ZIMBABWE- GENERAL

1998

JUNE – DEC

THE ARGUS ISSUES

Flashback to 1980: out of the bush came these young guerrillas to gather at an assembly point before the ceasefire in then Rhodesia. Zimbabwe celebrates Heroes' Day tomorrow

Mugabe largesse only for some

ARG 10/8/98

SANDRA NYAIRA

Harare – This year, Zimbabwe's former freedom fighters have every reason to cheer Heroes' Holiday tomorrow, having been rewarded for their sacrifices which culminated in independence in 1980 after a seven-year bush war.

The ex-combatants were each paid bumper gratuities of $Zim50 000 (about R13 230)last December and also enjoy a lifetime monthly pension of $Zim2 000 (about R530)as recognition for their role during the independence war.

However, the emoluments came after a series of demonstrations, some of them violent, with the ex-guerrillas accusing President Robert Mugabe's 18-year-old government of neglecting them to the point of penury.

Chairman of the Zimbabwe National Liberation War Veterans' Association (ZNLWVA) Chenjerai Hunzvi said the association was happy with the final disbursement of the gratuities and monthly pensions.

Through Zexcom, an investment fund set up by the association, the former fighters are set to further improve their lives as they soon will be given share certificates, said Mr Hunzvi.

The fund holds over $Zim70-million pooled from the ex-fighters' gratuities.

"The assistance to comrades came a little late, but it was better late than never and we thank the government and our patron President Mugabe for this," said Mr Hunzvi.

He added that the association now wanted the government to implement its promises on free education and health schemes for ex-combatants, including access to land.

"These are the things that must be addressed immediately.

"Otherwise, we are a happy lot because our lives have drastically improved, especially after late last

red by demonstrating war veterans who wanted the government to reward them for the part they had played during the country's protracted war.

The former fighters embarrassed President Mugabe, whose speech was hardly audible because of their persistent revolutionary songs and shouted slogans.

While the ex-combatants appear to be grateful to the government, other groups feel left out, claiming they played an equally important role during the liberation war and deserved similar gratuities.

Notable groups include ex-war collaborators, the young men and women who carried the weapons of the guerrillas and conducted reconnaissance on the movements of Rhodesian forces on behalf of the freedom fighters.

The other group comprises ex-political prisoners, detainees and restrictees who have threatened to disrupt this year's Heroes' commemoration to press for their demands.

'The government is not taking the full responsibility for taking care of all these people's lives'

Churches also have been in the forefront in quizzing the government about why the state was not properly maintaining liberation war mass graves, especially at Chimoio and Nyadzonya in Mozambique, more than 21 years after Rhodesian forces bombed the two camps.

However, significant steps have since been taken to upgrade the mass graves, of which some can also be found in Zambia.

On July 31 this year, President Mugabe was in Lusaka, Zambia, where he laid the foundation stone for the monument being constructed in memory of the fallen heroes at Freedom

traditional cleansing ceremonies at the former fighters' bases.

The National Museums and Monuments of Zimbabwe (NMMZ), whose mandate is to manage the country's heritage, has been given the task of spearheading the identification of graves and their rehabilitation.

"This is because the struggle for our independence is an important component of our heritage, which should be protected and preserved for our present and future generations," said Home Affairs Minister Dumiso Dabengwa.

"We hope people are going to commemorate this day and arrive in large numbers as you are all aware that our country's struggle for independence was a long one during which thousands of lives were lost."

Mr Dabengwa said the government had done "quite a lot" towards improving the welfare of the country's former fighters.

"We certainly will certainly do more to further improve their lives and the upkeep of the shrines in and outside Zimbabwe," he said.

Minister of State in the President's Office Responsible for War Veterans, Witness Mangwende, said: "We have achieved quite a lot so far for the war veterans, all the genuine ones that is, as they have been paid or compensated for their contribution in the struggle."

He said the government believed the ex-fighters now could stand on their own and embark on income-generating projects, especially through Zexcom.

However, widows of Zimbabwe's fallen fighters led by Faith Tungwarara, feel the government should do more for them and their dependents.

Last year, the widows brought their

tion Fund, complaining that their houses were being auctioned off.

They also complained that their children were being prevented from attending school because of the non-payment of school fees, notwithstanding the problems parents were having in raising mortgages for their houses.

Although no statistics were readily available, Mrs Tungwarara said there was need for the government to address the plight of orphaned children of war veterans.

On the upkeep of the widows and their dependents, Mr Dabengwa said: "The women are being given allowances to assist them.

"What should be understood is the word 'assisting'; the government is not taking over the full responsibility of taking care of all these people's lives.

"Those widows I have spoken to say the money is not adequate."

Mr Dabengwa explained: "This is merely 'assistance'.

"They have to eke out a living from other means, with state allowances being merely complementary."

The government spends $Zim688 499 monthly on more than 560 fallen heroes' dependents, including their 259 wives, which the public service, labour and social welfare ministry says is not enough.

The ministry was allocated $Zim9,1-million under the 18-month budget to cover the needs of widows and their dependents, including a $Zim120 000 one-off housing allowance.

Only 20 widows have so far received this money.

Meanwhile, some ex-fighters interviewed think Heroes' Day should be seen beyond festivities, with the nation coming together to discuss social and economic woes facing the country.

"One thing that should be done is for government and the people of Zimbabwe to look back and see what has been

Tourism a threat to Zambezi ecology, lobby group warns

BD 11/6/98

(762)

Michael Hartnack

HARARE — The Zambezi Society, a private conservation lobby group spanning Southern African Development Community states and Britain, is demanding legislation and a convention to bind states to preserve the biodiversity and natural resources along the great central African waterway in the face of exploding tourist development.

Society director Dick Pitman said recently the threat came not from individual tourists, some driving off road vehicles, but from burgeoning tour operators pursuing "the tourist dollar".

The society has been receiving increasing complaints including unauthorised road and camp building in the Zambezi Valley, noise pollution, littering, abuse of camp sites, random development, and illicit (unlicensed) tour and guiding activities.

"We recognise the need to act quickly," said Pitman. "Tourism has in the past few years been one of the region's fastest growing industries. In Zimbabwe there have been major recent changes in lease allocation, development opportunities and attitudes to tourism ethics.

"SA's entry into the tourism scene has provided a major challenge — on the one hand attracting more visitors to the subcontinent and increasing regional tourism, but on the other hand stealing some of the limelight from the region's traditional attractions, forcing the industry to adapt or sink."

Changed tourism patterns appear to be reducing the "exclusivity" of the Zambezi River basin, resulting in overcrowding and environmental pressure on "hot spots" such as Victoria Falls, Kariba, Mana Pools and the Lower Zambezi National Park.

"Despite warnings that tourism overdevelopment in these areas could kill the industry, there is still little effective cross border co-operation between Zimbabwe and Zambia on matters of tourism planning," the society's pamphlet on the threat to the Zambezi's wilderness areas and biodiversity said.

Tourism dollars

President Robert Mugabe's government appeared reluctant to place restrictions on new hotels, camps and other operations south of the river because of the political need to improve development opportunities for "indigenous" African entrepreneurs entering the lucrative tourism market, warned the paper.

"Meanwhile the Zambian government is doing all it can to encourage tourist investment and is attracting a good deal of interest from regional tour companies (many of them Zimbabwean or SA based) which find its protected area restrictions much less stringent than those operating on the Zimbabwean side of the river."

As falling visitor numbers increase competition, small-time operators are giving way to large-scale organisations with international links and "influential connections ... and as the tourism dollar becomes king, an apparently scant regard for responsible tourism and conservation ethics".

Placing Zimbabwe's national parks' department on a commercial footing exacerbated the problem, Pitman said. "Early indications suggest that, while originally meant to fulfil the requirement of parks stations out of tourism revenue (this was) tending to skew parks' investment activities in favour of increased tourism development possibly at the expense of sound (but less economically rewarding) conservation research and management.

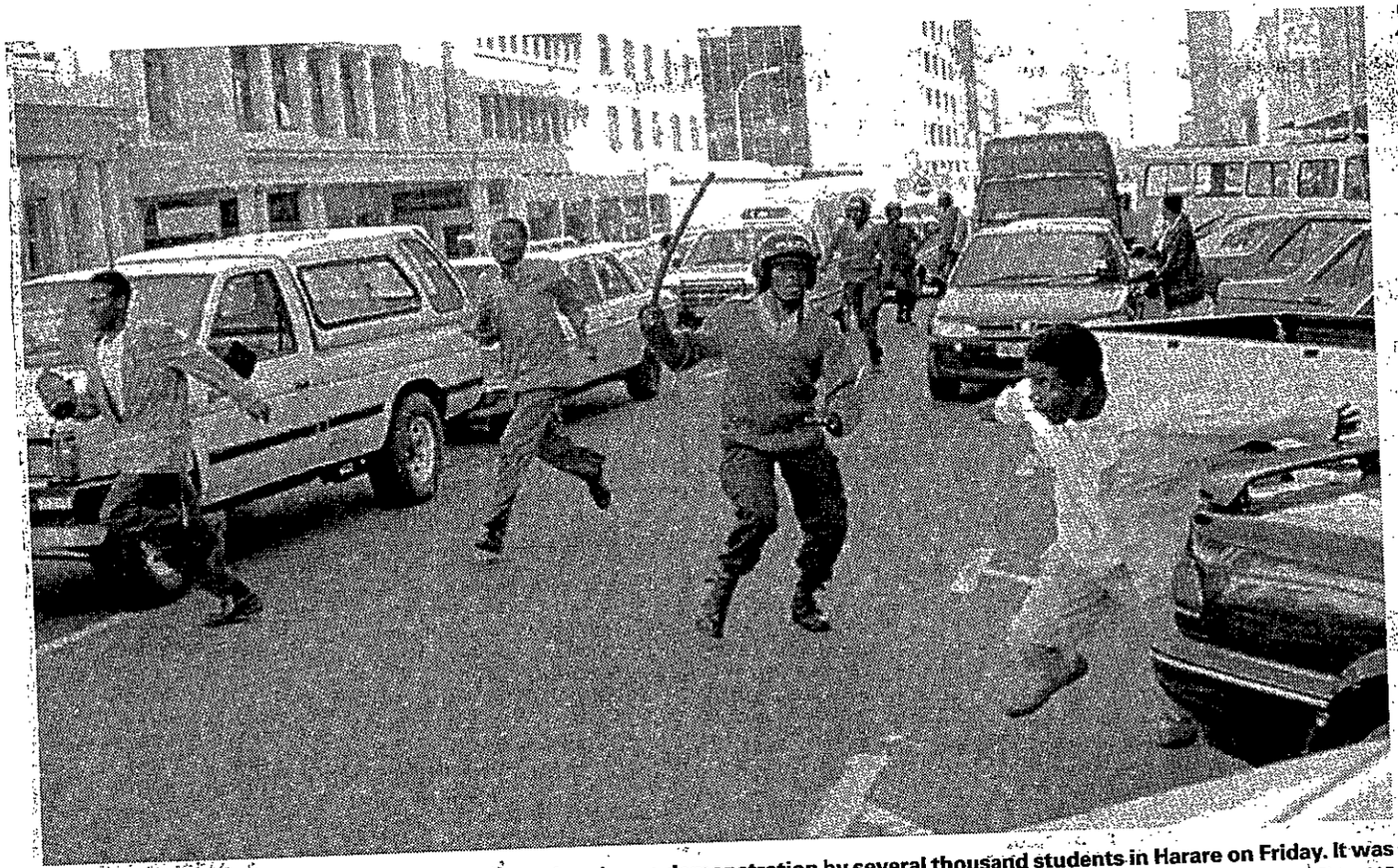
"In other words, long-term planning is in danger of being shoved aside in favour of short-term gain."

Pitman said environmental impact assessment guidelines issued by Zimbabwe's environment ministry tended to focus on the immediate impact of individual projects and "often ignore the insidious cumulative impact of tourism developments and greater tourist numbers, especially as there is no baseline biodiversity information".

Lobbying for wilderness conservation tended to come from the affluent few while villagers in nearby "communal areas" lost access to ceremonial sites in favour of bunjee jumpers, Pitman said.

"For (the villagers), conserving the 'wild' nature of the (Victoria) Falls is irrelevant unless it restores their traditional rights of access," he said.

The society plans to survey members' and tourists' attitudes to the wilderness. It warned that the experience of developed countries was "there simply isn't enough wilderness to go around".



Zimbabwe police using rubber whips and teargas break up a demonstration by several thousand students in Harare on Friday. It was the second day of antigovernment student demonstrations outside the Zimbabwe Parliament. Picture: AP

Zimbabwe plans to sell 77 tons of elephant hide

BD 1/6/98 362

HARARE — Zimbabwe is planning to sell 77 tons of elephant hides, a year after it was exempted from a world ban on ivory trade on the grounds that its elephant population is thriving, it was reported yesterday.

The Sunday Mail said the government's department of national parks and wildlife had not yet decided whether to sell the hides locally or abroad. "We are still looking at the modalities of how to do it," Environment and Tourism Permanent Secretary Charles Chipato said.

Speculation has been rife that the government intended to auction the 77 tons of elephant hide this month before it sold next year's 20-ton quota of ivory to Japan under the Convention on International Trade in Endangered Species (Cites).

Zimbabwe, with an estimated 70 000 elephants, Namibia and Botswana persuaded a Cites conference last June to exempt them from a ban on the ivory trade after arguing trade would not endanger their elephant populations. — Reuter.

Mugabe 'plans to bale out Boka with guarantees for tobacco crop'

(362)

Michael Hartnack

HARARE — President Robert Mugabe's government is considering giving failed banker Roger Boka guarantees so that he can speculate with up to half of Zimbabwe's 207-million kg tobacco crop, paying back creditors to whom Boka owes Z$2bn with a hoped-for bonanza, sources say.

Meanwhile, financial and tobacco trade sources said the success of the plan hinged on Mugabe's conviction that it would shatter a white conspiracy he believed had artificially depressed prices with the aim of forcing him to rescind seizure of 1 480 white farms and remove a 10% turnover levy on each bale sold.

If the plan fails, the state could be left with up to Z$4,5bn worth of unsold tobacco, further encumbering the budget deficit and Zimbabwe's relations with the International Monetary Fund.

The state-controlled Sunday Mail said yesterday that the cabinet authorised Boka's tobacco floor — Gold Leaf Tobacco Sales — to offer prices from $2,20/kg to $3,30/kg for half the crop, nearly twice last week's average of $1,35/kg.

At the same time the Zimbabwe Financial Gazette, owned by black businessmen with close links to Mugabe's party, said the cabinet had resolved to give Gold Leaf a "special financial facility to enable it buy half the Zimbabwean crop at higher prices, with the proceeds being channelled to his United Merchant Bank".

Until prices crashed 45% to about $1/kg at the beginning of auctions, the crop was valued at $600m. There are fears it now may fetch less than $500m, thus severely straining Zimbabwe's balance of payments and the state's 1998-99 income. Growers instituted a week-long boycott and since then, prices have firmed to about $1,63/kg — still below the $1,80/kg break-even point.

Leonard Tsumba, the governor of the Reserve Bank of Zimbabwe, is investigating allegations that United Merchant Bank issued at least Z$758m bills without authority on the name of the parastatal Cold Storage Commission and gave unsecured loans to prominent personalities.

Financial sources have until now been baffled by the contradiction between Tsumba's newspaper advertisements stating: "No public funds will be used to bail out the bank, its shareholders, or depositors or creditors", and Mugabe's statement last month that "government is taking care of the situation and measures have been put in place to ensure those owed money by the bank will not suffer losses".

Business Day has copies of minutes drawn up by Boka of an August 1994 meeting between Mugabe and the Zimbabwe Association of Tobacco Merchants, an empowerment lobby chaired by Boka.

The minutes say that Boka told Mugabe the established white-dominated trade artificially forced down prices to defraud the country and he sought state guarantees for new indigenous tobacco companies for tobacco purchases. "His excellency wondered whether in the light of the fact that the tobacco stocks would provide the necessary security, the guarantees sought by banks were not mere paper guarantees for comfort," say the minutes. "The president concluded that he did not see any problem in government giving such a guarantee."

BD 11/6/98

Financial sources said the minutes might have been used to induce established financial institutions to advance funds to the Boka group, including vast new tobacco auction floors costing more than Z$200m, now virtually idle.

The Financial Gazette said the cabinet agreed this week that there was "a well-orchestrated cartel aimed at manipulating prices in order to push for the scrapping of the 10% tobacco levy and changes to the land reform programme".

Economist John Robertson predicted growers would continue to be reluctant to sell through the Boka floors, fearing they would not receive payment and if Boka bid for 103-million kg on the established floors, he would be required to settle "that day", as did other buyers.

Most tobacco analysts said depressed prices resulted from collapse of Far Eastern demand, the $500m cancer lawsuits hanging over US cigarette companies and a lack of faith in the Zimbabwe industry's long-term future.

"All this conspiracy nonsense is just thrashing around looking for somebody else to blame," Robertson said.

CAPE ARGUS, MONDAY, JUNE 1, 1998

Protesting Zim students tell Mugabe to quit

(362)

Riot cops keep watch

ARG 1/6/98

Harare – Hundreds of Zimbabwean students returned to the streets of the capital Harare today to resume an anti-corruption protest against President Robert Mugabe's 18-year-old rule, witnesses said.

The students, who were driven from the city centre last Friday by police using clubs and teargas, grouped at Africa Unity Square, a gathering point for protests.

"They are not taking us seriously," a student leader said, adding that the protest would continue until the authorities addressed their demands, which included an increase in grant payouts.

Scores of riot-control police prevented the students from assembling in front of the parliament building, where they gathered last Thursday and Friday saying they might emulate Indonesian students whose protests undermined President Suharto's 32-year rule.

The police, armed with shotguns, rifles, teargas canisters, shields and dogs, ringed the square.

The students are demonstrating against alleged corruption in President Mugabe's government and have urged the 74-year-old former independence war leader to quit gracefully or suffer the same fate as Mr Suharto, who resigned last month. – Reuters

CAPE TIMES
TUESDAY, JUNE 2, 1998

Students threaten to topple Mugabe

(362)

CT 2/6/98

HARARE: Students returned to the streets of the capital here yesterday demanding President Robert Mugabe tackle corruption in his 18-year-old government.

The students, driven from the city centre last Friday by police using clubs and teargas, grouped to sing revolutionary songs at Africa Unity Square, a gathering point for protests.

They later delivered a petition to Mugabe's offices for an anti-corruption commission, and for an increase in their student grants.

"Indigenisation (black empowerment) has been privatised, monopolised (and) politicised," the petition says, charging huge government contracts have been won by people from "the ruling province in this country owing to coincidence or design".

The students began demonstrating last Thursday, threatening to unleash protests similar to those that helped end Indonesian President Mohamed Suharto's 32-year reign. The students have urged Mugabe to quit gracefully or suffer Suharto's fate.

No violence was reported yesterday. Police with dogs, rifles and teargas prevented students from returning to the parliament building, but allowed them to camp at the ministry of education offices in the city centre.

"They are not taking us seriously," one student leader said, adding the protest would continue until the authorities addressed their demands.

The government has not commented on the protest, but the state-owned *Herald* yesterday quoted a ministry of education official as saying the state had no money to meet the students' demands.

Pressure against Mugabe has mounted in recent months in the face of rising unemployment, poverty and growing charges of graft in the former guerrilla war leader's government.

Zimbabwe's economy, one of sub-Saharan Africa's most diversified after South Africa, has grown by an average of 1,8% in the past decade, against a population growth of over three percent.

Mugabe blames mounting economic problems on intermittent droughts. But critics charge he has done little to revive the economy. Instead, he has frittered away national resources to maintain his rule.

In power since independence from Britain in 1980, Mugabe has faced a wave of violent protests over the last six months, seen by political analysts as a vote of no-confidence in him. There have been protests over taxes, war veteran payouts, corruption and student grants. — Reuter

Trans Zambezi hurtles into red on back of bank crash

(362)

Martin Rushmere

HARARE — The collapse of United Merchant Bank in Zimbabwe has been partly responsible for multinational Trans Zambezi Industries plunging into the red.

For the half-year to March 31 the group, which wants to get a listing on the Johannesburg Stock Exchange, recorded a loss of $13m against a profit of $10m for the same period the previous year.

Said MD Hillary Duckworth: "We have written off $1m in cold storage commission bills (which caused the merchant bank's collapse when it was found that more than Z$500m had been fraudulently photocopied) held by our subsidiary, Bard Discount House."

Duckworth said that Z$13m in CSC bills that were presented to Roger Boka's United Merchant Bank for payment had been rejected by the bank.

But the major cause of Trans Zambezi's woes is the upheaval in the economies of Zambia and Zimbabwe over the past few months, which have translated into steep slides in the domestic currencies. "Because the company calculates its accounts in US dollars, this has had a severe effect on profit, cash flow and balance sheet.

A total of $3,1m in listed investments has been written off, mostly in Bard discount house which has seen its share price tumble in line with the rest of the market, compounded by the collapse of United Merchant Bank. The sale of its telecommunications subsidiary STC has led to another $2,5m being written off. "In Zimbabwe dollar terms we got back slightly more than we paid, but when translated into US money, it was a heavy hit," said Duckworth.

On top of this, another $8m in goodwill has been ditched. "We are sending a strong message to foreign shareholders that we are taking a very conservative view and we have written off all goodwill on our books."

Turnover for the period was $46m, 12% lower than the previous comparable period.

Duckworth said the second half would probably be better than the first, as trading would be better and there would be no more write offs. "These have been one-off items and there should be no more. It is better that we take this action now."

Last year's after-tax profit was $17m. "Our operating profit in the second half of this year will be better than the $4m in the first half," Duckworth said.

MD 3/6/98

Zambia remains a worry. "People there have no money and while we generate cash we do not generate profit." There is heavy investment in cattle ranching, but beef prices have been falling rapidly because of falling demand.

There has been some source of comfort, in the form of improved profitability from Zimbabwean paper-making subsidiary Art Corporation. This has reported a 24% increase in profit for the half year to Z$57m. Turnover rose 7% to Z$419m.

Although a dividend has been passed, Duckworth said the company was in a sound position. "There was some concern in the market that Art was in a tough situation because the prices of paper on the world market fell from a high of $800 a ton to $510 recently. In spite of this the company has still shown a commendable increase in profit."

Analysts in Harare said the poor results from Trans Zambezi were expected. "This merely confirms the profit warning they put out a month ago," said Bill Picken of Fleming Martin.

Zimbabwe gets IMF lifeline

BD 3/6/98 (362)

HARARE — The International Monetary Fund (IMF's) approval of a new aid package has thrown Zimbabwe's ailing economy a lifeline, but economists said yesterday the programme demanded big government sacrifices to work.

The IMF on Monday agreed to a $175m loan package, with $52m immediately available and the rest to be disbursed quarterly over the next 13 months subject to Zimbabwe meeting performance targets and reviews.

"We must now hold on to the IMF lifeline. The crisis in the balance of payments is not over yet," said economic consultant Mervyn Ellis.

Economists said the IMF deal had prevented a catastrophe and urged President Robert Mugabe's government to consolidate it by further tightening monetary policy, maintaining an active exchange rate and heavily cutting expenditure.

Zimbabwe has been without an IMF programme since 1995, when the IMF and the World Bank abandoned the first phase of reforms after the government failed to meet key fiscal targets despite donor support.

Negotiations for a new scheme have been going since then.

Analysts say a key sticking point was the government's failure to contain the budget deficit, which has averaged more than 10% of gross domestic product (GDP) over the period — twice the targeted 5%.

The 13-month package envisages reduction of the fiscal deficit, excluding grants and privatisation proceeds, to 5,5% of GDP.

Economic growth is forecast at 3% this year from last year's 3,7% and is seen averaging more than 5% a year from next year until 2001.

Inflation is slated to fall to 4,5% by 2000 after averaging 18,6% last year.

But economists dismissed the inflation and budget deficit targets, saying that the unstable macroeconomic environment made them difficult to attain.

Foreign exchange dealers said the Zimbabwe dollar, wobbly before approval of the loan, was likely to be stabilised by the deal, presenting the central bank with an opportunity to beef up its depleted foreign cover.

The IMF said the immediate task of the new programme was to raise Zimbabwe's foreign exchange reserves to at least 1,5 months' import cover by the end of this year.

Zimbabwe's central bank stopped issuing data on foreign reserves last year, but the IMF statement suggests the picture is far worse than recent market speculation of about two months' import cover.

However the outlook remained clouded by continuing wage talks, high real interest rates of more than 10 percentage points and the unsettled political environment, said Commercial Bank of Zimbabwe senior treasury executive Stanley Musa.

Mugabe's rule, unbroken since independence in 1980, has been rocked by violent protests in the past six months, pinned by analysts on worsening unemployment and poverty.

"However, we are highly encouraged by the climate of dialogue that seems to be developing between the government and the unions," Musa said, referring to efforts to avert a threatened five-day work stoppage by the unions over tax reductions. — Reuter.

Battle lines drawn as teachers' strike looms

(362) ARG 3/6/98

CHARLES PHAHLANE AND ANDREA BOTHA

Positions on the threatened national teacher strike are hardening, with smaller unions rallying behind the South African Democratic Teachers' Union (Sadtu), and opposition parties in Parliament backing the tough anti-strike stance of Education Minister Sibusiso Bengu.

The new battle lines have Parliament and the political establishment ranged against almost the entire teaching profession, backed by the South African Congress of Students.

While MPs criticised the strike, two more teacher unions – the Suid-Afrikaanse Onderwysersunie and the National Professional Teachers' Organisation of South Africa – backed it.

In another development today, Sadtu indicated it was unimpressed with offers of conciliation made by Dr Bengu in Parliament yesterday.

Sadtu deputy president Edwin Pillay said the union wanted concrete solutions to the problems facing education. The union's Western Cape spokesman, Don Pasquallie, said the union wanted to see exactly what measures the minister planned to withdraw and wanted to see in writing which demands he was willing to meet and why he could not meet others.

The two key union demands are that Dr Bengu scrap rationalisation plans and reinstate national teacher-pupil ratios. Sadtu leaders are preparing to meet Dr Bengu and education officials on the next two days, but Mr Pillay said the union would not back down.

During a debate in Parliament, parties attacked the proposed strike, saying it would harm pupils.

The National Party's Dirk Bakker said that although the party sympathised with teachers who felt a strike was the only way to attract the minister's attention, "the NP can never condone strikes by teachers because the real losers will be our children".

The Inkatha Freedom Party also opposed a strike, although it accused Dr Bengu of evading responsibility for the problems facing education.

IMF carrot 'needs some more stick'

BD 4/6/98 (362)

Michael Hartnack

HARARE — The International Monetary Fund's (IMF's) long-delayed decision to give President Robert Mugabe's government the first $53m tranche of projected $176m budget support will do good if it encourages overdue financial discipline, says Zimbabwean economist John Robertson.

"It is the disciplines which are important, not the money," Robertson said in an interview after the IMF board in Washington announced plans to resume aid, frozen in 1994 because of runaway state spending, over the next 13 months. Four further tranches will be released subject to Zimbabwe meeting agreed IMF targets.

Robertson feared news of the IMF's action would cause an already overvalued currency to firm and worse, induce Mugabe to relax over urgently needed budget reform. "We have got the first tranche — apparently the hardest part is to get the second," he said.

"The first tranche of any IMF aid programme is usually automatic because they don't want to be seen to be the cause of a country's economic troubles. However their conditions — such as cutting inflation down to 5% by 2000 — seem pretty extravagant.

"Just look at the numbers."

Cut budget deficit

According to a statement issued here on Tuesday by local IMF representative Robert Franco, Zimbabwe will have to cut its budget deficit, excluding grants and privatisation proceeds, to 5,5% of gross domestic product, to reduce its stock of domestic debt, enable the Reserve Bank to tighten domestic credit and build foreign reserves — and without elbowing out private sector credit. Private sector entrepreneurs are paying 30%-40% interest rates.

The IMF programme as released by Franco foresees a real growth in gross domestic product of 3% this year (down from 3,7% last year) but with a recovery to 5% next year and in 2000.

Inflation, 26% on official figures but expected by most economists to exceed 32% at the year end, should fall as the currency stabilised, said the blueprint.

Asked whether there was commitment by Mugabe to meet the targets, Franco said the finance ministry had set up a monitoring committee made up of members from itself and the reserve bank. Their key targets would be net domestic financing of the budget and reducing the budget deficit.

Targeted at 6% last year, the deficit is put at 10% by conservative economists, following Mugabe's Z$4,5bn payout to ex-guerrillas. Some fear it will exceed 1996's 13,4% due to falling export revenues and continued high state commitments.

Among imponderables is Mugabe's declared aim of taking over 5-million hectares of white-owned farmland.

International Finance Corporation representatives have circulated ministerial assurances productive farms will not face seizure, but Mugabe still insists no payment will be made for land itself, and that transfers of 1 400 designated farms to black Zimbabweans will start before the next rains.

"Tobacco prices have strengthened and there is general optimism about the economy," said Franco. "I also hope that, with the approval of the arrangement by the IMF, the donor community will release the balance of payments to support funds they had committed to Zimbabwe."

The IMF revealed Zimbabwe's forward export cover fell to 1,5 months' worth, the lowest admitted publicly.

Robertson said the IMF had got a bit involved in politics recently.

Reluctant to support Indonesia while its former President, Mohammed Suharto, was in office, it was now resuming discussions with the country. It also refused to fund Kenya because of corruption in the Kenyan government.

"I think they should apply the same sort of criteria here. We do not deserve the money while we are behaving in the same way. If it takes money to persuade people to behave better, in their own interest, well that is probably not all that surprising and might be to our advantage in the end.

"It does worry me that government might say: 'We have got the money, now we can relax.'

"If we do relax then we cannot meet these targets and the government will come up with all sorts of excuses again why we could not comply."

Robertson said the IMF should insist military spending, at present 10% of total revenue at Z$5bn, be cut to 2%. "Yet we do not have money for hospitals, schools and students' grants. The IMF could help if it said 'If you choose to spend 10% of your revenue on this, then just lose our telephone number'."

Overvalued

He said the grant of the first IMF tranche might also cause unhealthy firming of the Zimbabwe dollar, now Z$18 to the dollar.

"Tobacco prices have not picked up much. The IMF support might do little more than replace the money we would have got if tobacco had been good. My belief is that we are overvalued.

"If we had Z$21-$1 it would be to the good. It would put our commodity people in with a fighting chance and would encourage production here, creating growth. Now the IMF has come in the Zimbabwe dollar will stabilise and we still have more inflation on the way."

Robertson drew attention to the fuel price, now costing the parastatal national oil company about Z$1m a week as the government put off a decision to make consumers face the 40% drop in the Zimbabwe dollar's value.

Economist Mervyn Ellis said last week that workers deserved 40% increments because employers had broken the "social contract", making record profits since the economy was decontrolled under the 1991-95 first phase of economic reform.

Govt may face Z$1bn liability

Michael Hartnack 4/6/98

BD 4/6/98 (362)

HARARE — Zimbabwe's High Court is to be asked to rule whether President Robert Mugabe's government is liable for up to Z$1bn worth of fraudulent bonds issued by Roger Boka's failed United Merchant Bank on behalf of the parastatal Cold Storage Commission.

Government liability for the Z$2bn debts of Boka's failed group of companies, including giant Z$200m tobacco floors, could again push the budget deficit beyond targets agreed with the International Monetary Fund and endanger further support, announced by the IMF board in Washington on Monday.

Legal sources said the parastatal will say the bonds were issued "without authority", and that the attorney-general's department may in turn contest state liability for the parastatal's debts. A hearing is expected in three weeks' time, with almost certain appeal to the High Court by whichever side loses.

Boka creditors include RAD Securities, a local arm of SA-based Real Africa Durolink. RAD is demanding Z$9m worth of bonds should be honoured by the commission. The disputed bonds carry the words "Guaranteed by the Treasury of Zimbabwe". In a replying affidavit, Finance Minister Herbert Murerwa has said only "We will abide by this honourable court's decision on the matter."

With its 147 to three parliamentary majority Mugabe's government could easily amend the law, empowering itself to disown Boka and the commission.

Zimbabwe's state-controlled media said the cabinet had approved a plan to give a Boka subsidiary, Gold Leaf Tobacco Sales, state-backed guarantees to speculate in up to Z$4,5bn worth of tobacco at prices 60% to 100% above current averages. The Sunday Mail claimed whites and foreign buyers with a "secret agenda" to make Mugabe back down on land reform and the 10% tobacco levy had driven tobacco prices down to artificially low levels.

By buying cheap and re-selling on the world market, Gold Leaf sales could make profits which could be channelled to United Merchant Bank creditors, the Sunday Mail said. These include political influential black economic empowerment groups that were encouraged to favour Boka over established financial institutions.

Credibility of the reports was strengthened by circulation of minutes, signed by Boka, of a meeting with Mugabe in late 1994 at which Mugabe said he "did not see any problems" giving Boka guarantees to buy tobacco as the leaf was surety for itself.

Mugabe has also flatly contradicted Reserve Bank governor Leonard Tsumba's assertion no state funds will be used to pay Boka's creditors.

