos with well-established battalions and radar systems, effectively creating a no-fly zone for Savimbi in the north.

To the south Namibia has tightened up its air space and is most unlikely to help Savimbi in any way.

The only air space over which Angola has little influence is to the east – Zambia.

The entire stretch of this long border is under Savimbi's control, in effect making him the neighbour.

The Angolans believe the war is unwinnable unless Savimbi is ostracised by all the surrounding countries. They are convinced that tight control of Zambian airspace is the sure way to throttle Unita.

Military analysts believe Savimbi's recent successful bombardments of government-held territory show that he has enough supplies to fight for much longer.

Augusto Manuel, Angolan ambassador to Zambia, says there is no way Savimbi could have survived until now without external support from a neighbouring country.

Angola further claims that Ugandan and Rwandan troops have been training Savimbi. Ugandans and Rwandans are fighting against Congo-Kinshasa president Laurent Kabila, who is bolstered by Angola, Zimbabwe, Namibia and faraway neighbour Chad.

Congolese Rally for Democracy rebels led by Professor Wamba dia Wamba, control large diamond areas. So does Savimbi.

So long as the diamonds remain in rebel hands the wars in both Angola and the Congo will be difficult to control.

Chiluba has been trying unsuccessfully to broker a peace deal between Kabila and the rebels, but he is said to be more comfortable whispering in the ears of president Yoweri Museveni of Uganda and president Pasteur Bizimungu of Rwanda. This seems to be earning him mistrust from his neighbours.

Chiluba says Zambia has neither the capacity nor the will to fight anybody and for that reason will not go to war. "But we are ready to defend ourselves if provoked," he says.

Many factors stand in Chiluba's favour. A direct invasion of Zambia by Angola would be deplored by the international community.

No known organised rebel movement – through which Angola could channel military aid – exists in Zambia. Nor would an attack be likely to gain support among the Zambian people.

Acquiring arsenals

Although Zambia may not have the ground and air power to withstand Angola, the Dos Santos government would weaken itself by spreading its soldiers in the two Congos and Zambia while it has to face the menace of Savimbi at home.

Still, Angolan threats could push landlocked Zambia into acquiring arsenals and creating a regional military build-up.

Already Uganda has been buying highly sophisticated weaponry from Russia, China and South Africa. So have Zimbabwe and Angola.

It was a story about Angola and the Zambian army that led the government to lay police siege to the offices of *The Post* newspaper and arrest many of the staff.

The story said Angola's air and ground power surpassed Zambia's by a factor of three to one. Those arrested were ordered to be released by the judge but editor Fred Mmembe and eight reporters have since been charged with espionage.

Meantime, life goes on as usual in overcrowded Lusaka, where thousands of poor people pour on to the streets try to eke out a living by selling their wares.

And the headlines about a possible Angolan invasion hit the streets every other day. – *Gemini News.*

(The write is a freelance reporter based in Lusaka and a former chief reporter for the Zambia Daily Mail.)

SA NEWS DIGEST

□ ZAMBIA

(360) CT(BR)30/3/99

IMF approval opens access to $14m loan and probable debt relief

The International Monetary Fund (IMF) has approved Zambia's second phase of the enhanced structural adjustment facility, a qualification to accessing $14 million before March 31. Under this arrangement, Zambia would receive a loan from the IMF and World Bank at concessionary rates, Edith Nawakwi, the finance minister, said at the weekend.

The qualification entitled Zambia to receive at least $28 million in the second phase of the facility this year. It would receive the other $14 million later this year. The country, Nawakwi said, would also probably qualify for cancellation or reduction of its debt, which is a staggering $6,5 billion.

In a related development, the executive board of the African Development Bank has approved $15 million in balance of payment support to Zambia. The support will be released before the end of this month. Nawakwi said the support was an acknowledgement of the government's commitment to consolidating economic reform and growth. — *Independent Foreign Service, Lusaka*

Zambia 'set for growth'

Donors expect progress in the restructuring of the public sector

(360)
BD 31/3/99

LUSAKA — Zambia, battered last year by economic hardships and a squeeze on donor aid, looks set to resume growth this year as aid restarts and the ailing copper industry is revived, the World Bank said.

"I would expect the economy to do better this year as a result of the unbottling of the freeze on donor support and a much more positive climate for private sector expansion," World Bank representative Laurence Clarke said on Monday.

Landlocked Zambia saw gross domestic product fall 2% last year in response to lower copper prices, poor weather and delays in the sale of the key but ailing Zambia Consolidated Copper Mines (ZCCM).

The International Monetary Fund (IMF) last week approved a Special Drawing Rights $349m loan package to the copper-mining southern African nation under the enhanced structural adjustment facility. The first year's loan would be released in four instalments, starting at the end of March.

The IMF suspended funding in 1997 after the government failed to maintain a budget surplus and make progress in a public service reform programme as targeted.

More donors cut balance of payments support to the country last year after the government failed to meet a June deadline for the privatisation of Zambia's premier copper mines.

The government is wrapping up a deal under which Nkana and Nchanga mines, which account for about 65% of ZCCM total output, will be sold to South African mining conglomerate Anglo American.

Most donors said they were likely to resume balance of payments support to the country after the government and Anglo signed a memorandum of understanding in January on the sale of the mines.

Last month, the World Bank released $65m in balance of payments support, with a pledge to provide $105m more in the year provided the government adhered to its economic reform programme.

Donors also expected to see more progress in the restructuring of the bloated public sector. Western diplomats said their governments were willing to resume aid flows to Zambia this year, but expressed concern about the recent detention of several journalists under the country's security laws. — Reuter.

Angolan carrier signs Aero Zambia pact

(360)

Claire Pickard-Cambridge and Reuter BD 31/3/99

PRIVATELY owned Aero Zambia has signed a cargo and passenger service pact with the Angolan government's TAAG carrier to run flights between Luanda and Lusaka.

Aero Zambia chairman David Tokoph says the agreement is a vote of confidence in Aero Zambia by the Angolan government after media reports alleging that the airline operated illegal flights to Unita rebels in Angola.

The media quoted earlier Angolan government claims that Aero Zambia and senior political figures in Lusaka had sent supplies to Unita. The claims were denied. "If we were the bad boys, Luanda would not have had anything to do with us," Tokoph said of the TAAG deal.

An Aero Zambia spokesman said the airline had won an injunction in the Lusaka High Court last week barring SA Airways from flying between Johannesburg and Lusaka on Fridays. Aero Zambia would retain this slot.

In addition, the Zambian government suspended Aero Zambia's air service permit on March 5, citing possible flaws in its service. However, Aero Zambia also won a court injunction blocking this move, Tokoph said.

Aero Zambia said yesterday it hoped to introduce a service to the Middle East, subject to official approval.

Vital copper sale should unlock donor aid

World Bank says Zambia is on the path to growth

eT(BR) 31/3/99 (360)

JOWIE MWIINGA

Lusaka — Zambia, which was battered last year by economic hardships and a squeeze on donor aid, looked set to resume growth this year as normal aid resumes and the ailing copper industry revives, the World Bank said yesterday.

Laurence Clarke, a World Bank representative, said: "I would expect the economy to do better this year as a result of the unbottling of the freeze on donor support and a much more positive climate for private sector expansion.

"We also expect better rains this year, so the agricultural and non-traditional sectors should do better."

Gross domestic product fell 2 percent in the landlocked country last year in response to lower copper prices, poor weather and delays in the sale of the key but ailing Zambia Consolidated Copper Mines (ZCCM).

Last week, the International Monetary Fund (IMF) approved a 254,45 million (about R2,1 billion) special drawing rights (SDR) loan package to Zambia under the enhanced structural adjustment facility (Esaf).

The first year's loan of 40 million SDR would be released in four installments starting now.

The IMF had suspended funding under the Esaf in 1997 after the government of President Frederick Chiluba failed to maintain a budget surplus and make progress in a public service reform programme as promised.

More donors cut balance of payments support to the country in 1998 after the government failed to meet a June deadline for the privatisation of the mines.

The government is wrapping up a deal under which Nkana and Nchanga mines, which account for about 65 percent of ZCCM's output, will be sold to Anglo American, the diversified South African mining company.

Most donors said they would probably resume balance of payments support after the government and Anglo signed a memorandum of understanding in January on the sale of the mines.

Last month, the World Bank released $65 million in balance of payments support, with a pledge to provide $105 million more this year if the government adhered to its economic reform programme.

"We expect the government to continue the process of privatisation and commercialisation of the remaining parastatal units," the World Bank's Clarke said.

Donors also expected more progress in the restructuring of the bloated public sector.

Western diplomats said their governments were willing to resume normal aid flows to Zambia this year, but they were concerned about the recent detention of several journalists employed by the independent Post newspaper under the country's security laws. — Reuters

Kinshasa devalues currency

KINSHASA — The Democratic Republic of the Congo has devalued the Congolese franc by 35,5% to 4,5 francs per US dollar from the level of 2,9 per dollar set in late February.

The Central Bank of the Congo announced the move in newspaper advertisements yesterday.

The devaluation brings the official rate closer to the black-market rate, which this week was hovering between 4,9 and 5,2 francs per dollar.

Karl Lukusa, director of research and studies at the central bank, said the measure was taken because the government was losing revenue.

"All receipts, such as customs, are set in hard-currency terms. The measure was taken to increase government revenue."

Lukusa said that the central bank wanted to narrow the spread between the official and the black-market rates.

"For the central bank, there must be less than a 10% spread between the official and the parallel rates," he said.

Attempts to stabilise the currency have dominated the government's economic agenda for the past few months.

However, a ban on the use of the dollar in January, coupled with the maintenance of the official rate at an unrealistic level, have pushed crucial revenue-generating activities such as the diamond trade into the black market.

Private-sector operators in Kinshasa have repeatedly urged the government to devalue the currency or allow it to float.

The Congolese franc replaced the New Zaire currency on June 30 1998, at an official spread of 1,38/1,43 per dollar. But the New Zaire's predecessor, the Zaire, is still used in parts of the Congo. — Reuter.

BD 8/4/99 (360)

Zambia targets 5% yearly growth

(360) BD 23/4/99

Lusaka pledges accelerated privatisation and reduced deficits to obtain IMF structural adjustment loan

Simon Barber

WASHINGTON — Zambia aims to achieve a growth rate averaging 5% a year for the period 1999-2001.

This is according to the letter of intent it has negotiated with the International Monetary Fund to qualify for the $349m, three-year structural adjustment facility the fund approved last month, ending a two-year lending suspension.

The growth target depends on copper production increasing 10% annually over the period at a projected price of $1 600/t, and agricultural output expanding 7,5% a year. Projections also depend on "normal" weather and heavy foreign investment in mining, raising the investment rate to 21% of gross domestic product (GDP) in 2001 from 14,5% in 1998, says the March 10 letter, made public this week.

Privatisation remains "key" to the government's growth strategy, although sale of the key assets of Zambia Consolidated Copper Mines (ZCCM) has fallen behind the March 31 deadline cited in the letter.

The government calculates that despite receipts for the ZCCM sale, it will still owe short-term creditors and suppliers $124m, including $110m in arrears to electricity supplier CEC.

It will also assume $23m in debt-service obligations to the World Bank.

Other privatisation initiatives slated for this year include the offer of a managing minority stake in telecommunications parastatal Zamtel; the concessioning of the national railway system by end-September; the sale or closure of the Zambia National Oil Company; and tendering of management rights for the airports at Livingstone, Ndola and Mfuwe.

In addition, privatisation plans will be drawn up for national commercial bank Zanaco, the electricity company Zesco, and Zampost in the transport sector.

Lusaka pledges to reduce the fiscal deficits to 1% of GDP by 2001, which will entail running domestic surpluses — excluding loans to ZCCM — of 1%.

Central to that goal will be further cuts in public service jobs. The 1999 payroll target is now 112 500, which will require the departure of 7 000 public servants this year through retrenchment, attrition and the hiving off of public institutions.

Domestic revenue is "programmed" to increase 30% mainly through more effective collection of personal and company income tax.

Zambia's external financing requirement this year — not including foreign-financed capital expenditure — is put at $526m.

Unhappy litany of misfortune for workers

Privatisation in Zambia is no cake walk

CT(BR)28/4/99 (360)

ANTHONY MUKWITA

Lusaka – Zambia's privatisation programme, hailed by the World Bank and the International Monetary Fund (IMF) as the best in Africa, has not been a cake walk for all privatised companies, and especially for their workers.

Several of the 200-odd companies placed in private hands by the Chiluba government have either closed down or are struggling. Most notable is the Roan Antelope mine, which was sold to an Indian group called Binani in 1997.

Roan Antelope was once owned by the giant parastatal Zambia Consolidated Copper Mines (ZCCM), which is now selling off the last of its mines.

Under Binani, Roan Antelope has run into serious financial problems, which have caused constant strikes, closures and running battles between police and miners.

In the latest confrontation at the weekend, police opened fire and wounded two miners as they tried to disperse a group protesting against poor working conditions.

Late last year, a baby died from suffocation when police threw a teargas canister into her parents' home as they tried to disperse riotous miners from Roan Antelope.

The Copperbelt Energy Company cut power supply to Roan Antelope the same year because it had not paid its electricity bills. This greatly affected production as the mine was closed for a while.

Union officials say they still fear bailiffs could soon move in and repossess Roan mine property because it is reportedly struggling to pay its workers and it external debtors.

Opponents of privatisation cite the Binani story as an illustration of their contention that the Zambian Privatisation Agency (ZPA) has not always done its homework before selling off state assets.

Another privatised company which went west was the well-known Elephant Head hotel in the mining town of Kabwe, 100km from Lusaka. This was bought by a deputy cabinet minister. He is now being sued by his former employees, who claim he has not paid their salaries since October.

National Drug Company, bought by a Lusaka businessman, closed late last year because the new owner could not manage to service his debt to the ZPA and pay workers.

A travel agency, Eagle Travel, which was the pride of Zambia before privatisation, also went belly up recently after the new owner failed to keep operations running because of recurring high costs.

"This is the picture of Zambian privatisation," John Mulenga, a Lusaka businessman, said.

"Very little success has been recorded from companies bought by both locals or foreign investors."

Western donors say the examples of failed privatised companies are outweighed by successes. – Independent Foreign Service

Zambian Breweries hopes to clear debt with rights issue

BD 29/4/99

Charles Mubambe (360)

LUSAKA — The Zambian Breweries has decided to carry out a rights issue to raise about $8,5m to liquidate some expensive loans and finance the acquisition of Northern Breweries.

The decision approved at the shareholders meeting recently will be achieved through the issuance of one new share for every one share already in issue. "This will be the first rights issue in Zambia, and a useful test of the current sentiments of existing shareholders with respect to the operations and prospects of the company," says an exchange commentary.

Although the company is looking to raise the capital through the rights issue, the current shareholding of the company should mean that 90% will be committed by SA Breweries and Anglo American Corporation, leaving a balance of 10% to raise from the public. Despite difficult operating conditions, Zambian Breweries' after tax profit for the 1998 financial year remained static at $2,16m (1997: $2,15m). Zambian Breweries maintained the profit levels despite a squeeze on disposable incomes in an economy that experienced a negative growth of 2%, currency devaluation of 69% against the US dollar, and foreign exchange constraints that spawned inflation.

The company is set to monopolise Zambia's clear beer market following the recent acquisition of cash-strapped Northern Breweries based in Ndola.

African Busine

Complaints focus on bad relations with Angola and poor domestic policies

Zambian business sounds alarm

CT(BR)30/4/99 (360)

Anthony Mukwita

Lusaka – Zambia's political predicament was too risky to attract either foreign or local investment, the Zambian Chambers of Commerce and Industry (Zacci) said yesterday.

During the second national economic convention in Lusaka, Muna Hantuba, Zacci's treasurer, advised the government to resolve the tension with Angola before major investment could come to Zambia.

He said the allegations made by Angola that top Zambian government officials were supplying Unita rebels with military assistance "can cause destabilisation in any economy.

"A business person would like to invest where he is assured of a conducive security environment and not where possible conflict is looming.

"Government should be seen to be taking steps to resolve these conflicts and assuring would-be investors that all is well."

The national convention, hosted by the ministries of commerce and trade, and finance, sits assess the performance of this year's budget and to make recommendations for next year's budget.

David Mpamba, the commerce and trade minister, said this year's economic performance would depend on privatising the government's remaining mines and on foreign aid.

He said the economy had performed especially badly this year and the year before because western donors had withheld balance of payment support.

Several business associations were harsher, blaming the budget, which they said had not made business any easier for them. It was not well implemented, they said.

The Zambia Association of Manufacturers said the budget had failed to eliminate import duties on manufacturing components, as other countries in the region had done to boost manufacturing.

Conversely, the Zambia Farmers' Union (ZNFU) complained about zero tariffs on imported flour.

"This effectively kills the local wheat business as it cannot be expected to compete on the same level playing field with that which has been brought in at zero tax," said Ajay Vashee, the ZNFU's president. "This ought to change next year."

Vashee also complained that, despite having scrapped tax on all farming equipment, the Zambia Revenue Authority (ZRA) was holding on to tractors brought into Zambia after the duty was scrapped.

"Lots of our members brought in tractors after the tax incentive was announced but their tractors are now stuck at ZRA because the tax people say the law still allows them to tax farming equipment."

The business community expressed doubt that the economy would attain the stated growth target of 4,5 percent. – Independent Foreign Service

IMF prods Zambia on ZCCM sale

(360)

Some fear tax concessions granted in terms of a deal to privatise will cause fiscal loss in the long run

BD 3/5/99

Simon Barber

WASHINGTON — The International Monetary Fund's (IMF's) executive board has told Zambia to get a move on in finalising the sale of Zambia Consolidated Copper Mines's major assets to Anglo American Corporation, but is split on whether the government's terms are too generous.

This emerged from an official summary, released at the end of last week, of the board's annual Article IV review of Zambia's economic performance on March 25, at which directors approved a $349m low-interest credit facility to help Lusaka.

"Some directors expressed concern about the generosity of the tax concessions granted in the context of the privatisation of ZCCM," the summary said.

They feared the tax concessions would entail significant fiscal costs in the long term.

Others argued that the tax breaks — not specified in the summary — were important for the recovery of the copper sector in Zambia.

There was consensus, however, that the sale to Anglo was crucial to macroeconomic stability and would lay the basis for the restoration of the financial health of Zambia's mining sector and the board strongly urged the authorities to do everything in their power to expedite the transfer of the assets.

According to the government's letter of intent, setting out its commitments in return for the IMF loan, the sale of ZCCM will represent a net drain on the Zambian budget even excluding tax concessions.

"The net amount of short-term debt and suppliers areas after deduction of privatisation receipts to be repaid ... at the time of transfer is projected as $124m," the letter states.

This includes $110m in unpaid electricity bills. Government will also be assuming $23m worth of ZCCM debt service obligations to the World Bank.

Agreement on the transfer of assets to Anglo was supposed to have been completed by March 31. According to the semi-official Times of Zambia the deal is effectively done. The newspaper reported in mid-April that Anglo participated in wage negotiations with the Zambian mineworkers' union.

World Bank wants Zambia declared highly indebted

(360)

LUSAKA — The World Bank representative in Zambia has called on the International Monetary Fund and other bilateral donors to ensure that Zambia qualifies for the highly indebted poor countries (HIPC) status.

The bank's representative, Laurence Clarke, said that the HIPC status, once granted, would help Zambia reduce its debt to a sustainable level. He said some donors at the Paris Club meeting had indicated their willingness to waive the eligibility requirements for Zambia.

The World Bank's country director for Zambia, Phyllis Pomerantz, said Zambia's total external debt was currently estimated at $6,6bn. "This debt is both to the IMF as well as other bilateral institutions," Pomerantz said.

Under World Bank criteria a country can only qualify for HIPC status if it faces an unsustainable debt situation "after the full application of current debt relief mechanisms and would have to demonstrate an appropriate track record of adjustment and reform".

Quoting figures released by the United Nations Development Programme for 1989-1994, Zambian nongovernmental organisations argue that 89% of people in rural areas and 60% of urban dwellers are poor. Pointing out that poverty was the single most pervasive phenomenon in the country, the organisations said 84,6% of Zambia's population lived below a poverty line of an income of $1 a day.

Mozambique and Uganda have already qualified for HIPC relief. — Irin.

BD 5/5/99

Zambezi to get $10m bridge

(360) (~~[illegible]~~)

LUSAKA — Zambia and Namibia have agreed to build a $10m bridge across the Zambezi River to facilitate fast movement of import and export goods between the two countries, a government spokesman said yesterday.

Zambian Works and Supply Minister Godlen Mandandi said the Katima Mulilo bridge would be built on the Zambian side of the river, but would be jointly owned and shared by both Namibia and Zambia.

The bridge would connect the Namibian railroad from Walvis Bay on the Atlantic Ocean to Zambia's Mulobezi railways system that links both eastern and southern African railroads. The bridge designs have been compiled by a Namibian firm and have been scrutinised by the German government and the European Union, also funding the Livingstone-Sesheke road network designed by German engineering company Gauffe. — Sapa-DPA.

BD 5/5/99

BUSINESS

MINES *Yet another deadline for sell-off has been announced by the government*

Zambia to assume some ZCCM debt

CT (MR) 6/5/99 (360)

ANTHONY MUKWITA

Lusaka – The Zambian government would assume part of the debt of cash-strapped Zambia Consolidated Copper Mines (ZCCM) before finally selling the conglomerate off, Syamukayumbu Syamujaye, the country's mines minister, said this week.

Syamujaye was speaking at the official opening of the third annual Zambia Mining Engineering Exposition (Zaminex '99) in Kitwe, 340km north of Lusaka.

The state-owned Times of Zambia newspaper reported yesterday that the minister had also set the final date for the sale of the loss-making mines for July this year.

But the Zambian business community remains sceptical as the government has missed previous deadlines for selling off ZCCM.

Edith Nawakwi, the finance minister, told western donors last May that the mines would be sold by last July. This year she said they would be sold by March 30.

The mine owes R1,17bn but Lusaka has not said how much of that it will assume

The debt which the government intends to assume amounts to a total of 467 billion kwacha (R1,17 billion).

The mines, which experts say are losing some $2 million a day in operational costs, owe Zambia Electricity Supply Corporation (Zesco), the country's major electricity utility, $110 million.

Zesco had to be bailed out recently by the European Union and the Development Bank of South Africa because local banks could not give it any more loans for fear of not recovering the money.

The mines also owe $42 million to other local suppliers and $35 million to foreign suppliers.

Syamujaye admitted ZCCM would have gone belly up a long time ago under normal circumstances.

Its operations had been kept alive by the government since last November. He did not say what portion of the debt the government would assume.

Lusaka expects to sell the remaining package of ZCCM to Anglo American. The only snag is that Anglo has still not yet found a partner for the ZCCM purchase. The government hopes it will do so by July.

Because the mines have not been sold, western donors have withheld most of their aid.

Indications are that they may resume the aid flows this year, largely because of the agreement the government has entered into with Anglo.

The Zaminex '99 meeting, which is examining the future of mining as the industry enters the next millennium, closes today. – Independent Foreign Service

Fears about Zambian economy growing

BD 10/5/99 (360)

Charles Mubambe

LUSAKA — Business confidence in the Zambian economy has fallen drastically over the past three years, a problem which could render the projected 4,5% annual growth a pipe dream, says the Zambia Association of Chambers of Commerce and Industry (Zacci).

"The current business environment in the country is quite frankly demoralising," says Zacci vice-president (North) Boniface Chiweza. "Demand for most products and services is on the wane. Liquidity in the economy is very tight and this consequently threatens the existence of several companies."

Between 1993 and 1995, Zambia saw an influx of prospective investors in mining and other sectors. But since 1996 there has been a reversal of what was achieved in the early years of the reform programme's implementation, says Chiweza.

He says there are many developments which have been bad for business confidence, including the controversial 1996 amendment of the Republican Constitution, the bailing out of struggling Meridien Bank, an attempted coup on October 28 1997, the near collapse of Finance Bank last year, the temporary suspension of Aero Zambia's operating licence, and the closure of a number of local companies that could not make ends meet.

Chiweza says security in respect of robberies and frauds has worsened.

Formal employment, he warns, has continued to shrink while most locally produced goods and services are increasingly uncompetitive and slowly losing market share to foreign commodities.

Skilled labour is constantly being head-hunted for regional and international jobs as the "AIDS pandemic continues robbing the country of a young and experienced labour force".

Chiweza also highlights Zambia's tax regime which is perceived to be unfavourable towards business. Several manufacturing companies, including Coca-Cola, are prodding government to reconsider the high excise duty levied on all products made inside the country.

The past year has been particularly difficult for the Zambian economy. G ross domestic product shrank to -2% while inflation rose to 30,6% against 18,6% the previous year.

Zambia requests debt relief

BD 13/5/99 (360)

Chilombo Mwondela

LUSAKA — Zambia wants to be given special treatment on the road to qualifying for the heavily indebted poor countries programme because it has an unsustainable debt burden of $6,5bn.

Releasing the 1998 National Human Development Report for Zambia, Finance Minister Edith Nawakwi said yesterday that Zambia could no longer afford to service its heavy international debt.

"The international community is receiving debt service at the expense of education, health services and clean water," she said.

The heavily indebted poor countries programme is a scheme where heavily indebted countries qualify for a huge debt cut after successful implementation and completion of a structural adjustment programme. In April, Paris Club donors wrote off $1bn of Zambia's debt at a consultative group meeting on the country.

"We are not asking for irresponsible amnesty. We are asking for resources to make a living.

About 70% of Zambians are living below the poverty line; living on less than a dollar a day for their survival," Nawakwi said.

She said Zambia's debt was incurred largely as a result of its support for neighbouring countries during their liberation wars. "Today, Zambia is still a host to thousands of refugees from the Congo and Angola crisis. The world international bodies are calling for special treatment of Kosovo's neighbours because of their refugees. What about Zambia?" she asked.

The United Nations Development Programme, Zambia representative, Olubanke King-Akerele, said the Human Development Report was a measure of Zambia's progress in developmental issues. "This year the focus of the report is on basic social services, whose provision is considered basic to reducing poverty," she said.

"While the government has spent on average about 35% of the budget on the social sector over the past five years, only an average of 6,7% annually has gone to basic social services, covering basic education, primary health care and water supply," she said.

The lead consultant for the report, Prof V Seshamani, said it was apparent in his research that the situation of basic human services in the country was "quite terrible".

"The main factor to this is resource constraints and the heavy debt burden on which we are spending more than on social services," he said.

Chairman of the Economic Advisory Council of Zambia, Dr Jonathan Chileshe, said there was no time for lengthy considerations on Zambia's qualifications for alleviation. "Zambia deserves special treatment on the issue. Our debt came about from events that were out of our control."

He implored donors not to link the debt scheme to the structural adjustment programme.

Zambian fuel price increase sparks fury over inflation

CT (BR) 13/5/99 (360)

Anthony Mukwita

Lusaka – The Zambian business community has reacted sharply to the decision by the state-owned Zambian National Oil Company decision to raise fuel prices by 15 percent, saying the increase was bound to add to inflation.

Moses Banda, the president of the the Economic Association of Zambia, said even though the rise was inevitable given the further devaluation of the kwacha against the dollar and pound, the effect on business would be detrimental.

Investment, Banda said, would be affected and several sectors of the economy would soon start feeling the pinch when prices of goods and services began rising.

Perhaps the reason there has been such an outcry, analysts say, is because the kwacha loses value daily, from 2 500 kwacha to a dollar last week to about 2 520 kwacha this week.

Currency speculators say the currency is likely to keep falling in coming weeks as long as the government keeps holding on to the loss-making Zambian Consolidated Copper Mines.

Last week Syamukayumbu Syamujaye, the mines minister, set the date of the sale of the final packages of the mines as July. – Independent Foreign Service

Zimbabwe reinsurer causes a stir in Lusaka

Chilombo Mwondela (~~362~~)(360)

LUSAKA — Controversy is raging in Zambia's insurance industry following the first registration of a reinsurance company in the country — Zimbabwean company Zimbabwe Reinsurance Corporation (ZimRe).

While some players have welcomed the development, saying it will help to increase competition and reduce premiums, other big insurance companies say the idea is untenable. Several insurance firms recently questioned the admission of ZimRe to the Zambian market, saying the move indicated government's lack of confidence in the local private sector.

Senior officials of the Zambia State Insurance Corporation and other insurance companies say the new firm's declared capital is inadequate for a reinsurance firm. They are urging government to reconsider the offer.

However, Pensions and Insurance Authority registrar Hazel Milambo and Zambia Investment Centre director-general Margaret Mwanakatwe have confirmed the authorisation and licensing of ZimRe with a pledged investment capital of $434 000.

Insurance Brokers' Association of Zambia chairman Newton Chirwa said ZimRe's arrival in Zambia would reduce expenses incurred by insurance firms when undertaking big risks.

ZimRe's establishment would enable local brokers to help facilitate reinsurance locally instead of using agents outside the country to do the job.

OD 18/5/99

Fire costs mount for Zambia

BD 19/5/99

(360)

Chilombo Mwondela
and Reuter

LUSAKA — Fuel shortages are expected in Zambia while it prepares to import petrol and diesel from neighbours following a fire on Monday that paralysed the country's only oil refinery.

Officials expect Indeni Refinery, at the Copperbelt capital of Ndola, to be closed for up to eight months for repairs costing millions of dollars.

Fuel for the entire country and parts of the Democratic Republic of Congo is likely to be imported from SA and Zimbabwe, as was the case when the last fire broke out at the refinery in 1994.

The explosion destroyed the refinery's primary distillation unit, which is central to the extraction of petroleum products from crude oil. The refinery receives crude oil via a pipeline from Dar es Salaam.

Mining officials fear fuel supply problems could affect production on the mines, but it is understood that this area will receive priority when imports arrive.

A Zambia National Broadcasting Corporation cameraman who was rushing to film the fire was killed and three other crew members hurt in a road accident.

Indeni officials described the fire as a national disaster and are urging government to take urgent measures to import fuel. The refinery opened in 1973 and has had three fires since 1988.

After the last fire in 1994 fuel imports brought a sharp rise in pump prices. The expectation of fresh price hikes prompted motorists to rush to petrol stations yesterday, a move expected to cause fuel shortages within days.

The Economics Association of Zambia's country co-ordinator, Muna Nakalonga, warns that the economy is at a critical juncture and cannot afford such accidents. Deputy Commerce Minister Jazzman Chikwakwa says the refinery's fortunes underpin industry. "If there is a problem at Indeni it affects Zambia's economy."

Presidential Affairs Minister Eric Silwamba said yesterday government was looking at reactivating some topping units at a disused smaller plant to substitute for the loss of Indeni.

He said the fire was put out late on Monday. All fire-fighting teams on the Copperbelt were rushed to the scene and there was further confusion at one stage when power around the site was abruptly disconnected by the Zambia Electricity Supply Corporation for nonpayment of bills.

Police are probing claims that blasts were heard before the fire. In March several unexplained blasts rocked Lusaka, which some Zambian officials blamed on Angola. Tension between the two countries has risen over claims that Lusaka backs the Unita rebel group in Angola.

Cash injection further eases Zambian aid ban

CT (BR) 19/5/99 (360)

Anthony Mukwita

Lusaka – Zambia's multilateral donors continued to lift the informal aid embargo they slapped on the impoverished country in May last year with yet another cash injection of $10 million.

The latest donation came from the European Commission and is meant to help the department of health, in particular, in its efforts to decentralise its bloated bureaucracy.

During the signing ceremony in Lusaka on Monday, Edith Nawakwi, the finance minister, asked the donor community to refrain from dictating to Zambia how it should use donor funds. Zambians believed they better knew the problems they faced.

Nkandu Luo, the health minister, joined in, saying that half the time the donors' prescriptions were wrong because they never really took time to study the problems on the ground.

Western donors have adopted new ways of channelling funds, insisting that money be used for a specific purpose. Officials say the government has not received these changes well, regarding them as a constraint.

The European Commission cash injection is one of many the government has received in the past couple of months. The World Bank was the first to act when it gave Zambia over $65 million in balance of payment support at the beginning of this year. The bank also pledged to give Zambia a further $105 million if it adhered to a structural adjustment programme.

Another shot in the arm came from the International Monetary Fund (IMF) and the European Union (EU), which have given Zambia $36 million in balance of payment support, according to Kabinga Pande, a central bank spokesman. The IMF had released $13,6 million and the EU $22,4 million, which was already in the possession of the central bank, Pande said.

After these disbursements had been made, analysts speculated that Zambia's bilateral donors were likely to follow suit and supply the money they had been withholding since the last consultative group meeting in Paris.

Their predictions came true recently when Nawakwi revealed that the Paris Club had agreed to restructure Zambia's external debt by injecting $1 billion. The country's external debt was $7,14 billion before the Paris Club's move.

Zambia was expecting to get about $530 million in balance of payment support from its cooperating partners last year but the donors wanted the Zambian government to dispose of loss-making mines and improve its battered human rights record. – Independent Foreign Service

Zambian government may tighten screws on foreign currency shop

CT (BR) 19/5/99 (360)

ANTHONY MUKWITA

Lusaka – The Zambian government has threatened to shut down foreign currency shops, saying they are responsible for the unstable rate of the kwacha, the local currency, against major convertible currencies such as the US dollar and the pound sterling.

This warning was issued recently by Edith Nawakwi, the finance minister, when she officiated at a Bankers' Association of Zambia (BAZ) function in Lusaka.

Reacting to complaints raised by Moses Nawa, the BAZ chairman, who said most commercial banks would have loved to stabilise the money markets in Zambia but bureaux de change made it difficult for them, Nawakwi said the government would soon correct the problem.

She said the liberalisation of the money markets did not mean currency rates should differ from one shop to another, as this practice effectively distorted the foreign currency markets.

She also warned traders who had been quoting their merchandise in US dollars instead of the kwacha, saying these too would be shut down once caught in the act by authorities.

It has become common practice for shop owners in Lusaka to quote their merchandise to the US dollar because of the ever-falling value of the kwacha.

Most landlords also quote their houses in dollars. Some telecoms companies such as Telecel and Zamcell, which provide cellular phone services, also quote in the US currency.

"There is no reason, apart from greediness, for traders to price their goods in dollars," Nawakwi said.

But while the BAZ is happy that the government will soon correct the distorted money markets, some economists feel the state is going back on its word by threatening to shut down "erring" foreign currency shops.