Mugabe had said plans were in hand to ensure "those owed money would not suffer losses". He was reported to have described the tobacco purchase assurances sought by Boka as "paper guarantees for comfort" for the banks.

Lawyers ask why no criminal charges have been pressed against Boka for what appears to be the biggest fraud in the country's history. The independent media say Boka and other top executives of his group have threatened to name prominent persons who received unsecured and recoverable loans if the Government does not back a baleout plan.

Boka's tobacco floors, hailed as the largest of the kind in the world when they opened last year, sold only 8% of the 1997 crop and are now at a virtual standstill.

Banks expect Zimbabwe's dollar to stay at current levels

Martin Rushmere (362) BD 4/6/98

HARARE — Zimbabwe's money market expects the currency to settle down, following the International Monetary Fund's (IMF) decision to grant $175m.

There has been almost no change in the value of the Zimbabwe dollar, which has been trading at a mid-rate of about 17,7 to the US currency since Monday this week.

The two biggest banks in the country, Barclays and Standard Chartered, are predicting that the sharp swings of the last few months, mostly downwards, will come to an end.

"There will probably be a drop in forward cover by importers and exporters," a Barclays dealer said, "and the rate will tend to stay at between 17 and 18 to the US dollar."

A senior dealer at Standard Chartered said: "The Reserve Bank is staying out of the market because it is happy with present levels. There is some perception in the market that the rate will strengthen but we don't think so. But there is undoubtedly more confidence in the market about the rate staying steady and people are certainly not as nervous as they were.

"In the long term the real determinants of the exchange rate are basic items such as the tobacco prices," the dealer said. "It is interesting to note that while prices of tobacco have been firming slightly, the volumes being put on auction have grown significantly. The growers realise that they have to get the crop sold, partly because the banks will become unhappy if borrowings are not brought down."

The IMF announcement of the stand-by facility revealed that foreign reserves were down to 0,8 months import cover at the end of last year and were expected to grow to 1,5 months by the end of this year.

This revealed the hollowness of government and the Reserve Bank's repeated claims that reserves were at the equivalent of three months.

African Associated confident it will weather economic climate and overseas opposition

Zimbabwe asbestos group bullish

CT (BR) 4/6/98 (362)

STELLA MAPENZAUSWA

Harare — African Associated Mines, Zimbabwe's sole asbestos producer, said yesterday it was confident of survival despite a harsh economic climate and international lobbies against the commodity.

John Mkushi, the chairman of African Associated, said: "We believe that the applications where our asbestos is utilised will remain in use for a long time to come. Therefore we see a long-term future in asbestos."

The group's Shabanie and Gaths mines in southern Zimbabwe are the only chrysotile asbestos fibre producers in the country. Zimbabwe is the third largest world producer after Canada and Brazil.

Chrysotile asbestos, one of three varieties and deemed the least harmful to health, is used to produce, among others, roofing materials, floor tiles, cement pipe tiles and friction materials.

African Associated earns about Z$1 billion (R290 million) from exports every year and employs approximately 6 000 people, representing about 20 percent of total employment in the country's mining industry.

"Our asbestos exports have not been affected much by international calls for the ban of asbestos, but more by the general economic upheavals in the economies where the bulk of our markets are," Mkushi said.

Several countries have imposed bans or restricted the use of asbestos because extensive breathing of asbestos fibres can cause lung problems or cancer.

African Associated's main markets are in Africa, the Middle East, southeast Asia and the Far East. Most of these countries are battling with economic problems.

"Except for Japan, the quantities of our asbestos sold in the developed countries are now virtually insignificant. Therefore any growth in the market lies within developing countries," Mkushi said.

He said the general depression in commodity prices, particularly minerals, had affected the market negatively.

He said the high cost of borrowing money in Zimbabwe, coupled with the depreciation of the local currency and rising inflation, had raised production costs.

The mining group laid off more than 800 workers at the Gaths and Shabanie mines in January, blaming rising costs and poor international prices.

Mkushi said no other retrenchments had been effected since then, but he did not rule out the possibility of this happening in the future. "Any further decisions on this retrenchment will depend purely on economic considerations. Decisions to lay people off are not taken lightly or casually."

But Mkushi said African Associated had fared better than other global producers because the fall in demand for Zimbabwe's asbestos had been minimal in comparison with others.

Zimbabwe's exports dropped to 152 000 tons last year, compared with 165 000 tons in 1996. It has forecast exports at 160 000 tons for this year.

"We see a long-term future in asbestos. We believe that as long as we remain efficient producers, there is a future for us," Mkushi said. — Reuters

CE of loss-making Air Zimbabwe fighting uphill privatisation battle

Michael Hartnack (36a)

HARARE — Irish expatriate CE Brendan Donohoe continues to face strong opposition with his plans to privatise the loss-making national carrier Air Zimbabwe.

Transport Minister Enos Chikowore yesterday announced he had countermanded Donohoe's moves to retrench 400 employees and put the rest on contract.

Donohoe, himself contracted to Air Zimbabwe through Air Consult, has already faced tough criticism in Parliament over allegations that Air Consult is paying him Z$1m a month at a time Air Zimbabwe's debts have tripled to Z$105m, according to the latest figures available.

The Financial Gazette yesterday said Air Zimbabwe employees were also up in arms at payment of Z$2,5m for a new C240 Mercedes imported from Germany for Donohoe.

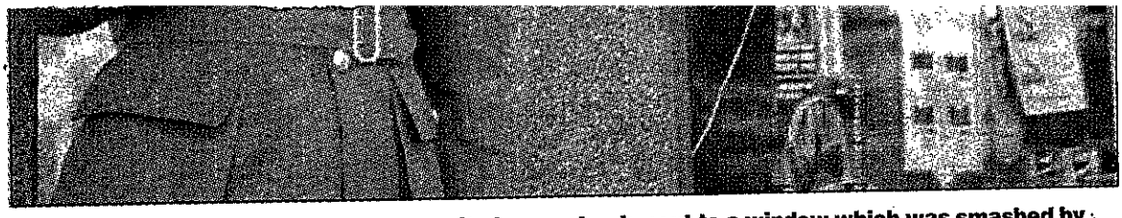
Despite previous statements that Donohoe would be given a free hand, Chikowore said he had ordered Air Zimbabwe's board and management to put restructuring plans "on hold".

Air Zimbabwe technically became a private company on May 8, but the Zimbabwean government remains the sole shareholder.

Pilots, engineers and cabin crew held a brief work stoppage in May to protest at reports of imminent redundancies.

Political interference, particularly in the leasing of unsuitable aircraft and the commandeering of aircraft for use by President Robert Mugabe, were among factors blamed for past losses by the airline.

BD 5/6/98



On guard: A member of Zimbabwe's security forces stands next to a window which was smashed by students who rampaged through central Harare on Monday. The students were continuing their anti-corruption protest against President Robert Mugabe's 18-year-old government. PHOTO: AP/ROB COOPER

Mugabe gets the Suharto treatment

M+G 5 - 11/6/98 (362)

Iden Wetherell

A banking crisis is followed by economic collapse. The International Monetary Fund (IMF) steps in with a harsh rescue package. Student-led anti-corruption protests precipitate the fall of a dictator whose rule has only recently been praised as providing regional stability.

Zimbabwe may at first glance appear far removed from Indonesia. But recent events have led commentators to suggest the comparisons made by student demonstrators last week are not so far-fetched.

Chanting "Suharto, Mugabe, Indonesia, Zimbabwe", several thousand students besieged Parliament in downtown Harare last week demanding the establishment of a commission to investigate what they allege is systematic corruption in President Robert Mugabe's government.

"Mugabe go. We are tired of your despotism, arrogance and idiocy," said one of their banners, taunts that would have been inconceivable in Zimbabwe's deferential political culture a few years ago.

Police broke up further protests on Monday and authorities closed down the University of Zimbabwe and Harare Polytechnic on Tuesday, but student leaders pledged to continue their campaign, threatening to oust Mugabe if he refused to act.

"He must go because he is the problem," student leader Learnmore Jongwe said of Zimbabwe's 74-year-old ruler, until recently seen as the architect of regional stability.

This week the IMF provided a US$175-million rescue package after abandoning the country in 1995 because of fiscal delinquency. The fund is believed to have imposed stringent terms which will make life even more uncomfortable for Zimbabwe's already restive workers.

Meanwhile, the collapse of the United Merchant Bank has exposed a black empowerment process driven by political cronyism, which, by jeopardising confidence in other black institutions, has sabotaged attempts to broaden economic ownership.

In one form or another Zimbabwean taxpayers will be left with a hefty tab for the government's refusal to heed warnings that shortcuts in the banking system could undermine the whole economy, already in trouble after years of self-indulgent expenditure by Mugabe and his bloated Cabinet.

Investigations into the fate of the bank, critics say, are likely to be conducted with the same opacity that has characterised the government's award of contracts for airport construction, power generation, and telecommunications.

Blatant favouritism in business dealings and a perception that Zimbabwe's leadership is hostile to reform — political as well as economic — represent powerful disincentives to investors, observers point out. But if the regime is facing terminal decline it shows no sign of recognising the symptoms.

Mugabe has described the findings of the World Economic Forum's *Africa Competitiveness Report* that placed Zimbabwe 20 out of 23 African countries as "revulsive" — a favourite word — saying he would write to the forum's founder Claus Schwab to complain. It isn't likely to help. Nor are promises of a Cabinet reshuffle which Suharto also proposed in a bid to retain power.

Other Indonesian echoes can be clearly detected. Mugabe has been plagued by accusations that members of his family have taken advantage of their connections to win lucrative deals. Like President Suharto, he is reported to have consulted traditional leaders on how to get out of his current fix.

And as in Jakarta, potential successors waiting in the wings are unlikely to provide anything substantially new. Mugabe is surrounded by acolytes who are only too aware of the danger of offering solutions to the country's manifold problems.

The last person to do so, Masvingo MP Dzikamai Mavhaire, was denounced as a witch by Mugabe and stripped of his party rank. But despite severe intimidation, MPs, hitherto little more than rubber stamps, appear alert to the looming danger and, like so many others in Zimbabwe, are finding their voice.

Arguing the case for improved management of the country's disappearing public funds, Lazarus Nzarayebani told MPs recently that they should not allow the creation of "a Suharto kind of situation".

"That situation is coming because of how we behave publicly," he warned. "Those people we represent out there, they are very poor people when some people here are filthy rich because of manipulating public funds."

Mugabe's offer to move his ministers cuts no ice with civil society representative. "Reshuffling the Cabinet won't change anything," says Reginald Matchaba-Hove, chair of human rights lobby ZimRights. "Student protests provide a mirror of a wider malaise in the body politic. What is needed is a complete overhaul of the political system."

But others are sceptical that the student protests can have an impact.

Political scientist John Makumbe thinks the students lack both the cohesion and resolve to spearhead national revolt.

"I don't think they can sustain a major showdown with the state," he said. "Indonesians are known to commit suicide for a cause. But when one student here is shot and injured, the rest rush back to their hostel."

Zimbabwe's maize price sparks new row

Michael Hartnack

BD 8/6/98 (362)

HARARE — President Robert Mugabe's government has acted swiftly to halve last week's Z$400 a ton increase in the cost of maize to millers, but the row continues over the millers' insistence that they must increase the wholesale price of mealie meal.

Retail price increases of 7% to 8% are expected this week as old stocks run out, threatening the volatile country's stability in the wake of recent student protests against corruption, economic mismanagement and inadequate living allowances.

Short-lived 30% increases in the price of the staple food of 12,6-million Zimbabweans triggered widespread rioting in January which resulted in up to eight deaths.

On Wednesday, when the three major commercial milling companies and small-scale African millers had already placed advertisements warning of imminent 15% to 18% rises (from about Z$5/kg), the parastatal Grain Marketing Board sent out hasty statements that it had reduced its price, increased from Z$2 400 to Z$2 800 a ton on May 21, to Z$2 600.

The price the Grain Marketing Board pays farmers was doubled in May from Z$1 200 to Z$2 400 a ton. Agriculture Minister Kumbirai Kangai and Commerce Minister Nathan Shamuyarira said that the planned maize meal wholesale price rise was entirely unjustified.

Zimbabwe's retail chains have so far failed to comment on whether they may absorb any of the retail price increase.

Subsidies and price controls on maize meal were abolished under the 1991-96 first phase of economic structural adjustment backed by the World Bank — and any return would imperil the budget deficit and the prospect of International Monetary Fund support, announced recently after an IMF board meeting in Washington.

A study released at the weekend by Germany's Friedrich Ebert Foundation claimed the 30% to 40% surges in January in the prices of many staples was unconnected with November's slump in the value of the Zimbabwe dollar following Mugabe's announcement of Z$4,5bn gratuity payouts to ex-guerrillas and his designation of 1 400 white-owned farms for redistribution to black Zimbabweans.

The finding may increase the government's conviction that it is the victim of a white conspiracy to undermine the economy and force the retraction of farm designations.

BD 12/6/98

Bank predicts flat year for Zimbabwe

(362)

HARARE — Zimbabwe's gross domestic product (GDP) might decline this year unless prices of its main exports improved considerably, a local bank said yesterday.

Standard Chartered Bank Zimbabwe said the economy was set for a flat year in 1998.

The government expected the economy to grow 3% this year against 3,7% in 1997.

Private forecasters have pegged GDP growth at between 1,5% and 2% this year, but the bank said even this would depend on commodity prices, especially gold and tobacco, and the extent to which the economy was affected by demands for higher wages.

"After the disappointing start to the tobacco sales, estimates of reduced production and weak commodity prices for exports, the forecast of 3% growth in GDP is optimistic. Over the next 12 months, though not the calendar year, real GDP may well decline, unless commodity prices rebound more vigorously than predicted."

International Monetary Fund expectations are for nonfuel commodity prices to decline 7,5% in US dollar terms in 1998 and to grow 1% in 1999. The bank said mineral exports were projected to decline 20% this year. — Reuter.

Bank fraud suspect Boka flees Zimbabwe

HARARE — Roger Boka, the black empowerment champion suspected of a bank fraud of at least Z$1bn, had fled Zimbabwe, officials said yesterday.

Central bank governor Leonard Tsumba confirmed that Boka left the country without seeking permission. The weekly independent Financial Gazette said Boka left with an unidentified woman for the US on Tuesday.

Boka, a major financier of President Robert Mugabe's ruling Zanu (PF) party, was named as a chief suspect in the biggest financial scandal in the country's history, and the issue of fake bonds worth Z$1bn by his bank, the United Merchant Bank, which collapsed in April. His bank was closed by the government and his assets and business operations frozen under anti-corruption laws that cited him as a suspect in the fake bond scam.

The affair has thrown the country's financial sector into turmoil, and banking executives warn that several financial institutions carrying the bonds will collapse, with serious implications for the teetering economy. — Sapa.

BD 12/6/98 (362)

AFRICA

Gold miner set to increase production 30%, says Oppenheimer

Martin Rushmere BD 15/6/98

HARARE — Anglo American hoped to produce 300 000oz of gold a year in Zimbabwe within the next three years, which would increase the country's production by about 30%, deputy chairman Nicky Oppenheimer said at the weekend.

He said at the opening of the opencast Bubi mine, 140km north of Bulawayo, that the group was looking to expand its operations in the country.

At the moment total output is only 35 000oz — made up of 16 000oz from Bubi and the rest from its sister mine Isabella, also an opencast, heap leach operation.

Oppenheimer did not disclose where the source of the extra production would be but executives speaking privately afterwards said that two other potentially significant deposits were in the process of being evaluated. (362)

Bubi is a low-grade deposit, averaging only 1g/ton from the oxide ore and less than 3g/ton from the more costly refractory sulphides, which are being left until an economical method can be found of processing them.

Situated in an area of arid thornscrub, Bubi has the distinction of being one of only three of the hundreds of gold mines in the country that is not a redevelopment of workings originally started in the 16th and 17th centuries.

The mine is also in an area of grisly political significance. Just 50km away is the Lonely gold mine, where the bones of scores of people were found down a shaft. These are thought to have been massacre victims of President Mugabe's Fifth Brigade in Matabeleland during the early 1980s in its war against Joshua Nkomo's Zapu party followers.

Fraud suspect quietly slips out of Zimbabwe

(362)

Michael Hartnack

BD 15/6/98

HARARE — Militant black empowerment campaigner Roger Boka, whose huge financial empire has been frozen during investigations of a billion-dollar fraudulent bill issue, had been allowed by President Robert Mugabe's government to fly to the US for medical treatment, a relative confirmed.

"Diabetic persons have a habit of dying in their sleep and to ensure that this does not happen, the family decided to have him attended to by private nurses on a 24-hour basis," a Boka "family spokesperson" told the state-run Sunday Mail yesterday.

The newspaper said: "There was also concern Reserve Bank investigators were tormenting Comrade Boka despite his ill health."

Boka's eight companies were designated under Zimbabwe's Prevention of Corruption Act early last month and he requires authority to spend more than Z$100 in any transaction.

Central bank governor Leonard Tsumba alleges more than Z$758m bills were issued by Boka's United Merchant Bank on the parastatal Cold Storage Commission "without authority" but no moves have yet been made to have Boka arrested and charged.

A landmark civil case is pending in which judges are to be asked to rule whether the commission is responsible for the debts run up by Boka in its name, and whether the state must stand guarantor for the commission.

Government liability for the Boka collapse could push Zimbabwe's deficit beyond limits recently agreed with the International Monetary Fund.

Boka reportedly slipped out of the country on Tuesday on a passport bearing the name "R Marume", which was that of Boka's late father.

Security officials queried his attempt to pass through customs and emigration but were told by their superiors "not to harass the businessman", understood to be in his mid-50s.

Tsumba and Justice Minister Emmerson Mnangagwa denied they had given authority to Boka to leave Zimbabwe or spend Z$280 000 for tickets for himself and a woman companion to travel by Air Zimbabwe to London via Lilongwe and then on to Seattle.

Tsumba says the Boka Group, which includes giant Z$200m tobacco floors now lying idle, ran into trouble because of "uncollectable and poor quality" loans distributed by his United Merchant Bank. Boka has allegedly threatened to publicise names of those who owe him money if he is prosecuted for what appears, prima facae, the biggest fraud in Zimbabwean history.

Mugabe has considered giving Boka fresh backing for a Z$4bn speculation in Zimbabwe's currently depressed tobacco crop, in the hope of making profits sufficient to bale out his creditors.

Tsumba has repeatedly asserted no public funds will be employed but Mugabe said his government was "taking care of the situation and measures had been put in place to ensure those owed by the bank would not suffer losses".

Anglo warns Zimbabwe govt

(362) BD 15/6/98

Martin Rushmere

HARARE — The biggest foreign investor in Zimbabwe, Anglo American, has publicly warned government that it is exasperated with self-defeating policies that are putting off investors.

The warning was issued by deputy chairman Nicky Oppenheimer and Elias Ngugama, chairman of the Zimbabwean subsidiary, at the opening of the opencast Bubi gold mine, north of Bulawayo.

"Government must make it attractive for investors here," Oppenheimer told Mines Minister Simon Moyo. He hinted that development of a proposed $60m platinum mine at Unki was stalled because of the government's attitude, saying that a "fiscal package" was awaited.

Probably the biggest cause of the group's disenchantment is the existence of the state's Minerals Marketing Corporation, responsible for selling all minerals except gold. It is viewed as nothing more than a nuisance and extra cost by the mining industry, taking a commission on every ton exported for apparently doing very little.

Anglo wants to be allowed to sell its own platinum, just as BHP has with the Hartley mine, and get exemptions from import duty and company tax on the same terms as those given to Hartley.

Oppenheimer spoke of the "enormous potential" of the country, implying that this will be realised if the government makes it easier for investors and speeds up investment agreements.

He pointed out that Anglo was responsible for earning the country R1bn a year in foreign currency, while its mining exploration budget this year is about R20m — more than the profits of most local companies.

Ngugama said that gold mines were finding it difficult to undertake capital expenditure because the Reserve Bank, the sole buyer, was paying producers in local currency rather than US dollars.

Another restriction was the inability to hedge. "Today the gold price is about $300, a level which most gold producers regard as unsustainable.

"In planning for expansion it is incumbent on management to seek to minimise the downside risk which will require a fundamental change in fiscal policy regarding the ability of an individual mine or company to hedge or sell forward.

"Access to the sophisticated gold market is a prerequisite to seeing Zimbabwe join the ranks of million-ounce-a-year producers."

No official figures of Anglo's asset values in Zimbabwe have been disclosed but they are believed to be more than R5bn.

Zimbabwean fast-food group to head north

(362)

GODFREY MUTIZWA

CT (BR) 17/6/98

Harare — Innscor Africa, the high-flying Zimbabwe fast foods, retail and tourism group, says it is ready to conquer Africa's untapped food market, after swamping Zimbabwe with 130 outlets in 10 years.

Julian Vezey, Innscor's financial director, said in an interview yesterday that the group, which introduced the Chicken Inn brand to Zimbabwe, expected to spend Z$50 million in the region by the end of the year, and double that amount in 1999.

Most of the money was being spent in Nairobi where seven new outlets, including Nandos Chickenland, Chicken Inn and Bakers Inn, were earmarked.

"We still see a lot of growth in Zimbabwe but we also see tremendous growth in the rest of Africa," said Vezey, who, like most of the group's directors, is in his late 30s.

"What we are doing here, we believe, can be replicated in Kenya, Uganda, Tanzania, Mozambique and Zambia," he said.

The Kenyan operation on its own would probably be worth twice the Z$140 million invested in Zimbabwe's 130 food outlets, Vezey said. "We think other countries like Kenya, Mozambique and Uganda will grow faster than Zimbabwe," he said, citing inflation and a weak currency as the main constraints to local growth.

Zimbabwe's inflation rate is projected to peak at over 40 percent in the third quarter of the year with an average of over 28 percent. Growth is expected to drop to an optimistic 3 percent after 3,7 percent in 1997.

Innscor, which has maintained real growth of over 20 percent in the last three years, expected to open between 30 and 35 new outlets in Zimbabwe by the end of the year, Vezey said. — Reuters

Zimbabwe farm plan conference postponed

BD 18/6/98 (362)

Michael Hartnack

HARARE — A conference organised by the European Union's (EU's) Harare office to whip up donor support for President Robert Mugabe's plan to transfer 5-million hectares of white-owned farmland to black Zimbabweans, has been postponed to September.

This was confirmed yesterday by Lands and Agriculture Minister Kumbirai Kangai at the opening of the Zimbabwe Tobacco Association congress.

Diplomatic sources said neither the British nor the German government — the two key members of the EU regarding donor support — were invited to the conference, due to have taken place at Harare's plush International Conference Centre at the end of the month.

In November, nearly 1 500 farmers were told their land was to be summarily taken over following this year's harvest. More than 600 later received notices the designation orders had been revoked, but Mugabe has reportedly vetoed publication of a "revised list", fearing public political humiliation.

Chenjerai Hitler Hunzvi, the chairman of the militant War Veterans' Association, lashed out at the weekend at Mugabe for the delay in handing over 20% of the targeted farms to his 50 000 members. "Is it that the leadership has been threatened by external forces?" demanded Hunzvi, who last year wrung Z$4,5bn gratuity payments from Mugabe through a campaign of violent protest.

Kangai told the tobacco association: "The major aim of land redistribution is to achieve social justice and equity.

"The government is putting in place a comprehensive programme that will assist in poverty eradication as well as employment creation."

Although Mugabe continues to insist whites will be paid only for improvements made since farms were pegged after the 1890 colonial settlement, international agencies have circulated written assurances from Kangai that full compensation will be offered, to satisfy commercial standards.

Britain's Prime Minister Tony Blair last year refused to fund Mugabe's programme, fearing it would degenerate into an extension of his political patronage system with farms going to those with influence, as in the past. Churches voiced fears for the plight of 500 000 farmworkers and their families while banks warned the financial system would suffer if mortgages were rendered worthless.

Tobacco law claims 'unreasonable'

(362) BD 18/6/98

HARARE — The Zimbabwe Tobacco Association (ZTA) launched an attack yesterday on antitobacco lawsuits in the US.

Addressing his association's annual meeting, ZTA president Robert Webb said the US industry had been faced with outrageous litigation claims from "unreasonable and greedy" people.

The US lawsuits, over allegations of ill health as a result of smoking, had put severe pressure on the whole global industry, forcing it "to cough", he said . "The coughing I refer to is not from tobacco. It is because an unreasonable bunch of greedy, litigious usurpers are holding the entire tobacco industry to ransom," Webb said.

Zimbabwe is the world's third-largest exporter of tobacco after Brazil and the US. It produced an estimated 210-million kg of flue-cured tobacco from its 1997/98 (November-April) crop, compared with last year's 190-million kg.

Referring to recent lawsuits, the ZTA president said the US industry was being "nuked" by greedy lawyers. "These settlements impact heavily on the worldwide operations of the cigarette companies as head offices scramble to amass the cash resources to pay the US settlement instalments," he said.

"If Congress and President (Bill) Clinton succeed in getting their cigarette manufacturers to commit suicide, these companies should ring fence their US operations to prevent the collapse of their worldwide operations, which could suck us all into the quicksand with them."

Webb said low prices this year were already threatening the livelihood of thousands of Central African tobacco farmers and that SA's plans to ban tobacco advertising would put a further strain on the region's industry.

Michael Hartnack reports that Webb said Zimbabwe's tobacco industry, traditional source of 30% of its foreign exchange earnings and 12% of gross domestic product, was "perched on a knife edge".

The threat of $368bn lawsuits hanging over American cigarette companies, the collapse of Far Eastern demand, and continuing Zimbabwean government 10% turnover levies had put the industry "under threat on all fronts", Webb told representatives of 1 400 large-scale and 3 500 emerging peasant growers.

Economists say collapse of the industry, undermining Zimbabwean purchasing power, could affect SA exporters.

Webb, who deplored planned SA legislation to ban public smoking, tobacco advertising and sponsorship, said US cigarette companies were being "asked to cough up the equivalent of 875 Zimbabwean tobacco harvests". — Reuter.

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THE IMF & ZIMBABWE

GOOD MONEY CHASING BAD

FM 19/6/98

Politics drives IMF loan

Despite its disastrous experiences in southeast Asia, the International Monetary Fund (IMF) seems to be adopting the same blinkered attitude toward Zimbabwe. Disregarding galloping inflation, a chronic budget deficit, tottering currency, high unemployment and huge foreign borrowings, the fund has awarded a 13-month US$176m stand-by facility to SA's northern neighbour.

Spread over four instalments, the money is only a gesture, amounting to less than two months' import cover. What worries observers, though, is the encouragement given to donors to resume lending.

Government officials have lost touch with reality and care little about the good of the nation. President Robert Mugabe is more interested in elevating himself to the status of a demigod, while around him policies and finances are in disarray.

The IMF's targets for this year cannot be met. They amount principally to achieving a budget deficit of 5,5%, when even the most optimistic figures show that it will be in double figures. Inflation is targeted to fall to 19% from 24%, but instead will probably reach 30% by the end of the year, predicts Standard Chartered Bank.

One way round such awkward realities is to cheat on GDP figures. A trial run last year, endorsed by the fund, raised GDP to 15% by including the supposed understated contribution of the "informal sector", which deals in cash but pays no tax.

Already the donors are getting into line. The European Union is ready to chip in with an undisclosed amount, on the basis of what its office in Harare says is a "sound economy with bright prospects". That baffles observers, who see money supply growing 30% and a banking crisis that the government is trying to cover up.

France, which seeks to expand its African influence beyond its own former colonies, has begun quietly buying equipment and hundreds of vehicles for government departments and public corporations that are virtually defunct.

One area said to have "sound prospects" is privatisation of public corporations. This is undeniable, especially since the national milk and cotton processors are still in public hands; though little is being done about the big plums, such as the telecoms agency and national airline.

But even when these are sold, it will make little difference to uncontrolled government expenditure. Close to 40% of GDP now goes on civil servants' salaries.

The IMF says privatisation proceeds will total almost 2% of GDP this year. That would bring only temporary respite.

For its part, government has shown scant regard for IMF principles, slapping price controls on maize meal a day after the stand-by facility was announced — breaking one of the cardinal taboos of IMF-administered austerity.

One benefit of the fund facility has been a steadying of the currency. Following a crash last November when the US$/Z$ exchange rate slipped as low as Z$1,25, the local currency has settled at about Z$1,18.

» Robert Mugabe is more interested in becoming a demigod, while around him finances are in disarray. «

Zimbabwe's woes are blamed by IMF officials on poor tobacco prices — always a fundamental in the balance of payments current account. But critics point out that the economy started downhill before the tobacco-selling season began.

Forget noble purposes. The Zimbabwe experience leaves the fund looking like a second-hand car salesman desperate to strike any deal.

Special Correspondent

ZIMBABWE'S TALE OF WOE

- Individual income declined 25% in US$ terms since 1980
- Consumer inflation rose from 12% to 28% in the past nine months
- Political pressures (civil service wage hikes and war veterans' payments) helped push the 1997 deficit well above 10% of GDP
- Foreign debt exceeds US$5bn, or 77% of GDP
- Official reserves dropped from nearly US$800m in mid-1996 to $140m in February 1998 — amounting to less than one month's import cover

Zimbabwe moves to freeze staple prices

BD 19/6/98 (362)

Michael Hartnack

HARARE — President Robert Mugabe's cabinet had resolved to forbid any further increases in the prices of staple items although it lacked the legal instruments with which to enforce controls, Industry and Commerce Minister Nathan Shamuyarira announced yesterday.

Meanwhile, many supermarkets hiked the price of maize meal 10% in line with increases in the wholesale price charged by millers and the prices charged millers by the parastatal Grain Marketing Board.

Temporary special offers on maize meal by a prominent chain seems for the moment to have averted a repetition of the food riots which in January claimed at least eight lives and saw troops deployed to townships.

Meanwhile yesterday Mugabe flew to Addis Ababa to mediate in the Ethiopia-Eritrea border war as Zimbabwean economists warned of an imminent crisis.

Shamuyarira said: "We, as a government, have taken a position that we effect an immediate freeze on any price increases on basic food commodities."

He said there would be "stricter measures" if the order was ignored, but did not specify what these would be.

Last month the grain board raised its price to millers from Z$2 400 to Z$2 800 a ton, but revoked this to Z$2 600 when millers announced imminent 15% to 18% increases to consumers as old stocks ran out.

Millers say that they may now be able to keep increase down to 8%-12%, but cannot entirely absorb the extra Z$200 a ton the board charges, plus other overheads.

Bakers complain of a similar problem over the price of wheat charged by the grain board and the government's refusal to concede higher bread prices, which will drive smaller bakeries out of production.

Reports from townships in Zimbabwe say that the urban poor are buying increasing amounts of coarse "mugaiwa" or unrefined meal from informal sector millers.

Economist John Robertson and University of Zimbabwe public administration lecturer John Makumbe have both warned that the situation is unsustainable. Robertson predicted the rise of a black market and scarcities of basic goods.

Shamuyarira claimed Zimbabweans had been subjected to "wanton and unjustified" price increases. "The government is determined to see that prices of basic foodstuffs remain at affordable levels under the current economic conditions."

Reverting to past claims that inflation resulted from a conspiracy of white businessmen attempting to undermine Mugabe's planned 5-million hectare land takeover, Shamuyarira told the Financial Gazette: "What we are doing is our job to safeguard the population from cartels charging outrageous prices. We are not trying to control prices."

End in sight for Mugabe's tyrant rule as Zimbabweans show anger

STUBBORN...Robert Mugabe should shape up or face forceful removal.

Robert Mugabe may have weathered the storms of past strikes and defiant calls for his resignation, but this time his days seem to be numbered, reports AIA (362)

ZIMBABWE'S President Robert Mugabe is facing similar pressure that toppled Suharto of Indonesia as president.

Students have been marching through the streets demanding Mugabe's resignation, an indication of the 74-year-old leader's unpopularity. The similarities with Suharto are striking. Suharto allegedly massacred 100 000 East Timorese villagers 20 years ago. No-one was allowed to discuss his successor, his son hosted a lavish state-assisted wedding, the currency, the rupiah, depreciated by 80 percent, his son Tommy was awarded tax breaks for his car project – the Timor, and in January price increases sparked riots for which minorities were blamed.

Mugabe sent in the army to Matebeleland, where thousands of villagers were allegedly massacred for "supporting dissidents".

The Zimbabwe dollar has depreciated by 70 percent, while prominent relatives of the president have been awarded dubious tenders. In January this year, price rises sparked nationwide food riots for which whites were blamed.

Suharto was Asia's longest serving president. Similarly, Mugabe is Southern Africa's longest serving ruler.

The parallels have not been lost on Zimbabweans.

During the students' protests, placards appeared saying "Suharto out" and "First Suharto, next Mugabe". A cartoon in a local newspaper captioned "Strange bedfellows", depicted Mugabe sleeping next to Suharto.

Parliamentarians have broadly predicted that the present crisis of governance will drift into an "Indonesian" one.

"We should solve the problems now, before we reach the stage of coups and other problems," warned Mavis Chidzonga, a ruling party parliamentarian, amid interjections from a fellow MP, Margaret Dongo: "I am sure there will be a Suharto . . . "

The demonstrations by the students were peaceful at first, but became violent during the second week, after the government ignored the protests.