They say the government had promised, when it started liberalising the markets, not to interfere with the running of business, but now it wants to do just that.

Others, however, feel the government should indeed shut down rate-distorting foreign currency shops to bring sanity to the money markets.

The kwacha is nose-diving after experiencing some p... stabilisation at about ... kwacha to the dollar at the ... of this year. One dollar now ... es between 2 500 to 2 600 kw...

Currency speculators e... age the value of the kwach... fall even further in the ne... weeks, largely because Z... the mining group which i... ing some $2 million a day, i... being subsidised by government. – Indepen... Foreign Service

Zambia's foreign reserves decline 54% year-on-year

BD 25/5/99

Charles Mubambe (360)

LUSAKA — Zambia's foreign reserves declined 26% from an estimated January closing of \$103,5m to \$76m in February, a 54% fall compared with the same period last year.

Citibank's April treasury report says: "This position represents an estimated import cover ratio of less than four weeks, which is far below internationally acceptable levels."

However, the consolidated foreign exchange position for all commercial banks increased 25% from \$34m to \$43m. Against total inflows of \$79,9m, outflows were at \$71,5m, resulting in a surplus of \$8,4m.

Citibank reports that the increase reflects commercial banks' strategy to build position in anticipation of tight foreign exchange conditions.

"The increase in commercial bank positions, however, was not indicative of an increase in volumes traded. A total of \$75,7m was traded in April, 12% lower than the volume traded in March," the bank said.

"This underscores the general trend of lower foreign exchange volume flowing through the market as a consequence of various factors, including the Zambia Consolidated Copper Mines (ZCCM) privatisation and lower donor inflows."

Citibank said: "The outcome of the Paris Club meeting will have a significant impact on the government's debt service obligations during the rescheduling period. The country's foreign exchange reserves, and its ability to service debt, have been adversely affected by various economic factors, including the continuing negotiations to privatise ZCCM (assets). The rescheduling, therefore, should provide some 'breathing space' and allow government to build its reserves position," the bank said.

In an effort to access \$445,5m from the Paris Club consultative meeting scheduled for tomorrow and Thursday, the Zambian government has bowed to donor demands and agreed to introduce sweeping changes that seek to review the contentious republican constitution and would allow former president Kenneth Kaunda to stand in the 2001 presidential and general elections.

The government of President Frederick Chiluba, who came to power following the reintroduction of multiparty politics in 1991, is prepared also to lift protection of convicted drug traffickers, who will now be barred from running for public office.

Zambia's sell-offs lag on white elephants

(360 CT(BR) 26/5/99

ANTHONY MUKWITA

Lusaka – Zambia's privatisation programme, hailed as the fastest moving in Africa, would have to slow down this year because the Zambia Privatisation Agency (ZPA) had reached a difficult stage.

It now had to offload the largest and most "unattractive" state-owned packages, Business Trends, a leading financial publication of Barclays Bank Zambia, said.

It said as a result the ZPA's mandate would have to be extended for a couple of years to complete the task it began in 1992.

Apart from the loss-making Zambian Consolidated Copper Mines (ZCCM), ZPA also has to sell off Zambia Telecommunications (Zamtel), the major communication utility; state-owned banks such as the Zambia National Commercial Bank (Zanaco), and other public utilities viewed as having "little buyer interest".

"Given the complexity of the remaining institutions and the size of some operations, progress is likely to be relatively slow this year," the publication said.

But Edith Nawakwi, the finance minister, said the privatisation of the public utilities was "on course". She said Zanaco shares would soon be floated on the Lusaka bourse as part of a comprehensive policy to divest the government's shareholding in the bank.

Nawakwi was reacting to a call by the Economic Association of Zambia (EAZ) for the government to swiftly privatise the remaining mining packages, Zamtel and other major state-owned institutions before the Paris Club meeting set for today and tomorrow.

Nawakwi said 20 percent of Zamtel's minority shares would soon be offered to a private strategic partner to help revitalise the company.

So far, the government has sold about 200 state-owned companies. Economic analysts said the success of Zambia's privatisation programme could only be measured once the major companies had been sold. Western donors said successes outweighed the failures of the country's privatisation programme. – Independent Foreign Service

Zambia gets $40m boost for cellphones

(360)

ANTHONY MUKWITA

CT (BR) 26/5/99

Lusaka – The Commonwealth Development Corporation (CDC) is to invest more than $40 million in the local cellular telecommunications system, which will provide both mobile and fixed wireless telephones.

This is according to the latest CDC publication, African Review, which adds that the planned telecommunication system is expected to capture at least 46 000 new subscribers, a large number by Zambian standards.

Many average Zambians cannot afford mobile telephones or even landline telephones because user fees for both fixed and mobile telephones are high.

The average Zambian working for the government takes home a wage of about 100 000 kwacha, about R254.

Dealers are selling hand sets at $249 for an Ericsson and $299 for a Motorola, plus a $95 connection fee at the new Zamcel and much more at the state-owned Zamtel and Telecel, a subsidiary of the US-based Telecel International. – Independent Foreign Service

Groups slate Zambia's record

BD 27/5/99 (360)

Charles Mubambe
and Claire Pickard-Cambridge

LUSAKA — Human rights organisations are criticising Zambia's governance record as the World Bank's consultative group starts meeting Zambian government officials in Paris to consider giving the country $445,5m.

Human Rights Watch, the Article 19 organisation and Amnesty International have all released reports to the group which will also be discussing Zambia's human rights record and the conditions which should apply in return for aid. Balance of payments support was suspended by several governments in 1996 because of human rights abuses, and since then aid has been tied to conditions, including respect for human rights.

In their reports, the human rights organisations castigate the government for its crackdown on the independent media and opposition parties. Human Rights Watch reports that government uses bureaucratic obstacles to inhibit opposition campaigns, and uses the Zambias revenue authority to intimidate opposition leaders and supporters. The government has also tried to suppress legitimate debate on Zambia's relations with Angola by charging 12 journalists from the independent newspaper, The Post, with espionage.

Malcolm Smart, deputy director of Article 19, said restrictive Zambian media laws remained virtually unchanged since the days of one-party rule, although the ruling Movement for Multiparty Democracy had now been in power for eight years.

He said the charges against the journalists should be lifted and archaic media and security laws overhauled as a matter of urgency.

The Zambian government has bowed to donor demands and agreed to introduce sweeping changes that seek — among other things — to review the country's contentious republican constitution which sees former president Kenneth Kaunda become eligible to stand in the 2001 presidential and general elections.

However, Smart said recent claims by government that it had begun serious talks with the media about future reform appeared to "have little foundation and may be an attempt to mislead the consultative group into changing its position. Given the experience of The Post journalists and other instances of official harassment of the media in the past year, as well as the lack of progress on liberalisation of the broadcast media, Article 19 does not believe that any relaxation of the consultative group's position can be justified."

Amnesty International's report says "contempt for human rights remains embedded in the Zambian police force, whose officers shoot and kill as an alternative to arrest and routinely torture ordinary citizens as part of crime investigations". The report outlines how the country's police force is influenced by political meddling to the extent where paramilitary police use tear gas and batons to break up peaceful public gatherings.

Zambian inflation overshoots

(360)

CT (BR) 27/5/99

ANTHONY MUKWITA

Lusaka – Zambia was unlikely to attain the targeted annual inflation figure of 21,6 percent, according to the latest edition of Business Trends, a Standard Bank (Zambia) publication.

The first-quarter inflation rate is 28,5 percent, far short of the enhanced structural adjustment facility annual target of 21,6 percent.

Although inflation was expected to slow in the second and third quarters, it could still remain above 20 percent and might average 25 percent for the year-end, the report said. Price increases must be kept at 2 percent over the next nine months to meet the inflation target.

But economic analysts said this was a tall order because prices of fuel were recently raised by 15 percent because of the devaluation of the kwacha.

The currency nose-dived in March and April, reversing the 15 percent appreciation experienced in February, when a dollar bought just under 2 000 kwacha.

Now the dollar is fetching 2 560 to 2 600 kwacha in most foreign currency shops.

There are fears among currency speculators that if Zambia fails to meet the International Monetary Fund benchmarks and secure further disbursements and donor inflows, the exchange rate could be adversely affected.

The Zambian budget is 35 percent dependent on donor inflows. Business Trends joined the rest of the business community in asking Lusaka to reduce donor dependence and concentrate on raising its revenue base. – Independent Foreign Service

REST OF AFRICA

Zambian copper mine construction to start

BD 31/5/99 (360)

Budget of $63, but controlling company has a liquidity problem

Charles Mubambe

LUSAKA — The construction of Zambia's newest copper mine in Luanshya is set to begin on July 1 with a budget of $63m.

The new mine and plant at the Muliashi North open pit, run by embattled Roan Antelope Mining Corporation (Z), is expected to be commissioned by September next year after the completion of feasibility studies last December by a UK consultancy.

Roan is a subsidiary of the Binani Group of the UK which runs Luanshya and Baluba mines, acquired in the privatisation of Zambia Consolidated Copper Mines.

The Muliashi North site is expected to yield 34 000 tons of finished copper and 1 560 tons of cobalt a year through open pit mining and heap leaching.

Full production is expected to start in January 2001. The expected lifespan is at least 15 years.

The mine is expected to increase Roan's total production of finished copper from 40 000 to 100 000 by the year 2003/4.

However, mining analysts doubt Roan's capability to undertake the project after its mounting liquidity problems.

The operation has also been afflicted by industrial unrest among its 6 000 workers who are disillusioned by management's failure to remit statutory pension contributions to the Zambia National Provident Fund and the Mukuba Pension Scheme, its nonpayment of deceased workers' estates, its exorbitant service charges and conflict about the sale of houses.

Roan owes $17m to Zambian suppliers and, since the beginning of the year, bailiffs have seized 30 vehicles for failing to settle debts owed to suppliers.

Power to the mine was also cut by the Copperbelt Energy Consortium recently, thereby paralysing the mine's operations.

Mine Workers of Zambia, Roan branch chairman Cameron Pwele says the government should immediately place Roan under receivership before the mine collapses.

Corporation spokesman Kaunda Nyirenda admitted the company's financial woes, but said measures were being taken to normalise operations.

On February 1 319 workers for Techpro, a contractor, lost their jobs after the smelter at the mine was closed. The company is now treating its cobalt at Chambishi and its copper at Mufulira.

Since the conclusion of the deal on June 30, 1997 the Binani Group has been haunted by accusations that underhand methods were used in securing their bid.

Binani, with Indian parent company Binani Industries, formerly Binani Zinc, has no copper mining experience. Its only link to mining is through zinc manufacture and the trading of non-ferrous metals.

Ironically, First Quantum, a Canadian mining company with a proven track record in copper mining, lost the bid despite meeting all criteria set by the Zambia Privatisation Agency.

In October 1997 First Quantum took Binani, Zambia Consolidated, the privatisation agency and the Zambian government to the Lusaka High Court, challenging the sale to Binani. The Canadians asked how Binani, which did not conduct an underground study of the mine, submitted a successful bid.

First Quantum claimed that the privatisation agency — in following recommendations of its adviser, merchant bank NM Rothchilds, rather than the wishes of the government/Zamibia Consolidated team — awarded it the deal but was then overruled by Zambian cabinet members.

Quantum has since discontinued the case.

At the time of the sale, Roan pledged to invest $172m over the next five years on refurbishing and developing new reserves.

Sources say that of the $69m capital envisaged for investment into existing operations over the next five years, only $20m has been committed and even less spent.

Mineworkers of Zambia officials say given Binani's record so far, government should look for experienced investors with sufficient capital to save the mine and town of 20 000 from collapse.

Zambia will get aid if its house is in order

ET(BR) 31/5/99

(860)

Anthony Mukwita

Lusaka – Western donor countries have pledged to give the Zambian government $630 million in balance of payments and project finance, but the money has once again come with strings attached.

The Paris Club of donor nations decided in Paris last week that before dispensing the money, it wanted the government to improve its human rights record and to sell off the last of the mines in the parastatal mining company, Zambia Consolidated Copper Mines (ZCCM).

The Zambian government expressed satisfaction with the Paris Club decision to help it out of a cash crisis, but human rights activists in Lusaka said the government had no reason to get excited as the pledged money would only be released once the conditions had been met.

The government has promised again to accelerate the disposal of the ZCCM.

Edith Nawakwi, the finance minister, said this would be done before the end of July. But the sale is dependent on Anglo American finding a partner to share the $90 million price of the remaining mines.

Western donors pledged $530 million last year on the same conditions but withheld it because of government delays in selling off the remnants of the ZCCM and because of new human rights concerns raised by the persecution of opposition politicians and journalists.

The government claims it has made several positive moves in the human rights department, including ratifying the international convention against torture. But it has entered a reservation on the crucial article 20 of the convention, which obliges states to allow the United Nations to enter a country to investigate alleged human rights abuses.

The $630 million pledged in Paris, which was $30 million less than the government requested, comprises $240 million in balance of payments support and $390 million in project finance. – Independent Foreign Service

Donors conditionally pledge aid to Zambia

BD 1/6/99 (360)

Claire Pickard-Cambridge

ZAMBIA is to receive $240m in balance of payments support and an extra $390m in project assistance from its external aid partners this year on condition that its economic and governance performance meets their conditions.

This follows a Zambia Consultative Group meeting in Lusaka, hosted by the World Bank, which brought government and external donors together late last week. It was accompanied by coordinated lobbying from many non-governmental organisations — including Amnesty International and Human Rights Watch — which expressed concern about human rights violations and governance problems in the country.

The new aid lifeline for Zambia follows the World Bank's approval of a $170m loan in January, ending a 14-month absence in balance of payments support. After that, agreement was reached in March with the International Monetary Fund for a new enhanced structural adjustment facility and, in April, with the Paris Club of creditors for a major debt restructuring.

The Zambia Consultative Group said at the weekend delegates had stressed the urgency of completing the privatisation of Zambia Consolidated Copper Mines (ZCCM). Its losses are compounding government's woes.

Privatisation of three ZCCM divisions — Nkana, Nchanga and Konkola — is still outstanding, and although Anglo American signed a memorandum of understanding with the Zambian government, the sale depends on due diligence studies and on Anglo securing an international partner.

Anglo has begun talks with Chile's state-owned Codelco, the world's largest copper mining company, but Codelco is thought to be cautious after losing $28m in the first quarter partly as a result of low copper prices.

Human Rights Watch's Zambia researcher, Alex Vines, said government presented a document to the donors about its reforms. "Traditionally the Zambian government is better with words than with deeds, so although the non-governmental organisations were happy with the document, they want to see more happening on the ground."

He said the groups believed some breakthroughs were achieved. They lobbied for and welcomed an agreement for the next consultative meeting on Zambia to be in Lusaka in a year's time so that the increasingly vocal Zambian organisations can be part of the lobbying process. "There has been a cycle of lovely promises in Zambia, followed by a period of quiet, which is then usually followed by human rights abuses. To try and break this cycle it has also been agreed that quarterly informal consultative group meetings will be held in Lusaka as a form of stocktaking to deter this trend," he said.

Overall economic growth in Zambia stagnated last year — floods in the north and droughts in the south of the country hurt agricultural output, and copper prices fell, reducing export earnings and complicating efforts to privatise remaining ZCCM assets.

However, according to the consultative group, Zambia continued its economic reform programme and met its debt service obligations of more than $130m.

INTER

Farmers call for protection against South African food imports

CT 7/6/99 (360)

Zambian farmers beg for credit, subsidies

Anthony Mukwita

Lusaka – Zambian farmers have urged their government to ease credit terms and provide subsidies to enable them to compete with imported South African and Zimbabwean meat and vegetables which are killing business, said the Zambian National Farmers' Union (ZNFU) yesterday.

More than 150 farmers gathered at an agriculture and finance exhibition in Lusaka hosted by Africare and the ZNFU.

ZNFU said expensive credit, high production costs and the lack of subsidies for Zambian farmers had made its produce uncompetitive regionally.

For example, one ton of maize costs an average $211 to produce in Zambia, compared to $81 in Zimbabwe and less in South Africa. The government promised to address this discrepancy in upcoming legislation.

The ZNFU said exorbitant production costs explained the dominance of imported fresh agricultural products in retail shops. Shops like Shoprite Checkers stock up on South African meat and vegetables, not Zambian produce.

Ajay Vashee, the ZNFU president, said there was nothing wrong with the quality of Zambian products. "We export vegetables to London, so there is no way Shoprite, for instance, can say we cannot meet the required specifications."

Retailers said they bought South African and Zimbabwean food because it was cheaper and the supply more reliable. As a result Zambian agricultural capacity has remained largely untapped.

Zambia has 50 million hectares of arable land, according to the ZNFU, but only 5 percent is cultivated. The ZNFU said credit for farmers was scarce and short term, with rates charged at over 100 percent.

Some 70 percent of Zambian maize is produced by peasant farmers, but they are rarely offered credit. Because of poor communications they seldom know about what is available.

"The agricultural sector is not like the trading sector," said Vashee. "You cannot give someone a loan for agriculture and expect them to pay back in 12 months. We need long-term financing."

But credit institutions at the exhibition said they found it difficult to lend farmers money when they had the reputation of repaying late or never.

Irene Mutalima, the head of the Association of Micro Financing Institutions in Zambia, said: "The complaint of financing is a genuine one, but we also have to remain sustainable."

ZNFU said this non-repayment problem was largely a perception and not a reality. It identified the lack of a proper agricultural processing industry to add value to agricultural products as a major constraint.

Austin Sichinga of the trade ministry, said the government would address the farmers' grievances. – Independent Foreign Service

Zambia misses privatisation target

(360)

The deadline for selling off the country's parastatals has passed without much money being raised

BD 9/6/99

Chilombo Mwondela

LUSAKA — The Zambia Privatisation Agency has failed to meet the mid-year deadline for selling off Zambia's parastatals and sparked a debate on whether the seven-year privatisation exercise has been a success.

Outgoing Zambia Privatisation Agency CE Valentine Chitalu says privatisation has been a success because it has achieved the disposal of most major companies and units. If they had been retained much longer they would have been closed or given away without realising any proceeds, he said.

But the private sector contends that the programme has failed Zambians because it has not generated substantial revenue for government coffers. They argue that privatisation has instead contributed to the expatriation of foreign exchange generated by Zambia Consolidated Copper Mines (ZCCM).

Economics Association of Zambia co-ordinator Muna Nakalonga says the way units were disposed of affected the proceeds of privatisation. "We would have received something tangible if there had been proper accounting procedures, from the screening of buyers to the final point of sale."

Lusaka Chamber of Commerce and Industry vice-chairman Henry Chipewo, says the agency failed to achieve its objectives and instead created a forum for externalisation of foreign exchange generated by ZCCM.

Chitalu claims the sale of Zambian assets — 70% to local investors and 30% to foreign investors — generated direct foreign investment.

"Government's objective was to sell most of the units and this has done. The process has been complex but most companies and units have been sold which is not a mean achievement." He hoped that the remaining assets would be sold by the end of the year. Chitalu could not say whether the sale of the units has been successful in monetary terms but insisted that many of the enterprises were in a poor state.

"Our role was to ensure that the assets and units were sold because some were crippled and could have been given away for nothing," he said.

He disputed claims that the programme had failed despite more than 7 000 layoffs since the privatisation programme was initiated. "There have been a lot of casualties along the way but that is expected because these firms are now going into private hands."

The EU grants Zambia $6m for economic reform

CT(BE) 11/6/99 (360)

ANTHONY MUKWITA

Lusaka – The European Union (EU) gave the Zambian government close to $6 million this week in a rare show of confidence in the country's on-going economic reform programme.

Out of these funds, $2,8 million will go towards the public sector reform programme while $3 million will support the public welfare assistance scheme.

Edith Nawakwi, the finance minister, said during the signing ceremony that the EU had been a true partner of Zambia's radical economic reforms.

She said the money would go a long way towards helping this southern African country finally attain economic stability, which it had been struggling to attain for a long time.

Jochem Krebs, the EU ambassador to Zambia, said his organisation was compelled to give the Zambian government money not only because it liked the economic policies the country was pursuing but also because the poverty levels had reached alarming rates.

"We were alarmed to learn that between 70 to 80 percent of the Zambian population today lives in poverty," he said.

The money that the EU donated under the public welfare assistance scheme will be used to build capacity for institutions that look at the most vulnerable groups in the country, with the aim of making them productive.

Under the public sector reform programme, the Zambian government hopes to reduce public service jobs to 80 000 from about 180 000. The move should increase efficiency as well as raise the salary levels of the workers who remain.

The EU, the World Bank and the International Monetary Fund also sponsor the programme. – Independent Foreign Service

Zambia, Angola bury the hatchet

(360)

TOM HOLLOWAY
INDEPENDENT FOREIGN SERVICE

ET 11/6/99

MBABANE: Zambia and Angola have buried the hatchet by signing an agreement here on earlier this week "to forget all past disputes" in the second meeting between intelligence and security chiefs lasting nearly 13 hours.

The Swazi Minister of Foreign Affairs and Trade, Albert Shabangu, said yesterday the success of the meeting was beyond anyone's expectations.

The agreement said the two countries would protect each other's nationals and would discourage any hostile propaganda or press reports about each other.

Mechanisms would be put in place to prevent similar crises arising in the future.

The meeting praised the role of Swaziland in bringing the two disputing countries together for talks.

Delegates laughingly praised "Swaziland muti" which earlier Shabangu had joked had been sprinkled around the conference centre to prevent delegates from leaving until they had reached agreement.

Zambia has consistently denied any knowledge of weapons passing through its territory to Unita rebels. Such allegations were first made by the Angolan ambassador in Lusaka, augmented by submissions before the Security Council of the United Nations.

This was followed by a bomb blast inside the Angolan embassy compound in Lusaka, killing one person and creating fears that war would erupt between the two countries.

The start of the meeting had twice been postponed since its scheduled official opening by Shabangu on Tuesday morning due to late arrivals of some key delegates.

When the delegates eventually trooped out of the conference hall at about 10pm, they looked tired but were in good spirits and pleased with the outcome of the conference.

It was also agreed to hold a ministerial meeting in Swaziland very soon to formalise the agreements reached.

Zambian fuel price to rise on shortages

CT(PR) 22/6/99

(360)

ANTHONY MUKWITA

Lusaka – The Zambian government will increase the price of fuel next week, Ben Mwila, the energy minister, has disclosed. He repeated his assertions that fuel suppliers were hoarding fuel so as to force the price rises even higher.

Fuel shortages are continuing to cause massive disruptions in Lusaka and surrounding areas, after a recent refinery fire and the accidental derailment of a fuel shipment from Ndola on the Congo border.

Mwila said the price increase, the second in less than two months, has been necessitated by the high cost of importing fuel from South Africa, the Middle East, Zimbabwe and Tanzania.

The government began importing fuel over a fortnight ago after two primary distillers at the major petroleum refinery, Indeni, in the mining town of Ndola went up in flames.

Total (Zambia), a French company, has subsequently been contracted as the sole importer of fuel into the country for the first two months after which the contract will be reviewed.

But business houses want other fuel companies, such as British Petroleum and Caltex, to be involved in importation too.

In separate statements, the Zambia Chambers of Commerce and Industry and the Economic Association of Zambia said this week they felt the responsibility of importing fuel was too important and demanding to be left to one importer.

The energy ministry said Total was importing between 1,2 million and 1,3 million litres of diesel a day. Mwila said diesel had been affected the most. – Independent Foreign Service

Lusaka talks delayed as envoys fail to arrive

(360) ARG 26/6/99

Lusaka – A ministerial meeting in Zambia of countries involved in initiatives to end the conflict in the Democratic Republic of Congo was delayed yesterday because delegations from some stakeholders had not arrived in Lusaka, sources said.

Senior government officials from South Africa, Zimbabwe, Namibia, Angola, Uganda, Rwanda and Chad began preparatory talks late on Wednesday to pave the way for the ministerial meeting yesterday morning, but by 11.30am the talks had not begun.

The South African, Zimbabwean, Angolan, Tanzanian and Ugandan ministerial delegations arrived for the talks, while it was uncertain when the DRC delegation would arrive.

Patrick Lekota, the South African Defence Minister, confirmed the delay but told reporters from his hotel room in Lusaka that consultations on finding a peaceful resolution to the DRC's 10-month war were continuing.

Meanwhile, sources close to the talks were quoted as saying that warring sides in the DRC had reached a tentative agreement on dates for starting a troop withdrawal, but differences remained. "The withdrawal should start sometime in July and end within three months," one source said.

While the other ceasefire particulars were still to be agreed on, the sources said the main difficulty was determining which side should pull out first.

The DRC government and its southern African backers are insisting that Burundi, Rwanda and Uganda, who support the rebels, should withdraw their troops first because they "invaded" DRC territory, while the rebels and their allies prefer simultaneous withdrawal. – Sapa

Zambia angrily confronts Danish and British aid donors

(360) CT(BP) 1/7/99

ALFRED MULULA

Lusaka – Upset by international donors' persistent concern over its performance, governance and human rights record, the Zambian government recently threw diplomatic etiquette to the wind, stopping short of telling Danish donors to quit meddling in the country's internal affairs.

The country has had simmering strained relations with its co-operating partners for several years, but its frustration reached a boiling point when a visiting Danish official said openly that his government was utterly disappointed by Zambia's failure to fully investigate allegations of torture involving some of the 1997 coup-attempt suspects.

Ole Moesby, the head of the Danish delegation to the annual Denmark-Zambia consultative meeting, took his hosts by surprise when he bluntly told them officers who were involved in the torture of coup suspects had to be brought to book.

Moesby, who heads the Danish foreign ministry's department of international development, also chastised the government over its prickly relationship with the private media, saying Denmark was disappointed that 12 journalists from the Post newspaper had been charged with espionage.

The charges stem from stories which allegedly exposed Zambia's military inferiority to neighbouring Angola.

"The charge against the journalists is a source of concern to us, and we hope that their case will soon be dropped," Moesby told the Zambian officials led by Boniface Nonde, the finance permanent secretary.

The issue of government corruption has not been forgotten. Moesby, much to the annoyance of the Zambian side, stated that "it is regrettable that very few cases involving corruption have been taken to the courts".

Meeting the Danish delegation on the second day of the talks, Edith Nawakwi, Zambia's finance minister, accused donors of withholding funding over human rights and governance issues without considering the reality on the ground and the government's achievements under difficult conditions.

She said government had already expressed commitment to tackling governance and human rights issues in a 175-page document presented to the Paris Club donors in May. The document outlines how government intends to address these issues.

At the Paris meeting, Zambia's co-operation partners tied the disbursement of their pledged $240 million in balance of payments support and $390 million in projects assistance this year to "satisfactory economic and good governance performance".

While asking for continued Danish financial support, Nawakwi went out of her way to emphasise that Zambia was a sovereign state, which should be left alone to design and implement its own programme without undue influence from donors.

She blamed donors for having contributed to the reduction in public expenditure on the social sector by withholding funds on grounds of Zambia's unsatisfactory performance.

Nawakwi suggested that in future, aid should be channelled through the Budget Office instead of being given directly to specific programmes.

She criticised Denmark for spending $2 million to support privately owned media instead of on priority areas such as discontinued educational broadcasting.

Nawakwi also rejected a draft report by the British department of international development on Zambia. She said it contained "undiplomatic language" and projected a negative image.

She asked Jim Grummond, the delegation leader, to revisit the document, saying issues it raised would "scare investors and derail Zambia's programme aimed at putting it on the growth path". – Independent Foreign Service

Zambia wants investors

(360) BD 7/7/99

Finance minister promises to fight against corruption, inflation

DURBAN — Zambian Finance Minister Katele Kalumba, who took over the key post in a cabinet shuffle last week, said yesterday his top priority would be to improve the investment climate in the mineral-rich country.

In his first public comment as finance minister, Kalumba reiterated the government's inflation and growth targets and pledged to fight corruption, which has turned away some foreign investors.

"I believe as the new finance minister that we can address the concerns that business has now so that we can improve investment tomorrow," Kalumba told a breakfast meeting at the Southern Africa Economic Forum.

Kalumba replaced former finance minister Edith Nawakwi in a surprise reshuffling of President Frederick Chiluba's cabinet on June 29. Nawakwi assumed the labour portfolio.

Kalumba said he was committed to reducing inflation to single-digit levels and boosting economic growth to 4,5% by 2001.

Zambia's all-items consumer price index rose by 1,3 percentage points in May, bringing the year-on-year increase to 26,6%.

The country's economy took a nosedive last year after a key mine privatisation programme ran into trouble, prompting foreign aid donors to suspend funding.

Aid resumed when a preliminary deal to sell the country's biggest mines to SA's Anglo American was reached earlier this year.

It was hoped the deal would be finalised by the end of March, but Anglo's search for a major international partner has dragged on.

Anglo is in talks with Chile's Codelco but a decision from the state-owned copper firm is not expected until the end of this year.

Zambian officials said negotiations on social issues such as the funding of schools and hospitals on the mine sites have also delayed a final agreement.

"I wish I could give you a fixed time frame but we are committed to selling these assets as quickly as possible," Kalumba said.

Aside from mining, Kalumba said he would focus on luring foreign investment into agriculture and tourism.

The new finance minister said Zambia must also improve governance to boost confidence among foreign investors.

"I want to address issues of corruption. We protect the public trust and you protect your business interests," he said. — Reuter.

Zambia, Tanzania join fight against gold sales

(318)
(360)

ZAMBIA and Tanzania have joined an SA-led delegation to Europe next week to demand a halt to central bank gold sales which threaten thousands of jobs and economies in Africa.

SA and other gold-producing nations are reeling from low bullion prices after Tuesday's UK auction of 25 tons of its reserves, the first in a programme to dispose of more than 400 tons.

A delegation of SA ministers, mine owners and union leaders was due in London today to press for an immediate end to the UK gold sales, but the mission was postponed at the weekend to give SA time to rally other African gold producers to the cause.

Minerals and Energy Minister Phumzile Mambo-Ncguka said: "Zambia and Tanzania confirmed their commitment to participate in the planned overseas mission." Zambia is chair of the mining committee of the 14-member Southern African Development Community, while Tanzania is an emerging gold producer.

Mambo-Ngcuka sent her deputy minister to Ghana and Mali, two gold producing countries in west Africa, to seek their support for the European mission.

The delegation will also seek to block the proposed sale of 10-million ounces of International Monetary Fund (IMF) gold to help finance debt relief for poorer countries. Critics say the IMF plan will further depress gold prices and negate the benefit of debt relief for Third World nations that produce gold.

Since the UK announced its gold auctions, six SA mines have set plans to fire over 11 000 mineworkers. Gauteng mine East Rand Proprietary Mines (ERPM) was placed in provisional liquidation last week, threatening to put 5 000 miners out of work at a time when SA's unemployment rate is nearly 40%.

Job losses in SA's mining industry will hit the economies of neighbouring countries like Mozambique, Lesotho and Swaziland, which contribute about 40% of the mine workforce.

Sapa reports that the Mine Workers' Union warned yesterday that apart from the economic implications of closing ERPM an ecological catastrophe was inevitable if government revoked its monthly R1,7m subsidy to the mine to purify toxic water.

Union spokesman Fred Bond said an underground dam five times the size of the Vaal Dam was poisoned with pollutant oxides from underground mining. "Should this dam overflow ... it will flow into the Blesbok River. "This will cause toxification of the drinking water of millions of people in Gauteng," Bond said.

When polluted water drained into the river in the early 1990s, pollution destroyed bird, fish and plant life.

ERPM pension chief Jan Groenewald said the workers would get their pension benefits. — Reuter.

BD 8/7/99

Filling stations close in protest

Chilombo Mwondela
and Charles Mubambe

LUSAKA — Filling stations in Lusaka are calling for a 20% increase in the fuel price because of the rise in transport costs.

Although the Energy Regulation Board approved an 11% hike in the price of fuel, filling stations around the country have remained closed in protest at the imposed figure.

Fuel traders met the board to discuss the increase but the traders are unhappy about the 1 522 kwachas a litre for petrol, up from 1 300 kwachas. The cost of diesel has been increased 10,7%.

The closure of fuel stations resulted in long queues of motorists in Lusaka clamouring to buy fuel from one or two filling stations selling at the new price.

Some people abandoned their vehicles and, carrying plastic containers, walked in search of fuel.

Since an explosion at the Indeni Oil Refinery Plant in Ndola in May, Zambia has been importing fuel by road from SA and Zimbabwe.

The latest hike comes barely two months after the previous 15% increase.

Total Zambia won the tender to be sole supplier of fuel to the country. Now energy ministry permanent secretary Peter Mwamfuli has said the government will soon issue fresh tenders for other companies to take part in supplying fuel to the country.

The rehabilitation of the Indeni refinery, which processes crude oil brought by pipeline to Ndola, may take at least 10 months.

Barclays Bank warned recently that the importation of refined oil products would have a negative effect on foreign exchange markets and inflation.

The government has ignored calls by the Zambia chambers of commerce and industry, the Zambia National Farmers' Union and the Economic Association of Zambia for zero duty on all imports of refined oil products to cushion consumers from the expected spiral effect.

(360) BD 14/7/99

End ZCCM saga soon, say farmers

(368)
CT(BR) 23/9/99

ANTHONY MUKWITA

Lusaka – The Zambia National Farmers' Union (ZNFU) yesterday urged the Zambian government to quickly sell the loss-making Zambia Consolidated Copper Mines (ZCCM) "so that sanity could return to the farming sector".

The 5 000-strong farming body said the failure to sell off the mines had resulted in a general decline in the Zambian economy.

Ajay Vashee, the ZNFU president, said farmers could not get economically viable prices for their produce because consumers could not afford those prices. He was speaking at the 94th annual congress of the union in Lusaka.

Christon Tembo, Zambia's vice-president, assured the farmers that the loss-making mines would be sold by the end of September as all the loose ends had been tied up.

"Farmers have been waiting for over three years for the privatisation of ZCCM and the associated growth in demand for their produce," Vashee said.

"In short, farmers are waiting for the massive expansion in the economy that will put money in the Zambian workers' hands so that they can buy the food our farmers are producing."

ZNFU also called on the government to formulate a quota system for farming products such as wheat, which is imported from South Africa, Zimbabwe, North America and Argentina.

Wheat flour, ZNFU said, should be subject to duties in order to make it more expensive than locally produced wheat.

At present, imported wheat flour comes in duty free and is preferred by Zambians because it is cheaper.