The University of Zimbabwe, the biggest in the country, was immediately closed. Student leaders have denied any acts of violence on their part, alleging that government agents were responsible.

"We want to raise issues of good governance and the president and his ministers should be accountable to the people, " says Learnmore Jongwe, president of the National Students Union, which organised the protests.

Crisis, says the president, was the invisible hand in the university's closure. A technical training college in Harare was also closed. CP 21/6/98

"To get an answer, we should look at the issues pertaining to student's grievances," says a lawyer close to the student's case.

"They had posters calling upon the state president to resign, condemning corruption and calling for heads to roll. It was a foregone conclusion the state would intervene using brute force."

Alois Masepe, secretary-general of the opposition Front for Popular Democracy says: "A peaceful demonstration by the students was an embarrassment to the government which has conditioned Zimbabweans to think that students are hooligans. Government is trying to paint a picture that demonstrations equal violence and anarchy."

Mugabe has reacted angrily whenever there have been suggestions that he should leave office. He forced the suspension of a senior ruling ZANU PF official and member of parliament, Dzikamai Mavhaire, for proposing that there should be a limit on the president's period of office.

He then accused the speaker of parliament, Cyril Ndebele, of "rank madness" for ruling that Mavhaiare could not be suspended from Parliament for his remarks.

Says Masepe: "I would not put it past Zanu PF to use agents so as to blame the students for violence and ban demonstrations. The students are not going to the streets for the joy of it, but from the pain of their stomachs. They are the outlet of the frustration faced quietly by their parents at home."

To many observers, the closure of the University is merely dealing with a symptom of the disease affecting the country, rather than the disease itself.

The trade unions are united in their opposition to both the government and the president, and are likely to call for more strikes. Successful protests have already been held.

Mugabe is a worried man and despite initially threatening to "crush" the unions, he has agreed to meet their leaders. Observers say that while there is no doubt that Mugabe is starting to give way on matters on which he was formerly inflexible, he is a long way from quitting as president.

Mugabe may honour tottering bank's debts and face IMF music

BD 22/6/98

Michael Hartnack

HARARE — President Robert Mugabe could honour up to Z$1,6bn of the United Merchant Bank's (UMB's) debts in a bid to curb the financial repercussions of the bank's collapse, which had affected the viability of other black-owned financial institutions, legal sources said at the weekend.

However, such a move would have an effect on undertakings given the International Monetary Fund (IMF) to curb Zimbabwe's budget deficit.

"We know that something is under consideration and will most likely be discussed at tomorrow's cabinet meeting," said a source.

A banking sector commentator said: "I think the authorities have decided to bale out the institutions and face the music with the IMF.

"That would be a better option than to let more banks collapse as a result of the collapse of UMB," agreed economist John Robertson.

The head of the UMB, Roger Boka, was yesterday reported to have been traced to a mansion in Atlanta, Georgia, instead of the Seattle clinic to which family members said he had flown earlier in the month, with apparent government permission. He had been reported to be critically ill.

The state-controlled Herald reported at the weekend that the country's black-owned financial institutions were considering establishment of a rival banking association to offset the repercussions they were suffering in the wake of the UMB's collapse.

The paper said even quasi-government bodies had transferred funds to white or multinational-controlled institutions in a "flight to quality" when UMB was revealed to have debts exceeding Z$2bn, including more than Z$758m issued "without authority" on behalf of the parastatal Cold Storage Commission (CSC).

The Herald said "indigenous institutions are riled by what they allege is a deliberate attempt by their more established counterparts to tarnish their name under the guise of 'professionalism'."

The Herald said parastatals that had not withdrawn funds from indigenous institutions were "periodically calling back their money, even for 24 hours, just to check it is still there".

Lawyers say an out-of-court settlement might be reached ahead of an imminent test case in which holders of CSC bills are attempting to confirm CSC liability — even if they were fraudulently issued — and ultimate treasury liability to underwrite the CSC.

Peasants invade three Zimbabwean farms

HARARE — About 4 000 Zimbabwean peasants had illegally occupied three white-owned commercial farms, saying they had come back to the land of their fathers, state media reported yesterday.

The peasants descended on the large agri-businesses in Marondera and Goromonzi districts over the past four days and vowed to ignore appeals by the government to return to their homes and await a legal resettlement scheme, Zimbabwean television and radio said.

Last November President Robert Mugabe stunned international donors when he said he planned to snatch 1 500 mainly white-owned farms and hand them over to blacks.

Michael Hartnack reports that Zimbabwe's 4 000 white commercial farmers fear political gamesmanship lies behind the latest invasions by peasant families.

"What we are worried about is that the millions will now say 'we had better grab some land before the next chap does'," said a white farming community leader.

On his return on Friday from a peace mission to Ethiopia and Eritrea, Mugabe himself refused to comment.

A local pressure group, the Zimbabwe National Debate Association (Zinada), has warned the government to speed up the land resettlement programme before land-hungry communal people resettle themselves on farms of their choice.

Zinada executive director Kurauone Chihwayi said the resettlement programme could have taken place 18 years ago, and the government should not blame those who forcibly occupied pieces of land. — Sapa, Reuter.

Zimbabwean squatters agree to move off farms

(36a) BD 23/6/98

HARARE — More than 4 000 Zimbabwean peasants who illegally occupied three white-owned farms last week had agreed to return to their communal homes, state-run media said yesterday.

The Herald newspaper said the deal was struck after talks between Land and Agriculture Minister Kumbirai Kangai, local chief Enoch Svosve, MP Sydney Sekeramayi and provincial governor David Karimanzira.

The villagers gathered on farms in Marondera and Goromonzi last week, saying they were returning to the land of their fathers and vowing to ignore government appeals to await legal resettlement.

President Robert Mugabe has promised black peasants resettlement, saying they have a greater right to it than white settlers, who he charges "stole" the land from blacks.

In November Mugabe published plans to take over 1 500 mainly white-owned farms for resettlement, paying only for buildings and improvements to the land.

He softened his stance after criticism from human rights groups and international donors, who charged that his plans violated property rights.

Karimanzira said yesterday the government had 104 farms available and blacks would be moved onto them before the next agricultural season.

Michael Harnack reports that Kangai told national radio he had been "forced to make assurances" that the peasants would be given land under Mugabe's resettlement scheme. Reuter, Sapa-AFP.

BUSINESS

ZIMBABWE *Cash-strapped state tries to raise revenue from foreign bookings*

New tax burdens tourist industry

(362) CT (BR) 23/6/98

ANGUS BEGG

Harare — The Zimbabwean tourism industry is facing hard times, and the private sector fears the worst.

It is fighting a recently imposed 17,5 percent tax on international bookings paid for with credit cards, which includes the vast majority of overseas bookings.

"If this tax goes ahead, then tourism in Zimbabwe is in big trouble," said the owner of a private game lodge in the south-west of the country. This fear is echoed by independent operators running similar operations around the country.

At issue is why the government would put such a serious dampener on an industry that earns it more than Z$2 billion (R606 million) a year, according to Herbert Nkala, the chairman of the Zimbabwean Tourism Council (ZTC).

Tourism, the third largest industry in the country, was expected to be "number one in the next 10 years", said Nkala.

It's a wonder, then, why the government would want to kill the industry that is believed by many around the continent and the world to be the remedy to Africa's economic woes.

John Makumbe, a political analyst at the University of Zimbabwe, said further taxation of the tourism industry "is a desperate attempt to collect revenue" by a completely cash-strapped state.

This was one of two options faced by the government, he said. The other option, "encouraging more investment in tourism", appears to be viewed with suspicion and distrust by President Robert Mugabe, as tourism is a largely privatised (and white) industry.

So tourism got walloped, "which can have major downstream effects on the industry", said Makumbe.

Nkala also happens to be the chief executive of the parastatal Rainbow Tourism Group, which he said he expected to be privatised and listed in "about three months".

He explained that "all tourism services have always been taxable, except this foreign component, so the commissioner of taxes said it should now be payable".

However, it now looks like a standoff between the private sector and government.

"There's nothing we can do now," said a lodge owner in the Matopos area. "We've already quoted our 1999 prices to the overseas tour operators. We can't suddenly change them."

Nkala said the ZTC had received a "very sympathetic hearing" from the minister of mining, environment and tourism and the minister of finance.

He was "optimistic" that, at another meeting expected to take place this week, "government would appreciate the arguments presented by the industry and support us as they have in the past".

"I'm sure that government will take into cognisance the need to support tourism as a fast-growing industry which employs people and earns foreign exchange for the country," he said.

Dollars and pounds are strong commodities in the embattled Zimbabwean economy, where the rand is still regarded as a currency god on the streets.

While mentioning the "30 percent growth in revenue" the tourism industry had enjoyed over the past nine years, Nkala said it had slowed to "between 10 percent and 15 percent" over the past year. The biggest slowdown has come from South Africa, which contributed "more than 50 percent but is now heading for new destinations".

Nevertheless, the ZTC chairman stressed that the South African market was "still very important to us", and that Zimbabwe would embark on new marketing drives to its southern neighbour.

But if the government is indeed running out of money, how can Nkala be so confident about the future of the industry?

He said the members of the industry were "expecting economic hardships at the moment, but who doesn't? The private sector and government know what the problems are and are satisfied that they're being addressed."

He also said he believed the hardships would be temporary. "I don't believe there's any downside risk — only upside potential."

Zimbabwe land grab solved

(362)

Harare – More than 4 000 Zimbabwean black peasants who illegally occupied three white-owned farms last week have agreed to return to their communal homes.

The Herald newspaper reported that the deal was struck after talks between Lands and Agriculture Minister Kumbirai Kangai, local chief Enoch Svosve, local member of parliament Sydney Sekeramayi and provincial governor David Karimanzira.

No further comment could be obtained from Mr Kangai.

The villagers descended on the farms in Marondera and Goromonzi districts over four days last week, saying they were returning to the land of their fathers and vowing to ignore government appeals to await legal resettlement.

Witnesses said the peasants had set up camps on the farms, but had not interfered with the owners.

President Robert Mugabe, Zimbabwe's only ruler since the former Rhodesia became independent Zimbabwe in 1980, has promised black peasants resettlement. ARG 23/6/98

He has said they had a greater right to the land than white settlers he claimed "stole" it from blacks more than 100 years ago. – Reuters

Squatters defy govt calls to return home

(362)

BD 24/6/98

HARARE. — Villagers illegally occupying three commercial farms in Zimbabwe's farming heartland have defied government calls to return to their homes, state media reported yesterday.

The villagers had descended on the farms in Marondera and Goromonzi districts last week, saying they were returning to the land of their fathers, and vowed to ignore government appeals to await legal resettlement.

The news agency reported some of the protesters had begun digging pit toilets on the farms, which areabout 50km northeast of the capital Harare, while others had started moulding bricks with which to build new homes.

However Local Government and National Housing Minister John Nkomo, who on Monday said a new resettlement programme would start this month, said the villagers had to go home before they could be considered for resettlement. "If we allowed this kind of behaviour it would spread like a veld fire. Policy cannot be compromised," Nkomo said.

Initial reports suggested more than 4 000 villagers had descended on the three white-owned farms but witnesses yesterday put their numbers in the hundreds.

President Robert Mugabe last year published plans to forcibly acquire 1 500 farms and hand them over to blacks. He has since softened his stance in the face of severe criticism from rights groups and international donors. — Reuter.

Mugabe appoints team for oil probe

Michael Hartnack (362) BD 26/6/98

HARARE — President Robert Mugabe has appointed a task team of five ministers to investigate the management and procurement of fuel, while he continues to stall on raising the price of petrol and diesel 60% in line with last year's crash of the Zimbabwe dollar.

Rumours about a possible deal with Libya surfaced when spokesmen hinted that the country was looking for new, cheap sources of supply. As outgoing head of the Organisation of African Unity, Mugabe recently demanded relaxation of United Nations sanctions against Libya.

Trade union leaders have warned that market-dictated rises in the price of petrol to about Z$9/l might trigger renewed rioting along the lines of the January riots over maize meal, which claimed eight lives. However, retail meal prices rose up to 10% this week without causing unrest.

Despite the sale of its shares in Delta Corporation, the National Oil Company of Zimbabwe had run up Z$3bn in debt, a spokesman said. "The mandate of the committee, as directed by Mugabe, is to examine all aspects of the administration of the affairs of (the oil parastatal) and take or recommend appropriate remedial action."

Formal price control and subsidies on fuel and food were abandoned during the 1991-1996 first phase of economic liberalisation, backed by the World Bank and International Monetary Fund.

Land grab: Mugabe not to use force

(3ba)

CT 26/6/98

HARARE: Zimbabwean President Robert Mugabe has ruled out force to end a stalemate with scores of villagers who moved onto white farms in eastern Zimbabwe last week ahead of official land reform.

"Why should we use force on our people, who are hungry for land?" he asked in an interview in yesterday's edition of the state-controlled daily *Herald*.

Last week about 250 villagers occupied farms in the rich Marondera farming area, about 80km east of the capital here, demanding to be resettled immediately.

From the neighbouring Svosve tribal area, they said they had lost patience with government promises to give them land.

They occupied six farms and have defied attempts by senior officials of the ruling Zanu(PF) party to get them to leave.

Farm union officials and economists warn that the government's failure to deal decisively with the issue could trigger a mass invasion of white-owned land, with far-reaching consequences for the agricultural industry, the backbone of the country's economy.

Mugabe said the land invaders had genuine reasons to demand resettlement, but urged them to wait for the government to settle them methodically: "We are not going to use guns on our people. Why should we be heavy-handed?"

Mugabe was unsure whether they had responded to government attempts to persuade them to leave.

He said cabinet ministers told him they were withdrawing, but reports in the local press said they refused to budge and would leave only after the government gave them written assurances that they would be resettled.

"I don't know who to believe now, my ministers or you people (the press)," he said.

The country's predominantly white 4 200 farmers were thrown into turmoil in November last year when the government listed 1 470 farms for confiscation and distribution among black people.

Mugabe vowed the farmers would not be paid legal compensation.

But under pressure from foreign donors, who condemned the plan as an illegal land grab, the government backed off.

About 600 listed farmers have been told the government no longer requires their land.

Foreign diplomats have been assured land reform will be lawful and will not damage the economy. — Sapa

Zim peasants take back land

M+G 26/6-2/7/98
(362)

Mercedes Sayagues

They trickled in, women with bundles on their heads, men on bicycles. In small groups they camped on four commercial farms in Marondera, 70km east of Harare.

They arrived on June 17, and today there are perhaps up to 1 000 men and women from 20 villages in the dirt-poor communal area of Svosve, 20km away.

"We are not squatters. We are not foreigners on foreign soil. We are Zimbabweans and this is Zimbabwean land. Our forefathers were evicted from here. Our ancestors are buried here. This is our fatherland," explained one of the leaders at Doskop farm (all requested anonymity).

The villagers say they are tired of the government's empty promises of land redistribution and resettlement. "It is not a racial issue. We don't want to take farm property from white farmers. We want to share the land. We want to mix with whites, our children to play together, to marry."

The farms were well chosen. Three were on last year's government list for compulsory acquisition. Two belong to Bruce Campbell and sons, who are said to own seven farms in this fertile district.

The occupation was well planned. The chiefs and headmen were there. So were ex-combatants, one of Zimbabwe's most militant pressure groups. So were *mujibhas*, war collaborators recently spurned by the government.

They are an indication of people's frustration over deepening poverty, their resentment against ruling party Zanu-PF arrogance and neglect of its constituency. This is grassroots; real people voicing real needs.

In Zimbabwe, roughly 5 000 farmers, an overwhelming number of them white, own 18-million hectares of good soil. Some 650 000 peasant families live in a slightly larger area on marginal land.

Last November, the government raised peasants' hopes of quick and widespread land redistribution when it announced it would seize 1 600 farms. Under intense international pressure, it backtracked, striking less than half of the farms off the list. It also lacks funds for the ambitious project. Yet, President Robert Mugabe kept promising land.

His embattled government cannot risk more unpopularity, riots or economic turmoil. Neither does it want to let go of its stranglehold on the country.

But its rural power base is fast eroding under spiralling poverty and glaring official corruption.

However unpopular it will be to send the police to evict the Svosve people, to let them stay is tricky. The ripple effect of copycat land occupations would send the ailing economy into a nose dive.

"One wouldn't want to condemn these people but they cannot compromise our policy. If we allow this kind of behaviour, it could spread like a veld fire," said Minister of Local Government and National Housing, JL Nkomo.

He did not rule out sending the police, "should the local authorities request intervention of the central government".

Last weekend, the land minister and the provincial governor negotiated a withdrawal with Chief Gahadza Svosve. The chief was promised his people would be resettled before the rainy season. He demanded that be put in writing.

On Monday, waving the letter, Chief Svosve went around the farms telling his people to go home. Some obeyed; at Doskop and Igava farms, many didn't. To the sound of *mbira* playing and *chimurenga* (liberation war) songs, they dug in their heels and said they would wait on the farms for resettlement to begin.

The government announced on Monday that it was speeding up the second phase of its resettlement programme. It had bought 12 farms comprising 16 035 hectares in seven provinces and demarcated them for 183 families to be resettled this year.

Orderliness is the first guiding principle, said Nkomo. Peasants who live near the farms will be resettled there. One of them, in Mashonaland East, will take 40 families. But it is nowhere near Svosve, which has 4 000 adults who need land.

When asked if Svosve villagers would be first in line, Nkomo said: "They are like any other people. They must get their names on a list and wait for their turn."

This is not what the chief was promised. On Wednesday, the sceptical villagers asked the land minister to sign a letter stating the farms and dates on which they would be resettled, before they return to Svosve

Their determination raises the possibility that their actions could start Zimbabwe's third *chimurenga*.

Moving in: Svosve villagers are determined to claim their share of farm land. PHOTO: MERCEDES SAYAGUES

Zimbabwe's business cult figure rejects 'this indigenisation thing'

(362) BD 29/6/98

Zimbabwe's cellphone network entrepreneur, who took on the government over the issuing of licences and finally won after a three-year battle, talks to **Michael Hartnack** in Harare

AT A recent business conference in Harare, Zimbabwean executives were asked by investment banker Nigel Chanakira who they hoped would be running the country in 2002.

The first answer — submitted by a jocular critic of SA "economic imperialism" — was (SA Deputy President) Thabo Mbeki. But on sober reflection the majority answer was: Strive Masiyiwa.

The 37-year-old, Scottish-educated electrical engineer, whose manner is essentially cheery and approachable rather than charismatic, admits to being embarrassed by his cult status since his epic battle with Zimbabwe's political establishment. "As a Christian I do not believe in cult figures," he says with evangelical dogmatism.

Masiyiwa was given the green light by Zimbabwe's High Court earlier this year to introduce his cellphone service after a three-year battle to break the monopoly in the cellphone industry held by the parastatal Posts and Telecommunications Corporation.

The battle followed his refusal to accept approved ruling party members as partners. After that, innumerable bureaucratic obstacles were placed in the path of his plans to establish the country's first cellular phone network.

Five years and untold millions in legal fees later, his Econet company is connecting an initial 30 000 subscribers and planning a Z$300m equity launch in London and Harare. A series of landmark High Court and Supreme Court victories succeeded in breaking the monopoly of the parastatal Posts and Telecommunications Corporation, which shamelessly exploited its position to start a belated cellphone service of its own, still limited in range to Zimbabwe's major cities.

Masiyiwa then had to assert his rights against a rival private syndicate in which the information minister's husband and other political moguls had stakes.

Masiyiwa confirms that after connecting 3 000 customers in Botswana in time for US President Bill Clinton's visit, he has been approached by Vula Communications, among others, to assist their entry into the SA cellphone market. "It is a rambling political process going on there," he says.

Driven into exile by the fighting around their home in the northeast of the country during the 1972-80 independence war, Masiyiwa's family sought refuge near Edinburgh, where he attended secondary school. He went on to gain honours degrees in electrical engineering and electronics from the University of Wales. During holidays he worked as a volunteer at the London offices of Robert Mugabe's Zanu party.

"We were always part of the struggle. We took the brunt of that war," he recalled. "It would be a mistake to assume I am naive about the politics of this country."

He returned to Zimbabwe after independence to work as an engineer for Posts and Telecommunications before launching an, initially small, contracting company of his own.

After fighting the old boy network for contracts, he helped form Zimbabwe's Indigenous Business Development Centre. However, he found himself vilified at board meetings for pointing out, for example, that all projects put forward through Roger Boka's United Merchant Bank (which failed recently with Z$2bn debts) were owned by Boka rather than the wider black community.

He realised there were two clearly separate issues — giving freedom to the indigenous businessman, and "patronisation, which enabled those with political muscle to do incredible things". By "incredible" he means business that made scant practical sense.

"I was only 32. I realised it had to be my generation that drew the line." For him, ultimate failure would be the fear that his four daughters would fall victim to the brain drain and join Africa's diaspora.

Members of the Zimbabwean political establishment frequently accuse Masiyiwa of ignoring Mugabe's problem of maintaining control — synonymous (as Mugabe sees it) with peace — in the wake of the 1957-87 ethnic strife that claimed about 40 000 lives. Mugabe appears convinced economic patronage is a legitimate instrument of peaceful control, preferable to the armed compulsion with which he defeated rival nationalist factions and then suppressed Matabeleland unrest.

Masiyiwa says: "I do not believe that one goes into politics to enrich oneself. I do not believe in that relationship between business and politics. The key is not to get patronage but to get freedom to be an entrepreneur. The prosperity of Mother Africa lies in true free enterprise that is neither the result of patronage nor a regulated environment."

As he plunged into a five-year battle with the establishment over his refusal to work within the political patronage system, he found himself bewildered by reactions of hatred and overt threats. On the other hand, he received hundreds of fervent messages and pledges of aid from Zimbabweans who supported his stand.

Masiyiwa is coy about his financial backing during the prolonged crisis, which he admits saw him, at times, struggling to pay even 37 core staff. Some foreign partners fled when threatened with the detention of their technicians.

"First and foremost I am a Christian and I never doubted even for one day that I would prevail," he says. Masiyiwa's old fashioned-sounding, low-church Protestant faith is never far from the surface.

Pressed about wider ambitions — and the calls he should go into politics — Masiyiwa speaks of his idea that Africa's new technocrats and entrepreneurs should transcend national boundaries so they will be able to spread the drive for modernisation even if they face political frustrations in individual countries.

Next month brokers will be floating a 20% stake in Econet to institutions, with a further 20% to individuals who, Masiyiwa hopes, will be small investors.

He will not be reserving scrip for "indigenous" buyers, as in past issues by black-owned companies.

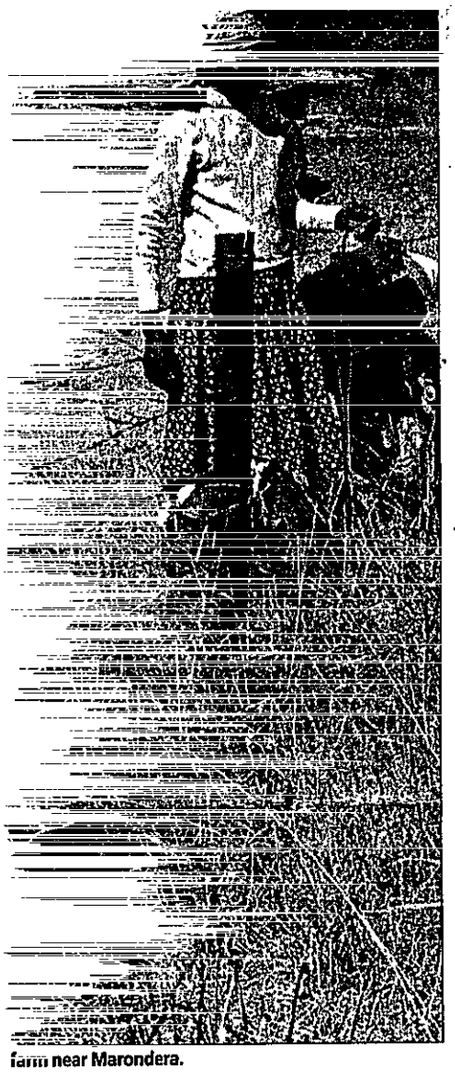
"We have shied away from this indigenisation thing. Nigeria is supposed to be a rich country with its oil and its minerals. But the real wealth of a nation is in its people and in the room you make for those people to create wealth. You do not shackle or fetter the people, to keep one group, like the Ugandan Asians or the black South Africans, out of the system. You need them all."

Battle for land

nd is down to the wire

Zimbabwean peasants disregard law and cross fences to invade white-owned land, writes Andrew Meldrum from Marondera

(362) Star 29/6/98



farm near Marondera.

The sign at the entry to Daskop Farm states "Private Property, No Trespassing", but for several days now its fields have been overrun by hundreds of black peasants who claim the soil as their own.

Frustrated by the lack of government action to resettle them on fertile, white-owned farms, the peasants decided to carry out their own barefoot land redistribution.

They trekked about 30km from the rocky, overcrowded Svosve Communal Area to four vast estates near Marondera, about 70km east of Harare.

"We have been promised land by the government," said one man, tending a cooking fire at his new homestead. "We met with our chiefs who agreed we need to be resettled because we have no space. We could not wait any longer."

The mass influx of Svosve peasants on to the prosperous Marondera farms has clearly been organised, apparently by a group of disgruntled war veterans who fought to end Rhodesian rule.

Dissatisfied with the Mugabe government's halting and ineffective land reform and took matters into their own hands.

Robert Mugabe has only himself to blame for this situation. He whipped up enthusiasm for radical land redistribution in a series of emotional speeches throughout the rural areas.

He repeatedly vowed his government would seize half the country's white-owned farms without paying "a penny for the soil". He promised that massive land redistribution would start in June.

The Svosve peasants took his promises to heart and moved on to the Marondera farms, which had been designated by the government for resettlement.

"We are not on somebody's farm, we are on Zimbabwean earth," said a leader of the Svosve group. "This is our motherland. Under these trees, are the graves of our ancestors. We want to farm this soil. It is our right."

His revolutionary zeal and conviction was unmistakable. More than 60 followers cheered him and sang "Chimurenga" songs that date from the struggle against white minority rule. Singing and dancing, they celebrated their success at claiming the land of Daskop Farm as their own.

But their victory may be short-lived. The Mugabe government is dead set against the peasants' home-grown resettlement drive. "If we allow this sort of behaviour, it will spread like a veld fire countrywide. And that cannot be allowed," declared Minister of Local Government John Nkomo late Monday.

> **"We don't want diplomacy or politics. Our purpose is land"**

A spread of squatting throughout the country would be disastrous for the Mugabe government which is trying to raise international funds for an orderly resettlement, which would respect the white farmers' ownership of their properties.

In order to nip the squatting in the bud, Nkomo said the government would "convince the Svosve people to leave the farms. There will obviously be resistance, but our policy of orderly resettlement cannot be compromised."

Even as Nkomo was speaking, government officials were trying to persuade the Svosve people to leave the commercial farms. Chief Gahadza Svosve spoke to his people, telling them the government had agreed to resettle them some time later. He also said their message had been heard across the nation.

But the peasants steadfastly maintained they would not move. They said they did not want to plant one more crop on the rocky, depleted soil of the Communal Areas.

They said it was the Rhodesians who stripped them of their ancestral lands and forced them on to the Communal Areas. Why, they challenged, should the Zimbabwean government force them back onto the inferior lands?

The impasse will almost certainly be broken soon, most likely by the use of government force to move the peasants off the commercial farms.

But even if the Svosve people agree to move peacefully, it is unlikely they will be resettled this year.

According to the government's new "accelerated" land resettlement plan only 183 families will be allocated new land this year, and that is just a fraction of the hundreds of Svosve families who have moved on to the Marondera farms.

The new resettlement plan was released on Monday by Nkomo, who said it was merely coincidence that the new plan was being launched at the same time as the squatting crisis. The resettlement plan will not satisfy the Svosve militants.

The plan is full of bureaucratic committees and lengthy procedures to be followed.

"The Svosve people are not acting according to this policy. They are following irregular procedure," said Nkomo. "Local authorities must deal with this situation, or perhaps they will call on central government to intervene."

But for now, the Svosve people have the last word.

"Our gospel is 'Land to all'," said their leader. "We don't want diplomacy or politics. Our purpose is land." – Star Foreign Service

Squatters move off farms

(362) B 30/6/98

HARARE — Squatters had moved off white-owned farms they invaded 10 days ago in an eastern Zimbabwe district and returned to their homes after government appeals, farm union officials said yesterday.

However, the Herald newspaper said the squatters had vowed they would be back if the government had not resettled them by September.

Until the weekend, squatters defied attempts by the government to persuade them to go home, but relented after Vice-President Simon Muzenda promised they would be resettled soon. — Sapa.

'Corruption rife at Noczim'

(362) BD 30/6/98

Michael Hartnack

HARARE — "Shocking" corruption at the secretive state-owned National Oil Company (Noczim) have contributed to its present Z$3bn debt crisis, says Zimbabwe's Transport and Energy Minister Enos Chikowore.

Even junior managers had been able to benefit from shady deals, he suggested in an interview with state television.

Harare is rife with rumours that July 1 will see long-delayed 60% increases in the price of petrol and diesel, in line with the 60% fall of the Zimbabwean dollar since November's "Black Friday", triggered by Z$4,5bn gratuity payouts to ex-guerrillas.

Petrol will have to rise from the present Z$5,11 a litre to Z$9 to stem Noczim losses of more than Z$1m a week, say industry sources. A "knock-on" inflation effect could cause further riots, along the lines of protests in January against the maize price hike.

"All I can say is that we are unravelling serious maladministration and irregularities that should not have existed," said Chikowore, who ruled out disbanding the organisation on "strategic" grounds.

Noczim developed its import monopoly from the Oil Procurement Bureau, established by Ian Smith's Rhodesian government to defeat United Nations oil sanctions imposed from 1965 to 1979.

Noczim has remained highly secretive but reportedly lost millions through ill-timed deals with Iran and Nigeria, prompted by political factors.

A cabinet subcommittee was reportedly seeking a new, cheaper, procurement deal with an unnamed Arab country, leading to speculation that President Robert Mugabe intends to approach Libya, following his outright demands for an end to sanctions.

The government is trying hard to hold down prices of essentials, to curb renewed unrest and reduce inflation from present official figures of more than 28% to the single-digit targets agreed with the International Monetary Fund.

Zimbabwe bankers seek clarity on measures to curb inflation

BD 2/12/98 (362)

Michael Hartnack

HARARE — Zimbabwean bankers and heads of financial institutions held a second meeting with Reserve Bank governor Leonard Tsumba yesterday to clarify details of new interest rate measures aimed at curbing inflation.

Tsumba announced the measures at an initial briefing on Tuesday, startling many financial sector observers with his continued hope of an International Monetary Fund bale-out and his lack of reference to the key issues troubling the Zimbabwean economy — the cost of military intervention in Congo, the seizure notices sent out to 841 white farmers, and the confrontation with the unions over runaway inflation.

Unions were told that the government planned to convene a further meeting on December 9 of the "tripartite forum", including employers, to hear demands for sweeping government reforms.

They have threatened to call further national strikes in defiance of a ban gazetted by Mugabe last week. Lawyers for the Zimbabwe Congress of Trades Unions are working on an urgent application to the Supreme Court to have the ban declared unconstitutional.

Tsumba told financial sector heads yesterday that was "clearly well-positioned to compete effectively in international markets".

One private sector analyst said yesterday he was aghast at Tsumba's lack of realism, given Mugabe's promulgation last Friday of unprecedented regulations to revoke licences of businessmen who recommended their staff join strikes.

The regulations are "far more draconian than anything put out by Ian Smith's Rhodesian Front government during the 1965-79 war years," a lawyer said.

Employers and unionists face possible three-year jail terms and Z$100 000 fines for "organising, inciting or facilitating" stayaways such as the two called last month by the union grouping.

UK snubs Mugabe to signal disapproval

(362) ARG 2/12/98

London – Britain was preparing a chilly welcome and a sharp dressing down last night for President Robert Mugabe of Zimbabwe, on a private visit to London.

Normally, a foreign head of state and government visiting Britain, even at short notice, would expect to be received by the prime minister, or, at least, by the foreign secretary.

This time, however, a request from the Zimbabwean side for a meeting drew nothing more than an offer of talks on Friday with Tony Lloyd, a foreign office minister.

Officially, the reason is the tight schedules of Tony Blair and Robin Cook, both busy with meetings abroad and important parliamentary engagements.

No less plainly, however, Britain is signalling its disapproval of Mr Mugabe's policies, and the plight they have brought on his country.

Foreign office officials confirmed that in the unlikely event that the meeting with Mr Lloyd went ahead, the minister would raise a host of concerns: about the growing social unrest in Zimbabwe, the peremptory expropriation of 841 mostly white-owned farms, human rights abuses and the involvement of Zimbabwean troops in the civil war in the Democratic Republic of Congo.

Before arriving in Britain, Mr Mugabe flouted United Nations sanctions by flying to Tripoli for talks with Muammar Gaddafi, the Libyan leader, wh n he is believed to have asked for help in shoring up Zimbabwe's crumbling finances.