The union also complained about fresh milk imported from New Zealand and Australia because it was highly subsidised and therefore cheaper than local milk. The future of the local dairy industry would remain uncertain as long as the subsidised imports continued, Vashee said.

Tembo said he would meet the ZNFU leadership next week to address the issues raised by the farmers, which he said were "very important". – Independent Foreign Service

Zambian opposition 'lacking vision'

LUSAKA — The Zambian political scene is bleak and no one seems able to predict what direction it will take. Opposition party manifestos are devoid of any platform for the future that might alleviate or eradicate poverty.

National Patriotic Alliance chairman Daniel Lisulo recently criticised the lack of opposition unity needed to remove the ruling Movement for Multiparty Democracy (MMD) from power.

In addition, there was nothing in the present opposition party's vocabulary about how it would emancipate the general populace from their current poverty, he said.

To some politicians, including the NPA, removing the MMD from power is a noble objective in itself, but others would disagree.

Zambian political culture lacks a defined political pragmatism and vision of how a united opposition could overcome poverty levels.

The universality of the issues — adequate education and health care — require politicians to persuade the electorate things can improve and how it will be done.

Political reality has polarised the opposition, which has mushroomed to 36 parties. Some analysts insist these need to be trimmed to no more than six to have credible representation.

The trademark of the opposition is constant condemnation of the government, without acknowledging anything positive where it is due. "I think we have got a long way to go in terms of directing our energies to contribute to the national cause," asserts a Lusaka political observer Chomba Sikazwe.

He criticises the opposition for being preoccupied with the removal of the MMD, rather than presenting programmes to get out of Zambia's economic quagmire.

No politician has told Zambians how they were going to sustain the economy, or whether Zambia will slide back to its former command economic system or embrace the socialism of former times.

Invariably, even the more mature politicians, those with diverse opinions and policies can only find unity in removing the ruling party.

A veteran freedom and independence struggle activist Bernard Mwamba regrets that Kaunda has chosen to be a partisan United National Independence Party (UNIP) president instead of a national leader, revered by all Zambians as the founding father of the nation.

One school of thought believes that had Kaunda left UNIP leadership, it might have matured and evolved into a real political power.

Paradoxically, the UNIP leader used to promote the idea of opposition unity, but when the time came, he and his party backed away. Analysts and observers, as well as ordinary voters wonder why. UNIP secretary general Sebastian Zulu is blunt in his reply: "UNIP has the political clout and muscle to stand on its own." This stance was buoyed recently by snatching the Mbala constituency from the MMD, a good reason to stand aloof from the rest of the fragmented opposition parties.

Most opposition parties have little grassroots constituenc. However, in a democracy they have a legitimate right to be called political parties. — AIA.

(360) BD 30/7/99

Wars disrupt Zambia's economy

(360)

BD 2/8/99

LUSAKA — Wars in the Democratic Republic of the Congo and Angola have drastically disrupted neighbouring Zambia's trade, say industry sources in Lusaka.

"While Zambia used to export up to 60 000 metric tons of maize to the Congo two years ago, our maize exports to that country have now plummeted to about 15 000 metric tons," a source in the Zambian Association of Chambers of Commerce and Industry said.

The source said the war had affected sectors ranging from the sugar to the petroleum industries.

"These wars have also affected our trade with Burundi, Rwanda and Uganda." It was important to secure peace in the Congo and Angola as soon as possible.

Zambian companies, whose business had been affected by the wars had diversified into other activities, the source said.

Zambia has not redirected its trade southwards with Zimbabwe or SA, allegedly because of SA's protectionist trade policies. — Irin.

Shock AIDS warning falls on deaf ears

Zambia rejects horrific UN statistics as 'alarmist'

(360) (92) ST 1/8/99

OLGA MANDA: Lusaka

FRIGHTENING official and independent studies show that one in every five adult Zambians is HIV-positive, and that within the next six years life expectancy in the country will drop dramatically from the present 57 years to 37.

Adults make up nearly 46 percent of Zambia's population of 10,2 million, but many of the youth, ranging in age from 15 to 35 years, are also HIV-positive.

But figures released by the independent United Nations AIDS agency this week were immediately condemned by the Zambian government as "alarmist", and a ban was placed on all AIDS-related statistics compiled and released by independent organisations in the country, including UNAIDS.

The denial of the figures and the accompanying ban are all the more bizarre given that they amount to the Zambian government repudiating its own findings: the UNAIDS figures confirm virtually every aspect of an official Zambian Health Ministry report released eight weeks ago, which categorically stated that "Zambia has one of the worst HIV/AIDS pandemics in the world, with an estimated 20 percent of the adult population HIV-positive".

'Studies show an estimated 20 percent of the adult population is HIV-positive

The official state report added the ominous warning that life expectancy in the country would drop from 57 years to 37 years by the year 2005.

The reason given for the ban on any information relating to AIDS statistics was that the organisations involved in the fight against the epidemic did not derive their information from surveys which were "nationally representative".

Reacting to the UNAIDS study as he imposed the ban, Central Statistics Office director David Diangamo said the information released by the agency was "incorrect" and "alarming the nation".

He was emphatic on one point: "We will not accept that any [foreign] representative in this country should tell us that 20 percent of the adult population is HIV-positive. You will fail to make a breakdown of this figure, therefore when you make such statements you're alarming the nation."

He insisted that he was "the only official spokesman on these issues" and he spoke on behalf of Zambia's citizens.

Walter North, director of US-AID, which works closely with other independent groups, said: "Whether the rate is 20 percent or 30 percent, one death is one too many."

Roan mine's electricity is cut

Charles Mubambe (360)

LUSAKA — The Copperbelt Energy Corporation has switched off power to the concentrator at Roan Antelope Mining Corporation of Zambia in Luanshya in a bid to recover $10m in outstanding electricity bills.

The energy corporation said in Lusaka this week that it was enforcing a partial restriction of supply on the highly indebted mine.

"Despite long discussions regarding payment, Roan Antelope has failed to make any payments for electricity supplied since the beginning of this year. The amounts owing are now in excess of $10m."

BD 4/8/99

Officials at Roan Antelope were not available for comment but sources at the mine confirmed the power restriction, the second since October when the energy corporation cut off power to the mine. At the time, power was restored only after intervention from Zambian government officials and the settling of arrears.

Roan Antelope, which was acquired by the Binani Group of India in October 1997 during the continuing privatisation of Zambia Consolidated Copper Mines, is the most problematic of Zambia's privatised mining operations.

It owes an estimated $18m to suppliers of equipment and services, which has seen the company lose vehicles to bailiffs.

In a bid to rationalise operations, Roan Antelope has submitted a survival plan to the Zambian government, which would include scaling down its workforce of 6 000 to 3 000 people.

This move has riled the Mineworkers Union of Zambia because the purchasers had pledged not to retrench any workers when they submitted their initial bid to buy the mine.

Cash dries up at Zambian copper project

CT (BR) 6/8/99

ANTHONY MUKWITA

(360)

Lusaka – Money earmarked for a Zambian government project will not be paid just yet, says Cyprus Amax Minerals, one of the leading mining companies in the industry. The prevailing market conditions are not favourable, a Cyprus official has said.

Cyprus Amax took over the Kansanshi copper mining project in the Copperbelt province of Zambia as part of the country's privatisation programme.

The exploration project was put on care and maintenance soon after the start of this year, the official said.

The agreement defers the bulk of Cyprus Amax's expenditure on the project, under which Cyprus Amax can acquire an 80 percent stake from the state-owned mining conglomerate Zambia Consolidated Copper Mines.

The government has tentatively agreed to postpone Cyprus Amax's payment for another two years.

Meanwhile, the Copperbelt Energy Company (CEC) has reduced the Binani group's quota of power. Indian group Binani, which recently bought Luanshya mines, owes the power utility company $10 million.

The components affected are two large concentrators at one of the mines. This means Binani will be able mine ore but will not be able to process it.

Experts say this will greatly affect this year's production at the troubled mining group. Binani has already had to shut a precious metals mine. – Independent Foreign Service

Lusaka intervenes in Roan debt squabble

OD 11/8/99 (360)

Power to Roan mine was cut to force it to settle $10m in arrears

Charles Mubambe

LUSAKA — Power has been restored to the troubled Roan Antelope Mining Corporation of Zambia in Luanshya following a government ultimatum to the privately owned Copperbelt Energy Corporation (CEC).

The corporation switched off the power last week in a bid to force Roan to settle $10m in electricity arrears.

However, the government warned the CEC that it risked losing all its business with copperbelt mines to the state-owned Zambia Electricity Supply Corporation if it did not restore power to Roan.

Roan was privatised in 1997 and is owned by the Binani group of India. Some analysts believe the government's latest intervention casts doubt on its commitment to free-market policies.

The CEC is a subcontractor which buys most of its power from the Zambia Electricity Supply Corporation and transmits it to the mines on the copperbelt. It is a relatively new investor in Zambia and was formed in 1997 when National Grid and Cinergy Global Power of the UK each bought a 40% share of Zambia Consolidated Copper Mines' power division.

Energy and Water Development Minister Ben Mwila said the government's order was aimed at saving the mining industry because reduced power supply could lead to a gradual shutdown of mines on the copperbelt, the backbone of the economy.

Mwila claimed that by cutting power to Roan the CEC was holding the nation to ransom because Roan was a vital cog in refining copper.

But the CEC said this week the power cut was aimed solely at Roan, which had failed to pay.

"The CEC is a serious investor in Zambia and remains fully committed to the government's plans to revive the mining industry.

"To this end, CEC looks to the government for its continued support and other responsible investors," the company said.

The energy regulation board was investigating Roan's failure to pay for electricity supplied this year "to ensure that the matter is concluded speedily".

Analysts said the inquiry was merely to save face.

"The government is trying to cover up its mess for selling the mine to unprofessional miners. It is doubtful whether Binani can turn the mine around," said one analyst who did not want to be named.

Cameron Pwele, chairman of the union representing Roan workers — the Ramcoz Mineworkers' Union of Zambia — said given Binani's track record, the government had better start looking for experienced investors with sufficient capital to save the mine from collapse. He warned that a collapse would have dire consequences for the town of 200 000 people.

Apart from the $10m owed to the energy corporation, Roan owes $7m to other suppliers of goods and services.

Production falls at Zambian mines

BD 11/8/99 (360)

Charles Mubambe
and Reuter

LUSAKA — Copper production at Zambia Consolidated Copper Mines fell nearly 27 000 tons in the year to March 31, due mainly to production problems at its Mufulira mine.

The mining company said yesterday copper production fell to 255 952 tons from 282 833 tons the previous year, which included output from three mines which have now been privatised. "The performance of the remaining mines was broadly in line with last year, except at Mufulira, which experienced production difficulties and produced less than in the previous year," a company spokesman said.

Production of cobalt over the year rose to 7 438 tons against 4 016 tons the previous year.

Finished cobalt obtained from the sale of cobalt concentrate reached 2 975 tons for the year.

Largely state-owned, the company is still negotiating the sale of its two largest mines, Nkana and Nchanga, and other assets to a group led by Anglo American.

Chilean state-owned Codelco, the world's largest copper producer, has been discussing a partnership with Anglo American.

The investment arm of the World Bank, the International Finance Corporation, is also understood to be co-operating with Anglo to buy the mines.

Mines and Mineral Development Minister Syamukumbu Symujaye said recently the deal would be concluded by the end of next month. Although the minister was upbeat about the course of the negotiations, many previous deadlines — agreed in talks between the World Bank and government — for the sale of the company have come and gone over the past few years.

However, Codelco executives said in July that a decision would be made by the end of the year.

The mining company's poor production figures in comparison to those five years ago are attributed by some to the lack of capitalisation of the mines, which have become run down. They note that 7 300 miners were laid off in February from Nkana, Nchanga, Nampundwe, Konkola and Mafulira mines.

The chairman of the Mineworkers' Union of Zambia, Stanley Mwanza, said the delay in privatising the mines has also had a bad effect on workers, who are not sure what their future will be under new management. He says workers' motivation and productivity have been particularly badly affected at Roan Antelope Mining Corporation and Chambishi mines on the copperbelt, where workers lost fringe benefits like free water, free education and free electricity.

It appears, however, that Nghimtina and the security forces are still not convinced that suspects detained under the state of emergency have the right to see a lawyer.

Nghimtina said the security forces

port from the Lozi people of Western province in Zambia for their fellow tribespeople in the Caprivi Strip.

Imasiku also called for the release of Caprivians detained without trial in Zambian jails.

past year and most incidents are reported far from urban centres. But there seems to be a resurgence in recent days in Kabylia in eastern Algeria, where an armed group known as Da'wa wal Djihad (Appeal and Struggle) is based. — Financial Times.

'Dumping' knocks Chilanga

BD 13/8/99

Charles Mubambe (360)

LUSAKA — The influx of cheap products and the war in the Great Lakes region have affected the fortunes of a leading Zambian company, Chilanga Cement, although the board of directors say they are still hopeful they will declare an interim dividend despite expecting a net loss.

The delay in the sale of the Zambia Consolidated Coppers Mines (ZCCM) core mining assets at Nkana, Nchanga, Nampundwe and Konkola, vital markets for Chilanga's products, had a further negative effect on company operations.

This is likely to remain so if the ZCCM is not sold next month as promised by the government following protracted negotiations with Anglo American Corporation, the International Finance Corporation and Codelco of Chile.

A disturbing feature over the past year was the surge of cheap imports into Zambia and neighbouring export markets, particularly Zimbabwe and Malawi. Imported cement is being sold at prices which appear tantamount to "dumping".

However, Chilanga which early this year acquired a 14% shareholding in Mbeya Cement of Tanzania at a cost of \$2,31m expects a return to profitability in the second half of the year.

"Accordingly, the company is expected to declare a net profit for the full year, but the result will be lower than for 1998.

"The directors therefore are still expecting to be able to declare a final dividend," according to a cautionary statement issued by the company's sponsoring brokers, Pangaea/EMI Securities.

Analysts have warned that it cannot be in Zambia's long-term interests if its major manufacturers are put at risk from unfair and unsustainable external competition in the interests of short-term gains.

Anglo American Corporation, through its Zambian operation Zamanglo Industrial Corporation, has a 13,2% stake in Chilanga.

The Commonwealth Development Corporation is the major shareholder with 50,1% equity; followed by LuSE Central Share Depository with 23,5% while the public and institutions own 6,7% of the company, which clocked 50 years in operation in July.

Export sales which reached a record level in 1997 fell 29,3% last year to 103 400 tons. Malawi, Burundi and the Democratic Republic of Congo were again the main destinations, accounting for more than 95% of total exports.

According to the results for the year ended December 31 1998, Chilanga Cement had doubled its after-tax profit to \$4,4m, an improvement on the \$2,9m recorded in the 1997 financial year.

Zambian rebel leader asks SA 'not to hand me over'

Mutangelwa remains holed up in SA diplomat's Lusaka home

(360) ARG 14/8/99

Lusaka – Imasiku Mutangelwa, the leader of the Barotse Patriotic Front (BPF), a movement that has been advocating secessionist beliefs in western Zambia, has asked the South African Government not to hand him over to Zambian authorities before carefully studying his "precarious predicament".

The rebel leader who has been holed up in the residence of South African High Commissioner to Zambia Walter Themba Thabethe's residence since Thursday last week told the Independent Foreign Service in an exclusive interview that if they ditched him at this point it would not only be him they would disappoint but several other countries in the region that looked up to South Africa as a "big brother".

He describes the position South Africa has found itself in – by harbouring him – as a test case to prove that the recent words of President Thabo Mbeki about the African renaissance are not just a pipe dream but a reality.

"It is a challenge for South Africa to stand up and face countries like Zambia that do not respect human rights," Mr Mutangelwa said.

Mr Mutangelwa claims that if the South Africans ever washed their hands of his case, he would be as good as a "dead man" because no other country in the Southern African Development Community (SADC) region would be able to extend a helping hand, in the way South Africa has done so far.

"I chose the South African High Commission for the simple reason that they are likely to respect human rights more than any other country," Mr Mutangelwa said.

His other choice for an asylum attempt, Mr Mutangelwa said, was Botswana.

He dismissed as "malicious" news reports circulating in South Africa that he was in fact not the leader of the BPF.

"I have never heard such a ridiculous thing; just who are these people making such allegations; let them come out in the open and face us BPF members."

He believes agents of the state with the aim of weakening his asylum bid sponsor the allegations.

The outspoken Lozi prince called on the government to charge Home Affairs Minister Peter Machungwa with contempt of court for talking about his impending court appearance in connection with a death he allegedly caused through careless driving last year.

In a move interpreted by BPF sympathisers as an attempt to lessen Mr Mutangelwa's chances of getting asylum, the Zambian government this week said the rebel leader was wanted for "causing death by careless driving" and he would be arrested for jumping bail if he did not appear in court this week.

Mr Mutangelwa said: "The only reason the minister made the remarks is to influence the court. He should be charged with contempt of court."

A spokesman for the South African High Commission said his government would not be pressured to hand Mr Mutangelwa over to the Zambian authorities. – Foreign Service

Crime wave hurts Zambian business

Charles Mubambe BD 16/8/99 (360)

LUSAKA — The crime wave in Zambia is forcing the business sector to add 20% to its business costs, says the Zambia Association of Chambers of Commerce.