However, Mr Lloyd told the House of Commons yesterday that, for all its complaints, Britain would not cut aid to Zimbabwe, which went to the poorest. – The Independent, London

Black Zimbabwe farmer fights for leased land

(362)

Michael Hartnack

HARARE — A member of Zimbabwe's Indigenous Commercial Farmers' Union and prominent businessman, Tafirenyika Chivavaya, has succeeded in evicting 43 resettled families from a farm he leased from the government.

"I have never seen a farmer in this world who is given only two months' notice to vacate a farm he has been leasing for more than 10 years," Chivavaya said yesterday as the settlers obeyed court orders and returned peacefully to land earmarked for mining by Delta Gold, a subsidiary of Australia's BHP minerals.

Chivavaya had been offered Z$350 000 compensation for termination of his lease, due to run out in 2002, and cancellation of a purchase option. He is demanding Z$5m.

The ease of eviction of the legally authorised settlers, former farm workers of Malawian origin, contrasts with the violent confrontations that have taken place elsewhere in Zimbabwe between white farmers and groups of illegal squatters led by former guerrillas.

Chivavaya was understood to have been in state employment in the 1980s when Bome Valley Farm, 120km north of Harare, was bought from a previous white owner on a "willing buyer, willing selller" basis using British aid money. It was intended for eventual subdivision for peasant resettlement when funds were available to provide necessary infrastructure.

In July Chivavaya was given two months to vacate the farm and make way for the former farm workers who will have no homes when Delta Gold begins planned mining, since they have no tribal affiliations. He barred officials from pegging plots in a series of angry scenes.

Deputy Mines Minister Edward Chindori-Chininga nevertheless conducted a handover ceremony on November 13, allocating plots. Delta Gold distributed cotton and maize seed, fertiliser and chemicals to each household and offered to assist housebuilding and tillage.

Return of the settlers to the mining zone may halt Delta Gold's operations there indefinitely. Zimbabwe's 1993 Land Acquisition Act curbs landowners' right of appeal to the courts against takeover. Ironically, it does not detract from the rights of those holding formal leases of land already in state possession.

BD 3/12/98

Seven major parastatals make huge losses

(362) BD 3/12/98

Drag on Zimbabwe's fiscus was more than Z$3bn, Reserve Bank report shows

Michael Hartnack

HARARE — The country's seven major parastatals made huge operational losses last year — even before their plight was exacerbated by the crash in the Zimbabwean dollar, Zimbabwe Reserve Bank governor Leonard Tsumba reports.

The drag on the fiscus exceeded Z$3bn, although Finance Minister Herbert Murerwa had budgeted for only Z$32m.

In his report for the year, released yesterday, Tsumba said the National Oil Company of Zimbabwe (Noczim) led the way with losses to December 31 of Z$1,7bn. The other worst performers included the Cold Storage Company, the Zimbabwe Iron and Steel Company, National Railways of Zimbabwe, Air Zimbabwe and the Grain Marketing Board.

Oil industry sources say that after the Zimbabwe dollar's crash in mid-November last year, Noczim ran up losses of Z$400m a week as the government, fearing public reaction, delayed a decision on raising fuel prices in line with foreign currency costs of fuel procurement. Price increases of 20% and 67% were implemented in the past three months, but Noczim's 1998 balance sheet was expected to be vastly worse than 1997's.

The Cold Storage Company — its woes this year now include the issue of Z$1,6bn fraudulent bills in its name by Roger Boka's failed United Merchant Bank — recorded a Z$477m loss to December last year as competition from private abattoirs contributed to an acute shortage of slaughter stock, and farmers strove to rebuild the national herd.

A new banking act is reportedly being drafted to give Tsumba much stronger supervisory powers in the financial institution sector, in the wake of the Boka scandal. However, the extent of Tsumba's practical influence over the cabinet was illustrated last year when President Robert Mugabe said he had rejected Tsumba's warning that the grant of Z$50 000 gratuities to 55 000 ex-guerrillas was "impossible" for fiscal reasons.

Mugabe pushed ahead with the unbudgeted payout, and with the issue of designation notices to 1 500 farmers, and predictable crashes followed of the currency and the stockmarket.

Banking sources report that Tsumba has temporarily succeeded in persuading Mugabe not to introduce a two-tier exchange rate or curbs on remittances of profits and dividends, but if the economic crisis worsens may again find himself brushed aside.

The Zimbabwe Iron and Steel Company lost Z$445m last year, the National Railways of Zimbabwe Z$241m, and Air Zimbabwe Z$172m, The Grain Marketing Board lost Z$69m and the Agricultural Finance Corporation Z$4,3m.

The Zimbabwe Electricity Supply Authority posted a net surplus of Z$105m.

Blood bank cuts supplies to hospital

Michael Hartnack

HARARE — Zimbabwe's Blood Transfusion Service has cut supplies to government's one-time showpiece, Parirenyatwa Hospital, because it is owed Z$4m.

The grandparents of an 11-year-old cancer patient, who are rural farmers, were asked on Wednesday for Z$4 586 for three packs of blood needed for an operation on the child, but were unable to raise the money, the Herald reported.

Transfusion service GM Denis Connolly said blood was collected free but the service had to meet its overheads and had no other source of income than levying a charge.

Health Minister Timothy Stamps said Parirenyatwa's problems stemmed from inefficiency and "too much sympathy" with patients who were able to pay but avoided doing so.

"I have likened Parirenyatwa to a supermarket without tills, where people just go and pick things and walk out without paying," he said. His ministry planned to sue for Z$134m in bad debts, and was transferring those genuinely unable to pay for treatment to Harare Hospital.

The Public Services Medical Aid Society confirmed yesterday that government had paid Z$250m in arrear employer contributions, allowing the society to clear most of its debts.

BD 4/12/98

(362)

Mugabe finds himself in the hot seat

London media rank him with Pinochet on human rights

(96λ) - ARG 4/12/98

As Zimbabwean president Robert Mugabe went about his Christmas shopping in London this week, Britons drew comparisons between the African leader's human rights record and that of former Chilean dictator Augusto Pinochet, writes **TYRONE SEALE**

Less than a week after the House of Lords ruled that former Chilean dictator General Augusto Pinochet should not be shielded from prosecution, somebody else who faces allegations of genocide, torture, corruption and land theft has touched down in London.

Here to shop for Christmas on a visit that is officially rated private, is Zimbabwe's Robert Mugabe. But not even a state visit to Britain by German President Roman Herzog has provided the kind of distraction Mr Mugabe might have wished for ahead of his arrival.

On the contrary, when he arrived three days ago, the Zimbabwean leader's sojourn attracted greater publicity than the visit by his German counterpart.

National newspapers portrayed Mr Mugabe as a good test of the British government's interpretation of the Law Lords' finding on General Pinochet, arguing that there was little to distinguish Mr Mugabe's human rights record from that of General Pinochet.

Allegations cited are the slaughter in the early 1980s of 20 000 Matabele civilians by government troops during an armed uprising in south-western Zimbabwe, torture and mass rape by troops during the Matabeleland uprising, the government's heavy-handed suppression of a national one-day strike last year – even although the High Court in Harare had given demonstrators the go-ahead, Mr Mugabe's diversion of public funds to his personal purse, his hounding of homosexuals – the most notable among whom is former president Canaan Banana, thought be in hiding in South Africa – and Zimbabwe's continued invocation of the death penalty.

Apart from having a predecessor on the run, Mr Mugabe is also confronting a growing controversy over his government's plans to acquire an additional 841 farms that, at the moment, belong to white farmers.

While the Zimbabwean High Commission in London insists the president's visit is private, diplomats have prevailed on Tony Lloyd, the foreign office minister responsible for Africa, to meet Mr Mugabe – although there is nothing to suggest that he is about to have handcuffs slapped on him.

But Mr Mugabe will face a foreign office attitude certain to dispel any notions he might have of a recreational stay in London.

A foreign office source confirmed yesterday that Mr Mugabe would face a barrage of questions from Mr Lloyd over developments within and beyond Zimbabwe's borders.

The discussion will be designed to help Mr Mugabe reflect on the extent to which he has lost the plot, and to the damaging effects of domestic and foreign policy on the fortunes of his own people, and those of Zimbabwe's neighbours.

Britain has acknowledged that, in order to undo the colonial legacy, land reform has to proceed in Zimbabwe, but British funding for the land redistribution programme has been dependent on a clear demonstration by Mr Mugabe's government that white farmers will be fairly compensated and that expropriated land will go to poor people who need land, rather than existing, big-scale, black commercial farmers.

The British government is also concerned about Mr Mugabe's intolerance towards domestic political opposition, crackdowns on the labour movement and his intransigence and deep personal prejudice on issues such as homosexuality.

Just last week, as the United Nations unveiled new, shocking figures on the HIV/AIDS epidemic in southern Africa, Britain's Secretary of State for International Development, Clare Short, pleaded with governments to develop prevention and care strategies based on social realities rather than prejudices that were out of step with reality or growing global norms.

Also last week, Mr Mugabe ignored United Nations sanctions against Libya by flying to Tripoli in a move that angered the British and American governments, which have promised that the sanctions will be lifted as soon as two Libyans suspected of blowing up an airliner over Scotland 10 years ago are handed over for a trial in the Netherlands.

As far as Britain is concerned, Mr Mugabe's flight to Tripoli undermined his efforts to provide leadership on the world stage by engaging Zimbabwe in the war in the Democratic Republic of the Congo.

We want land: peasants toyi-toyi at the locked gates of a farmstead near Harare in support of President Mugabe's land redistribution policy, which entails expropriating mainly white-owned farms REUTERS

More precisely, Mr Mugabe will be asked by Mr Lloyd to withdraw altogether from the Congo conflict.

Britain believes all foreign troops should leave the DRC and that Zimbabwe's involvement, in particular, is damaging its domestic economy.

Amnesty International, which routinely brings human rights issues to the attention of the British government, reported that all parties in the escalating conflict in the Congo were waging a war against unarmed civilians.

Amnesty International reported that thousands had been massacred, and that many others had "disappeared" or been abducted, tortured, raped or unlawfully detained since August.

The report highlighted abuses committed by government soldiers, armed opposition forces and ethnic groups allied to both sides, and by foreign forces intervening and supporting either the government or the armed opposition.

"Every hour a person is detained illegally, a person is tortured, a person is raped," according to one local human rights activist interviewed by Amnesty International. "While the conflict has received some international attention, almost nothing has been said or done about the atrocities inflicted on the unarmed civilian population," the activist added.

Amnesty International says the human rights situation in the DRC is exacerbated by the continuing supplies of arms and military support to both parties to the conflict.

The report points out a number of African governments that continue to lend support to either side.

Amnesty International has urged all governments to stop supplying weapons and other types of military, security and police equipment to both sides to the conflict that would fuel further human rights abuses in the country.

Amnesty International's concerns overlap greatly with the reservations Mr Lloyd will express to Mr Mugabe. Britain clearly does not want to see its development funds, or indeed the proceeds of Zimbabwe's domestic economy, diverted to fight what seems to be an interminable conflict.

The difficulty facing Mr Mugabe is that he cannot walk away from Whitehall, dismissively muttering about the old colonial masters.

In Mr Lloyd, he will find the face of a new, modern British government that is increasingly acknowledging and acting on its own obligations to restore justice offshore in instances where the excesses of Britain's expansionist past are well known (such as in Zimbabwe), and which is demanding that other governments similarly subscribe to new global ethics.

Suddenly, Mr Mugabe's shopping list pales against Mr Lloyd's wish list. And with Canaan Banana on the run, white farmers up in arms, Zimbabwean soldiers in combat in the Congo and his opponents plotting his unseating, Mr Mugabe may indeed be dreaming of a black Christmas.

Lawyers slam Mugabe

(362)

HARARE – A group of human rights lawyers in Zimbabwe yesterday condemned the ban on strikes imposed by president Robert Mugabe in a bid to curtail mass protests against his government.

The Zimbabwe Lawyers for Human Rights (ZLHR) also want the withdrawal of the new regulation imposed on the country at the weekend under special presidential powers.

ZLHR said in a statement that it was "deeply" ironic that the Zimbabwean government chose to attack fundamental human rights in the country as the world approached the 50th anniversary of the United Nations-sponsored Universal Declaration of Human Rights.

It warned that the government's use of "outrageous laws and penalties" would force people to resort to less passive but not necessarily peaceful means of protest.

"By attempting to outlaw the rights of citizens to campaign peacefully against unjust government acts, omissions or laws, the authorities are doing nothing less than provoking the people to use less passive means of objection, which may not necessarily be peaceful," the lawyers said.

The lawyers called for the immediate withdrawal of the "pernicious regulations, and urged Zimbabweans to take seriously the issue of their human rights "and to continue to struggle by all constitutional means for a genuine democracy in a country which is fast returning to totalitarianism and rule by presidential decree".

On Saturday, Mugabe decreed a temporary ban preventing trade unions and employers' organisations from inciting or participating in collective mass strikes to protest government policies.

His move came against a background of a series of social and labour protests staged this year. – *Sapa-AFP.*

Sowetan 4/12/98

Zim locals denied tourism bounties

Sowetan 4/12/98 (362)

By Bayano Valy

LONDON – "We're tired of asking for charity," says Melusi Ndlovu, a Zimbabwean community leader. In the same vein, he adds: "We've got resources to ensure self-sustainability."

If Ndlovu and his community are self-sustainable, why is it that they are still relying on "charity" to eke out a living?

The community is run in a quasi-traditional fashion around Victoria Falls, a site renowned for its tourist value, and has long relied on its tourism resources – fauna and flora – to meets its needs.

But the resources are starting to dwindle. And with the advent of big tour operators in the tourism industry raking in huge profits, Ndlovu and his community have been hard-pressed to rationalise even more.

They feel they should directly benefit from the industry. But as Ndlovu points out: "We hardly benefit from the industry. Instead it's the big tour operators that profit from it.

"We should have a right to say how we want to manage our resources, but the gatecrashers are making the task hard."

Ndlovu's complaints seem understandable when one considers that the Southern Africa region gets over eight million tourists a year, coming mostly from Europe and North America.

The community is run in a quasi-traditional fashion around Victoria Falls, a site renowned for its tourist value, and has long relied on its tourism resources

Profits eroded

But a new report points out that between 75 and 90 percent of the income from tourism in the region goes into the pockets of vertically integrated tour operators.

The multinational operators now usually own their own airline, hotel and car hire company, according to the report prepared by Action for Southern Africa (Actsa), a campaigning group based in London which in the past led the anti-apartheid campaign.

For Southern Africa, a region riddled with foreign debt of more than R350 billion, tourism – which can account for about eight to 10 percent of a country's annual income – can provide poor countries with vital foreign currency. However, the current status quo can cripple them instead.

For example, a British tourist will fork out R15 000 for a holiday package, R11 600 of which remains with the tour operators, leaving the host country with just R3 400.

But even that will be further eroded on commissions for inclusion of local resorts in the holiday package.

Ndlovu's community is seeking redress and in its endeavour it found an ally in Actsa. The organisation is using the experience it gained in helping bring down the apartheid regime to promote people-first tourism in the region.

This includes getting communities to come up with tourism projects that focus on local cultural and environmentally friendly aspects of the industry.

Benefit the region

For the past year it has been targeting tourists and would-be tourists travelling to the region, co-opting them to help force tour operators such as Thomsons, Airtours, First Choice and Thomas Cook to offer ecotourism packages that will in turn benefit the region.

The campaign includes [illegible] would-be tourists to ask the tour operator to:

- provide evidence that it invests in the local economy and uses local services and products,
- provide jobs of good quality to the local people, and
- respect the rights of workers, local communities and their environment.

Actsa claims the campaign is meeting with some success. Out of 2 000 people surveyed in Britain in 1977, a third said they would be prepared to pay up to 10 percent extra for their holidays if they knew more of it would benefit the local communities, rather than simply enriching tour operators.

> **Tourism can account for about eight to 10 percent of the country's annual income**

However, Actsa's campaign cuts little ice with the tour operators. "We're aware of Actsa's campaign, but we cannot provide you with any information," said Nicola Sends of AirTours, adding – without specifics – that "some parts of their report were inaccurate".

Keith Betton of the Association of British Travel Agencies (Abta) agrees with Actsa that little money goes to the local communities. But he advises that Southern African governments and the local communities should organise themselves and devise strategies that might help them compete with the big tour operators.

Mammoth task

"It's not easy to compete with big companies and that's a sad reality," he said, "but the small and local communities have to group together if they want to compete in the industry."

Betton says governments and communities must have a "better working relationship with tour operators so they do a job of persuading them to start to consider some of the services provided by the local communities".

Unfortunately, Abta's suggestion might prove to be a mammoth task. In reality, very few Southern Africa governments have the power to persuade tour operators to change their stance.

Nevertheless, in some parts of Southern Africa the local communities are taking the initiative to present money-generating friendly tourism projects.

"We've built self-catering rustic houses where tourists can stay during their holiday," said Ndlovu. Since some tourists prefer to live within a family instead, the community has embarked on a "school of village tourism" project to equip villagers with the information and training they need to host them.

This, he said, has paid off. Although the community lives on the periphery of the Victoria Falls, it has difficulty tapping water from the Zambezi River.

Diverting water

Consequently, it has lodged an application with the water authorities to have some water diverted to its village.

But to achieve that will cost R80 000. It still needs R50 000 to see the project through.

This, argues Ndlovu, reinforces his argument. If more money remained within the region, more jobs would be created, generating further income to raise the standard of living in communities such as his. – *Gemini*.

ZIMBABWE (762)

FIDDLING WHILE ROME BURNS

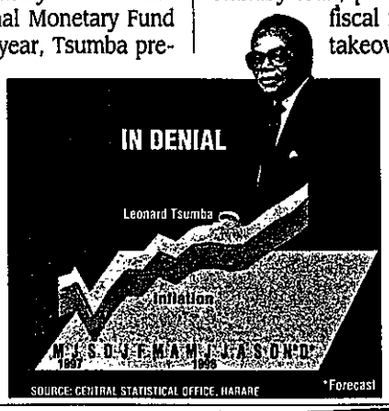
Analysis at odds with reality

FM 4/12/98

Market fears that Zimbabwe would reimpose exchange controls this week in an effort to stabilise the exchange rate proved unfounded when central bank governor Leonard Tsumba gave top bankers a remarkably complacent review of the economic situation.

Seemingly unfazed by last week's announcement of further delays in the disbursement of International Monetary Fund loans at least until next year, Tsumba predicted that the IMF Board would approve the second and third tranches at its meeting in the first week of December.

He also announced government was seeking an additional Z$11,5bn (US$300m) in balance-of-payments support from donors.



This, too, is starkly at odds with reality. Not only are donors refusing to disburse funds to countries with troops in the Democratic Republic of Congo (DRC), but last week the donor community made no secret of its anger at Zimbabwe's decision to go ahead with the compulsory acquisition of 841 white-owned commercial farms in a clear breach of September's land conference agreement.

Then, Zimbabwe had agreed to proceed with a pilot scheme over two years with the resettling of 118 farms that had been offered for sale by their owners. Last week's decision to shift the goalposts yet again also influenced the IMF, which said it was withholding the two tranches (worth US$53m) of Zimbabwe's US$176m standby loan, pending clarification of the fiscal implications of the land takeover, along with details of how Zimbabwe was paying for its involvement in the DRC and how it would finance promised pay awards to civil servants in 1999.

In his monetary policy statement, Tsumba also shrugged off last Friday's "temporary" ban on strikes that is being challenged in the Supreme Court by the Zimbabwe Congress of Trade Unions. Said the Reserve Bank of Zimbabwe: "... given the positive co-operation which now exists between government, labour and the private sector, Zimbabwe is well on the road to creating an attractive investment environment".

The bank's interpretation of "positive co-operation" apparently includes not just the strike ban but the threat to prosecute businesses that fail to punish strikers in the event of the ban being defied.

Tsumba's comments on donor funding and the investment environment put his statement into context. It pays scant attention to the serious economic and political problems facing Zimbabwe, focusing rather on technical amendments to monetary policy — such as the decision to replace the rediscount rate with a new Reserve Bank interest rate — and bland assertions that now that Zimbabwe has become "highly competitive from both an external and internal investment perspective, there is no reason why these measures should not lead to an economic turnround".

Economists say there are many reasons why technical tinkering with money-market regulations will not have much impact on the economy. Indeed, some were made clear by Tsumba himself. Inflation will rise to between 36% and 39% (from 34,3% in October) by the end of 1998, though the central bank expects it to fall below 30% by December 1999.

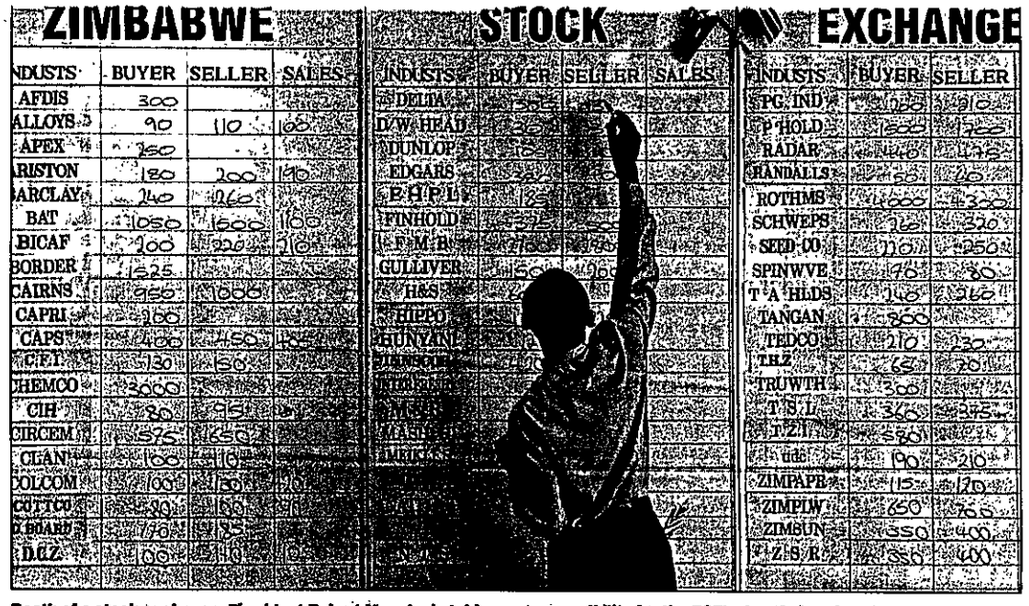
Interest rates, the Reserve Bank warns, could reach 46% by mid-1999 while money-supply growth accelerates from 20% in September to 30% next March, slowing to around 27% by the end of 1999.

Though the balance of payments is in deep deficit — Z$13bn (US$350m) on current account and nearly Z$6bn overall — Tsumba insists the currency is hugely undervalued.

According to the bank's calculations, the Zimbabwe dollar should be standing at around Z$17,7 to the US unit rather than the current market rate of Z$37,3.

Because he is a central banker — albeit an unsuccessful one — it is unsurprising that Tsumba's assessment of Zimbabwe's current economic situation should have ignored the political realities, which suggest the "turnround" he foresees is unlikely to happen any time soon.

But there can be no excuse for his unconvincing efforts to suggest Zimbabwe is now an attractive investment location or his claim that the donors will come to the country's rescue. **Special correspondent**



ZIMBABWE STOCK EXCHANGE

INDUSTS	BUYER	SELLER	SALES
AFDIS	300		
ALLOYS	90	110	100
APEX	250		
ARISTON	180	200	190
BARCLAY	240	260	
BAT	1050	1600	1100
BICAF	900	920	210
BORDER	1525		
CAIRNS	950	1000	
CAPRI	160		
CAPS	400	450	400
CEL	120	150	
CHEMCO	3000		
CIH	80	95	
CIRCEM	575	650	
CLAN	100	110	
COLCOM	100	120	110
COTTCO	30	80	
C.BOARD	70	85	
D.C.Z.	100	110	110

INDUSTS	BUYER	SELLER	SALES
DELTA	360	365	
D/W HEAD	130		
DUNLOP	18		
EDGARS	32	40	
E.G.P.L.Y.	125		
FINHOLD	37	50	
F.M.R.	750	790	
GULLIVER	50	60	
H&S	22		
HIPPO			
HUNYANI			
JERSOON	40		
LINDEN			
M.S.M.			
MASHAM			
MERIKA			
[illegible]			

INDUSTS	BUYER	SELLER
STG. IND	1080	910
P HOLD	1500	1200
RADAR	440	475
RANDALLS	58	60
ROTHMS	4000	4300
SCHWEPS	265	320
SEED CO	110	250
SPINWVE	70	80
T A HLDS	145	160
TANGAN	800	
TEDCO	210	230
THZ	65	70
TRUWTH	300	
T.S.L.	360	375
TZI	580	
UDC	190	210
ZIMPAPE	115	170
ZIMPLW	850	700
ZIMSUN	550	400
Z.S.R.	550	400

Death of a stock exchange: President Robert Mugabe is taking no responsibility for the ZSE's drastic loss in value

Zimbabwe stock crashes

M+G 4-10/12/98 (362)

Donna Block

Zimbabwe's stock exchange is the latest casualty of President Robert Mugabe's stubborn pursuit of economic policies that have savaged the local currency and plunged Zimbabwe into the worst financial crisis of its 18-year history.

Since the beginning of the year Zimbabwe's share market (ZSE), once one of Africa's brightest rising stars, lost 18,7% of its value in local currency terms. In US dollars, the market has shed a staggering 60,2%. Over the last few months market sentiment has become increasingly depressed. The heavyweights of the ZSE like Delta Corporation, Zimbabwe's largest listed company and its only real blue chip, and the supermarket and hotel group, Meikles Africa Limited, are finding their share prices going nowhere fast.

Foreign and local investors are staying away because they don't believe Mugabe is taking the country's economic problems seriously. Apart from a few bargain hunters trying to pick up some cheap deals, trading on the exchange is thin and liquidity is almost non-existent.

It is hard to believe that the ZSE is the same exchange that only few years ago thrilled the world as a shining example of Africa's new emerging market potential. Since it was first opened in June 1993 to foreign investors until 1996, the ZSE had consistently outperformed most of the world's other emerging markets in terms of growth and return on investment.

Boasting a well-diversified economy, increasingly open to outside participation, Zimbabwe demonstrated a level of sophistication uncommon for such a young market and reaped the rewards. But in less than two years the African jewel has turned to tarnished glass.

Mugabe has blamed the economic woes on politically ambitious labour leaders, sinister white bankers, unspecified political agitators and faceless currency speculators.

He has blatantly ignored the disastrous effects on the economy of an unbudgeted Z$3-billion scandal involving a state pension fund, the almost Z$2-billion failure of a politically well-connected bank, the high cost of Zimbabwe's four-month military intervention in the Democratic Republic of Congo, and the economic impact of the arbitrary seizure of 841 white-owned commercial farms. In short, Mugabe has blamed everyone and everything but himself and the root causes of Zimbabwe's financial predicament.

Strive Masiyiwa, founder of cellphone service provider Econet Wireless Limited and one of Zimbabwe's most highly regarded businessmen, told reporters this week at an international trade conference in Cape Town that when investors abroad heard about the seizures of the farms two weeks ago he received dozens of panicked phone calls from his foreign financial backers saying: "Strive, we love your company, but we hate your country."

The only saving grace for people like Masiyiwa is that Zimbabwe is now so cash-strapped that closing a large position on the ZSE is almost impossible, forcing most investors to hang in there.

In the face of such harsh reality, some investors are trying very hard to be optimistic. But they are finding it increasingly difficult when the ZSE is at a two-year low, the Zimbawean dollar has lost nearly 60% of its value this year, inflation is likely to reach 40% by the end of December, interest rates approach 50% and the International Monetary Fund (IMF) has taken the country off its agenda until further notice. The fund approved a US$176-million standby facility to Zimbabwe in June, and it had been expected to approve a $53-million tranche before Christmas.

But the transfer of funds depended on Zimbabwe meeting targets on economic reform. Donor officials in Harare said last week that the IMF payment would be delayed after the government announced it would seize 841 mostly white-owned commercial farms.

Mugabe has blamed the economic woes on politically ambitious labour leaders, sinister white bankers, unspecified political agitators and faceless currency speculators

"If this [land seizure] signals an intention to proceed immediately with large-scale land acquisition, this could have adverse fiscal implications for 1999 and beyond, as well as hurt confidence in the economy generally," the IMF said.

The IMF also said that they wanted assurances that Zimbabwe's military involvement in Congo would not jeopardise economic targets needed to meet the requirements of the loan agreement.

In the absence of IMF support, fears emerged that Zimbabwe might emulate its good friend Malaysia and attempt to stem the 40% annual inflation and stop the collapse of the dollar by introducing a fixed exchange rate and other exchange controls.

While such a move might bring some relief to the economy and give Mugabe's government badly needed breathing space, in the end it would be an unmitigated disaster. Foreign goods and services would dry up.

Trading partners would insist on being paid in scarce hard currency. Local companies dependent on foreign inputs for their survival would die slowly, but surely. Investors and international companies unable to get their money out of the country would find their funds locked into a worthless currency.

"The end result for the local stock market and the investment rating of the country as a whole would be too horrible to contemplate," said a report by Investec Securities.

Fear about a fixed exchange rate reached fever pitch on Monday ahead of a scheduled announcement by Zimbabwe Reserve Bank Governor Leonard Tsumba. In the end Tsumba announced plans to change the way the country sets its interest rates, switching from a fixed rate to a floating rate, much like South Africa's repo rate system.

The move was aimed at squeezing speculators out of the market and propping up Zimbabwe's beleagured dollar. Analysts, however, say it was futile because poor fundamentals — not speculators — are hammering Zimbabwe's dollar. While Tsumba ignored the major issues for the Zimbabwean economy, he also failed to ease investors' minds by keeping alive the possibility of fixing the exchange rate.

"You never rule out anything but I'm not talking about fixing," Tsumba said. "We're talking about stabilising the currency. There may be some buzz of fixing, but that's not my wish."

Meanwhile, the government has come up with no answers as to how it plans to finance pay rises for civil servants, costs of the Congo war, or how it is going to handle the farm debacle, which many analysts say ultimately lies at the core of Zimbabwe's trouble.

According to a Reserve Bank official who asked to remain anonymous, "Land is the cornerstone of capitalism. It is the essence of the notion of private property. Once private property is no longer sacred it is impossible for investors anywhere to believe in you."

The only thing that can save Mugabe and the economy right now is an injection of cold hard cash. The problem is where to find it. Unconfirmed reports speculate that during a stopover in Libya recently, ostensibly to discuss the war in Congo, Mugabe was really looking to be bailed out by Colonel Moammar Gadaffi, Libya's head of state. The reports claim that Gadaffi has promised his Zimbabwean friend millions of dollars to help cushion the cost of the Congo war.

Despite such rumours, confidence in the government's ability to pull the country out of the mire is non-existent. The stock and money markets are likely to remain idle until economic conditions improve, or until enough liquidity becomes available to enable people to abandon what analysts see as a sinking ship.

Zimbabwe deficit swelled by baleout

BD 7/12/98

Reserve Bank saves 'indigenous' building society

Michael Hartnack and Martin Rushmere (362)

HARARE — The Zimbabwean government's annual spending deficit has been swollen by a further unbudgeted Z$300m to Z$800m charge – the cost of baling out the country's oldest "indigenous" building society which was rescued at the weekend by the Reserve Bank to check "risk of contagion" in the banking sector.

This is the second failure of a financial institution in Zimbabwe this year and comes after the International Monetary Fund froze its $88m to $157m in budget support because of fears about the consequences of land seizures, pay awards to the public sector and President Robert Mugabe's intervention in the Congo.

Banking sources said Z$800m was injected by the central bank into the five-year-old Zimbabwe Building Society (ZBS) in the wake of the collapse of Roger Boka's United Merchant Bank.

Francis Nhema, the son-in-law of Vice-President Joshua Nkomo and outgoing managing director of ZBS, told The Herald newspaper that the Reserve Bank injected Z$300m, the amount to which ZBS was exposed to Boka's UMB. However, banking sources said ZBS's exposure to Boka stemmed from sources beside the Z$1,6bn in fraudulent bills on the parastatal Cold Storage Commission, now in any case replaced by long term state-backed bills. ZBS was also said to have issued bonds for properties without obtaining title deeds as sureties, making it unable to foreclose on defaulters.

Reserve Bank governor Leonard Tsumba's first act on taking over ZBS was to replace Nhema with Jerry Tsodzai, previously deputy MD of former Anglo subsidiary First Merchant Bank. The entire management structure was dissolved.

"Under normal circumstances, existing shareholders should have injected additional capital in order to correct the situation, but were unable to do so," Tsumba said. "The only other feasible option would have been liquidation. In ZBS's circumstances, however, this was found to be a potentially protracted process and likely to pose risk of contagion."

The ZBS specialised in loans to emergent or "indigenous" borrowers and foreclosure would have caused a political storm, said sources, who noted no results were published for the last half year.

The Reserve Bank is being given 70% of ZBS equity in terms of the bail-out.

ZBS's rescue has proved an embarrassment for USAid, the aid arm of the US government. As recently as October, it claimed the society was "successful in the utilisation of USAid funds" for the provision of low-cost housing. At the time there were already strong indications that the society was in trouble.

An executive of one of the three biggest societies in the country told Business Day the problems were not only because of Z$300m in fraudulent bills issued by the former United Merchant Bank.

"It broke the first law of building societies — make sure you have the title deeds when you lend. Many prospective homeowners were unable to pay instalments but ZBS was unable to do anything as it did not have title and the loan had to be written off." Hundreds of plots financed by ZBS are now unoccupied because the borrowers are unable to pay.

Bankers said two other recently-founded institutions could be in jeopardy. Police continue to investigate Boka, who returned last month after five months in the US, to which he fled on a passport issued in the name of "R Marume" after his merchant bank collapsed.

REST OF AFRICA

Zimbabwe will use local money to pay for farms

(362)

Land bonds plan a policy u-turn

BD 10/10/98

Michael Hartnack

HARARE — The government plans to borrow from the local money market to compensate whites whose land is redistributed to black Zimbabweans, says Didymus Mutasa, ruling Zanu (PF) party secretary for administration.

"The decision was made recently but we have not observed enough progress so far," said Mutasa, ahead of this weekend's Zanu (PF) National People's Convention in Gweru where the issue of land reform is expected to be dominant.

The disclosure by Mutasa, the chief party apparatchik and former senior minister for political affairs, turns on its head previous suggestions that government would compensate evicted farmers by giving them long-term, low-yielding government bonds, putting the real cost on landowners.

News of the plan to float land bonds on the local market comes as World Bank local spokesmen confirm they have plans to offer $300m, conditionally, to help reschedule Zimbabwe's internal debt.

Monopolisation of the money market by a high spending public sector is seen by many analysts as the prime cause of soaring interest rates, now more than 41,5%, checking private sector growth.

Last month 841 farmers received notices that their land had immediately become state property. The government is seeking confirmation orders for the takeover within 60 days from the Administrative Court — believed to be an impossible bureaucratic task.

Agricultural industry commentators put the commercial market value of the farms, before the orders were dispatched, at between Z$3bn and Z$15bn, but the 1993 Land Acquisition Act limits owners' right of appeal against the valuations set.

Banking sources believe the World Bank would face severe attacks from states such as Nigeria if it did not attach strict conditions to the offer to assist the rescheduling of Zimbabwean debt.

The sources discounted reports last week that the debt would be "externalised".

Mutasa conceded the party meeting, to be attended by 5 000 delegates, was likely to raise a storm over demands that leases of state lands be cancelled to make way for division of the farms among the landless poor.

Former agriculture minister Witness Mangwende and Audrey Hativagone, the daughter of his current successor Kumbirai Kangai, are among those who leased, with the option to buy, former white farms taken over for resettlement in the 1980s on a "willing buyer, willing seller" basis, using £30m in aid money.

Violence occurred last month when villagers from neighbouring Mhondoro communal area, who claimed they had been promised the land given to Hativagone, were driven off by her political supporters, reportedly bussed in from Harare.

Meeting of govt, labour ends early after protests

(362)

Michael Hartnack

HARARE — The tripartite meeting between unions, employers and government in Harare broke up prematurely yesterday after protests from private sector representatives at the lack of cabinet participation.

Labour Minister Florence Chitauro said only Finance Minister Herbert Murerwa, who was not present, could answer questions on macroeconomics which labour and business leaders said were fundamental to conclusion of a "social contract". Among their demands was full disclosure of the cost of Zimbabwean intervention in the Democratic Republic of Congo, reported to exceed $400 000 a day.

However, the delegates at the meeting did agree to reconvene next week and leaders of the Zimbabwe Congress of Trade Unions have not called for resumption of one-day national strikes in protest at the government's alleged mismanagement of the economy. They want eight ministers of key economic and social ministries to attend the talks to "give the facts to the people".

The delegates agreed to establish a nine-member subcommittee to draft a "social contract" that would identify the responsibilities and duties of the different parties.

BD 10/12/98

Bank offers Zimbabwe $300m lifeline

BD 10/12/98 (362)

Martin Rushmere

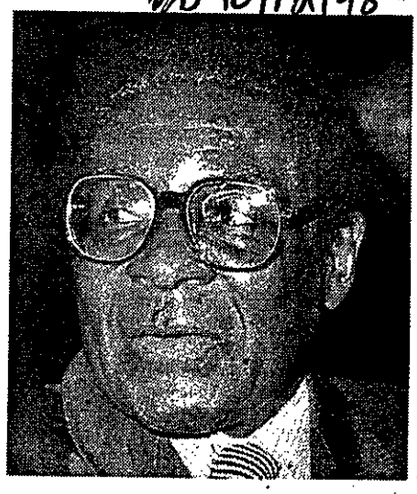
HARARE — The World Bank is offering a $300m lifeline that could rescue Zimbabwe's tottering economy.

In what is thought to be the first arrangement of its kind devised by the bank, it plans to make available $300m to the government to refinance a large part of domestic debt. This debt totals about $1,2bn, the equivalent of about 30% of gross domestic product. Most of the debt is in the form of treasury bills ($800m), while the rest is in the form of a government "overdraft" with the Reserve Bank.

A World Bank team from Washington left the country this week after putting the proposal to the government. An official said an answer was expected from the government early next year. But it is understood that the bank cannot proceed with the loan without the government being on target with the International Monetary Fund's (IMF's) stand-by facility.

A $53m balance of payments tranche from the IMF has not yet been disbursed because of Zimbabwe's military involvement in the Democratic Republic of the Congo, proposed seizures of commercial farms and failure to cut official spending.

A key component of the strategy behind the World Bank's offer is to find additional resources from the acceleration of the government's slow-moving privatisation programme. Privatisation proceeds are needed to bring down the debt to sustainable levels and offer domestic investors a noninflationary alternative to the government paper they are holding.



Mugabe ... blames world recession

Under the programme, reducing the debt would create the fiscal space to attend to the country's social issues.

The $300m will come as a structural adjustment loan from the International Development Association, the soft lender for "least developed countries".

Easy terms are offered — 20 years to repay at 0,75% interest with a 10-year grace period. "In essence it means 65% of the money is a grant," said the official.

At the heart of the World Bank's strategy is the need to revive an economy that will grow no more than 1,5% this year and perhaps the same next year, against a 2,8% population growth rate.

President Robert Mugabe has blamed outside factors such as the world recession plus what he says have been two bad rainy seasons, although rainfall last season was above average. "Zimbabwe is getting itself into a domestic debt trap," said the official, "and if this can be avoided there are good prospects."

Reactions to the proposals vary from wary acceptance to enthusiasm. Consultant economist John Robertson said it could mean a significant boost for the economy. "Speedy privatisation would mean a return in investor confidence ... (that) the government is taking matters seriously. Interest rates would come down and the stock exchange would revive. Building societies would start lending money again and the construction sector would benefit."

An international consultant economist, who declined to be named, was more reserved: "The budget deficit is about $400m, so that would pay for three-quarters of a year's deficit. After that it is back to the same old scenario. But the World Bank is not going to make the money available in one go — it will attach tight conditions because of the (government's) appalling track record.... The World Bank expects an answer early in the new year. It will be lucky if an answer is forthcoming in the first half of the year."

Mugabe 'has no clue what is happening'

BD 11/12/98 (362)

Economist says Zimbabwean government is filled with senile has-beens

Michael Hartnack and Sapa-AFP

HARARE — A change of government in Zimbabwe would be a disaster because there was no meaningful opposition, prominent Bulawayo economist Eric Bloch warned a seminar on future fiscal trends yesterday.

"The government itself needs to change its attitude and its means of operation," said Bloch, voicing optimism that this was happening.

Responding to a questioner who suggested no economic improvement could occur under President Robert Mugabe's rule, Bloch said: "A lot of the old school has to retire. They are senile, they are has-beens, they have become blind to the realities."

However, Bloch said: "If there is anyone who is completely detached from reality, it is the president. He has no clue what is happening."

Bloch listed positive factors he felt would reassert themselves strongly in the Zimbabwean economy over the next three years.

"In doing so I would suggest the overriding negative confronting the economy ... is government's gross sense of insecurity and fear of loss of power, with a result that it pursues policies on a most irrational basis consistent with management by crisis."

He traced the problems to Mugabe's designation of farms last year, and "total panic" over granting gratuities to militant former guerrillas.

"He was totally conscious that every top job in the army, the police and the air force was filled by an ex-combatant. The threat did not have to be used that there would be a coup d'état. It was a silent threat, but he was fully aware of it."

Bloch said inflation figures — yesterday announced to have risen from 38% to 45% despite exclusion of the 67% fuel price rises — were 5% below the "real" level due to "false measure" accounting. However, he believed Zimbabwe had a 75% chance of restored International Monetary Fund support.

Ministries were increasingly receptive to private sector views and the private sector had been drawn into trade agreements with SA, which boded well for manufacturing.

Tourism and horticulture looked promising and commodity prices should firm, if only slightly.

Controls were being placed on public service waste and parliament was asserting its authority.

"We need to acquire a sense of confidence — despondency creates self-fulfilling prophesies of doom."

Meanwhile, Zimbabwe's Central Intelligence Organisation (CIO) has launched an intensive probe into the operations of the country's powerful labour movement. The Financial Gazette quoted sources in the government and the Zimbabwe Congress of Trade Unions itself as saying the CIO has been probing the union.

The probe intensified after the union successfully organised two one-day general strikes last month against Mugabe's policies.

The union is suspected of receiving foreign funding for use in a challenge to Mugabe in general elections to be held in 2001.

Union chief Morgan Tsvangirai, who has persistently denied having any political ambitions, said: "We know the state is probing our operations. Let me stress that the union does not receive clandestine funds."

Land for the rich as the poor starve

(362) MAIL 11-17/12/98

Nobody wants to hear of the plight of the landless farmers in Zimbabwe, writes **Hans Brandt**

Samson Mhuriro surveyed his small plot of sandy soil, leached of all nutrients after decades of uninterrupted cultivation.

It was September, the rainy season was about to start. He thought about six children and a wife he had to feed, about school fees that needed paying. And decided that enough was enough.

"Since 1980, since independence we have waited and waited and waited for the government to give us land," he explained last week. "And still nothing has been allocated to us."

He and his neighbours held a meeting. One-hundred-and-thirty-seven families banded together and invaded three farms bordering on their land in Mhondoro Communal Area, 50km southwest of Harare. It was an act of desperation.

"Hunger was the cause," the 56-year-old said. "We are in danger of starvation."

The targets were carefully chosen. They were among the 841 farms named by Zimbabwe's government in "compulsory acquisition orders" in November as part of President Robert Mugabe's controversial land reform programme.

The invasions caused an uproar. White commercial farmers protested against the illegal action. After some hesitation, the authorities came down on the side of legality.

Riot police were sent to clear the squatters off the land. By early December, Mhuriro found himself back on his small plot, and facing the magistrate in court.

It was just the latest in a series of bitter disappointments. Several farms in the Mhondoro area have been purchased by the state in recent years. But when it came to redistribution, the local peasants were left empty-handed.

"Big people in government benefited," Mhuriro said. "Even though I am a member of the ruling party Zanu-PF, I don't know the philosophy of that hierarchy."

Buttercombe Estate is one example. When peasants tried to invade it, they were met with fierce resistance from black farm workers and were given a tongue lashing by the governor of Matabeleland West province, Peter Chanetsa.

Bought by the state in 1991, this land has already been "resettled". Buttercombe has been given on long lease to Audrey Hativagone, a Zanu-PF member of the Harare city council and close relative of Minister of Land Kumbirai Kangai.

She boasts of having invested Z$20-million to improve the estate. People in the area confirm having seen eight brand new tractors.

"It's a huge investment completely unjustified by the size and profitability of that farm," one white neighbour, who wanted to remain anonymous, said. He questioned where the money for such purchases had come from.

Another state farm in the area, Littleton, is in the hands of Ignatius Chombo, the minister of higher education.

A report by Zimbabwe's auditor general recently revealed how development on such farms can be financed.

The government's District Development Fund has Z$43-million available to provide reliable water to the most needy rural regions by drilling and maintaining boreholes. But instead of working in communal areas, the auditor general found that scores of boreholes had been drilled at state expense for 159 well-connected "private individuals".

Chombo collected at least five such freebies, including two on Littleton and one at his residence in Harare.

"The leaders are looking after their own interests," said Mavis Chidzonga, Zanu-PF MP for Mhondoro. "The argument that they want to look after the poor is just window dressing."

She is attacked by the party as a "rebel" after collecting the names of elite members of the party and the government who have been given hand-outs in her constituency.

State-owned Coburn Estate was divided into about 150 sections, supposedly for intensive cultivation by qualified farmers. But Mhondoro is so conveniently close to Harare for a weekend getaway that only three farmers from the communal area benefited.

The rest of the plots, according to Chidzonga, landed in the hands of relatives of ministers, army generals, permanent secretaries, directors of government departments and local party bosses.

After the farm invasions, Mhuriro and a small delegation went for help to Nathan Shamuyarira, the minister for commerce.

"He is a son of Mhondoro," said Mhuriro. "He is our local man."

But the member of the all-powerful Zanu-PF politburo offered little assistance except to appeal for more patience, more waiting.

In fact, the minister appears to have little sympathy for the plight of his countrymen. The controversy about the government's plans to nationalise hundreds of commercial farms was "not a serious problem", he said in an interview last week.

Asked if the people of Zimbabwe were suffering economic hardship, Shamuyarira shook his head. The complaints one heard were unreasonable, he said.

"Nowhere in the world are people satisfied with what they have. This information that people are suffering is political propaganda. It is not true."

Promised land: Black farmers have been waiting since Zimbabwean independence for land to be redistributed. PHOTO: CHRIS COLLINRIDGE/AP

(362)

Zimbabwe's economy teeters on the brink

SUE MATETAKUFA: Harare

ST 13/12/98

ZIMBABWE is in a desperate state of uncertainty as it waits to hear whether it will be bailed out of its balance of payments crisis by the International Monetary Fund.

The IMF board was scheduled to meet this week to review the disbursement of $55-million (about R330-million), but said it would delay the release of the funds until the government had clarified policy issues that impacted on vital fiscal and balance of payments matters.

The board meeting has been postponed to Friday but there is no certainty it will take place then.

The board said it needed assurances that Zimbabwe's involvement in the civil war in the Democratic Republic of Congo, which now involves an estimated 6 000 troops, would not impact negatively on the budget deficit the country is already reeling under.

While the IMF funding is a drop in the ocean in terms of the country's financial needs — the balance of payments deficit is now $346-million — it carries important sentimental value, which opens doors to funding from other donors.

The economy is in dire straits. Unemployment is, unofficially, around 50 percent, businesses are suffocating under interest rates of more than 40 percent and inflation is projected to hit 40 percent by the end of this year.

Dr Moses Tekere of the University of Zimbabwe economics department says if the shortage of foreign exchange continues, it will spell disaster.

The Zimbabwe dollar has been under intense pressure and has lost 70 percent of its value this year, most of it in the last three months.

"The IMF mandate is to help countries facing short-term problems . . . it cannot help if a country has long-term problems," Tekere said. He added that if the IMF money came it was likely to be spent on fighting the war in the Congo.

Ruling party wants reforms

BD 14/12/98 (362)

Zanu(PF) asks that the public be consulted before constitution is rewritten

HARARE — Zimbabwe's ruling Zanu(PF) party members have called for constitutional, land and party reforms, as well as an urgent redress of a deepening economic crisis, state media reported yesterday.

At the end of a two-day annual conference, about 5 000 party delegates also called for an elected politburo, an inner cabinet whose members are currently picked by President Robert Mugabe.

"The delegates resolved that the policy on land reform should be made clear, decisive and understandable and that it should be implemented urgently," the state Ziana news agency said, quoting one of a number of resolutions.

The meeting, held in the midlands city of Gweru, also called for the setting up of a land bank to assist people who are to be resettled under Mugabe's controversial land reforms.

Mugabe's government stunned donors and farmers last month when it announced it was going ahead with the forcible acquisition of 841 mostly white-owned commercial farms to resettle more than 150 000 blacks crammed in unproductive areas.

Britain, Zimbabwe's former coloniser, told Mugabe earlier this month it would not assist in the reforms if the seizures violated the law and guidelines agreed to with international donors at a conference held in Harare in September.

Mugabe says the British seized the land without compensating the original owners and argues it is immoral that only 4 000 white farmers — most of them British descendants — own 70% of the country's top commercial farmland when millions of blacks are without land.

On Zimbabwe's often amended constitution, the party tasked Mugabe to appoint a committee to gather the public's views. These would then be incorporated into a new constitution to be written by a panel of lawyers.

Party secretary for legal affairs Eddison Zvobgo derided parallel work on the constitution being carried out by civic groups under the banner of the National Constitutional Assembly.

"A constitution is done by the people, but the government has to be involved, not just someone waking up one day and saying hey, I now have a new constitution," Zvobgo said.

Delegates urged the government to "take stringent measures to strengthen the (local) dollar to reduce inflation and high interest rates" and to tackle public and private sector corruption.

Mugabe's largely uncontested 18-year reign has lately been shaken by a series of violent protests against a background of rising poverty in the country.

The economy, one of the strongest in Africa at independence in 1980, is expected to slip into recession next year as a crisis — reflected in high inflation, interest rates and an unstable currency — takes its toll.

On Saturday Trade and Commerce Minister Nathan Shamuyarira said the government might reintroduce subsidies on basic consumer goods to cushion the poor against inflation, measured at 45,1% in the year to November. — Reuter.

Zimbabwe's leaders call for reforms

CT 14/12/98 (362)

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Views of economy at odds

(362) BD 15/12/98

Attempts at objective assessment of Zimbabwe meet a 'solid wall of vested interests'

Michael Hartnack

HARARE — A chasm had opened in Zimbabwe between the economic assessments of those "seeking to talk the economy up to suit their own political, financial or careerist ends" and most independent financial commentators, academic Tony Hawkins warned at a seminar at the weekend.

"Anyone seeking to make an objective assessment of Zimbabwe's current economic situation comes up against a formidable, if incoherent, alliance of government, quasi-government, donors and other interest groups with a vested interest in economic disinformation," alleged Hawkins, professor of business studies at the University of Zimbabwe.

He accused the donor community of being "willing to turn a blind eye to corruption and fiscal mismanagement", making reform more difficult.

Hawkins said last week that President Robert Mugabe had given misleading view of the economy, blaming its woes on drought (after two good rainy seasons) depressed commodity prices and white farmer's tax evasion.

A week earlier, Reserve Bank governor Leonard Tsumba had been equally misleading, suggesting an $88m International Monetary Fund (IMF) aid disbursement was imminent. Hawkins said it "beggared belief" that Tsumba had claimed, only days after the government banned all strikes and vowed to take over farms on a "take now, pay later" basis, that "given the positive co-operation which now exists between government, labour and the private sector, Zimbabwe was well on the road to creating an attractive investment climate".

The official view was faithfully repeated by the state media, local representatives of the IMF, the World Bank and share market pushers, said Hawkins.

Zimbabwe's crisis was as political and social as it was economic, yet the official view was that its problems were purely economic, and their solution depended on outside aid and concessional finance.

"The first priority is transparency and honesty," said Hawkins. "It is time for Finance Minister Herbert Murerwa to eschew smoke and mirrors and to tell the truth — to present numbers that are credible."

There had been enormous gaps in the last budget's spending estimates, such as the cost of the Boka Bank crisis including the bailout for holders of fraudulent Cold Storage Commission bonds, the war in the Congo, losses of the National Oil Company and other parastatals estimated at more than Z$3bn last year.

The first step to reform was to cut state functions to a core, costing 18% of gross domestic product, or Z$30bn, from the present Z$57bn. Yet "the hard reality that many in the business and the donor community refuse to acknowledge is that the mass of the population want the state to do more, not less".

"In future elections, those politicians who promise more, regardless of whether they can deliver or not as we are currently seeing on the land issue, will win more votes than those who espouse the modern doctrine of a small, well-managed state."

Hawkins said economic reform had a bad name in Zimbabwe because it had failed to deliver promised benefits and been oversold by donors. Didymus Mutasa, the head of administration, had now announced a giant new borrowing scheme to finance land redistribution.

Mugabe pledges a return to socialist past

The noises emanating from Zimbabwe's ruling party congress do not make sense for the country's economy, reports **Michael Hartnack** in Harare

PRESIDENT Robert Mugabe and his cabinet have pledged a return to socialism, subsidies and economic controls in Zimbabwe, a move which would negate all the country's agreements with the International Monetary Fund and World Bank.

The pledges were made in addresses to cheering delegates at the ruling Zanu (PF) party's annual conference in Gweru at the weekend. Avoiding repetition of the stormy scenes that occurred over planned tax increases at last year's conference in Mutare, they said redistribution to black Zimbabweans of 841 former white-owned farms, declared state property last month, was now under way, although seizure orders have yet to be confirmed by the Administrative Court.

If fulfilled, the promises would negate all agreements with the IMF and World Bank since reforms started in 1991.

It would signal, too, the final demise of $400m in rescue packages — shelved for the time being because of Zimbabwe's failure to meet agreed targets, particularly over state spending.

"Socialism in the near future will hold centre stage in the management of our economy," Mugabe told the 5 000 delegates in a 62-page report which regretted the retreat from Marxist-Leninism.

That, he recalled, was the party's ideology during the 1965-1980 war waged to end white rule in former Rhodesia.

Mugabe blamed economic liberalisation for inflation, unemployment and for the widening economic distress.

Marxist-Leninism had been watered down, first to socialism, then "blended with social democracy to accommodate those among us who were capitalist".

His words echo remarks last week to the World Council of Churches when he said the world "would have been a better place had we embraced communism in a spiritual sense instead of this harsh system of capitalism".

"We want to, but it is difficult to practise socialism in a country the majority of whose entrepreneurs and citizens are capitalists. But nothing stops us from teaching socialism to our people, in the light of our repeated economic problems.

"Calls for free market enterprise and less interference by government in the management of the economy, and the flotation of the Zimbabwe dollar are some factors that have made our economy what it is today."

Under past state control, there was lower inflation, Mugabe said, making no mention of last year's crisis over Z$3bn unbudgeted payouts to militant ex-guerrillas. Mugabe was forced to back down on proposed extra tax levies to pay the ex-guerrillas after nationwide strikes and uproar at the Mutare party conference.

Mugabe told the Gweru conference that white farmers would not be allowed to block the takeover of their farms by legal action.

"We will get the land and pay compensation for improvements on the farms later," he said.

However, legal sources said the Administrative Court had not yet set dates for hearings to confirm any of the 841 seizure orders sent out in November, which in terms of the Land Acquisition Act has to be done within 60 days of receipt by the landowners.

Farmers are reportedly fearful of squatter invasions while ownership status of the land is uncertain, making it impossible for them to obtain High Court eviction orders.

Lands and Agriculture Minister Kumbirai Kangai told applauding delegates: "Government has decided to take the farms and source money to compensate owners later. The process (of reallocating the land) has already begun."

Industry and Commerce Minister Nathan Shamuyarira also got loud applause when he announced: "Subsidies are the only way to ensure that everybody can afford basic foodstuffs."

Subsidies on maize meal, bread, cooking oil and other staples were abolished under liberalisation agreements signed with international financial institutions, but price curbs were reimposed after food riots in January despite warnings that production might soon become subeconomic, leading to shortages, as was the case in the 1980s.

Finance Minister Herbert Murerwa pledged to curb the use of foreign exchange for purposes the government considered non-essential to check a balance of payments deficit estimated to reach $346m. He said "stern monitoring mechanisms" would ensure foreign exchange was allocated "in line with national economic objectives".

The conference passed a resolution supporting the speedy introduction of a new constitution and a revised declaration of rights, on lines to be determined by a commission Mugabe was authorised to appoint.

Details of the planned constitutional changes were not disclosed.

Party spokesmen played down the conference's failure to reach agreement on demands by the rank and file for members of the Soviet-style Politburo, Zimbabwe's highest decision-making body, to be elected by the party instead of being selected by Mugabe alone, as was the case at present.

(362) BD 17/12/98

World Bank ties Zimbabwe's loan to IMF conditions

Michael Hartnack (362)

HARARE — The World Bank has tied a $300m soft loan rescue offer firmly to the ability of the Zimbabwean government to satisfy International Monetary Fund (IMF) conditions for resumed $88m budget support, financial sources confirmed yesterday. BD 18/12/98

Despite high-profile publicity that massive foreign aid is imminent for Zimbabwe's stricken economy, prospects have continued to recede as President Robert Mugabe and his ministers spoke over the past week of a return to socialism, subsidies and state controls, and pushed ahead with seizure of 841 commercial farms — main source of IMF dissatisfaction.

The state-controlled Herald highlighted yesterday optimistic reports of talks between the government and World Bank officials on the $300m loan, which would have a 10-year grace period and be repayable over 20 years at 0,75% interest. It said the World Bank package, enabling the government to reschedule internal debts, would trigger further Z$3,8bn "supplementary finance from other donors".

However, sources close to the World Bank warned: "When the IMF makes a decision to release the tranches in the standby arrangement, when they say the government is meeting its targets, that is going to be an important element for us to move on this loan."

Finance Minister Herbert Murerwa told the Herald the cabinet hoped the IMF board would meet again soon to discuss Zimbabwe's case for release of the frozen budget support tranches. Murerwa said the cost of Zimbabwe's military intervention in the Congo was "being met within the 1998 budget". Other IMF concerns, including recently reintroduced price controls and the cost of pay rises for the high-spending public sector, were the subject of recent "fruitful discussions", he said.

Murerwa told parliament on Tuesday an unbudgeted extra Z$225m was being allocated to resettlement after backbenchers said the initial Z$150m was grossly inadequate.

Financial sources say the total sum is still a mere fraction of the 841 farms' estimated Z$3bn-Z$14bn commercial value, quite apart from the cost of providing essential infrastructure for incoming settlers.

Mugabe told party officials yesterday allocation of the farms was at an advanced stage. However, seizure orders have not yet been confirmed by the administrative court.

International donors wanted an "explanation" of the farm seizure policy and the cost of the Congo war, banking sources said.

Bankers dismiss currency measures

(362) BD 18/12/98

Michael Hartnack and Reuter

Finance minister believes Zimbabwean dollar is undervalued

HARARE — The recent announcement of measures to conserve foreign currency and bolster the Zimbabwean dollar were dismissed as "minor" yesterday by sources in the banking sector.

Finance Minister Herbert Murerwa said recently the Zimbabwe dollar, which he believed was 50% undervalued at yesterday's exchange rate of 37,2 to the US dollar, would be "further stabilised" by stronger supervision and monitoring of financial institutions.

Bureaux de change, which have mushroomed over the past five years and are believed to have personal backing from several ministers' business interests, were ordered to increase their capital reserve from next March from $100 000 to $150 000.

The bureaus have been blamed for leaking funds abroad.

Businesses would be heavily penalised for failing to submit forms regarding exports within a sharply reduced period, down to 90 days from 180 days.

Murerwa said businesses would be permitted to reopen foreign currency accounts, closed at the height of last year's fiscal crisis, "as soon as the balance of payments position improves". When accounts were reintroduced, businessmen would be given guaranteed notice periods in case they had to be liquidated a second time.

Businesses complained of serious losses last year when they were forced to sell their foreign exchange holdings within 48 hours at artificially low temporary rates to the Zimbabwean dollar.

Banking sources noted Murerwa's statement to backbenchers yesterday that a further unbudgeted Z$225m would be added to the original Z$150m provision for resettlement of black Zimbabweans on former white farms. They had protested that Z$150m was "hopelessly inadequate" and refused to pass the vote.

The additional provision would further burden state spending and make compliance with International Monetary Fund targets more difficult, said bankers.

Murerwa said the cost of Zimbabwe's intervention in Congo was not placing undue strain on the budget and estimates made by journalists — ranging from $400 000 to $1m a day — were grossly inaccurate. He did not disclose an official figure.

Meanwhile, Zimbabwe's state Agricultural Finance Corporation floated a Z$400m bond issue on the local money market to raise finance for the commercial farming sector, the bond's handlers announced yesterday.

Intermarket Discount House said the issue had received keen interest from insurance companies and pension funds in whose books it would qualify as a prescribed asset, helping them comply with central bank regulations, which stipulate that 45% of their investment portfolio should be in such assets.

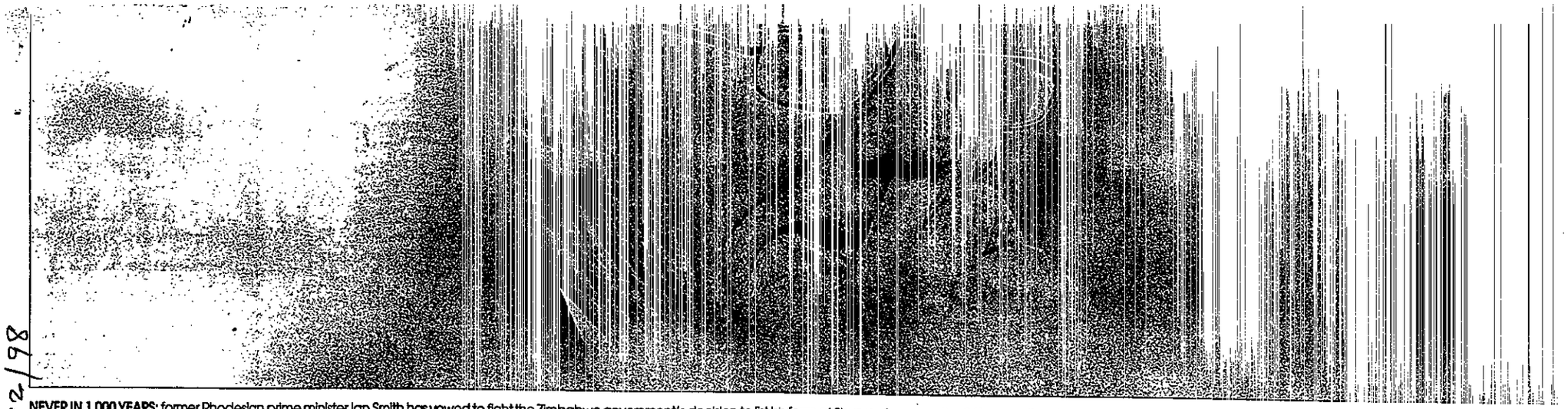
"From our area of canvassing, a lot of individuals would not want to be in the stock market right now, so we see a very good chance of our bonds being taken up," said Victor Utedzi of Intermarket's corporate finance department.

Stockbrokers say investors are deserting the bourse in favour of the domestic money market, where interest rates average above 40%, and are seen edging higher on rising inflation.

But other dealers warned the market was likely to reject the coupon rate of 34% in a market where rates are expected to rise in line with inflation, which surged 10,8 percentage points to 45,1% in the year to November.

"I doubt they would get anything at 34%. My feeling is people will be looking for 40%," said one dealer.

The bond comes without a government guarantee with the principle amount and interest payable out of the Agricultural Finance Corporation's revenue and assets.



NEVER IN 1 000 YEARS: former Rhodesian prime minister Ian Smith has vowed to fight the Zimbabwe government's decision to list his farm at Shurugwi among the 841 properties designated for state seizure in order to allow resettlement for the landless

19-26/12/98 ARGUS

Smithy digs in over land distribution

Though 80 next year and a little gaunt, Ian Smith has aged well.

He is instantly recognisable as the man who issued Rhodesia's unilateral declaration of independence, or UDI, in 1965, a rebellion he finally surrendered in 1980 when one-man, one-vote elections brought President Robert Mugabe to power in what is now Zimbabwe.

Today Mr Smith's farm at Shurugwi is on the list of 841 properties that Mr Mugabe has designated for state seizure in order, he says, to allow resettlement by landless Africans.

"It's got nothing to do with land for the poor," says Mr Smith. "The state's already taken over 0,8-million hectares of land, but it's not been distributed to the landless. The gangsters have got most of it."

By the gangsters, he explains, he means the government and its cronies.

"I can take you out and show you 20 farms within a 64km radius of Harare that were once productive, flourishing enterprises, homes where people brought up their children and provided employment for many hundreds. Mugabe pushed those people off their land and today it's just sterile," he said.

What Mr Smith says is true enough. The head of the army, General Rex Nhongo, who as a guerrilla led the first attack on a white farm, is a member of the Zanu politburo. Despite his claimed socialist views, he has Zimbabwe's biggest land holding, with 17 farms.

Joshua Nkomo, the vice-president, has interests in 16 farms.

Abandoned farmhouses around Harare have been looted and the termites are now at work – a sad scene of devastation.

What will Mr Smith do? "I got their letter. I told them I wasn't interested. The agreement was that they wouldn't take over family farms or highly developed ones and mine is both those things," he says.

"Janet (his wife) and I have farmed there for 50 years and we've invested millions in it. We're not going to be pushed off. I'll go to the appeal court and with so many cases pending it'll take them 10 years to hear them all. I don't expect to be around by then anyway. Meanwhile, I'm not budging. My children are here and so are my grandchildren. I'm not going anywhere."

Is he not afraid that the government will single him out for exemplary treatment? The telephone is tapped, of course, Mr Smith says.