Acting CE Enerst Mwape says insecurity in the country has increased costs for most industries, especially those competing for foreign markets. "We are greatly disadvantaged by the recent increase in the crime rate. We are faced with a situation where our members are increasing their production costs by 20% to ensure maximum security for their produce and machinery. It is not healthy for the industry, especially when we are competing with foreign producers in almost every sector," says Mwape.

A Shoprite Checkers branch in Kabwe, 200km west of Lusaka, became the latest victim in the rising armed crime wave when five bandits snatched $16 000 in a robbery on Friday June 13. The men, armed with AK-47 rifles, fired in the air before snatching the money from a cash-in-transit armoured Securicor car. No one was injured in the heist, which police sources say had the hallmarks of an inside job.

Zambia has been experiencing its worst spate of organised crime and an outbreak of banditry. Law enforcement officers and civilians have been targeted by syndicates that have been bold enough even to attack a police station.

"There is a state of war between the law enforcement officers on the one hand and syndicates of armed crime on the other," says the government-appointed Permanent Human Rights Commission.

ECONOMIC REFORM *Transparency and stout hearts are needed to impose painful changes and reap the rewards*

Key mistakes detract from Zambia's privatisation success

(360) ET (BR) 17/8/99

GREG MILLS

Lusaka – Zambia's seven-year programme of privatisation, in which 215 of 312 earmarked companies have been sold, is widely hailed as "the success story of Africa". But is it the example that everyone should be following?

A report of the United Nations Integrated Regional Information Network in June cited a source close to the programme as saying the privatisation process, instituted by President Frederick Chiluba in November 1991, was complete, and "except major utilities, we are now just a clearing up operation".

Now that the country's largest employer, Zambia Consolidated Copper Mines (ZCCM), has been taken out of the hands of the Zambia Privatisation Agency (ZPA), the remaining major firms include a state-owned bank and insurance company, the assets of the Tazara railway linking Zambia and Dar es Salaam, and the Indeni refinery and pipeline. A scaled-down ZPA is now expected to remain in business until the year 2001.

Speculation on corruption and solicitation of bribes has dogged the process

Accounting at its peak for 90 percent of Zambian exports by value, the ZCCM has been the great prize in the privatisation process, and will involve a considerable investment by operations with South African links.

With nationalisation, annual production fell from 720 000 tons in 1969 to 450 000 in 1993 and is now about 300 000.

ZCCM has also been constrained for a number of years by the extent of its debt (about $800 million at the start of 1998), and a lack of cash to make essential capital investments to regain competitiveness and undertake mineral exploration.

This dearth of capital expenditure contributed towards Zambia being located in the top quartile of high-cost producers.

And, importantly, haggling over the price for the mines amid a global collapse in copper prices, which halved between 1995 and 1998, resulted in the Zambian government receiving much less from the sale than expected.

According to a recent World Bank report, few governments have been able to introduce, and keep in place, the large number of complex and demanding measures needed for effective public enterprise reforms.

Among the requirements are for governments to devise policies to protect competition; establish sound regulatory frameworks; maintain transparency in transactions; ensure the proceeds from privatisation are put to productive use; and manage the inevitable political and social tensions that arise from reform.

Speculation of corruption and bribe solicitation involving key personalities have also dogged the process. ZPA has, however, taken a number of MPs, including ministers, to court and dispossessed others over their failure to make downpayments on bids.

But if the break-up of ZCCM is anything to go by, the privatisation process has not always been above-board and transparent.

The failure of the Kafue Consortium (including South Africa's Avmin, Noranda Mining, the Commonwealth Development Corporation and Phelps Dodge) to secure the purchase of the Nchanga and Nkana mines, accounting for 65 percent of ZCCM's output, and of First Quantum Minerals of Canada to buy the Luanshya Mine, are controversial.

The last-minute failure of the Luanshya deal led to First Quantum questioning the rationale behind the decision.

Allegations aside, this delay has been expensive. Analysts estimate it has cost Zambia more than $1,5 billion in lost investment, potential profits and running losses. This has been exacerbated by the apparent failure of some of the concerns to turn the sold assets around – such as in the operation of Luanshya by the India-based Binani.

What is the socioeconomic impact of the privatisation process? The ZPA has contended that since privatisation began, few of the companies sold have "died".

A report by the United Nations said the process was essentially complete

There have, however, been substantial lay-offs from former state-owned companies, the majority of which were technically bankrupt.

In the case of the mines, the anticipated retrenchment of 25 percent of the workforce of 33 000 will have a notable short-term impact on the local copperbelt economy where the informal sector relies on the spending power of the mine workers.

But a failure to complete the process has arguably greater longer-term costs in lost investment and profitability. About 100 companies have been directly dependent on ZCCM for business. The delay has also created uncertainty.

Approval by the World Bank in January of a $170 million loan for Zambia's balance of payments support followed closely the signing of a memorandum of understanding between Anglo American, which already owns a 27 percent stake in ZCCM, and the Zambian government to buy the remaining mines.

Phyllis Pomerantz, the World Bank country director for Zambia, has noted that future balance of payments support will be linked to continued public sector reforms and completion of the ZCCM sale.

About one-third of the Zambian budget depends on aid.

Zambia's great tragedy is that it blinked over the sale of ZCCM when it needed to have courage. When the global copper price fell, with it went the hoped-for ZCCM sale price.

For Chiluba and his government this was selling off Zambia's perceived crown jewels and largest employer, even though it was losing $2 million a day simply to keep going.

The lesson from Zambia's process is clear. Privatisation demands transparency every step of the way. It is as much a political leap of faith as an act of economic good sense. – Independent Foreign Service

ZCCM's woes worsen as privatisation drive drags on

BD 17/8/99

Chilombo Mwondela (360)

LUSAKA — The fire that gutted the Indeni Oil Refinery in the Copperbelt province of Zambia has led to more problems for the embattled Zambia Consolidated Copper Mines (ZCCM).

About 70% of finished copper and cobalt production has been affected by intermittent supplies of diesel and heavy fuel due to the high cost of transporting the product by road from SA.

The fuel crisis has also affected other mines, namely Nkana and the Roan Antelope Mining Corporation's Luanshya and Baluba mines.

These difficulties are compounding a host of other mining problems that include a shortage of capital, defunct machinery, erratic flow of supplies, severe reduction in the fleet of vehicles used and the falling copper prices on the world market.

ZCCM public relations manager Sam Equamo said the mines' problems would be addressed by the eventual privatisation of ZCCM.

However, mines that have already been privatised, such as the Roan Antelope Mining Corporation of Zambia (Ramcoz), still face serious problems.

Latest government reports indicate that Ramcoz — co-owned by the Binani Group, Dallah Albaraka, Ispat International and ZCCM — is failing to pay its electricity bills.

Ramcoz owes more than 10-billion kwachas in electricity bills. The company is also beset by labour problems and needs to cut its labour force, despite promising not to do so when it bought its two mines.

The company took over 6 000 workers, but all bonuses and fringe benefits had to be cut to resuscitate the ailing mines. The ensuing industrial unrest made it impossible for the company to surpass the target of 5 000 tons of production a day from both mines.

Financial problems have dogged Ramcoz since privatisation, resulting in the continued use of old machinery.

Nchanga faces similar problems and may not produce much this year as a result of its financial difficulties and low worker morale.

Zambian traditional leaders fight to regain role in political structure

(360) BD 19/8/99

LUSAKA — After almost a decade of being kept out of the country's political arena, traditional leaders are calling for an amendment to the Zambian constitution to allow them to participate in politics.

They say denying them the opportunity to participate in politics is not only undemocratic, but also a ploy by government to get rid of potential adversaries.

The Royal Foundation of Zambia wants the 1996 constitution amended to restore chiefs' political and local government powers. They want to reclaim their rights to stand for elections and to be appointed to the National Assembly.

Until 1991, when President Frederick Chiluba's government assumed power, traditional rulers took part in political debate in the House of Chiefs.

Chief Chamuka of the Lenje, chairman of the foundation, expressed the sentiments of the 279-member body at the Southern African Traditional Leaders conference held in Lusaka at the end of last month.

"(The foundation) aims to fight for the rights of chiefs to enjoy their fundamental freedoms and to be free to participate in politics, and see to it that laws that inhibit them from doing so are abolished," he said. "For the integration of traditional authority in democratic governance towards the new millennium, the government should give full recognition to the position and role of traditional leaders in all three spheres of government.

"Traditional leaders have (played) and will continue to play an important role in our society. Therefore, the power of traditional leaders should be restored because it is possible to have a political system in which traditional leaders play a significant role."

Chiefs and head men should take part in the governance process by commenting on bills that have a bearing on matters of customary law, he said, and traditional leaders should be recognised in conjunction with elected officials at local government levels and by the judicial system.

For instance, they could have power to veto bills in Parliament.

"Traditional leaders should be allowed to stand for elections to the national assembly and be appointed to the cabinet; a number of seats could be reserved for chiefs in the National Assembly, or a House of Representatives (Upper House) could be established ...." Chief Chamuka said.

In 1996, the opposition United National Independence Party's deputy president, Chief Inyambo Yeta, was disqualified from contesting the elections as the constitution was amended that year to bar chiefs from participation in politics and from being elected to public office.

Alfred Zulu, president of the human rights and election monitoring body, the Zambia Independent Monitoring Team, says chiefs should be incorporated into governance, especially in addressing issues of political and economic power in their domains.

National Pressure Group national co-ordinator Sylvia Masebo, says: "We must not accept such practices.... Chiefs should be allowed to participate in the governance system. This shows the government has no regard for chiefs."

The government maintains that allowing chiefs to dabble in politics would bring them into conflict with their subjects. — AIA.

Zambian farmers face illness from pesticides

(360)

Cotton growers must spray poisons, but cannot read instructions

BD 27/8/99

LUSAKA — About 1 000 smallholder cotton growers around Mumbwa, a small rural town 200km from Lusaka, face prolonged illness due to the misuse of pesticides.

A study carried out by the non-governmental organisation Unikila (Light) Association, shows smallholder farmers are at risk because they use insufficient precautions.

The study states that mishandling pesticides and fertilizers may lead to ill health, environmental damage and have a negative effect on food production.

Mumbwa is renowned for cotton production and is the oldest major cotton growing area in Zambia, dating back to 1962. But cotton exhausts soils and needs high amounts of fertiliser and pesticide.

The only instructions most observe are "do not spray on a windy day" and "wash hands after spraying", the study found.

Alex Kwandu, general secretary of Unikila, says although it is difficult to predict long term effects of low doses of pesticides, the poisons have been linked to chronic illnesses and conditions that include cancers and reproductive and neurological disorders which take years to show.

About 50% of the participants of the study acknowledge that field days are conducted by a commercial company promoting cotton growing and that they are told how to handle the chemicals properly.

However, the level of literacy among most small-scale farmers is so low they are unable to read and follow instructions on pesticide containers, and verbal messages can be quickly forgotten.

Unikila is also concerned that cash crops are being grown at the expense of food crops. This is leading t /idespread malnutrition.

It is felt to be largely due to the hardships that came with economic reform.

Many government employees have been retrenched and have fallen back on farming. They are finding it difficult to earn enough money to keep their families, and cash crops often look more attractive. — AIA.

Zambia warns AIDS will halve its population

ST 29/8/99

OLGA MANDA: Lusaka

(360)

IN AN apparent revision of statistics released in May, the Zambian government this week admitted that half of the country's10 million people would die of AIDS and 80 000 of the 400 000 babies born each year were HIV-positive.

In its first estimate, the health ministry said about 20 percent of all adult Zambians were HIV-positive, a figure confirmed last month by a survey conducted by UNAids.

Britain's The Economist magazine reported that one of the major causes of the frightening statistics was the "abject poverty" in which 80 percent of the population lived, making it difficult for them to afford medication.

A representative of the UN Children's Emergency Fund in Zambia, Peter McDermott, commented: "Only tycoons and Cabinet ministers can afford proper treatment."

The government's latest report said two thirds of the patients at a major hospital in the copper-mining region of northern Zambia had died of AIDS.

Those mostly affected were children who had lost both parents to the disease.

Estimates of the number of Zambian children under the age of 15 who have lost both or one parent range between 13 and 50 percent.

Paediatrician Chewe Luo, co-ordinator of the working group Mother-to-Child Transmission, said 80 000 out of the 400 000 babies delivered every year were born HIV-positive.

Luo, a specialist at Zambia's main referral hospital, the University Teaching Hospital, disclosed the figure on receiving K78,4-million (about R200 000) from the Japanese government to buy equipment to be used in the testing of expectant mothers and their children.

She said her organisation would try to reduce the number of infant infections by 50 percent through the provision of the AIDS drug AZT to infected mothers.

The government report said, however, that good care of the children was difficult when so many adults were dying in their productive prime, leaving the very young and old to cope.

Zambian business urges caution on free trade

(360) CT(BR) 1/9/99

Fred Chela

Lusaka – The Zambian business community urged the government this week to exercise caution in signing a free trade protocol.

Business was referring to the proposed Common Market for Eastern and Southern Africa (Comesa) and the Southern African Development Community (SADC) free trade area, which would allow free movement of goods and services in the two trading blocs.

David Mpamba, the commerce minister, said institutional mechanisms must be put in place before Zambia could append its signature to the SADC trade protocol, which was scheduled for implementation by January.

"We must, first of all, remove any doubts encompassed in the trade protocols to ease our apprehension and concerns."

He said Zambia would benefit more from free trade than otherwise. However, a few details must be sorted out or the agreements would plunge the country into an economic abyss, detrimental to development.

Zambia has reduced tariffs by 60 percent in compliance with the Comesa treaty. However, the treaty compels every member country to comply 100 percent by October 31 next year.

The Zambian business community does not wish to implement the agreement in its present form because the country will be overwhelmed by imports from the more developed industries in the SADC.

George Chabwera, the chairman of the Zambia Association of Chambers of Commerce and Industries, said the country would be a dumping ground of goods from South Africa and Zimbabwe, in the case of the SADC, and from Kenya and the likes of Egypt in the Comesa.

Mark O'Donnell of the Zambia Association of Manufacturers said it would be suicidal for Zambia to implement the Comesa and SADC free trade protocols because the industrial base was still in its infancy.

"Government should exercise extreme caution," he said. "Otherwise most manufacturing industries will collapse and make Zambia a perpetual importer."

As a countervailing measure, and to promote and encourage competition on the basis of free market tenets, the association has advised the government to zero-rate duty on all raw materials used in manufacturing Zambian products. This move would precede the introduction of the zero tariff for the Comesa finished products.

The business community has recommended specific industry studies to assess the possible effects of the Comesa agreement on Zambian industries and the economy.

Gordon Murray, a customs and excise consultant at the association, projected brighter prospects for the Zambian economy next year despite the dismal performance in the first three quarters of 1999.

In a related development, Comesa member states are expected to sign a memorandum of commitment for a liberalised air transport service in October.

A study by Safe African Skies Group stated that the initial capital would be sourced from international capital markets to allow free movement of passengers and eliminate capacity restrictions by adopting multiple destinations.

Phase two of the liberalised skies project would be effected in October 2000.

The authority to grant licences would be delegated to individual member states' civil aviation officials until the Comesa Air Transport Regulatory Authority was set up.

Two air traffic control centres would be set up together with two work stations in each member country, with adequate communication links to reduce dependence on ground aids for navigation. – Independent Foreign Service

Zambians up in arms over utility's penalty plan

CT (BR) 9/9/99 (360)

Anthony Mukwita

Lusaka – The Zambia Electricity Supply Corporation (Zesco), the country's leading power utility, has come under fire from consumers who feel its plan to charge 3 percent on electricity bills that have not been settled after 30 days has not been reached in good faith.

Mark O'Donnell, the spokesman for the Zambia Association of Manufactures, told the Zambian media the move would cripple the country's already ailing manufacturing sector.

He said it might also force manufacturers to produce substandard products that would not compete favourably with goods manufactured in neighbouring countries, where electricity was cheaper.

Zesco's tarrif increases in July and August were not well received by many Zambians, whose incomes are on average too low to keep up with rising fuel and electricity prices.

While the energy regulations board, a regulatory wing of the government, sanctioned the August increase of between 10 and 12 percent, the 3 percent penalty plan has yet to receive its blessing.

In fact, the board last month warned the utility it would be disciplined if it implemented the charge.

A Zesco spokesman said: "We are just trying to get Zambians to pay their bills on time.

"People in this country want a service but rarely do they want to pay for this service. We have to remain in business and we can only do so if we are paid for the services we offer."

Robinson Mwansa, Zesco's chief executive, said local banks had stopped providing loans to the power company.

Critics, however, said the utility misdirected its energies in recovering payments because it never touched the real culprits, including the Zambia Consolidated Copper Mines (ZCCM) and other parastatals who owed much more money.

ZCCM owes Zesco over $100 million, which has been outstanding for a number of years because of its financial problems.

Things could have been worse for Zesco but the Development Bank of Southern Africa and the European Union recently provid-

Aids message comes home to Zambia

ARG 11/9/99 (360)

ANTHONY MUKWITA
Lusaka

Zambians believe that by holding the 11th international conference on Aids and sexually transmitted diseases in Lusaka the message will be brought home that the country has one of the highest incidences of the disease in the world.

They believe the five-day conference, which starts tomorrow, will go a long way towards making the people of Zambia aware of the effects of the disease that has claimed thousands of lives and promises to claim more, unless attitudes change.

Others, however, are more materialistic and see the economic gains that the delegates and the organisers will bring to this dirt-poor country.