"Janet and I have been arrested three times and they've confiscated my firearms and papers. But I just ignored them, and when they realised they were getting nowhere they stopped. I've always spoken my mind and I always will," he says.

In Mr Mugabe's first year in power, Mr Smith helped him.

SIGN OF THE TIMES: a woman hoes her plot on the outskirts of Harare – despite a sign prohibiting cultivation

"We got on like a house on fire. I was very impressed. But then he started all this nonsense about wanting a one-party state, and I told him I'd have to criticise him publicly for that. He hasn't spoken to me once in the 17 years since then."

Does he not feel partly responsible for the mess now? Was it not the long guerrilla war following UDI that produced Mr Mugabe? Rubbish, Mr Smith says, the fault lay with the British politicians who sold the country down the river.

"Rab Butler promised us independence but refused to write it down, saying it was unnecessary because 'we were all part of the family'," says Mr Smith.

"The most two-faced of the lot was that Lord Carrington fellow. The Tories would put their arm around you and say, 'You're one of us', and then betray you. What I learnt from British politicians was that diplomacy is just a polite word for deceit."

Many Zimbabweans are horrified at the scale of their country's deterioration. Inflation is 45%, unemployment 50%, the currency has collapsed, no investment is coming in and, as the economy spirals downwards, Mr Mugabe simply tries to blame it all on the whites.

Does Mr Smith realise that many South Africans look at Zimbabwe, their northern neighbour, and worry that Thabo Mbeki, who will succeed President Nelson Mandela, could follow the Mugabe model?

Mr Smith will have none of this. He has the greatest admiration for Nelson Mandela and Mr Mbeki, he says. They are not gangsters and they know much better than to kill the goose that lays the golden eggs.

"White South Africans have to face up to the bad things they did. It will take time to get apartheid out of that system. You've got to allow for that, but South Africa is the hope of Africa and I have confidence in it," he says.

Mr Smith is not without hope for Zimbabwe. "The most hopeful thing is that their own people are fed up with them now," he says, citing recent riots over food and fuel price increases.

More and more black people are complaining to him about how their children go to bed hungry at night.

The denouement of the Zanu party leadership is becoming clear. Mr Mugabe has sent 6 000 troops to war in the Democratic Republic of Congo without even asking parliament. The country cannot afford the war and most believe that the troops are there to protect the financial interests of the president and his friends.

The vice-president is senile and has disappeared from view. Canaan Banana, the country's first president, was recently convicted of sodomy and sexual assault.

Can Mr Smith see change coming peacefully? "I'd like to believe it," he says, but he shakes his head. "These gangsters won't go quietly. They've stolen too much and they're too scared about what would come out about them once they lose power."

His courage in standing up to Mr Mugabe has won him a grudging admiration from some on the left. Others still regard him as a racist and a white supremacist – charges he blithely denies.

"You know," says one, "I would have given my life for Robert Mugabe in 1980 and I hated Smith with a passion. Today you can't find an African who doesn't say that things were better under Smith.

"The worst thing you can say about Mugabe and his lot is that they've made even Smith look good." – The Sunday Times, London

(362) ARG 19/12/98

19-20/12/98 SATURDAY ARGUS DECEMBER 19/20 1998 27

Robert Mugabe is making even Ian Smith look good, says R W Johnson who spoke to the former Rhodesian leader

NEVER IN 1 000 YEARS: former Rhodesian prime minister Ian Smith has vowed to fight the Zimbabwe government's decision to list his farm at Shurugwi among the 841 properties designated for state seizure in order to allow resettlement for the landless

Smithy digs in over land distribution

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Harare police on high alert as price hikes bite

(368)

Michael Hartnack

HARARE — Police patrolled central Harare yesterday in a volatile atmosphere caused by a wave of massive price increases and the suppression of demonstrations calling for constitutional change to bar further Zimbabwean intervention in the war in the Democratic Republic of Congo.

On Saturday morning, police armed with batons, shields and riot guns dispersed would-be peace marchers and seized their posters before they could assemble for a procession to African Unity Square.

"It was a show of strength and power on the part of government," said Isaac Maposa, who organised the march on behalf of the National Constitutional Assembly, an association of civic groups calling for radical changes.

A despondent mood prevailed among shoppers yesterday following 67% increases in the price of petrol and diesel and an increase of nearly 350% in the price of paraffin, used by many urban Zimbabweans for cooking.

The finance ministry said the increases were forced by the past year's collapse in the value of the currency but Prof Heneri Dzinotiweyi of the University of Zimbabwe said: "I do not think it is a question of the dollar tumbling — it is a question of putting national priorities in place."

He drew attention to the spending on deployment of 6 000 troops in support of Congo President Laurent Kabila, believed by many commentators to exceed $1m a day.

Prices of commuter fares were immediately increased by bus and taxi operators, and today beef is expected to rise at least 25%. Last month the prices of maize meal and bread rose 17% to 22% and further increases appear inevitable as costs soar.

BD 2/11/98

Mugabe tells whites to move now, evaluate later

BD 2/11/98

Michael Hartnack

HARARE — Further confusion has been caused in the farming and financial communities here by President Robert Mugabe's announcement that land will be taken over for resettlement, with valuations and compensation left until after departing white owners have been replaced by black Zimbabweans.

"Resettlement should not be delayed by evaluations," Mugabe said recently when the 2 094ha Wakefield Farm in Rusape, 140km south east of Harare, was handed over to 71 families.

"We should not hesitate, we have decided the process of negotiating prices can take place after people have been resettled," Mugabe said.

The statement again contradicts western delegations who attended the September Land Donors' Conference in Harare, and said agreement was reached with the Zimbabwean government to pursue a small-scale two-year "inception period" land-reform plan, using farms acquired on a willing-buyer willing-seller basis and not disrupting commercial production.

Banking sources said Mugabe's announcement would, if put into practice, "sound the death knell for any commercial farmer", leaving him unable to pursue his occupation while waiting for assessment and payment of compensation, even if it was offered at market rates.

The current depreciation of the Zimbabwean dollar — more than 60% in the past year — erodes the probability that when payment is made it will allow a farmer to acquire an economically viable new holding.

Meanwhile, Zimbabwe police forcibly evicted this week 35 families of unemployed farm workers squatting on a former commercial farm designated for resettlement in the Centenary district, 120km north of Harare.

The incident could provide a portent for 500 000 workers and their dependants, currently living on land designated for takeover and redistribution.

CAPE ARGUS ISSUES

Aching rural poverty north of Limpopo

(362) ARG 2/11/98

Peasants, businesses struggle to keep alive as discontent mounts

INSIDE STORY

ELLIOT MAHENDE reports from Murehwa, Zimbabwe, on the dismal condition of the country's rural population, beset by drought and economic restructuring measures

When he decided to venture into business 10 years ago, Simbarashe Gambe, a rural trader in Murehwa, about 160km east of Harare, thought he would never look back again.

Life was certainly getting better for everyone.

Peasant farmers were doing well, with crops fetching good prices at state-owned agricultural marketing boards.

Schools, clinics and roads were being built or upgraded by the Government, which was determined to improve the quality of life for the rural people through heavy investment in social services.

This meant even richer customers for Mr Gambe's bottle store and general dealer at Nyagwizo village in the Mukarakate area, and the shopping centre soon grew to four shops as others tried to cash in on the boom times.

But life has since changed for Mr Gambe and other traders, with the rural economy finding itself in deep recession.

"Profit margins are so low that its now not worth the effort. Sometimes we sell just a few bars of soap a day, making a profit of a dollar or two on each," said Mr Gambe.

"The situation is very distressing, because even salt has become an expensive commodity – selling at the same price as sugar.

"I smell disaster because the situation will get worse when school fees rise next year," said Wonder Danhama, another businessman – and secretary of the Bokoto Development Association of Mashonaland East.

For many rural business people, profit margins are shrinking because of attempts to keep goods priced within the reach of the rural customer – the segment of Zimbabwe's population hardest-hit by the turmoil in the economy.

Just like leading musician and social commentator Thomas Mapfumo sang in one of his songs, *Pfumvu Paruzevha* (*Agony in the Reserves*), life in the communal lands, save for a few pockets of prosperity, is fast becoming an unending nightmare.

The onset of the recession coincided with the introduction of market-based economic reforms by the government in 1990, which meant reduced social spending.

It also exposed the ill-equipped peasants, whose only source of income is agriculture, to the vagaries of the market as the government decontrolled the marketing of commodities and agricultural inputs.

With agricultural input costs rising and commodity prices falling in real terms, the communal farmer has been left with little disposable income.

Add the fast-rising cost of basic goods and services, which have risen an average 300% over the past five years, and recurring drought which has decimated the cattle herds – and you have a scenario as hopeless as the barren lands on which the impoverished farmers eke out a living.

And when it is considered that this is where up to 68% of Zimbabwe's 12-million people live, the desolation assumes dangerous proportions.

Yet, unlike the people in urban areas, peasant farmers hardly complain.

Brian MacGarry, a Jesuit priest who has studied the impact of economic reforms on the rural economy in Mashonaland West, says:

"Peasants are not politically organised – except sometimes by the ruling (Zimbabwe African National Union Patriotic Front) party – and cannot easily get together to riot as the urban poor did in several Harare high density suburbs ..."

Whether Zimbabwe's rural population will continue to suffer silently because of their perceived dedication to the ruling party is open to conjecture.

However, one issue stands clearly in Zimbabwe's demographic pattern: the division between the militant urban poor and the rural communities is not as distinct as statistics might show.

Indeed, many of the urban working class support families in the rural areas through providing agricultural inputs and supplementary income to the extent that any negative developments in the urban economy will have an immediate impact on the rural poor.

Said Mr Danhama: "Of concern to us rural businessmen are the retrenchments the workers in towns are experiencing.

"Those workers are our customers' breadwinners.

"The more retrenchments there are, the more business we lose."

Latest population figures show that more than half of the nearly five million Zimbabweans classified as economically active workers are farmers in the barren communal lands.

In 1992, only 23% of the 3,5-million labour force was eking out a living in the communal lands, a development which shows the failure by the formal sector to generate enough jobs for a rapidly growing population.

It also means that many of those who have lost their jobs in towns have escaped into rural poverty, as shown by the increase in the number of illegal settlements in the communal lands.

The seriousness of rural poverty in Zimbabwe is also reflected in the recently launched national policy report which showed that 23% of children under the age of three are chronically malnourished, while 45% of all households fall below the national food poverty line.

That such a big proportion of the population is becoming desperate for the bare minimum to survive does not augur well.

Even some of the rural traders, supposed to be the élite among the villagers, may soon be forced to close shop and join the peasants in tilling the land's tired soils.

Bid to protect Zimbabwe's heritage of natural healing – relied on by millions

ARG 2/11/98

SANDRA NYAIRA

Mutare, Zimbabwe – The deterioration of the public health-care delivery system in Zimbabwe and the rising costs of drugs have forced many to turn to traditional healers.

A two-day workshop on traditional medicines in Mutare revealed that 80% of the country's 12,5 million people may be relying on traditional medicines as public health-care institutions continue to experience a severe shortage of equipment, facilities and drugs, the Ziana news service reported.

And health experts said they did not see the public health sector improving quickly, as the R573,5-million allocated to the Health Ministry in the 1999 budget was inadequate.

The Mutare workshop, organised for traditional healers by the Environment and Tourism Ministry, noted that Zimbabwe had more than 500 plant species which could be used for medicinal purposes.

The aim of the workshop was to develop a proposal on the conservation and sustainable use of traditional medicinal plants and herbs because some plant species were endangered. The project was expected to come up with suitable packaging methods and export requirements for traditional medicines.

University of Zimbabwe lecturer James Duri said sustainable use of medicinal herbs was being hampered by over-harvesting, habitat loss due to deforestation and degradation, and lack of an appropriate propagation scheme.

Agricultural expansion, which clears an estimated 70 000ha of woodlands annually, was also adversely affecting medicinal plant diversity in the country.

He said barriers included an unconducive legal and policy environment, inadequate scientific information on medicinal plants and a lack of formal linkages between traditional medicines and bio-diversity sectors.

Mines, Environment and Tourism Secretary Charles Chipato said limited information on plants sometimes led to over-exploitation and administration of excessive dosages.

Participants were tasked with establishing the current and potential value of traditional medicinal plants and to mount public awareness campaigns to assist people to view such plants in a different light and consequently reduce wanton destruction.

Participants, who included medical practitioners and representatives of the Zimbabwe National Traditional Healers' Association (Zinatha), said a conducive legal framework should allow traditional medical practitioners to share technical knowledge and must respect their intellectual property rights.

Peter Sibanda, Zinatha's secretary for public relations and culture, said the healers' umbrella body was already selling some of its products to countries in the European Union.

Mr Duri, however, said local traditional healers should not be cheated into believing that their herbs could be tested outside the country without cost, as this would also result in their knowledge and expertise being stolen by other countries.

– Sapa

20 injured as Zimbabwe fuel hike sparks rioting

(362)

Bulawayo – Twenty people were injured and 27 arrested for public violence here when rioting erupted over a petrol price increase of nearly 70% announced at the weekend.

Rioters hurled rocks at private cars and set up roadblocks in Bulawayo's townships yesterday, while motorists in suburban areas were harassed.

Business in the centre of Bulawayo and the city's industrial areas was severely hampered when thousands of workers were barred from going to work.

Police said the situation had returned to normal by last night.

The rioting was the first sign of unrest in Zimbabwe after the government's announcement on Saturday that it was increasing the price of diesel and petrol by 67%, and the price of paraffin by 350%.

The fuel price hike followed a wave of price increases in basic commodities.

Immediately after the fuel price increases, minibus operators put up their fares by more than 40%.

The violence yesterday began when operators of private minibuses, the main form of public transport, began a protest against the fuel price increase.

It turned violent when protesters stopped people from boarding ordinary vehicles and held up traffic.

Commuters retaliated by throwing stones.

South African tourist Freedom Phakathi, visiting relatives in Bulawayo, had the windows of his vehicle smashed.

"How will I get back to South Africa?" he asked. – Sapa

Argus 5/11/98

Rice urges Mugabe to seek peaceful solution

(362) BD 4/11/98

Conflict in the Congo will result in no winners, only losers, she says

Michael Hartnack

HARARE — On the eve of an imminent major offensive by Zimbabwean troops against rebel strongholds in eastern Congo, President Robert Mugabe and Susan Rice, the US Undersecretary of State for Africa, yesterday held a 90-minute meeting at which Rice urged Mugabe to prevent "another genocide in the region".

Rice said she told the Zimbabwean leader, who has been at the forefront of intervention on behalf of President Laurent Kabila: "This conflict cannot be addressed militarily and it cannot be resolved militarily. Continued conflict will result in no winners, only losers."

In what observers took as a sign of Mugabe's hostility to US calls for withdrawal of all foreign forces from Congo, he kept Rice waiting for 40 minutes before the meeting started at his city centre offices.

She had waited at the embassy all morning for an audience, having arrived on Monday night from Lusaka, where she met Zambian President Frederick Chiluba.

Just more than 16 minutes into the meeting, journalists were summoned, as if the encounter had repeated the bruising walkout that occurred when Rice met Kabila, who accused Washington of plotting his overthrow. However, the meeting then continued for another 70 minutes and although Rice said any progress in the discussions towards peace "would have to be determined", she said that they had agreed to "preserve the territorial integrity of the Congo".

Alluding to the principle causes of disagreement, Rice said she had stressed Washington's demand for progress towards democracy and human rights. "All those involved in the Congo have an obligation to prevent genocide," she said. Kabila is accused of recruiting Hutu militia and child soldiers bent on exterminating the Tutsi-Banyamulenge minority.

Mugabe at the weekend described as "extremely abominable" Washington's equation of the presence of Angolan, Namibian and Zimbabwean troops, at the invitation of Kabila, with the alleged Rwandan and Ugandan allies of the rebels.

Rice denied the US had any part in the reported decision of Angola to pull back from the Congo in the face of a renewed threat from its own Unita rebels led by Jonas Savimbi.

Rice said she had not come with "any brand of American perspective" to put to Mugabe but "to support the members of the region to find a peaceful solution", an apparent reference to the start of her seven-nation trip in SA. She was due to fly late last night to the Rwandan capital Kigali on the last leg of her initiative.

Mugabe has reportedly sent an additional 2 000 to 3 000 troops to Congo to reinforce the existing 3 000, backed by tanks and aircraft. Human rights groups have warned the offensive may be ruinously expensive in human lives and national resources, at a time of severe economic crisis.

Meanwhile, Zimbabwe's second city, Bulawayo, was reported quiet but tense yesterday with only sporadic incidents of violence after Monday's extensive rioting in response to 67% increases in the prices of diesel and petrol. The violence was the first spontaneous outburst against inflation since January's food riots, when eight people were killed and Mugabe deployed troops and tanks in townships.

Maize meal and bread also went up by 17%-22% last month and beef rose 25% on Monday, following a 60% slide in the value of the currency.

New publishing group fails to attract lucre

DD 4/11/98 (362)

Zimbabwean investors steer shy of opposition to government media

Michael Hartnack

HARARE — The new publishing group, Associated Newspapers of Zimbabwe (ANZ), has had only limited success with a Z$52,8m private local share placement, despite forecasts of substantial cash returns by end-1999, and Commonwealth Investment Guarantee Agency backing against "illicit action" by the Zimbabwean government.

Market sources confirmed yesterday the private offer of 48-million shares in ANZ to carefully vetted potential local shareholders has been extended due to a poor response.

"The extension is meant to accommodate those who have shown an interest," said Arthur Charamba of Stanbic Merchant Bank, which is handling the private listing.

ANZ's CE Wilf Mbanga was unavailable for comment yesterday but stock market sources said the list of potential investors were chary of both the politics and the commercial viability of a new daily newspaper group. It will be in competition with the parastatal Zimbabwe Newspapers, which owns The Herald and The Bulawayo Chronicle.

Among a consortium of foreign investors in the new group is Heinz boss Tony O'Reilly, who is a close friend of President Robert Mugabe, and already has a major stake in Independent Newspapers SA.

To meet government-imposed ceilings on foreign participation in the printing and publishing sector, ANZ needs to raise at least 40% of its capital locally.

A prospectus marked "strictly private and confidential" was circulated to a small group of selected potential investors on October 5. The share offer closed on October 23.

Offers will be reviewed by the ANZ board, whose comments on the media scene may further enrage Information Minister Chen Chimutengwende. Chimutengwende has threatened unspecified action to bar ANZ.

"Many Zimbabweans feel the principle function of Zimpapers' titles is to reflect the news and views of the government and the ruling party," says the prospectus.

"Falling circulations indicate that readers dislike Zimpapers' titles, but monopoly has — in the opinion of the promoters — spared them from the full judgment of the market.

Political pressure

ANZ researchers also report: "The impression that Zimpapers' titles are susceptible to political pressure supports the assumption that they will be unlikely to react decisively to competition."

The prospectus put the cost of ANZ's planned launch of five regional weeklies and a daily title at Z$137,5m.

In 1996 the government barred an attempt by Times Media (TML), co-owner of Business Day, to buy a 50% controlling interest in Zimbabwe's Modus Publication, which had reportedly run up Z$40m debts in a vain two-year bid to challenge the Herald-Chronicle daily newspaper monopoly with the Daily Gazette. Modus had failed to lure profit-making classified advertising away from the 125 000 morning Herald and 48 000 Chronicle circulations.

The ANZ prospectus notes circulations peaked 10 years ago at 136 000 for the Herald and 73 000 for the Chronicle.

The ANZ prospectus estimates that after initial "saturation marketing at maximum interest" the new daily will achieve 140 000 circulation within 18 months. ANZ should move into a profit position in the second year of operation, allowing 90% to be dispersed as dividends.

Auditor PriceWaterhouseCoopers warn in an annexure that profit calculations are based on ANZ's own assumptions and "actual results may be different from forecast, since anticipated events frequently do not occur as expected and the variation may be material".

Political sources believe Mugabe will be reluctant to let a new daily offer a platform for dissent at a time of mounting economic distress and social unrest. Earlier this year eight people were killed in food riots.

The prospectus said, however: "The state is considered unlikely to take public action to inhibit the development of ANZ because of the government's declared intention to encourage foreign direct investment, its commitment to international agreements on foreign investment and its adherent to the free trade rules of Southern African Development Community.

"The government does not have a record of vigorous suppression of the independent media."

The prospectus calls Zimpapers' editors and managers "bureaucratic, sluggish and unimaginative", "dominated by political restraint", and believes they will be further weakened by departures to ANZ, which is reportedly offering experienced staff four times the current going rates.

The daily's cover price — forecast at Z$3 — will be Z$1 below The Herald.

Victims of Zimbabwean army abuses suffer stress

(362) BD 5/11/98

BULAWAYO — Thousands of survivors of massacres carried out by the Zimbabwe National Army in Matabeleland in the 1980s suffer from anxiety, depression and stress, says a recently released study.

Amani Trust, a nongovernmental organisation that treats people who have been through psychosocial trauma, torture and institutional violence, found that half of the adults at 19 clinics in Gwanda district — more than 60 000 people — were victims of torture.

Seventy-one percent of those suffering trauma are women, research statistics show. More than 90% of this psychologically stressed group experienced torture at the hands of armed men. Twenty percent of them admitted having considered suicide, says the report.

Matabeleland is home to 20% of the country's 12,5-million population, and 12 districts were affected by the strife. The now disbanded Fifth Brigade was sent to the province to quell alleged uprisings by dissidents.

Amani has also carried out research in Mashonaland central's Mount Darwin district, where it established that one in 10 people visiting clinics showed signs of post-war anxiety and depression, a carry over from the war of liberation which ended at independence in 1980.

The Matabeleland violence ended in 1987 with the signing of the Unity Accord between President Robert Mugabe's Zanu (PF) and former rival and now Vice-President Joshua Nkomo's Zapu party.

As a result of the findings, six nongovernmental organisations have formed a loose alliance called Mthwakazi Reconciliation Group to spearhead rehabilitation and counselling programmes. They plan to lobby the government to compensate the victims.

Last year when the Legal Resources Foundation published a report which documented the atrocities that took place in Matabeleland, the government accused the body of opening old wounds and vowed not to pay compensation.

Amani Trust director, Sharri Eppel, opposes government's argument and says that highlighting the painful history of the past will foster awareness of the current suffering. She says the high degree of anxiety among the people is a major factor in the under-development of the region — yet this was not recognised by the state.

There is deep-seated suspicion and fear of strangers. Because of the anxiety and mistrust that still prevails none of the victims has related their experiences to health professionals.

Rural communities in the region tend to see the unity accord as excluding them from the reconciliation process and benefiting only party leaders. "This has resulted in a simmering anger and a growing (internal) desire for revenge among some civilians in the region." — AIA.

Rioting plagues Harare townships

BD 5/11/98 (362)

Michael Hartnack

HARARE — Widespread rioting and arson swept through Harare's townships yesterday as anger flared over the weekend's 57% leap in the price of petrol and diesel.

Announcements of a long-demanded 2,5% drop in sales tax to 15% and a two-tier pricing system for paraffin failed to stem the violence which, by late yesterday, had affected all areas except the city centre and upper-income suburbs.

Farmers also reported an upsurge of squatter invasions in rural areas.

By early evening, most of the unrest had died down.

President Robert Mugabe denied that the rioting was also linked to the costs of backing the Democratic Republic of Congo's government in its civil war.

In the Msasa industrial area east of Harare, rioters were narrowly prevented from gutting a petrol station when attendants switched off pumps and the riot squad arrived before the attackers could throw matches. They rampaged through the area stoning factories, said industrialist Danny Meyer.

Stoning and arson were reported on the main roads from the city outskirts leading to Bulawayo, Mutare, Mutoko, Masvingo and the airport. Roadblocks by both protesters and police blocked many arterial roads.

The southern satellite city of Chitungwiza was almost entirely isolated. Thousands of workers were stranded when commuter minibus drivers, enforcing a strike against the fuel price rises, made barricades with their vehicles and attacked strike-breakers and motorists.

Home Affairs Minister Dumiso Dabengwa said at least 20 arrests were made by 11am, but he was unable to give casualty figures. Only 30% of the city's workforce reported for work and many shopkeepers shuttered their premises.

Yesterday's rioting follows a three-day looting spree that accompanied food price riots in January. Eight people died.

A heavily armoured motorcade carried Congo President Laurent Kabila through Harare's troubled streets after he arrived for further talks with his main supporter, Mugabe.

Mugabe emerged from the four-hour negotiations full of fighting talk last night. He spoke of his eagerness to raise the living standards of the Congolese and told the US the way to peace was to get Rwandan- and Ugandan-backed rebels to quit.

He said US President Bill Clinton's envoy, Susan Rice, was "just an undersecretary of state" and "her visit should not be regarded as more important than it really is. We told Rice if they (the rebels) have the will to pull out, fine, there will be peace. If they do not we will have the will to drive them out."

Mugabe lashed out at British Broadcasting Corporation correspondent Joseph Winter for asking him to verify reports that Washington had persuaded Angola not to back an imminent Zimbabwean offensive against rebel forces' eastern strongholds bordering Rwanda and Uganda. "The reports you give are far from the truth," he said.

Dismissing claims that the Zimbabwean unrest was linked to the cost of the Congo intervention, to which he is believed to have committed up to 6 000 troops backed by tanks and aircraft, Mugabe said: "We are meeting the cost in the same way we did in Mozambique for seven years."

Congo ceasefire drive: Page 12

Price rises spark riots in Harare

(362)

CT 5/11/98

HARARE: Sporadic violence broke out across the Zimbabwean capital yesterday after a wave of increases in prices of basic commodities.

Buses were set alight and cars stoned as youths in Harare's townships enforced a bus boycott in protest against a 70% fuel price rise last week and the doubling of bus fares yesterday.

Sections of townships became inaccessible. Many liquor stores and supermarkets were emptied of their contents.

Large rocks and logs barricaded bus routes and normally chaotic streets were eerily empty of vehicles as thousands of people walked home after businesses closed.

Riot police broke up a march by about 800 people heading for the city centre as they chanted: "We've had enough of Zanu (PF)," which is the ruling party.

Such public expression of hostility to President Robert Mugabe is rare and presents him with probably the most serious challenge yet to his ability to stay in power.

"We are starving; we cannot afford to go to work when all our money is being spent in the DRC (Democratic Republic of Congo)," said Peter Kudenga, a labourer.

After midday, the protests appeared to have subsided and turned into a comprehensive boycott of public transport.

The upheaval closed businesses in much of the city.

Last week's fuel price increase stunned Zimbabweans, and came on top of a barrage of big rises in the last month in the prices of maize meal, the national staple, as well as bread, milk and meat.

Mike Auret, of the National Constitutional Assembly, a body of opposition civic organisations, said: "We need the president to tell the nation what the hell is going on and what he is going to do about it, and to lead the country in a way he has not done before.

The people are very, very angry." — *The Times*, London

Mugabe faces violent protests

(362)

By Ian Mills
Star Foreign Service

Star 6/11/98

Harare – Violent protest against massive bus-fare increases rocked suburban areas of the capital yesterday as Democratic Republic of Congo's embattled President Laurent Kabila arrived for yet another round of talks with President Robert Mugabe over the Congo war.

Kabila's arrival follows a visit to Harare on Tuesday by United States Assistant Secretary of State for African Affairs Susan Rice. She held talks with Mugabe on the Congo conflict and Zimbabwe's military support for Kabila, and also its plans to launch a new anti-rebel offensive in the east of the country.

Sapa reports that heavily-armed units of the Zimbabwe army have been deployed in Harare's troubled townships to help police contain the violence that erupted in protest against price hikes in the country.

Security sources said last night that Harare's police appealed to the army for help after they found they could not deal with the unrest.

They said army foot patrols had been sent in yesterday to all the townships around the city, but the numbers of troops could not be established.

State television news briefly showed a group of soldiers in full combat uniform and armed with automatic rifles and heavy machine guns, with bandoliers slung over their shoulders.

Soldiers were used in urban violence in Harare in January this year, the first time since 1974 that the military has been used in an urban area.

The news bulletin also said 50 looters had been arrested for breaking into a store in the dormitory town of Chitungwiza, 30km south of Harare, and another 32 were in custody for public violence.

Meanwhile, Kabila arrived amid the protests over the decision of private bus owners to increase fares by up to 100% and a 67% hike in fuel prices. The Zimbabwe National Chamber of Commerce (ZNCC) said it plans to lodge a protest with the government over its handling of the economy.

ZNCC president Nhlanhla Masuku told reporters the government had ignored its recommendations for resolving the country's economic crisis.

He echoed the mounting frustration of organised commerce, industry and labour over the worsening economic crisis and the government's seeming indifference to the plight of the masses.

Yesterday gangs of stone-throwing township youths targeted the privately owned commuter buses, forcing the drivers to abandon their passengers and their routes.

The rioting resulted in an estimated 70% stay-away by workers.

The riots prevented hundreds of senior-school students from writing their O-level examinations.

The demonstrations began late on Tuesday night in the sprawling Chitungwiza township, which has a population of more than a million people.

Residents explained the timing of the flare-up by revealing that commuter bus drivers had warned of a stiff increase in fares, the second hike in a week. A Tafara resident stranded in central Harare said the one-way fare had doubled within a week to an unaffordable Z$8 (R1,30).

■ Mugabe, a staunch military ally of Kabila, yesterday warned countries that have invaded the DRC to pull out before they are driven out.

"If they have the will to pull out, then there will be peace.

"If they do not have the will to pull out, then we will have the will to drive them out," Mugabe said.

Mugabe said that while countries like the United States can help with ideas of resolving the conflict in the DRC, those which had invaded the DRC should have the will to pull out. – Sapa-AFP

HOWARD BURDITT / REUTERS

Mob reaction ... a petrol attendant looks out of a damaged window after protesters attacked a service station in Harare yesterday.

Wherever Robert Mugabe looks, there is trouble

BD 6/11/98 (362)

Tony Hawkins

With inflation rampant, unemployment high and the economy in tatters, the Zimbabwean president is thinking of war, writes

AS INFLATION and unemployment soar, the currency collapses and rioting rocks Harare, President Robert Mugabe's mind is elsewhere.

Claiming to be acting in the name of the 14-member Southern African Development Community (SADC), the 74-year-old Zimbabwe president is leading the military campaign to preserve the Democratic Republic of Congo's President Laurent Kabila.

Many in business, in the opposition, in the diplomatic community and even some in Mugabe's ruling Zanu PF party, believe that Zimbabwe's military adventure in a country in which it has no direct interest is just a war too far.

Some predict it could bring down the man who has ruled Zimbabwe since independence almost 19 years ago.

There are doubts whether Zimbabwe is in economic shape to send 7 000 to 10 000 men to fight a war hundreds of miles away.

The country's troubles started 15 months ago when Mugabe, under pressure from war veterans, agreed to pay compensation claims of $365m, forcing his finance minister to cut public spending and impose new taxes. This was followed by the "listing" of 1 471 privately owned farms for compulsory acquisition by the state as part of the stalled land reform programme.

The combination of these two events and the central bank's strategy of maintaining an overvalued exchange rate resulted first in a run on the Zimbabwe dollar last November, and then demonstrations by trade unions against the government's tax and spending policies and the 33% decline in average real wages since the adoption of the economic structural adjustment programme in 1990.

By the end of last year the currency had fallen 30% in six weeks, ministers had been forced to drop some of the tax changes and while the land resettlement rhetoric was maintained unabated, the government lacked the money and the administrative capacity to implement Mugabe's promise to resettle 5-million hectares.

Throughout this year the economy has continued to unravel. The pound sterling, which a year ago bought Z$21, today buys more than 60. Inflation more than doubled from 14,5% last September to 32% a year later. At the weekend, fuel prices were increased 67%, electricity tariffs will double over the next year, food prices rose by up to 22% last month, and beef by 25% on Monday.

All this in a country where unemployment is estimated at about 30% of the workforce and HIV infection at one in five adults.

Despite all this, Finance Minister Herbert Murerwa managed in his 1999 budget, presented three weeks ago, to ease the tax burden on everyone earning less than Z$1m ($28 000) a year. He cut sales tax also from 17,5% to 15%, and the corporate tax from 39,4% to 35%.

Despite the tax cuts, the budget numbers assume that revenue will rise 45% during 1999, while spending will increase 29%. Accordingly, the budget deficit, officially forecast at 6,5% of gross domestic product this year, will decline slightly to 6% next year.

However, observers say the spending estimates make no reference to the war in the Congo — Murerwa insisted it was being financed by SADC allies. Also absent, they say, was any reference to the losses of the state-owned fuel procurement company, NocZim, the arrears of other parastatals, such as the Zimbabwe Electricity Supply Authority, the National Railways and steelmaker Zisco.

They draw attention to the provision for debt-servicing, which has been reduced despite the steep devaluation of the currency, the rise in borrowings, offshore and domestically, and increased interest rates.

The government clearly hopes that the International Monetary Fund, which has delayed disbursement of some of its $176m, 14-month standby loan, will be sufficiently impressed by the budget numbers and last week's huge fuel price increase to release a further $53m this month.

Murerwa says he expects the World Bank to start disbursing a still-to-be-negotiated structural credit of $300m by year-end.