The more practical Zambians are delighted that the organisers settled on Zambia from among so many other African countries vying to host the all-important event, which has drawn experts and delegates from all walks of life from the continent and beyond.

"One of the delegates, Lazarus Phiri, a lecturer at the University of Zambia, said he could not have thought of a better venue. Zambia had one of the highest incidences of HIV/Aids cases in the world, the country was also centrally located and relatively politically stable.

"The statistics that are constantly flashed before our eyes reveal that we are probably one of the most endangered countries on the continent as far as the pandemic of Aids is concerned," he said.

"I am not saying other countries are not as badly hit, but I think we should be grateful that Aids will be the issue on TV and in the newspapers, on the radio and even in pubs for a long time to come.

"I hope this will be an eye-opener to many who think Aids is a remote thing that happens only to your neighbour, especially the sexually active youths."

Mr Phiri's view is supported by studies by various national and international organisations. The studies show that this southern Africa country will probably lose more from the pandemic than any other country in the region.

For example, a recent study by the Zambian Central Board of Health, with the assistance of the United Nations Childrens' Fund, shows that some 1,8 million Zambians, mostly the young and educated – supposedly more enlightened than their parents – will die from the disease by the year 2010.

As a result, the country's economy is expected to be adversely affected because these are the people expected to move the country forward in their various fields.

The fact is that they will not be around to do so because they will either be off sick or dead, leaving the less educated to move things ahead.

This is a matter of major concern to the Zambian authorities.

The Unicef report reads in part: "Aids exists among the economic elite (in Zambia), the best-educated people with the highest-paying jobs."

The report adds: "As a result, the quantity and quality of labour and overall production will, in the future, fall, because most people in influential positions will either be sick or taking care of their sick relatives."

The study also predicts a crisis in the health care of people suffering from Aids.

Government expenditure on health alone is predicted to be about US$21-million (about R1,2-billion) in 2005, because of the Aids pandemic.

But this is not the only dilemma that the people of Zambia are faced with because of the disease, which by 1995 had already claimed the lives of more than 200 000 people, according to studies by the Central Board of Health.

Other studies carried out by Unicef, the findings of which have been published in the 1999 Progress of Nations report, reveal that as a result of the disease, some 890 out of every 10 000 babies have lost their mother or both parents to Aids.

The Zambian figures are beaten only by those from Uganda, which has 1 100 Aids orphans out of every 10 000 children, making it the highest in the world, because sub-Saharan Africa is said to have the largest number of Aids cases.

"But because the population of Uganda is higher than that of Zambia, this effectively means that Zambia probably has the highest number of cases of children under 15 who have lost either one parent or both to Aids ... proportionately that is, but that is still bad by any standards," said one analyst.

Poverty levels figures cited in the national budget show that between 70% and 80% of Zambians live in abject poverty.

This has not helped matters – Aids is a costly disease to treat.

The cocktail drug treatment averages about R90 000 a year for one patient.

The average monthly wage for most Zambians is between R240 and R300, making it almost impossible for people to cater for their basic needs.

Dr Rose Kumwenda, executive director of the country's Health Management Board, says: "By the time cryptococcal meningitis, which is an HIV-related complex, is controlled, the hospital would have spent no less than one-million kwacha on one patient."

Health ministry figures show that 1,2 million people in Zambia were infected with HIV by 1997 – and the numbers continue to rise.

Of those infected with the virus, 950 000 are adults and about 70 000 are children.

Given this background, Aids campaigners feel this week's conference could not have been held in a more fitting country.

Zambia is a country where the disease is a reality to most households and most people know someone living Aids, as compared with a country where it is a remote subject discussed in hushed tones. – Independent Foreign Service

AIDS in Zambia 'critical'

BD 14/9/99 (360) (92)

Talks call for Africa to be declared a disaster zone due to deaths

Chilombo Mwondela

LUSAKA — Speakers at a conference against AIDS and sexually transmitted diseases have highlighted the critical state in which Zambia finds itself, as well as accusing western countries of having an unfeeling attitude towards the scourge in Africa.

Many of the 5 000 delegates attending the international conference in Lusaka concur that Africa should be declared a disaster zone because of what AIDS has done to its population.

Chairman of the conference, Zambia's health minister, Nkandu Luo, said it was time the west gave special attention to the problem because it was not Africa's problem alone.

"It is no use saying they have conquered AIDS and I don't believe it. There are some countries which once declared they had conquered tuberculosis, but what are we seeing today? As long as we have AIDS in Africa then it is everyone's concern," she said.

Ignoring the problem in Africa would mean ensuring the faster spread of the disease. She said 22,5-million people were living with AIDS in Africa.

World Bank vice-president for Africa Callisto Madavo said that every teenager living in Zambia had a 60% chance of catching the AIDS virus.

He said HIV-AIDS had claimed 11-million people in the sub-Saharan region, while at national level, 22% of the adult population were HIV-positive.

"It requires a holistic approach to deal with HIV," he said.

As the toll of retrenchments and other economic hardships continue in Zambia, hundreds of people are suffering the effects of AIDS both directly and indirectly, according to the health minister.

She refused to give the estimated number of AIDS cases in Zambia but said the disease was most prevalent along the railway line. The towns there are more developed, with bigger populations.

The Copperbelt Province, well connected by a road and rail network, is one of the most affected areas in Zambia.

According to medical personnel at Kitwe Central Hospital in Kitwe, a mining town, one out of every five babies born is HIV-infected.

The government's new policy to stop all nongovernmental agencies from releasing AIDS statistics has made it difficult to assess the extent of the scourge in Zambia.

However, a doctor involved in organising the conference, Simon Mphuka, estimated that 20% of adult Zambians are HIV-positive, a figure which is close to government's official figure of 19,57%. He said the 15- to 30-year age group is most affected, robbing the country of potential human resources.

National hospitals are unable to cope with the influx of patients, while hundreds of people are dying in their homes.

UNAIDS executive director Peter Piot said that pharmaceutical companies have agreed that the price of antiretroviral drugs should be reduced.

Memorandum allows for company to buy ZCCM mines

Zambia Copper takes $6m fall

(360) GT(BE) 16/9/99

FROM SAPA

Johannesburg – Zambia Copper Investments yesterday reported a net loss of $6,05 million compared with last year's $8,7 million for the year to June 30.

The company also showed a loss before exceptional items of $4,93 million against the previous year's $4,3 million.

It said its assets, including cash and short-term investments, had declined from last year's $24 million to $17,2 million.

The company did not declare an interim dividend in respect of its new financial year for the 18 months to December 31.

Zambia Copper Investments said its principal investment was a 27,3 percent interest in Zambia Consolidated Copper Mines (ZCCM), which had a written-down value of $32,2 million.

The company said ZCCM's market value, although not indicative of its disposal value, was down to $23,9 million from last year's $27,7 million.

ZCCM's latest results showed a net loss of 260,4 million kwacha (R6,65 million) for the year to March 31 compared with the previous year's 573,6 million kwacha loss. No dividend was declared.

The company said that last year's loss included a debit on the disposal of assets, while this year's included profit on the transfer of debt to the Zambian government.

It said it had signed a memorandum of understanding with ZCCM and the Zambian government that would allow it and its partners to acquire 80 percent of the assets of the Konkola, Nkana and Nchanga divisions of ZCCM and its Nampundwe pyrite mine.

The acquisition would be subject to the satisfaction of certain conditions and the company and its partners would do the deal through a new company.

But Zambia Copper Investments said according to the memorandum's terms it would have to relinquish its exclusive rights to the Mufulira smelter and refinery.

It said the agreed purchase consideration was $90 million.

The company said an Anglo American plc team had been placed at the operations to monitor assets.

It would also carry out further due diligence studies and prepare a programme to ensure a smooth take over is the deal was concluded.

Zambia looks into CDC appointment

(360) BD 16/9/99

Parastatal denies conflict of interest, writes Charles Mubambe

LUSAKA — Zambia's Anti-Corruption Commission is investigating allegations that the former Zambia Privatisation Agency CE, Valentine Chitalu may have been awarded a Commonwealth Development Corporation (CDC) job in return for favours for the British firm.

The British parastatal — which is also being privatised — has denied a conflict of interest or unethical behaviour, saying Chitalu has been "impeccable in applying best practice in all his dealings".

Chitalu was head of the privatisation agency for four years when the CDC acquired stakes in a number of Zambian firms.

The corruption commission is responding to pressure from corruption watchdog, Transparency International, to probe whether Chitalu violated Zambia's constitutional provisions over declarations of a conflict of interest.

The commission's acting director of operations, Kayobo Ng'andu, says: "We can confirm that Transparency International-Zambia has written to us on the matter, and that it is receiving our attention."

Chitalu, who joined the privatisation agency in May 1995, resigned on May 31 this year after landing a high-paying job presiding over CDC's Africa investments.

Efforts to contact Chitalu in London for comment were unsuccessful yesterday. However, the CDC maintains it engaged the Zambian economist in good faith.

The CDC bought several farms during Zambia's privatisation programme. In 1994 CDC, also purchased a controlling interest in Chilanga Cement, and a shareholding in Zambia Sugar in early 1995.

The CDC was also part of the Avmin-led Kafue Consortium that pulled out of negotiations to buy the state-owned Zambia Consolidated Copper Mines.

"When we heard that Valentine's contract was coming to an end, we decided to approach him to assist CDC with its non-Zambian activities in Africa.

"We were delighted when he accepted," CDC regional manager Matthew Durdly is quoted as saying in a Zambia Privatisation Agency publication.

"I fully support the desire to satisfy public interest but state with certainty that this offer of employment is not a reward and that there is no conflict of interest at all," says Durdly.

"CDC is required to target sub-Saharan Africa as a place for investment and if it is to be successful in this, it must recruit African staff of the highest calibre and ethical standards. Chitalu has undoubtedly proved his abilities and as far as I have been able to discover, has been impeccable in applying best practice in all his business dealings.

"I believe his recruitment by CDC, having been properly handled, is clearly in the best interests of Chitalu, CDC, Zambia as well as Africa in general," says Durdly.

Chitalu is the fourth highly placed African national in the CDC management with the other three being nationals of Ghana, Kenya and Côte d'Ivoire.

Under Zambia's Article 59 of the Corrupt Practices Act (1980), a public service office seeking to divert to the private sector has to seek clearance over possible conflict of interest from the appointing authorities.

Zambia's copper exports in decline

(360) CT(BR) 7/10/99

GIDEON THOLE

Lusaka – Zambia's copper exports have continued to decline, with the latest figures recording a fall of 14,9 percent from June to 15 995 tons.

According to the central bank's fortnightly statistics, Zambia Consolidated Copper Mine (ZCCM) produced about 21 210 tons of copper, of which 18 789 tons was exported in July.

In June ZCCM produced 20 320 tons of copper while other mines produced 3 086 tons. Exports amounted to 18 789 tons from the mining conglomerate and 3 085 tons from the other mines.

The privatised component of ZCCM produced 204 tons of cobalt, half of which was exported

The privatised component of ZCCM produced more than 204 tons of cobalt, of which half was exported.

The other mines produced 5 tons of cobalt, all of which was exported.

The central bank's statistics also showed the banking system claims against the government increased by 3 percent.

The claims moved from 570 billion kwacha (R1,4 billion), which were registered in the week ending September 3, to 586 billion kwacha.

In the past two weeks, government stocks, including statutory, ordinary and recapitalisation bonds, amounted to 21 billion kwacha while treasury bills dropped to 21 billion kwacha from 25 billion kwacha in the week ending September 10. The Zambian government's indebtedness to the central bank rose to 452 billion kwacha in the week to September 3.

The Bank of Zambia's statistics also indicated that currency circulation declined by 2,16 percent to a weekly average of 216,8 billion kwacha from 221,6 billion in the week ending September 3. – Independent Foreign Service

Poverty threatens sector's viability

LUSAKA — The declining purchasing power of Zambian consumers is threatening the viability of the agricultural sector, particularly pork, dairy and poultry.

According to the Zambia National Farmers' Union, farmers are unable to pass on production costs to processors and consumers due to Zambia's growing poverty.

The union's annual report for the 1998/99 farming season says processors are unwilling to raise prices, which reduces narrowing producers' margins, already reeling from frequent increases in the price of electricity and fuel.

Heather Gibbons, pig committee chairman, says in her report that despite rising costs for farmers, pork processors are unwilling to increase the prices they pay farmers.

"They (pork processors) say they cannot do this because the retail market cannot stand price increases because of the low purchasing power of the ordinary person." Pork-product prices had not risen in the past two years, while inputs had doubled.

The dairy industry faces similar increased input costs and is unable to charge more for the finished products.

Mike Arnold, chairman of the union's dairy commodity committee, says development in the dairy industry will continue to be hindered by the increased costs and the inability of the consumer to pay higher prices.

Poultry, which has seen significant investments in new broiler growing, processing, commercial layers, breeding and hatching operations, is also affected by reduced disposable income.

Poultry commodity committee chairman Paul Cartwright said profit margins had been dramatically reduced over the past 12 to 18 months. Prices of poultry products have been falling in US dollar terms since 1997, and face stiff competition from other sources of protein, especially beef. — AIA.

BD 13/10/99 (360)

Furore over Zambian energy price

BD 21/10/99 (360)

Charles Mubambe

LUSAKA — The Zambia Electricity Supply Corporation (Zesco) has been hauled before the national regulator for its decision to raise the price of electricity by 15%.

Zambia's business sector is up in arms against the imminent increase in electricity tariffs which many fear could effect production and services.

Last October Zesco raised its tariffs by 25% followed by a 12% increase in April.

Zesco says it needs the rise for operational expenses as 70% of its input is imported.

Last week the Zambia Association of Chambers of Commerce and Industry and the Zambia National Farmers' Union joined in dragging Zesco to the energy regulation board.

Zesco's plan to increase tariffs every six months has been scoffed at by many stakeholders who contend that it should first sort out its billing system and proper accountability at the parastatal, which has been known for lavish spending and unauthorised lending of money to its managers.

The chamber of business says Zesco should stop squeezing customers by floating bonds as a way of increasing its financial base to put the state-owned company on a sound financial footing before its embarks on a $205m three-year rehabilitation funded by the World Bank.

Zambia exports power to Zimbabwe, but electricity tariffs keeps rising and they are the highest in the region.

African Business

Lusaka bourse falls into line with JSE rules

(360)

Fred Chela

Lusaka – The Lusaka Stock Exchange (LuSe) had completed harmonising its listing rules requirements with the JSE, Lewis Mosho, the LuSe company secretary, said yesterday.

The LuSe board of directors and the Securities and Exchange Commission have consequently endorsed the new listing rules, which came into effect on September 17, allowing dual listings in all the Southern African Development Community (SADC) stock exchanges.

The new SADC listing requirements entailed all the stock exchanges in the region to abide by the listing rules as prescribed by the JSE.

This was the prerequisite requirements of the SADC listing rules.

Mosho said the harmonisation of the listing requirements was an SADC initiative to integrate capital markets of the region and to promote cross-border investment and dual listings.

The harmonisation of the listing rules in the SADC was agreed by the Association of African Stock Exchanges and approved by the SADC committee on stock exchanges in an effort to boost the image of the SADC stock exchanges, notwithstanding the attractiveness of the SADC capital market.

The harmonisation of the listing rules with the JSE would invariably make the SADC stock exchanges internationally recognised and would build investor confidence in the region, Mosho said.

Accordingly, the LuSe listed companies would henceforth list with any stock exchange in the SADC region if they wanted to raise any capital. – Independent Foreign Service

Zambian industry calls for subsidies

CT (180) 21/10/99

Anthony Mukwita

Lusaka – Zambian manufacturers yesterday expressed fears that the proposed zero tariffs in the Common Market for Eastern and Southern Africa might cripple them because they could not compete fairly with other regional manufacturers.

They said they were disadvantaged because the government did not subsidise them. They asked the state to make local manufacturing conducive as a matter of urgency.

Richard Healy, a representative of the Manufacturers Association of Zambia, said high electricity tariffs made manufacturing in Zambia very costly. Excise duty on imported raw materials was also crippling.

Electricity tariffs in Zambia, one of the highest in the region, have been hiked by over 54 percent this year alone.

David Mpamba, the commerce and trade minister, agreed that there would be business casualties once the zero tariffs were effected. But he said the transition would be quick and the business community would benefit from competition. – Independent Foreign Service

Zambia begs for any ZCCM offer

CT(MR) 22/10/99 (360)

Anthony Mukwita

Lusaka – The Zambian government was ready to sell Zambia Consolidated Copper Mines (ZCCM) for a song because it could not contain losses any longer, Syamukayumbu Syamujaye, the mines minister, said this week.

In an interview on national television, Syamujaye said the government was ready to sell the mines because operations were becoming too costly for the ailing economy.

This follows the breakdown of negotiations between the Zambian government and Anglo American last month. Anglo had offered to buy the remaining packages of ZCCM for $90 million.

Syamukayumbu said whoever had "a brilliant plan" to turn the mines around was "welcome to tell the government", who would consider it favourably, no matter how low the offer.

The Zambian government had earlier refused to sell the mines "for a song" at a time when a consortium of international mining houses had expressed interest. The so-called Kafue consortium, made up of the Commonwealth Development Corporation, Noranda of Canada, and Phelps and Dodge of the US, offered $1 billion for ZCCM's assets and liabilities.