It would be premature to rule out IMF assistance. It was only in June that the fund approved the loan on the basis of optimistic forecasts for the economy — the most striking being the IMF's prediction of inflation of 18,6% by December. Some economists believe the actual figure is likely to be close to twice that.

Even if the IMF does believe the official budget numbers, it would be surprising if it were to resume lending to Zimbabwe. The European Union has threatened to freeze disbursements to countries with troops in the Congo, and the IMF may follow suit.

All this suggests Mugabe is boxed in. Wherever he looks, there is trouble — the deteriorating economy; unions' 20% pay demands; landless peasants occupying farms, claiming the government promised to resettle them before this month's rains; the army, reportedly unhappy at the Congo involvement; and his own backbenchers, dismayed at their government's failure to deliver its promises.

Add to all this, Zimbabwe's deteriorating relationship with the regional superpower, SA, and the outlook is bleak. — Financial Times.

REST OF AFRICA

Zimbabwe's army on full alert as violence spreads

(362) BD 6/11/98

Mugabe, Kabila discuss aid for Congo, as troops patrol Harare townships

Michael Hartnack and Reuter

HARARE — Zimbabwe's government put the army on full alert yesterday and warned that the country could descend into anarchy if violent protests against a fuel-price increase effected at the weekend were not contained.

Troops carrying automatic weapons patrolled the streets of Harare's satellite city of Chitungwiza yesterday to prevent a fresh flare-up of arson and looting after Wednesday's protests against a 67% hike in the petrol and diesel price.

At least one person was killed, run down as a motorist tried to U-turn away from a stone-throwing mob, and 120 arrests were reported overnight. Helicopters circled over city townships but the tanks and crews deployed by President Robert Mugabe in January's food riots were with the 6 000-strong contingent preparing a major offensive to restore President Laurent Kabila's rule in the Democratic Republic of Congo.

As the situation appeared to be temporarily returning to normal in Harare's townships, despite a continuing transport boycott in some areas, interest focused on the stance of the Zimbabwe Congress of Trade Unions, which called an executive meeting for Saturday to revive plans for a five-day national strike.

Congress secretary-general Morgan Tsvangirai said tripartite talks with government and employers on key economic issues, which in September resulted in the cancellation of the strike, were now seen to have "utterly failed".

"The workers are now worse off than before," he said, referring to last month's 20% to 30% increases in food prices, followed by 40% to 80% rises in commuter fares, at a time when United Nations statistics say 60% of Zimbabweans are below the breadline.

Confederation of Zimbabwe Industries president Kumbirai Katsande urged the government yesterday to take urgent action to resolve the problems.

After four hours of talks in Harare with Kabila on the coming offensive and future economic co-operation, Mugabe said on Wednesday Zimbabwe would help to uplift Congolese living standards with joint reconstruction ventures.

"The people must eat, the people must dress up, the people must be taken care of in various ways, in education, in terms of medical care and generally, obviously, in terms of social services," he said, as riots continued around Harare.

The Zimbabwe dollar touched new lows against the US dollar early yesterday but recovered slightly to 38,0/38,50 after the central bank intervened.

Meanwhile, farmers reported continuing incidence of invasion of commercial crop lands, which they alleged was being orchestrated by local ruling party officials. "There seems to be a growing atmosphere of anarchy and lawlessness in the country," said a farming source.

The Commercial Farmers' Union, whose 5 000 members are 75% white, was understood to be conducting intensive behind-the-scenes talks in the hope of avoiding a political confrontation.

Sources said they have warned of a possible wave of bankruptcies, lost production, and possible food shortages next year if cropping is disrupted.

Comment: Page 13

UNEMPLOYMENT, HIGH PRICES ANGER PUBLIC

Mugabe 'like a man riding a wild tiger'

CT 6/11/98 (362)

HARARE: Robert Mugabe's government has come under increasing pressure as massive unemployment, high inflation and rising prices take their toll.

ZIMBABWE's President Robert Mugabe has used his army to crush violent protests over fuel prices, but political analysts say he faces a harder war against a public angered by economic hardship and his autocratic style.

The government put the army on full alert yesterday and said the country could descend into anarchy if violent protests against a weekend fuel-price hike of 67% were not contained.

"He is like a man riding a wild, hungry tiger," said John Makumbe, a political scientist at the University of Zimbabwe.

Makumbe and other political analysts say the tiger is an army of unemployed youths, with no hope of finding work in a market where formal unemployment has doubled to about 50% and the local dollar is plumbing to all-time lows against foreign currencies.

The tiger is also the whole urban population, 60% of whom the government rates as poor.

These two groups have formed the backbone of a wave of riots over food prices, taxes, wages and liberation war gratuities that have hit Zimbabwe over the past year.

University and college students also have taken to the streets in the past few months to press Mugabe for higher grants.

In July they demanded he quit, saying he had grossly mismanaged the economy since assuming power 18 years ago.

Makumbe and Masipula Sithole, a leading political commentator, say the Zimbabwean leader faces serious problems in curbing unrest fuelled by a history of social frustrations.

"Politically Mugabe has been behaving like a man only answerable to God, and the Congo is a good example of this," Sithole said of Mugabe's unilateral decision to send about a third of Zimbabwe's army to the Democratic Republic of Congo to back President Laurent Kabila against Tutsi-led rebels.

RIDING A TIGER: Mugabe

Wednesday's protests around Harare also focused on the Congo war, which analysts say is bleeding an economy that has grown at an average of 1,8% a year against a target of five percent in the past decade.

While the protests raged on Wednesday, Mugabe was discussing the Congo war with Kabila in a Harare hotel promising additional support and incensing a public that already regards him as arrogant.

Mugabe won power in 1980 after leading a seven-year bush war for independence.

Critics say the president has used his war record to concentrate power in his own hands, and state funds to establish a vast patronage system, thereby weakening the opposition and potential rivals.

Despite calls that he step down to allow a younger generation to take over, Mugabe says he still feels young and competent at 74 and has clamped down on those saying Zimbabwe must limit presidential terms to 10 years.

"He is going to be in trouble because he is increasingly seen as a dictator, and we can see he is trying to rely on the army now," Makumbe said.

Mugabe put the army on full alert yesterday, warning the country could descend into anarchy if violent protests against a weekend fuel-price hike were not contained.

This is the second time in a year that Mugabe has used the army to quell public unrest.

In January, he deployed hundreds of soldiers and armoured cars to crush food riots that left at least six people dead.

Political analysts say the food riots were the strongest challenge to Mugabe's rule. They say unless he makes serious political concessions now, he faces more trouble.

Yesterday, militant trade unions warned they might call a five-day national strike to protest against the fuel prices and other rising costs.

Zimbabwe Congress of Trade Unions (ZCTU) secretary-general Morgan Tsvangirai told reporters the federation had suspended talks with the government and industry chiefs on how to arrest a deepening economic and social crisis because Mugabe had not consulted them before he raised fuel prices.

The Southern African country is grappling with inflation approaching 40%, high interest rates, an unstable currency and rising unemployment, all of which Mugabe's critics say are due to his mismanagement of the economy. He denies it. — Reuter

Mugabe's reckless decisions come home to roost as riots spread across Zimbabwe

(362)

AUTOCRATIC: Bob Mugabe

London – Having sent a large section of his army on the dubious mission of keeping his friend Laurent Kabila in power in the Democratic Republic of Congo, Robert Mugabe has now deployed a further chunk of it to prevent anarchy in his own capital.

Fuel prices were raised by a massive 67% last weekend in a desperate attempt to contain the damage the Zimbabwean president's latest quixotic adventure has wreaked on the hopelessly battered economy.

His force of 6 000, shipped with its hardware half way across the continent, is making precious little headway against the Uganda-backed rebels in the east of Congo. Harare claims that eight Zimbabwean soldiers have died, but the rebels say they have killed 60. Both sides agree that 16 Zimbabwean troops are being held prisoner.

Harare has already been rocked by food riots once this year, and hostility to the autocratic Mugabe government has remained at boiling point.

To siphon off the cost of his war effort from an economy already on its knees was reckless to say the least. While ordinary Zimbabweans are paying with their empty pockets or their lives, the 74-year-old president is paying with an ever-deepening erosion of his authority.

On Wednesday, arson and rioting spread through a number of Harare suburbs to the neighbouring town of Chitungwiza. More than 50 people were arrested for suspected looting and government sources said secret service agents had been deployed to sniff out protest ring-leaders.

A local newspaper said one man had been killed, run over by a civilian truck while demonstrating in the street. On Thursday heavily armed soldiers and police patrolled Harare's Glen Norah township and Chitungwiza.

One of the chief obstacles to Mr Mugabe's powerplay in Africa is his neighbour and rival, President Nelson Mandela. Mr Mandela has been pushing hard for a negotiated settlement to the trouble in the Congo, fearing that Mr Mugabe's favoured military "solution" could spread

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war across Africa.

"If this conflict is not stopped, the danger of a massive African war is a reality," Aziz Pahad, South Africa's deputy foreign minister, said on Thursday.

The key to a settlement in South Africa's view is Rwanda. One of the driving forces of the war is the presence of Rwandan Hutus in Congo, many of whom took part in the 1994 genocide of Rwandan Tutsis.

The Rwandan government is understandably watchful of events among this population across the border.

Mr Mandela's strategy is to persuade Rwanda to acknowledge its presence in Congo, after which security guarantees for the country could be discussed.

Meanwhile, Mr Mugabe is finding himself increasingly isolated as his erstwhile military ally, Angola, has been unable to provide the support he expected in Congo because Unita rebels are overstretching its army closer to home in Angola's oil-rich Cabinda enclave. – The Independent, London

SUNDAY WORLD

The cracks in Mugabe's war

ST 8/11/98

Zimbabweans are wondering why their young men are fighting — and dying — in a war 2 000kms away

(362)

ROBERT Mugabe is one of the few Zimbabweans who takes a positive view of his country's intervention in the war in the Democratic Republic of Congo.

Since the president announced, on October 21, that Zimbabwean troops would attack the rebels in their eastern strongholds, some 10 000 soldiers have been flown to Congo, bringing the total to an estimated 13 000.

Mugabe says they are not there to escalate the war, but to bring peace and stability to central Africa. He confidently predicts that his forces, bolstered with support from Angola and Namibia, will rout the rebels and their Ugandan and Rwandan backers.

In bus queues and on street corners, Zimbabweans wonder why their young men are fighting a foreign war 2 000km away. They mutter that it could turn out to be Mugabe's downfall.

Almost everyone saw the front-page colour photo of 16 Zimbabwean soldiers held prisoner by the Congolese rebels. But very few know what the true casualties are. The dead and wounded are flown back at night to Thornhill air force base in remote central Zimbabwe.

The cost of the war, too, is a secret. Estimates range from R2,3-million to R5,7-million a day. Zimbabwe's economic troubles can only grow more serious. Inflation, already 30 percent a year, is expected to soar, thanks to a 67 percent rise in fuel prices announced on October 31. The government badly needs new money from the IMF, but may find it withheld because of the war: the US has made known its disapproval of Zimbabwe's armed intervention.

Why is Mugabe risking so much to support Laurent Kabila? Certainly, he seems to enjoy being seen as a power in Africa. There may also be commercial reasons: it has been revealed that some Zimbabweans close to the ruling party, certain military officers and members of the president's family have lucrative contracts with the Kabila government. The catch is that the Congolese are not, at the moment, paying their bills.

Harare, the capital, is tense and jittery. Not only is public sentiment against the war, but scores of soldiers about to be posted to Congo are said to have deserted. More than half of the 54 members of the Cabinet have voiced their opposition to the war, according to the Mirror, a weekly newspaper with good government connections.

Complaints are loud, and not just against the war. Earlier this year, food riots rocked the city for three days. Last month, thousands of homes in Harare were without water for weeks because the mayor had not paid a bill to have the city's pumping capacity increased.

But the war makes people even angrier. Last week, the government acted swiftly to block a planned anti-war demonstration. Riot police were posted throughout the city to prevent protesters from gathering. Then this week the city erupted in a wave of anti-government riots, with crowds shouting "No go Congo!"

Once again the riot police managed to quell the disturbances. Next time they could be less successful. —

'Mugabe's new land policy illegal'

PD 9/11/98 (362)

Michael Hartnack

HARARE — Zimbabwe's Commercial Farmers' Union, representing 5 000 large-scale farmers of whom 75% are white, has described President Robert Mugabe's "new land policy" as "a transgression of the law of the land".

Presiding at Mberengwa, in Zimbabwe's midlands, at the distribution of a former white farm to black peasant cultivators, Mugabe reiterated on Friday that whites would have to move off and be assessed for possible compensation later.

"There are some whites who are saying farms cannot be taken before they are compensated," Mugabe told settlers at Bungwe Farm. "But were we compensated when their forefathers took our land? In fact we have not been compensated up to now."

These comments shattered farmers' belief that consensus was reached with western donors that a modest pilot project would be attempted over the next two years, aimed at sustaining production and restoring investor confidence.

"We have decided the process of negotiating prices can take place after the people have been settled," Mugabe announced last month when he presided at another farm reallocation near Rusape.

Breaking his organisation's protracted silence on the latest controversy, union vice-president Tim Henwood commented: "We are just saying that actually it is not the law of that land and really what we are asking for is that the law be adhered to."

Farming sources said: "No sane person would accept delayed payment without guarantees." They believe the policy could wreak havoc on all contracts in the farming sector, including bank commitments.

In what some farmers saw as "swift implementation of Mugabe's policy", 30 families moved onto Pendine Farm, Wedza, shortly after he spoke at nearby Rusape.

Further incidents were reported from Owen Connor's Oribi Farm in the Enterprise Valley, outside Harare, where young crops were trampled by those pegging plots, and at Pinhoe Farm, Marondera.

Mass stayaway called

(362) PD 9/11/98

Zimbabwe trade unions want 67% fuel price increase rescinded

Michael Hartnack

HARARE — The Zimbabwe Congress of Trade Unions (ZCTU) has thrown down the gauntlet to the government by calling for a mass stayaway each Wednesday until he rescinds the 67% fuel price increases that triggered last week's rioting, and pledges future consultation.

"We cannot trust people who violate the very next day agreements they have entered into," said ZCTU secretary-general Morgan Tsvangirai after his general council agreed on the protest. "That is a very serious betrayal."

Tsvangirai said unions, representing just more than 1-million formal sector workers, had agreed that negotiation alone would not lead Mugabe to honour a "tripartite agreement" reached in September with employers and unions. The unions cancelled a five-day national strike against chronic economic mismanagement when promised lower taxation and other relief.

"In order not to cry foul, we cannot rely wholly on the negotiating strategy to solve the problem. We are therefore going to embark on a mass stayaway every Wednesday of every week until we feel the issues are ironed out," he said.

"At any stage we reserve the right to increase the number of days," Tsvangirai said.

Rejecting suggestions Mugabe might invoke special powers to declare the action unlawful, Tsvangirai said: "As far as we are concerned there is no legal implication at all."

The ZCTU claims chronic economic mismanagement and misallocation of national resources are prime causes of social and economic distress in Zimbabwe, and wants sweeping reforms, including curbs on Mugabe's power to send 6 000 troops for an impending mass offensive against Congo rebels.

It wants the fuel price increases frozen at least until publication of a report into alleged widespread corruption at the parastatal National Oil Company of Zimbabwe.

The government gazetted increased minimum wages for the lowest grades of Zimbabwean workers at the weekend as the currency took another dive.

It fell to record lows of 6,92 Zimbabwe dollars against the rand and 37,3 against the US dollar.

Despite 30% across-the-board increases, workers are in real terms far worse off than they were last year because the Zimbabwe dollar has had 60% wiped off its value against all hard currencies.

Market speculation that the International Monetary Fund may not send a mission to Zimbabwe this month to ratify further tranches, because of budget indiscipline, reportedly caused Friday's further 0,4% fall.

"The market panicked and importers who had been standing on the sidelines made advance import and prepayment orders," said a dealer, noting coming seasonal demand for consumer goods.

Wages for gardeners, the lowest grade of domestic worker, were raised to Z$520 a month from Z$400, while those of cooks and childminders went up from Z$450 and Z$500 to Z$585 and Z$650.

However, when last year's minimal wages were gazetted a gardener's Z$400 was worth R160 or $34,78, while the new Z$520 is equivalent to R75,14 or $13,94.

Labour group warns of rise in violent strike action

BD 12/11/98

Reneé Grawitzky

WAGE settlements were adapting to changed economic circumstances and were moving more in line with the inflation rate, it said in a report commissioned by the International Labour Organisation (ILO) released yesterday.

There was also a significant rise in protracted and often violent strikes in which more than 14 people died this year.

However the report, compiled by Jeremy Baskin, found that "there is little if any indication that nonstrike settlements were on average lower than strike-linked settlements". In view of this, the report warned that "we are in danger of entering a vicious circle, especially if protracted industrial action leads to only marginal differences in settlement levels".

Baskin estimated that more than 2,8-million man days were lost during the first 10 months of this year — four times more than last year and the highest level since the 1994 election year. By the end of this year, more than 3-million man days would have been lost to strikes, the report said. These figures are higher than those released by Andrew Levy & Associates.

Baskin cautioned against viewing the rise in strikes as a reversal of the downward trend evident since 1994. Most sectors, he said, experienced little or no strike action while the majority of man days lost were a result of strikes in four main sectors — metal (motor and automobile manufacturing), retail and services (security), chemical and transport.

The report, released by the labour department, coincided with the second anniversary of the implementation of the Labour Relations Act. It aimed to establish reasons for the upsurge in strikes.

It found that while strikes were lasting longer, they were almost all procedural. This suggested "respect for the act, notwithstanding problems regarding respect for the picketing provisions and the rights of nonstrikers and of employers to use replacement labour".

In addition, Baskin found that in the major strikes, union members were not balloted. Sources said Labour Minister Shepherd Mdladlana intended urging unions to ballot before going on strike in order to gauge the extent of support.

There was "little substantial evidence" to support the argument that strikes were politically motivated. The strikes, Baskin said, were caused largely by economic factors. Inflation fell faster in the early part of the year than workers' expectations while employers were prevented by global and competitive pressures from offering significant real increases.

Average settlements were in the region of 8% wage increases (against August's inflation figure of 7,6%).

Picture: Page 3

One killed in Zimbabwe riots

BD 12/11/98 (362)

Michael Hartnack

HARARE. — At least one man was shot dead in Mutare yesterday where Zimbabwean security forces clashed with thousands of rioters as the first of a series of stayaways called by the Zimbabwe Congress of Trade Unions took place.

A petrol station was looted in response to last week's 67% increases in the prices of petrol and diesel, and traffic lights were vandalised.

In the northern town of Chinhoyi people tried to organise a march against alleged government mismanagement of the economy, but obeyed orders to disperse.

In Harare, sporadic violence was reported from the southern suburbs. Banks and supermarkets opened belatedly, with skeleton staff for the few customers on the streets, and schools closed. In other towns the stayaway was 75%-90% effective, with few reports of violence.

The congress, which plans similar strikes every Wednesday until its demands are met, wants fuel price increases shelved at least until the publication of a report into alleged corruption at the national oil monopoly. It is also demanding further talks on a "tripartite agreement", including government and employers, on root causes of the 60% slide in the value of the Zimbabwean dollar.

Although a meeting was convened with employers for today to discuss 20% cost of living pay awards, congress's calls for a wider forum had been ignored, said secretary-general Morgan Tsvangirai.

Zim police fight running battles with strikers

(3629)

CT 12/11/98

HARARE: Police fought running battles with about 25 000 strikers in townships around Mutare yesterday, fired teargas and shot dead one demonstrator.

Business ground to a halt around the country as people observed a national strike called for by the powerful trade union movement to protest against massive recent price increases.

Police also fired teargas to disperse strikers in the farming centre of Marondera, 75km east of Harare, witnesses said.

Witnesses said mobs torched a farmhouse near Marondera, causing the death of a middle-aged woman.

There was no official confirmation of the incidents.

State radio said most provincial centres, including Bulawayo, were brought to a standstill by the national strike.

In Harare, most factories and businesses shut down and police and army troops, backed by helicopters, patrolled township suburbs around the capital, where riots erupted last Wednesday because of a 67% rise in gasoline prices.

Workers across the nation appeared mostly to be heeding a call by the main labour federation to stay home and not take part in protest marches.

In Harare's townships, small groups of workers gathered on street corners trying to hitch rides into Harare. A state-owned bus company scaled back services after some of its crews joined the strike.

Strikers scuffled with police in the western Harare township of Kuwadzana when police were clearing makeshift barricades put up by strikers, witnesses said. There were no immediate reports of arrests or injuries there. — Sapa-AP

Protester shot dead amid growing anger in Zimbabwe

(362)

Fuel price hike sparks outbursts during countrywide strike

Star 12/11/98

Reuters
Harare

Zimbabwean security forces shot dead at least one person yesterday during violent protests accompanying a nationwide strike over a steep fuel price hike.

The Zimbabwe Broadcasting Corporation said violence had broken out in two townships in the eastern city of Mutare bordering Mozambique during the strike, called by labour unions to press President Robert Mugabe to scrap a 67% fuel price increase.

"The joint operations command has shot dead one man in Chikanga," the ZBC said.

The state news agency Ziana also reported that several people had been shot and injured by police, soldiers and secret service agents deployed to crush the protests.

Zimbabwean workers also want Mugabe to devote more time to domestic problems rather than foreign issues, particularly his military backing against the rebellion in Laurent Kabila's Democratic Republic of Congo.

> **"Zimbabwe yes, Congo no"**

The country's main industries were shut and Harare's central business district was only partly open as thousands of workers heeded calls by the labour movement to express their anger over the fuel price increase.

The militant Zimbabwe Congress of Trade Unions announced on Saturday it would stage strikes every Wednesday until Mugabe suspended the October 31 fuel price rise – which sparked violent protests last week – and engaged the unions in serious talks over a deepening economic crisis.

In frantic efforts to avert yesterday's strike, the government and industry offered to negotiate on new wage increases to help cushion workers against a recent wave of consumer price rises. But the unions rejected the appeals, saying government policies and attitudes were damaging an already sickly economy.

Earlier yesterday, witnesses said a group of striking workers in Harare's volatile Mabvuku township shouted that Mugabe must stay home and attend to bread-and-butter problems facing Zimbabwe's 12 million people. "Zimbabwe yes, Congo no," they shouted.

Mugabe, who has devoted most of his time in the past three months to the war in the Congo, has not personally commented on the fuel price jump.

But he has deployed heavily armed troops and police in restive townships, where mobs of youths last week stoned and torched vehicles in protests over the fuel price rise, which saw public transport fares soaring by up to 100%.

Last week's riots also targeted Mugabe's deployment of more than 6 000 troops, tanks and aircraft to back Kabila against a Tutsi-led rebellion despite strong protests at home that Zimbabwe cannot afford the war.

Groups of striking workers in Harare's Mufakose and Glen View townships blocked roads into industrial areas yesterday.

Tension was also high in neighbouring Chitungwiza town, where hundreds of soldiers and police have remained on patrol since the November 4 protests. Major public transport operators pulled their buses off the streets in the capital and other towns.

The Zimbabwe Congress of Trade Unions says it will attend negotiations for wage adjustments with the government and industry leaders today, but will retain the strike option to press its case against the new fuel prices. The government says reversing the increase would leave it with a huge deficit and scuttle its chances of receiving crucial financial aid from the International Monetary Fund.

ZIMBABWE

STATE DESCENDS INTO PARALYSIS

(362)

Backbenchers become more vocal about economy

FM 13/11/98

After the rioters, the strikers. The Zimbabwe Congress of Trade Unions has called weekly one-day "stayaways" from this week.

Already demanding a 20% across-the-board pay increase on top of the 33% average paid in 1998, the ZCTU wants last month's 67% fuel-price hike rescinded.

Last week, the rioters stoned and burnt taxis and buses, whose fares had gone up in line with the price of petrol.

Government gave ground on the 324% increase in paraffin prices — designed to stop truckers from buying bulk, cheap paraffin rather than petrol. It said small retail purchases by consumers using paraffin for cooking would continue at the old, heavily subsidised price. But bulk buyers will be charged the new price.

The business reaction was predictable. Prices in the shops that ought to have come down with the reduction in sales tax from 17,5% to 15% on November 1 continue to go up. Though Zimbabwe still has the cheapest fuel in the region, industrialists say the price increase will be hugely inflationary, predicting that the inflation rate of 31,7% in September will reach 38%-40% over the next few months.

Government is paralysed. President Robert Mugabe's priorities are variously the restoration of what he calls "democracy and stability" in Laurent Kabila's Democratic Republic of Congo (DRC), where Zimbabwe reportedly has 9 000 troops, and accelerating the takeover of white-owned farmland, on the basis of Resettle Now, Pay Later.

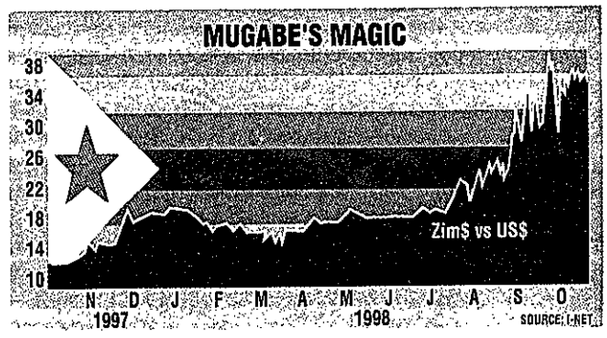
Mugabe's two policy priorities have torn the heart out of what remained of business confidence. The Zimbabwe dollar, which has slumped from Z$12/US$ to Z$37/US$ over the past year, continues its slide.

Not everyone is gloomy. Exporters, such as listed companies Interfresh (fruit and flowers) and Anglo American's Zimbabwe Alloys (ferrochrome), have turned in good numbers as they reap the benefits of devaluation. Stock market prices have picked up, ostensibly on the old stockbroker adage that above-average rains are good for business.

Unnamed International Monetary Fund sources are quoted as saying that the fund is likely to disburse a US$53m tranche later this month. The prospect of the IMF making a loan secure in the knowledge that it will be used to help finance the war in the Congo suggests the disarray in Washington is almost as great as that in Harare.

Whatever the IMF's decision, the man in the street is increasingly disaffected. Even government backbenchers are becoming more vocal about the economic situation.

Government's response is more State intervention, not less. Government officials are considering "multimillion-dollar" investments including an oil refinery and a bigger fuel distribution network "to cut down the fuel import bill".



Just who will pay is unclear. As one banker commented with gallows humour: "Perhaps if international lenders like the IMF are willing to finance wars, they will also pick up the bill for an oil refinery."

Special Correspondent

Zimbabwean land owner dies in new wave of rural violence

(362) BD 13/11/98

Michael Hartnack

HARARE — Calm returned to towns and cities yesterday after the first of a planned series of one-day strikes, only to be replaced by a wave of rural strife stemming from the invasion of white-owned farms by landless blacks.

Sylvia Jackson, 76, was murdered on Tuesday night at Toplands Farm, Marondera, following a prolonged confrontation with squatters, and further invasions were reported yesterday from the Goromonzi and Shamva areas near Harare.

At Chinyika Farm, Arcturus, Rob Brown has been besieged behind his security fence since Monday by 400 squatters, including knife-wielding members of the ruling Zanu (PF) party youth league, who are demanding his land be distributed to black Zimbabweans.

Other squatter confrontations have been taking place at Owen Connor's farm at Enterprise, 50km northeast of Harare, and at Harry Orphanides's farm near Marondera.

President Robert Mugabe has in the past two weeks made repeated emotive speeches saying whites face summary eviction with possible compensation to be negotiated later.

Agricultural industry sources blamed former guerrillas and local Zanu (PF) officials for the crisis, and criticised police for refusing to intervene.

Jackson, who was murdered in her bed before her home was burned down, was last month forced to make a public apology after telling visiting diplomats and journalists she had given up farming sheep because they became infected by parasites as a result of squatters' lack of sanitary facilities.

In the wake of Wednesday's nationwide national strike, in which at least one person was shot dead during rioting in Mutare, talks yesterday between unions and employers broke up without reaching agreement on a planned 20% cost-of-living allowance for all 1-million formal sector workers.

A two-hour meeting in Harare was "totally unfocused and inconclusive", said Morgan Tsvangirai, secretary-general of the Zimbabwe Congress of Trade Unions. Acting Labour Minister Nathan Shamuyarira failed to attend.

If there were no major developments by Monday, a further one-day stoppage would be convened on November 18, Tsvangirai said.

FOCUS

A view of central Harare, Zimbabwe

Where sheer economic necessity rules

BD 16/11/98 (362)

Getting to the front of the queue has become all-important in Zimbabwe, writes **Michael Hartnack** in Harare

IT IS not done in Zimbabwe to quote from the great gurus of Communism nowadays. "Shush, dear, not in front of the nice man from the International Monetary Fund," you can almost hear the official media saying.

Yet Zimbabwe has become a society which Karl Marx himself might have invented to bear out his theory of people becoming "locked into" mindsets decreed by sheer economic necessity.

Everyone wants one thing: to get to or to stay at the front of the queue for access to scarce natural resources — land, water, minerals, and to even scarcer modern institutions — schooling, health facilities, transport, urban housing, and above all, jobs.

They will no longer heed any would-be leader who does not promise to get them nearer the front. They are interested in no theories, no rationalisations, except one that deals with the here and now.

The Zimbabwe Institute of Public Relations and the Institute for the Advancement of Freedom held a series of public meetings over the past month to elevate public debate on national problems.

As these were running, rioting broke out once more, triggered by 67% increases in the price of petrol and diesel and by 60 to 80% increases in commuter minibus fares.

Boycotts mounted by commuter taxi owners, who said they were being forced out of business, might have passed peacefully but for the presence around Harare of 1-million backyard shack dwellers and unemployed.

Looters as young as nine years old were arrested before troops were sent into townships. The tanks deployed in January's three-day food riots, which claimed eight lives, were all believed to be in the eastern Congo, waiting for the Zimbabwean offensive to drive the rebels back into Rwanda and Uganda.

An attempt by the National Constitutional Assembly to hold a legally-sanctioned march demanding radical governmental reform, including curbs on presidential war-making powers, was arbitrarily suppressed by police.

The public meetings were characterised by speakers, both from the platform and the floor, each demanding what amounted to "a new deal" for "their" group to effectively put it at the front of the queue for resources.

Dr John Makumbe of the University of Zimbabwe's department of public administration censured President Robert Mugabe for not conclusively redistributing the country's wealth at 1980 independence (when the US dollar was worth Z$0,50 compared to Z$36 today, and there were 290 000 whites among 7-million blacks, compared to 70 000 among 12,7-million now).

"The policy of reconciliation made Zimbabwe a paradise for most whites," he said, to thunderous applause. It had meant "Let's shake hands in First Street, and you go back to your lovely house in Mount Pleasant, and you go back to your shack in Mbare".

Minister of State for Indigenisation and Privatisation Cephas Msipha applauded a speaker who called on blacks to curtail white and Asian ownership of city property by summary action "as we did during the liberation struggle".

A young man rose to protest: "I am one of those who are mixed. I am speaking for my people. We are still being told we are not indigenous enough".

Msipha said his questioner must recognise "indigenous" meant those victimised by colonial regimes, and compared black Zimbabweans to Jewish survivors of the Nazi holocaust. Those seeking constitutional reform should ignore "political mechanics such as the presidential term of office". The main problem was "those clauses (in the Declaration of Rights) which bar government from clearly identifying those who were disadvantaged in the past," and they did not, he suggested, include the country's 40 000 coloured people.

One woman from the Kariba lakeshore town of Binga said: "The Matabele people should go back to South Africa so we can have space for our people, and everyone should have only two children." Msipha, who comes from Zvishavane on the Matabeleland border, went pale with anger and retorted: "Why are you not saying whites should go to England?"

Meanwhile, squatter invasions of white-owned commercial farms continue to be reported from many rural areas, disrupting cropping programmes and threatening a wave of bankruptcies and possible shortages if harvests are curtailed.

Prof David Beach, a lecturer at the University of Zimbabwe, said recently: "The land question is not one of dispossessing white commercial farmers. All commercial farmers, including the ruling black elite, will be driven off by waves of land hungry farmers. And that has to lead to struggles between the people themselves to dispossess each other and that leads to the possibility of violence".

Every week, Mugabe presides over land allocation ceremonies on former white farms — up to now, ones acquired on the old "willing buyer, willing seller" basis. Following September's Land Reform Donor Conference, agreement was reached with western states and agencies on a modest two-year "inception period", not disrupting production and using over 1-million hectares the government already owns.

However, Mugabe has proclaimed yet another "new policy" — that whites will be moved off and left to argue about possible compensation later. Police are refusing to act against squatters who, say farmers, are being incited by local ruling party officials.

Since 1980, Mugabe's answer to almost all political problems has been to promise voters short cuts to the head of the queue, and throw economic patronage at key individuals — hence his 53-member cabinet and unreformable public sector. Business sources suggest his Congo adventure is motivated not by any selfish, corrupt aim but by desperate and genuine belief that Congo's neglected riches will provide the long-sought bonanza and economic panacea for Zimbabweans.