In terms of the offer, the Kafue consortium would have paid $131 million in cash, while the remainder would have been ploughed into capital investment. They were also ready to assume ZCCM's debts. The Zambian government, however, demanded $500 million in cash, which the consortium could not offer. As a result, it pulled out of the deal and left the government without any buyer.

TOO LATE *Frederick Chiluba would not sell while going was good*

Experts say the mines are losing $2 million every day in operational costs. Apart from these expenses, other consequences for the government have been dire.

As a result of the failed sale, about $630 million in donor funds has remained stuck in the pipeline. Western donors fear that their taxpayers' money might go towards subsidising the loss-making mines.

As the year comes to an end, analysts believe the government may fail to access the donor funds, which make up 35 percent of the national budget and are crucial to many developmental projects.

Copper mining makes up 90 percent of Zambia's foreign currency receipts and is still the backbone of the economy. Speculators say the local currency, the kwacha, which is trading at about 2 480 to dollar, may lose more value as investor confidence wanes.

Many commentators blame Zambia's president, Frederick Chiluba, for having supported the hardline position on the sale of the mines to the Kafue consortium.

Now the government has even offered to assume an unspecified part of the ZCCM debt, a thing it was not willing to do when negotiating with the consortium.

The business community has expressed hope that the ZCCM problem would end soon so that economic stability could be re-established. It has also expressed the hope that the government had learned from the fiasco. – Independent Foreign Service

Women to get 10% of land

LUSAKA — The Zambian government has announced that it is to give 10% of all future land allocations to women as a way of economically empowering them.

However, gender equality militants say this is nothing, insisting that they need more than 50% of all land allocations since women constitute the majority of all food grain producers in the country.

Debate on land tenure for women has been reopened by Lands Minister Samuel Miyanda, who said — after listening to complaints from women farmers — that government has now decided on a deliberate policy of offering 10% of land on title to them.

His ministry's main objective was to grant land to all citizens and organisations, "which in this case includes all nongovernmental organisations and women's organisations. My ministry has observed that from the traditional set-up women have not been afforded an opportunity to own land on title. This has brought about economic imbalances between men and women," Miyanda said.

Matondo Yeta, GM of Women Finance Trust of Zambia, said the women of Zambia deserved more land than was being offered to them by the government.

Chief Registrar of Title and Deeds Abdu Khan said that it was now the deliberate policy of government to enable women to have title to land and in this way encourage them as tillers to have the means of accessing credit and loans. — AIA

(360) BD 27/10/99

RECO

DEVELOPMENT *Anglo returns, but the privatisation of ZCCM is a window of opportunity not a miracle cure*

Copper alone will not be enough for Zambia's recovery

(360) CT (BR) 2/11/99

Tony Hawkins

Harare – Last week's agreement between Anglo American and the Zambian government has effectively marked the end of what was a disastrous episode.

Thirty years ago when the copper mines were nationalised, production was running at more than 700 000 tons a year. In 1999 it is unlikely to exceed 300 000 tons.

Per capita incomes have fallen by a third and mining's share of the economy has halved.

Assuming that Anglo's bid to buy the Nchanga, Konkola and Nampundwe mines and manage the Nkana mine is successful, the stage is now set for a reversal of this long-term decline.

But there will be no quick fix. Medium-term price projections for copper vary from the subdued to the bearish. More seriously, a development strategy based on copper is unlikely to bring about the extensive structural change Zambia needs.

Most economic success stories in the developing world over the past 20 years have been driven, not just by exports, but by exports of manufactured goods.

The danger of commodity dependence is not just that the price of copper is prone to wild gyrations, but also that long-term copper prices have weakened relative to the prices of manufactured goods.

This is exacerbated by the enclave nature of mining production. The trickle-down effects have been weak, especially where profligate governments failed to recycle mining revenues into human and institutional capital.

Then there is the fact that copper mining is far from the cutting edge of modern technology. The technological spinoffs – beyond the borders of the copper mine itself – are meagre.

In the absence of appropriate policies, copper dependence does not bring with it the technological progress and learning-by-doing that countries like Zambia need to make the difficult transition from comparative advantage, based on copper deposits, to competitive advantage, which is driven by entrepreneurs and industrialists.

The privatisation of Zambia Consolidated Copper Mines (ZCCM) is not going to turn the economy around without a major policy shift.

Zambian policymakers will have to look beyond the mining industry. The return of Anglo will not bring a return to the glory decades of the 1960s and 1970s.

Just what will drive the Zambian economy in the years ahead is difficult to predict.

That there is enormous agricultural potential goes without saying, but there are few convincing examples in Africa of sustained economic growth being achieved through small-scale agriculture, especially in an economy where input bottlenecks, especially fertiliser and credit, and infrastructure shortcomings, are daunting.

It is even more difficult to be optimistic about prospects for manufacturing. Zambia has no clear-cut competitive advantage.

It is hampered by being landlocked, the ease of supply and delivery from South Africa and Zimbabwe, a small domestic market, skills shortages and weak infrastructure.

Tourism has a lot going for it, but it too is likely to be held back by infrastructural shortcomings, especially transport and roads.

All of which suggests that Zambia desperately needs a resurgent copper sector to give it the platform and the breathing space to develop new and different growth engines.

Production sharing could help diversify the economy, especially when the Southern African Development Community and other regional trade agreements free trade agreements kick in.

One encouraging recent development is the recovery of private foreign direct investment. According to Unctad's World Investment Report, inward investment in Zambia has virtually trebled from $75 million a year in the first half of the 1990s to more than $200 million in 1997-98.

This is just what the doctor ordered. Zambia, which has become hugely aid dependent over the past 20 years, with little discernible impact on its economic performance, desperately needs a fresh start in which private investment and market forces take over from aid.

ZCCM's privatisation is an opportunity for Zambia to break the mould of the past. – Reuters

Zambian builders undercut at home

(360) CT (BR) 9/11/99

FRED CHELA

Lusaka – Zambian building contractors are losing out to South African and Zimbabwean competitors who can undercut the local businesses by taking advantage of subsidised building material prices in their home countries.

Laurie Smart, head of Zambia's Association of Building Civil Engineering Contractors, said yesterday factor prices in South Africa and Zimbabwe were on average more competitive than in Zambia.

South African and Zimbabwean contractors could invariably offer lower bids for jobs in Zambia because they obtained cheap building materials, including sand and stone from their home countries, undercutting their Zambian counterparts who could only source building materials at treble the price.

Smart lamented that not a single Zambian contractor had submitted tenders for the construction of the multi-million dollar Sun International Hotel project in Livingstone, Zambia's second largest city.

Big names in the construction industry in South Africa had scooped the lucrative contract.

Smart said Zambian contractor's problems had been exacerbated by liberalised market policies, a problem with which Zambian entrepreneurs would have to contend for many years to come.

Richard Healy, the president of the Zambian Association of Manufacturers (ZAM), said he hoped the government would implement proposals submitted to the budget office for the 2000 fiscal budget.

Among these was a suggestion for a zero-rated duty on all imported raw materials used in the manufacturing industry.

Healey said the battered local industry faced an uphill battle in the regional free market which was due to come into effect next year and would be implemented by the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (Comesa).

Zambia is a member of both SADC and Comesa.

Healey was however optimistic that the year 2000 offered great opportunities for Zambian manufacturers and said he hoped to work closely with the government to ensure success.

David Mpamba, Zambia's commerce minister, said the government would assist the business community but urged Zambian industry to improve the quality of its products in order to compete favourably on the international market. – Independent Foreign Service

Zambia plans to improve education

LUSAKA — Zambia's education system is continuing to deteriorate and concern is growing in government circles.

Education Minister Godfrey Miyanda says 700 000 children have been denied the right to education because of various problems, the biggest of which is a shortage of teachers.

Now the government has said conditions of service will be improved for teachers, who have long complained they live in virtual poverty, with an average monthly salary of about $65. The government plans to double or treble the teachers' pay from next year.

The programme, which has received massive donor support, will cost about $12bn.

In 1996, there were 1,5-million children enrolled in 4 058 government and grant-aided primary schools. The lack of education has produced an army of street children.

Primary-school enrolment between 1990 and 1995 grew only 1,2%, compared to 3,2% annual population growth.

According to Education Permanent Secretary Sichalwe Kasanda, nearly 1,7-million pupils from grades 1 to 9 and 225 000 pupils in grades 10 to 12 are in government and private schools. There are 30 000 trained teachers and 9 000 who are unqualified.

Opportunities after school are severely limited. There are 4 800 students in teacher training colleges, 4 500 university students and 23 000 students doing distance education.

It is in this context that the government launched the Basic Education Sub-sector Investment Programme to increase enrolment, improve learning and increase annual teacher graduates from 1 900 to 3 000 within five years.

HIV/AIDS has taken its toll on teachers – 600 of them died in 1997 and 1 000 died last year.

Miyanda emphasises that all professions owe their achievements to their education. "This is why teaching is a noble profession." — AIA.

(360) BD 17/11/99

ECONOMY *Growth of 1,2 percent considered optimistic by analysts*

Privatisation delays lower Zambia GDP forecast

ET (MR) 24/11/99 (360)

MANOAH ESIPISU

Lusaka - Zambia's economy would grow only slightly this year because of delays in selling its vast mining empire and fresh friction with Western donors, Katele Kalumba, the finance minister, said yesterday.

Kalumba said real gross domestic product (GDP) growth would come in at just 1,2 percent, compared to an official forecast of 4 percent.

The economy contracted by 1,97 percent in 1998.

"We will see some positive growth, about 1,2 percent or thereabouts," said Kalumba. "We are still recovering from the turbulence of last year. The economic situation remains very fragile."

He said the main problem for Zambia was the delayed privatisation of the assets of the Zambia Consolidated Copper Mines (ZCCM), which caused fresh friction with Western lenders, leading to a freeze in balance of payments assistance.

Zambia did not receive any balance of payments financing in September and October. This drawback, coupled with heavy dollar demand from oil companies and millers and strong Christmas spending, have put intense pressure on the kwacha.

"Balance of payments funding is directly linked to the sale of the mines," said Kalumba. "Government is determined to conclude the sale of the mines."

Senior financial analysts, however, doubted Kalumba's GDP forecast.

"Negative GDP growth is possible," said George Chabwera, the chairman of the Zambia Association of Chambers of Commerce and Industry.

Key Zambian indicators pointed to trouble, the analysts said. Commercial lending rates had stagnated at about 50 percent against the central bank's lending rate of 43,5 percent.

The treasury said an inflation target of 15 percent for 1999 could not be met.

Inflation stood at 25 percent in the 12 months to October and was forecast to remain steady there until year-end.

But the expected sale of ZCCM's main assets of Nchanga, Nampundwe and Nkana to Anglo American plc will finalise the privatisation of the country's mining empire.

ZCCM's Mufulira and Nkana divisions are due to be sold by the year-end.

With an external debt burden of $6,4 billion, annual servicing means Zambia hardly has any money for infrastructure repair or health at a time when it is fighting a battle against HIV and Aids.

Many HIV/Aids victims in Zambia are professionals and the country does not have cash to train replacements as fast as it is losing manpower.– Reuters

TOUGHING IT OUT *Zambian miners await news of the privatisation of ZCCM mines. The process has created friction with Western lenders, leading to a freeze in balance of payments assistance*

PHOTO JOHN WOODROOF

INSIDE MINING

Aids takes its toll on Zambian copper belt

CT (BR) 26/11/99

(360) (92)

JONATHAN ROSENTHAL

The sun is less than two hours above the horizon in the Zambian copper belt town of Kitwe and people are already sheltering in the shade. Among them is a group of three streetchildren sitting under a tree. Two of them are Aids orphans.

"Some Mondays you come in and no one has died. Just this morning I came in and they told me two people had died over the weekend," says the underground manager of a Zambian copper mine.

Others working on the same mine say the death rate from Aids is lower – fewer than 20 a year – but that it is still worryingly high.

This week Susan Shabangu, our deputy minister of minerals and energy, warned that up to 45 percent of South African mineworkers could test HIV-positive.

Officially, Zambia's general HIV infection rate is between 30 and 35 percent, not fundamentally different from South Africa's. Yet, the increase in the infection rate is showing no signs of slowing in Zambia, even as the newspapers fill with the obituary notices of people who have not yet reached their 35th birthdays.

The picture painted in Zambia is a frightening glimpse into South Africa's most likely future, since Zambia is believed to be about five years ahead of South Africa in terms of the spread of the disease.

And already it is beginning to hit the Zambian mining industry hard.

Dr Hector Sensenta, the chief medical officer at the Nchanga South Mine hospital, says the mortality rate from "natural causes" – in general a euphemism for Aids-related deaths – runs at about 1,5 percent a year among the mine's employees.

That means about 15 in every 1 000 Zambia mineworkers on the copper belt die every year from Aids-related illnesses.

In any given month about three of those who die are Sensenta's patients. In a different context, about one in a 1 000 South African gold miners dies every year from mine accidents.

A cynical view holds that, humanitarian concerns aside, the impact of the disease on the pool of skilled labour will be muted in an era of downsizing and retrenchments. But even this early on in the Zambian epidemic this view does not hold water.

Sensenta, whose hospital admits about 50 Aids patients a month out of about 180 general admissions, argues that the epidemic takes its highest toll of victims from those who have money – in other words those who are better educated or more highly skilled.

"The infections are prevalent among those who have been to college, who are earning money ... women go into relationships with these guys because they have money when the rest are very poor," Sensenta says.

The financial manager of another copper belt mine says that when he recently interviewed people to hire a bookkeeper, two of his shortlist of three candidates were HIV-positive. Although it is against the law in Zambia to discriminate against those with HIV, the HIV-negative candidate got the job. Similarly, one out of two information technology specialists shortlisted for a position tested HIV-positive.

"If you need 10 electricians you have to train 12 because two will have died by the time they are trained," says another manager on the mine.

It may already be too late for South Africa to avoid the painful experience Zambia is going through, but it is not too late to act.

Mines need to begin quantifying the cost of Aids to their operations and spending that money on slowing the spread of the disease.

Spending money on Aids prevention now will save thousands in death benefits, downtime and training in five years' time.

Zambia blocked from joining Sacu

FRED CHELA (2791A) (360) CT(MR) 7/12/99

Lusaka – Zambia's application to join the lucrative South African Customs Union (Sacu) has been blocked and delayed by demands that she withdraws membership of either the Common Market for Eastern and Southern Africa (Comesa) or the Southern African Development Community (SADC).

Zambian commerce ministry sources, speaking in anonymity in Lusaka yesterday, confirmed that some Sacu member states had requested Zambia to withdraw its membership from either the Comesa or the SADC to be allowed entry into the Sacu.

Some Sacu members have complained that Zambia cannot have it both ways, belonging to the three organisations and still join the Sacu trade relations network.

Botswana, Lesotho, Namibia, South Africa and Swaziland constitute the Sacu but Namibia and Swaziland are members of both the Comesa and the SADC regional trading blocs.

However, economic and legal pundits in Lusaka argued that it would be unthinkable to ask Zambia to drop membership of either the Comesa or the SADC, having been one of the instrumental founding members of these two regional organisations, notwithstanding that some Sacu members belonged to the Comesa and the SADC.

High-ranking Zambian government officials were optimistic that current negotiations with Sacu authorities were likely to yield a positive resolution.

Experts in regional co-operation believed Zambia would ride above the trade storms in view of the current draft SADC legislation on the SADC trade protocol that will eventually supersede the Sacu when it becomes operational in the near future.

The ratification of the SADC trade protocol had stalled because a few countries had cautiously dilly-dallied, studying the impact of the trade protocol designed to abolish the inhibiting barriers obtaining at present in the SADC region.

Namibia has not yet responded to Zambia's letter about the banning of Namibian beer imports into Zambia, one of the major initial delays and bottlenecks to entry into the Sacu market, the Times of Zambia reported yesterday. – Independent Foreign Service

Zambia gets $23m aid package from Norway

CT(MR) 7/12/99 (360)

FRED CHELA

Lusaka – Norway had granted Zambia $22,55 million for the development and improvement of education, energy, roads, tourism and water sectors, the countries announced last week.

Jon Lomoy, the Norwegian ambassador to Zambia, and Zambian finance minister Katele Kalumba signed the agreement, described as key to alleviating the strangling poverty in the country, in Lusaka on Friday

Lomoy reiterated that the money must be spent on the projects for which it had been earmarked, cautioning that further disbursement would depend on the accountability.

The Norwegian envoy said the pledged contributions were for the improvement of the economy in Zambia by assisting the grassroots programmes with the objective of sustaining a better life for all Zambians.

Kalumba promised to monitor very closely the recipients of the funds.

The education sector got the lion's share, $18,4 million, to enhance the implementation of the Basic Education Sub-Sector Investment Programme. The energy sector received $2,63 million for the development of the Kafue Gorge Regional Training Centre. $1,6 million went to the tourism sector and the rest would be used for urban restructuring and water supply projects.

In a related development, Norway has signed a $3 million agreement with the Zambia National Farmers Union (ZNFU) for a capacity building project designed to enhance private sector participation in agriculture.

ZNFU president Ajay Vashee said the money would go for a joint initiative project by the ZNFU, the Agribusiness Forum and the ministry of agriculture.

A database for farming associations would be established and training would be given to to farmers. Existing farming associations would be strengthened and new ones developed. – Independent Foreign Service