It is his last hope.

Zimbabwe resembles a snared animal, but it is arguable whether this snare is more viciously cutting off the supply of food to its belly or of blood to its befuddled collective brain.

Farmers' leader quits in remarks row

(362)

Michael Hartnack BD 16/11/98

HARARE — The president of Zimbabwe's Commercial Farmers' Union, Bob Swift, quit at the weekend after a row with Lands and Agriculture Minister Kumbirai Kangai over remarks linking the murder of an elderly white widow to epidemic invasions of farms by land-hungry squatters.

News came in of the murder of another white, Edward Benzies, 40, at Melfort Farm, Bromley, 50km east of Harare. He was shot dead on Thursday by as yet unidentified attackers.

"To link this whole issue of land allocation and the murder is completely mischievous — it is an intention to destabilise the country," said Kangai as Swift linked last week's murder of Sylvia Jackson, 76, to a confrontation with squatters and Zanu(PF) officials who accused her of "racist comments".

Jackson, of Topland Farm, Marondera, was forced to make a public apology for telling diplomats and foreign journalists during September's land reform donors' conference that she had to stop keeping sheep because of infection of pastures with parasites from human waste. She was found dead in the gutted remains of her farmhouse, and police have arrested a gardener they allege was involved in a pay dispute.

Kangai threatened unspecified legal action.

Swift described the murder as "a horrible crime coming at a time when a number of farms are under siege from illegal squatters".

Properties at Marondera, Goromonzi, Arcturus, and in the Enterprise Valley near Harare were the scene yesterday of continuing confrontations with land-hungry invaders who, farming sources said, were pegging lands, with the encouragement of former guerrillas and local ruling party officials.

Planting has been severely disrupted, leading to fears both for productivity and repayment of bank loans following President Robert Mugabe's announcement last month of a "new policy" under which farms would be given to blacks and compensation for evicted whites discussed later.

Swift said he was "standing down mainly because a new and revitalised initiative was needed in the current impasse", and the Commercial Farmers' Union executive agreed farmers faced "dire circumstances" over land invasions. Former union president Nick Swanepoel will replace Swift.

Many parts of Zimbabwe continue to await soaking rains. Relief workers meet today in Bulawayo to discuss the danger of starvation to 730 000 people in Matabeleland South, while a nutrition crisis is also facing 113 000 Tonga people on the southern shores of Lake Kariba.

Leader of Zimbabwe's white farmers' union stands down

CT(MR) 16/11/98 (362)

FROM AFP

Harare — The leader of Zimbabwe's 4 000-strong white Commercial Farmers' Union had resigned because of deteriorating land reform negotiations, a spokesman said at the weekend.

The union said Bob Swift had quit his position in view of the impasse reached with the government over the land issue amid a spate of invasions of white-owned farms.

Swift's resignation came a day after a white woman was killed at a farm to the east of the capital.

Swift told a special council meeting of the union he was standing down "principally because he felt a new and revitalised initiative was needed on the impasse on the fast deteriorating land issue".

The union accepted the resignation in light of the "dire circumstances of land invasions" by squatters and the impasse with the government.

The need for land reform has long been accepted in Zimbabwe, where just 4 000 white farmers own 30 percent of the country while millions live in overcrowded and impoverished communal areas.

The union agrees with the need for reforms, but believes enough land can be made available without the forcible acquisition proposed by the government.

Sylvia Jackson, a widow at the centre of a race row over land reforms, was believed to have been murdered on her farm in Marondera last Tuesday night.

The charred remains of Jackson, who was vilified in Zimbabwe's local media for allegedly saying her sheep had been killed by blacks defecating on her land, were discovered in her gutted homestead on Wednesday.

Police have arrested Jackson's domestic worker, who has admitted to setting the house on fire over a pay dispute.

Before his resignation, Swift called on the government to address the security of farmers to avoid anarchy and retain confidence in the country's backbone industry.

"This horrible crime was committed at a time when a number of farmers were already under siege from illegal squatter compounds," Swift said.

"This is already an untenable situation in terms of deterioration in law and order in some areas."

Ex-guerrillas led move on farms, says Herald

BD 17/11/98 (362)

Michael Hartnack

HARARE — Former guerrillas led the invasion of 10 more white-owned commercial farms by would-be land claimants, the state-controlled Herald newspaper reported yesterday in its first acknowledgement of the part played by "ex-combatants" in the crisis.

After a violent campaign in which they jeered President Robert Mugabe and defied police, the 55 000 members of the National Liberation War Veterans' Association last year wrested Z$50 000 in tax-free gratuities, Z$2 000 a month in pensions and promises of free land, triggering an unprecedented crisis for the currency and the stock market.

In the Enterprise Valley area northeast of Harare, 20 farms have been invaded, some farmers being besieged behind the security fences of their homesteads while groups allegedly from Harare are trampling young tobacco crops as they peg prospective holdings and plant maize.

Many of the farms are not on the list of 1 400 published in September last year for intended redistribution to black Zimbabweans, but police are refusing to intervene. Mugabe pledged 20% of the 1 400 farms, adding up to 5-million hectares, to ex-guerrillas.

The Herald yesterday confirmed 600 families had moved onto five farms around the Chikwaka communal area, Goromonzi, while more had moved onto farms in the Beatrice area south of Harare and at Mutoko and Murerwa.

"The families, mostly consisting of ex-combatants, are expected to increase on already occupied farms, threatening to take over more," said the Herald in its first admission of the scale of the invasions, which have paralleled rising anti-government urban unrest.

Leaders of the Zimbabwe Congress of Trades Unions yesterday went to scheduled tripartite talks with employers and officials on an agreed formula to ease the economic blizzard that has put 60% of Zimbabweans below the bread line, according to United Nations statistics.

The union body has called, for tomorrow, the second of a series of one-day national strikes to demand a freeze on recent 67% increases in the price of fuel, at least until the publication of a report about massive alleged corruption at the state oil monopoly.

One person was killed during last Wednesday's unrest and eight died in January's food riots. Two whites have been killed on farms during the past week.

Bob Swift, president of the 5 000-member Commercial Farmers' Union, resigned at the weekend after linking the latter deaths to the farm invasions.

Lawyers yesterday reported farmers were seeking civil eviction orders, but feared police would refuse to recognise and enforce them in conjunction with court sheriffs.

Some of the squatters are reportedly armed with rifles, pistols and knives.

Mashonaland East provincial governor David Karimanzira appealed for land-seekers to be patient.

"On the other hand," Karimanzira also said, "farmers have to co-operate. The issue of compensation will be discussed later. The government is there (and) will not cheat them."

Leaders of the banking sector are as alarmed as agricultural chiefs by developments, because some of the occupied farms have multimillion-dollar overdrafts for crops that were planted since the start of recent rains.

R300m sugar venture fears price controls

Martin Rushmere (362)

HARARE — A R300m sugar growing plantation and mill in Zimbabwe in which Tongaat Hulett has a 25% indirect stake could be torpedoed because its viability is being undermined by price controls at a time of rocketing inflation.

The Lomaz sugar project expects to produce 150 000 tons from 8 000ha of cane to be planted in the Mazoe Valley, 100km north of Harare.

Since the decision to go ahead almost two years ago, the value of the Zimbabwean currency has plunged while inflation has risen to almost 40%, and government has reacted by imposing heavy duties and price controls on basic commodities.

Although in theory the government has no legal power, producers of foodstuffs have been told that life could become very difficult if they do not get permission to raise prices.

Says a spokesman for the growers, Richard Harvey: "The outside investors are getting nervous because the price of sugar has not gone up in response to the heavy increases in costs. Sugar is now being sold for 40% of what it should be, and although there was an application for a 15% increase a month ago, nothing has been done."

Harvey says that the government has given full support to the project, and is especially keen for it to go ahead because 25% of the shares are being set aside for individual black investors.

The mill will use refurbished equipment from Mount Edgecomb. Tongaat Hulett owns its shareholding through a subsidiary, Triangle, while 25% is held by Zimbabwe Sugar Refineries and 25% by the growers.

BD 17/11/98

CAPE TIMES
WEDNESDAY, NOVEMBER 18, 1998 ★

MUGABE FUELS CRISIS

Squatters threaten to force farmers off land

BD CT 18/11/98 (362)

HARARE: Robert Mugabe's impatience with the slow rate of land reform has initiated a new land grab. **IAN MILLS,** of the Independent Foreign Service, and Reuter report.

WHITE farmers in the soil-rich Enterprise area near here say they are facing a situation of near anarchy, with police standing by idly as illegal squatters flood their farms.

Villagers from the surrounding tribal areas have invaded more than a dozen farms. About 600 peasant families have so far moved on to commercial farms, with the threat of many more to come.

The squatters yesterday said they would force the farmers off the land.

"This is our land and we are not going anywhere else," said a villager camped on a farm for the past eight days.

"If he (the farmer) does not move out then we'll destroy his property," he said as his comrades sang revolutionary songs and chanted slogans in front of a flag of the ruling Zanu-PF party which had been hoisted at the entrance to the farm homestead.

Peter Howson, who heads one of the biggest farming operations in the area, said about 200 squatters were camped near his homestead, keeping his family awake at night with traditional drumming, singing and chanting and "chimurenga" (war) songs.

He said farmers in the area had been advised by officials and farming leaders not to carry weapons and to remain calm.

Patrick Connor said he had asked for police protection when ordered out of his home by squatter leaders. But he was turned down because the police said they could not be sure an offence had been committed. And, in any event, they did not have transport.

Connor was told by squatter leaders that his entire farm would be taken over because it was now the site of a "Heroes' Acre" where war veterans would be buried.

The squatters have started planting and have 14 hectares of his farm under maize.

Howson said the situation had worsened considerably after President Mugabe's statement that there would be no delay in acquiring commercial farms for peasant resettlement.

In what has been seen as a "new" land policy, Mugabe asserted that the land needed (about five million hectares) will be taken before the end of this month and the questions of compensation left until later.

"During contact with the squatters they repeatedly tell us that they are acting on Mugabe's statement which they have interpreted as an order to move on to the farms," Howson said.

"There is near anarchy here, it is so close. The potential for an explosive situation is frightening. The police appear powerless to act, mainly because they don't want to escalate the situation to the point where they cannot handle it."

The farmers have been led to believe that the government will this week issue 700 acquisition notices for farms it intends seizing immediately for redistribution.

Farmers attempting to take the matter to court have been told they must first obtain eviction orders. So far, about a dozen farmers are seeking eviction orders, which they describe as a slow process.

"Even when the order is granted the squatters have two weeks in which to lodge an appeal," said one farmer.

Mugabe asserts that the owners' threat of court action will not deter his government from seizing the farms. "If they want to go to the courts, we'll let them," he said.

A police spokesperson said that the police could only intervene directly when a criminal offence had been committed. Howson said the squatters knew this and were avoiding criminal acts.

"Although they are trying to intimidate us into leaving our land the squatters have been instructed not to interfere with the farmers or their operations," he said.

"There has been some intimidation of farm workers and some of them have been beaten. But the main tactic appears to be attempts at claiming the land by spreading maize seed," he said.

Mugabe's recent statements indicate that he has lost patience with his critics and has adopted a go-it-alone policy on land, one that will allow him to go to the ruling party's national congress early next month having made good his promises on radical reform.

Some government leaders have urged the peasant farmers to be patient and reminded them that the land reform exercise is a five-year programme.

Mugabe seizes hundreds of farms

BD 19/11/98 (362)

Michael Hartnack

HARARE — President Robert Mugabe has ordered 841 white-owned farms seized immediately for redistribution to blacks in a bid to stave off rising popular dissatisfaction with his rule, manifested in a one day national strike yesterday.

In breach of all Mugabe's past promises to aid donors and the private sector, owners are being told to quit before compensation is negotiated.

The signing of what amounted to 14-day eviction orders took place on November 12, as militant ex-guerillas invaded white farms, threatening white families and their workers.

Sources said Mugabe had Lands and Agriculture Minister Kumbirai Kangai send out the orders without consultation with his economic ministries or with western donors who, at a September land reform conference, agreed to back a modest "inception period" plan, aimed at restoring agricultural and banking sector confidence.

Kangai left for a three-week overseas tour immediately after signing the orders.

"This will do irreparable harm to the economy," commented a western diplomat. He believed the move was motivated by desire to stave off unprecedented discontent, ahead of a ruling party conference next month.

Nick Swanepoel, who at the weekend resumed presidency of the 5 000-member Commercial Farmers' Union (CFU) after the resignation of Bob Swift over the land crisis, said after an emergency meeting of his executive yesterday that he did not have a list of the targeted properties, only the number being taken. He said they totalled 3-million hectares.

Mugabe ... in breach of promises to aid donors and the private sector.

In September last year, 1 471 properties were targeted but 512 were later removed from the list because they did not meet criteria announced by Mugabe — proximity to communal areas, lack of utilisation or foreign or absentee ownership.

Swanepoel was unable to clarify the confusion that reigned last night in the farming and business communities, with a tidal wave of bankruptcies likely to sweep through the commercial sector. Banks are owed about Z$1bn in mortgages by the farms' owners. The 841 were believed to coincide broadly with those not "delisted", but all schedules published have been littered with clerical errors, misnomers and anomalies.

Farms never on any state takeover list have been invaded in the past month by ex-guerillas and their families, who have begun trampling young crops, pegging holdings, and planting maize.

Legal sources believed the CFU might seek urgent high court injunctions against seizure on behalf of at least some of the affected properties, but there is a risk of general breakdown of law and order in the rural areas as the land hungry are likely to imitate the ex-guerillas and sweep in to claim holdings.

Britain and other western states agreed to back land reform in Zimbabwe only if it was transparent, did not disrupt production and did not enrich the political elite.

Meanwhile, yesterday's strike, the second called by the Zimbabwe Congress of Trade Unions this month, brought the country to a standstill once again.

The one-day stayaway was called to protest against government's economic policies and appeared to enjoy even stronger support than that called last Wednesday, despite a total news boycott of their strike call by state media.

The strike was reported to be almost complete in the industrial and commercial areas of Harare, Bulawayo, Gweru and Mutare. Banks, building societies and shops remained closed and some schools sent pupils home. Most buses and commuter minibuses stayed off the roads.

CAPE ARGUS, THURSDAY, NOVEMBER 19, 1998

Shock as Zimbabwe takes over 841 farms

(362) ARG 19/11/98

Harare – President Robert Mugabe's government has issued orders for the immediate confiscation of 841 white-owned farms in Zimbabwe, farm union officials said here.

Nick Swanepoel, president of the Commercial Farmers' Union, most of whose 4 000 members are whites, yesterday said the agriculture ministry told the union that letters to the owners had been signed by agriculture minister Kumbirai Kangai on Friday last week and mailed immediately afterwards.

The first "acquisition of land orders" began arriving in farmers' mail boxes yesterday.

Mr Swanepoel said that under Zimbabwean law, the land became the property of the state president as soon as the owner got the letter. He said there had been no consultations with the union over the issue.

"It means everything, down to cattle and crops standing in the field, is acquired with immediate effect."

The move would send shock waves not just through the demoralised white farming community, but through the entire economy being hit by its worst crisis, he said.

Sources said the International Monetary Fund's office in Harare had responded to the news of the orders, by saying a US$55-million (about R311,8-m) loan being considered by the bank's board was "killed stone-dead as of now".

Farm union sources said Mr Kangai had warned union officials last week it would be seizing these farms.

He also told officials the government did not really mean to keep the properties and that they just wanted to keep the land issue alive.

Union officials said although land confiscation laws were stripping the 841 farmers of ownership of their land and assets, the government was obliged to carry out a complex sequence of bureaucratic steps, including payment of full compensation in just over two months. – Sapa

Zimbabwe sees new potential in lesser-known shrines

CT (BR) 19/11/98 (362)

PATRICE MAKOVA

The Great Zimbabwe Ruins near Masvingo and the Khami Ruins outside Bulawayo are popular historical monuments for tourists, earning the country millions of dollars in much-needed foreign currency.

Sadly, this was not the case at other Zimbabwean monuments such as the Danamombe Ruins, Ziwa in Nyanga and the Mutoko Ruins, the Ziana news service has said.

These ancient settlements of the Shona people are hardly known. Most of them are now little more than piles of rubble.

The department of National Museums and Monuments of Zimbabwe (NMMZ) has now launched an aggressive campaign to market these monuments.

Dawson Munjeri, the executive director, said the department encouraged safari operators to include historical places on their tourism packages. "Schoolchildren and students are also being encouraged to visit the sites where they can learn a truly African cultural experience."

In addition, the department would print brochures on the monuments and market them on the Internet. The department had constructed a site museum worth more than Z$500 000 (about R77 000) at the Danamombe Ruins, believed to be the third largest after the Great Zimbabwe Ruins and Khami Ruins.

Munjeri said the department had earmarked similar museums at Naletale, Zinjanja in Regina, and Manyanga in Ntabazikamambo. These places are thought to be the posts of Rozvi subrulers. "Our aim is to make it easy for tourists to visit these interlinked monuments in one package."

Similar projects are in operation at Mutoko, Ziwa, Pomongwe in Matobo and Domboshava.

TREASURED ASSETS *Harare is encouraging the country's game operators to include a visit to historical places as part of their tourism packages*

James Bwerazuva, the mayor of Gweru, agreed that the shrines at Danamombe, Naletale, Zinjanja and Manyanga had a great potential for tourism. He said the sites should be fully developed by investors who could complement them by building chalets, restaurants and casino facilities.

Dumiso Dabengwa, the home affairs minister, said promotion of the monuments to generate revenue was consistent with the country's economic reform programme. Parastatals such as the NMMZ could reduce the dependence on government funding. But it was "essential that the heritage we offer is attractive and looked after". — Sapa

Strikers put squeeze on Mugabe

CT (BR) 19/11/98 (362)

GODFREY MUTIZWA

Harare — Zimbabwean industry was crippled, transport paralysed and major towns left deserted yesterday as workers staged a second one-day strike to force President Robert Mugabe to tackle a deepening economic crisis.

The increasingly militant Zimbabwe Congress of Trade Unions said the strike had been called to protest against Mugabe's refusal to subsidise fuel prices when he is waging war in the former Zaire. Transport costs have surged by up to 100 percent, and unions said they would stage strikes every Wednesday until the fuel increases were rolled back.

Industry sources and residents said most shops and factories in major towns were closed as workers heeded the strike call yesterday. Harare's central business district was barely working.

Traders in the financial markets said the money market was closed and trading on the stock and forex markets curtailed.

BOB'S OUR UNCLE *A padlock was all that was keeping landless workers moving on to Chinyika Farm on Tuesday* PHOTO: REUTERS

Also yesterday, the government began confiscating 841 white-owned farms.

Nick Swanepoel, the president of the Commercial Farmers' Union, said letters to farmers were signed by Kumbirai Kangai, the agriculture minister, on Friday last week and began arriving in farmers' mail boxes yesterday.

Under Zimbabwean law, the land became the property of the state president as soon as the owner received the letter. "It means everything, down to cattle and crops standing in the field, is acquired with immediate effect," said Swanepoel. — Reuters

UNREST 'MAY FORCE MUGABE OUT OF DRC WAR'

Strikes cripple Zimbabwe

(362) CT 19/11/98

HARARE: Zimbabwean industry was crippled, transport paralysed and towns left deserted yesterday as workers staged a second one-day strike over the fuel crisis.

PRESIDENT Robert Mugabe has stayed aloof from Zimbabwe's domestic problems but a wave of unrest may force him to pull out of the Congo war, to which he is devoting most of his time, analysts say.

In the face of strikes and violent protests over a steep rise in fuel prices in the past three weeks, Mugabe has kept a studied silence, seen by some critics as an abrogation of duty.

The president has said nothing about peasants illegally occupying large tracts of Zimbabwe's commercial farmland. He has ignored demands by trade unions to hold urgent talks to discuss the worsening economic crisis.

On the eve of a second strike over a 67% fuel price rise yesterday, a smiling Mugabe was pictured entertaining American pop star Michael Jackson.

During the previous strike he played host to Democratic Republic of Congo's President Laurent Kabila.

Political analysts say monarchial pretensions have been 74-year-old Mugabe's main problem since he came to power 18 years ago.

"He always wants to pretend that everything is OK, abrogating his duties," said political commentator John Makumbe. "Today his main problem is the Congo. The unions have brought it to the fore and it may see him out of there (Congo)."

The increasingly militant Zimbabwe Congress of Trade Unions said the strike had been called to protest against Mugabe's refusal to subsidise fuel prices when he is waging war in the former Zaire. A similar protest was staged a week ago and the union has said it will strike every Wednesday till the fuel increase is reversed.

Industry sources said most shops and factories in major towns were closed as workers heeded yesterday's strike call. Train services around the country were cancelled and residents said the main towns of Bulawayo, Gweru, Mutare, Kwekwe and Masvingo were deserted.

Makumbe and Masipula Sithole, another political commentator, said economic hardship and further social unrest would undermine Mugabe's position in the DRC, where he has deployed about 6 000 troops backed by tanks and planes to support Kabila in his war against rebels.

Military analysts say the country's involvement in the DRC war is costing $1 million a day, bleeding an economy which industrialists say is on its knees because of mismanagement and low world commodity prices.

Mugabe has dismissed complaints about the cost of the war in a country in which Zimbabwe has no clear political or security interests, saying he is in the DRC to save lives and a sovereign government. But his critics at home say he is there to protect his and his cronies' business interests.

"Mugabe is fighting on two fronts, in the Congo and at home. Wise counsel will dictate that he cannot afford to lose at home because of the Congo," Sithole said. "No one, let alone Mugabe himself, will say so, but they must be looking for an honourable exit." The president, he said, has lost the battle for public opinion at home.

Mugabe has vowed to stay in Congo till Kabila is safe, but analysts say it would depend on stability at home. "We just cannot afford more unrest," a government source said.

Mugabe is increasingly relying on the army to keep peace in the country, which has been seen protests over food, taxes and war veterans' payments in the past year. Officials say this is creating serious divisions and dissent in the cabinet. Some sources say Mugabe, to ease the political pressure, has been hinting that he may not seek re-election in 2002. — Reuter

The Star ... Thursday November 19 1998

Strike, farm sieges ravage Zimbabwe

(362) Star 19/11/98

Unions bring industry to a halt while mobs demand that white farmers be driven off the land

REUTERS
Harare

Zimbabwean industry was crippled, transport paralysed and major towns left deserted on Wednesday as workers staged a second one-day strike to force President Robert Mugabe to tackle a deepening economic crisis.

The increasingly militant Zimbabwe Congress of Trade Unions (ZCTU) said the strike had been called to protest against Mugabe's refusal to subsidise fuel prices when he is waging war in the former Zaire. A similar protest was staged a week ago.

A 67% increase in fuel prices has raised transport costs by up to 100%, enraging ordinary Zimbabweans, many of whom are living on the poverty line.

Major business organisations added their voices to a chorus of calls for talks with the unions and Mugabe, who has kept a studied silence throughout the strikes.

The president of the Zimbabwe National Chamber of Commerce (ZNCC), Nhlanhla Masuku, said in a statement: "The chamber is calling for another tripartite meeting to discuss macroeconomic issues which are hurting our members.

"We believe in serious dialogue as a way of solving our problems," he said, referring to abortive talks held on Monday.

The ZCTU is demanding urgent talks to arrest a currency crisis that has wiped over 50 percent of the local dollar's value this year.

The economy is forecast to slip into recession next year due to the unstable currency, punitive interest rates and inflation.

Industry sources and residents said most shops and factories in major towns were closed as workers heeded the strike call.

Train services around the country were cancelled and residents said the main towns of Bulawayo, Gweru, Mutare, Kwekwe and Masvingo were deserted.

Harare's central business district was barely working. Foreign exchange traders said the money market was closed and trading on the stock and forex markets severely curtailed.

The state-controlled Zimbabwe Broadcasting Corporation did not mention the strike in its news bulletins.

Mugabe has deployed over 6 000 troops, tanks and planes to prop up the embattled government of the Democratic Republic of the Congo against Rwandan and Ugandan-backed rebels.

He says he went into the Congo to save lives and protect the sovereignty of President Laurent Kabila's Congo but unions, opposition politicians and business leaders say he is protecting personal commercial interests.

Soldiers patrolled townships across the country, where many workers appeared to have heeded the strike call but had stayed inside their homes due to cool temperatures brought by overnight rains. No violence was reported.

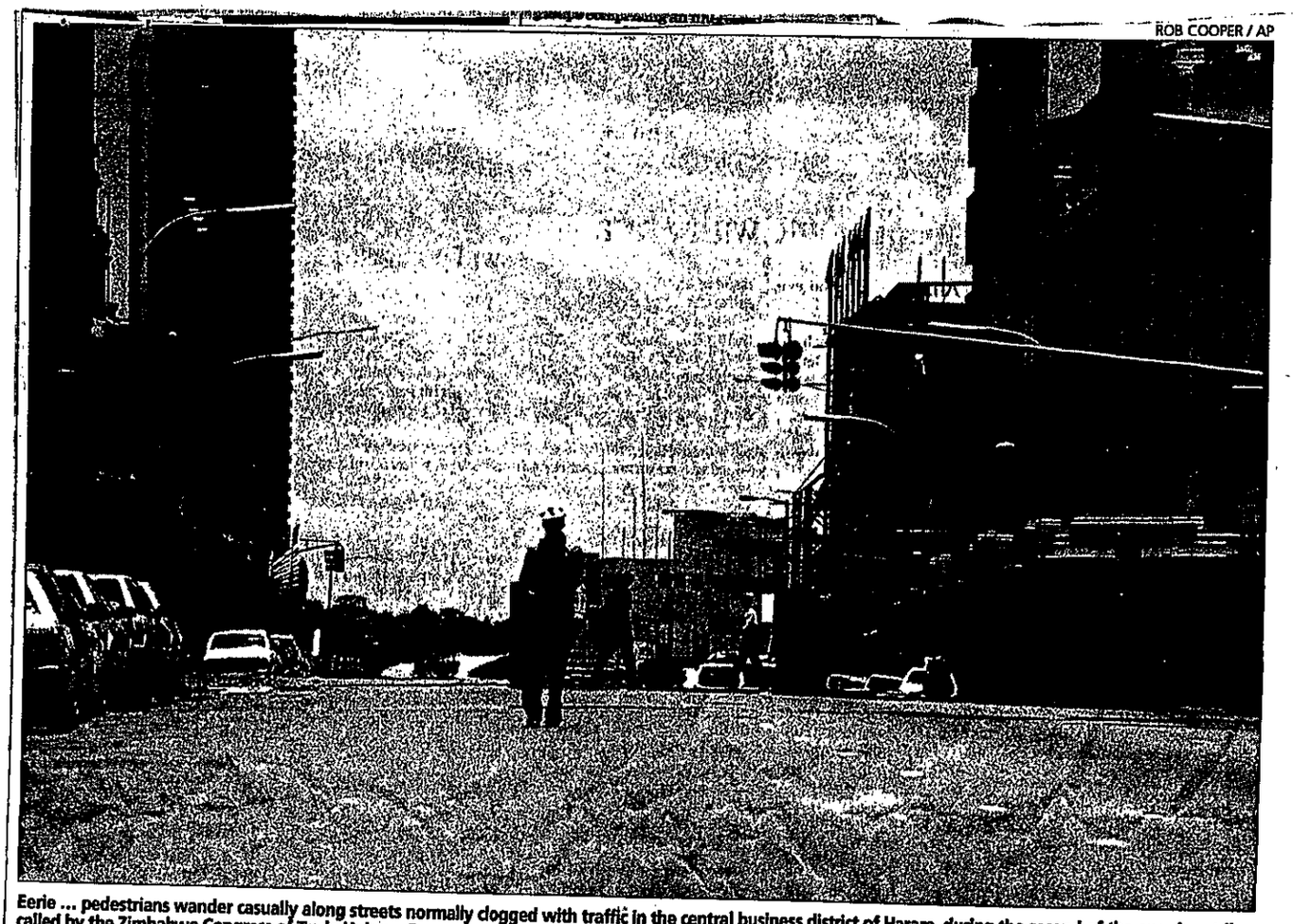
The unions say they will stage strikes every Wednesday until the fuel increases are rolled back.

The government insists the increases will not be reversed and says there will be quarterly adjustments from February.

Zimbabwe, ruled by Mugabe for all its 18 years of independence, has recently suffered a series of protests and strikes as poverty worsens in the country of 12 million.

Mugabe (74) denies charges he has ruined the country's once prosperous economy by wasting resources on a political patronage system aimed at entrenching his rule.

ROB COOPER / AP



Eerie ... pedestrians wander casually along streets normally clogged with traffic in the central business district of Harare, during the second of the one-day strikes called by the Zimbabwe Congress of Trade Unions. Commerce and industry throughout Zimbabwe came to a halt yesterday as 90% of workers stayed at home in a protest against the rocketing cost of living.

Social unrest and unions could force Mugabe to pull troops out of Congo

Star 19/11/98 (362)

Harare – President Robert Mugabe has stayed aloof from Zimbabwe's domestic problems but a wave of social unrest may force him to pull out of the Congo war, to which he is devoting most of his time, analysts say.

In the face of strikes and violent protests over a steep rise in fuel prices in the past three weeks, Mugabe has kept a studied silence, seen by some critics as an abrogation of duty.

The president has said nothing about peasants illegally occupying large tracts of Zimbabwe's important commercial farmland at the start of a new cropping season, and ignored demands by militant unions to hold urgent talks to discuss a worsening economic crisis.

On the eve of a second strike over a 67% fuel price rise yesterday, a smiling Mugabe was pictured entertaining American pop star Michael Jackson.

During the previous strike, he was playing host to Congo's President Laurent Kabila.

Political analysts say monarchical pretensions have been 74-year-old Mugabe's main problem since he came to power 18 years ago when the former British colony of Rhodesia became independent Zimbabwe.

"He always wants to pretend that everything is okay, abrogating his duties," said political commentator John Makumbe.

"But today his main problem is the Congo. The unions have brought it to the fore and may see him out of there."

Makumbe and Masipula Sithole, another political commentator, said economic hardship and further social unrest would undermine Mugabe's position in the Democratic Republic of Congo, where he has deployed about 6 000 troops backed by tanks and planes to support Kabila in his war against rebels.

Military analysts in Zimbabwe say the country's involvement in the war is costing about R6-million daily, bleeding an economy which industrialists say is already on its knees because of mismanagement and low world commodity prices.

Mugabe has dismissed complaints about the cost of the war in a country in which Zimbabwe has no clear political or security interests, saying he is in the DRC to save lives and a sovereign government.

But his critics at home say he is there to protect his and his cronies' business interests.

"Mugabe is fighting on two fronts, in the Congo and at home, and wise counsel will dictate that he cannot afford to lose at home because of the Congo," Sithole said.

"No one, let alone Mugabe himself, will say so but they must be looking for an honourable exit," he said, adding the president had lost the battle for public opinion at home.

Mugabe is increasingly relying on the army to keep peace in the country. Officials say this is creating serious divisions and dissent in the cabinet.

In an attempt to ease political pressure, some government sources say Mugabe has been suggesting to close political allies that he may not seek re-election in 2002. – Reuters

ZIMBABWE

(362) FM 20/11/98

MUGABE HEADS

Swelling discontent foreshadows far-reaching political transformation

FM Cover Story

President Robert Mugabe's 18-year-old regime is facing its sternest challenge since his landslide victory fresh from the bush war in 1980. Accustomed to a deferential population cowed into submission by a savage State intelligence system and weak political opposition, Mugabe has been caught by surprise with the political upheaval now. His old tactics of intimidation and setting one section of society against another do not seem to be working anymore; the populace is becoming restive.

Mugabe has nobody but himself to blame for the events of the past 12 months, which threaten to sweep him aside. His 18 years of misrule have united the people around a call for better governance and improved economic conditions. A combination of factors — mainly a failed socialist experiment that lasted for close to a decade, followed by a half-hearted structural adjustment programme and a State expenditure pattern skewed towards upholding an incumbent elite rather than productive investment — have seen a dramatic drop in GDP and rapidly declining living standards.

Thus an economy that survived 15 years of international sanctions against Ian Smith's rebel regime is now on its knees, unable to create jobs for the more than 300 000 school-leavers that flood the labour market every year. Ill-advised and inconsistent economic policies have chased off investors and led to inflation levels averaging 23% since 1980.

Against this background, people are incensed by a political leadership bent on enriching itself while calling on them to tighten their belts. The granting of a 51% stake in the Zimbabwe Electricity Supply Authority's Hwange power station to Malaysians without going to tender, a housing scandal in which senior politicians benefited from a scheme meant for the poor, and the looting of a war victims' compensation fund by party and government officials, some of whom never went to war, have provided further proof of a government that, in the absence of political accountability, has been able to siphon national resources for its own ends.

In September last year, widespread anger against the looting of the war victims' fund and protests by the liberation war veterans caused panic in the ruling Zanu-PF party, leading to the government's awarding an unbudgeted Z$4bn to 50 000 war veterans. It proposed to raise the money through arbitrary new taxes.

Public protest forced government to scrap some of these taxes, but the damage was done. Government's abject submission to blackmail from war veterans and Mugabe's promulgation of a potentially disastrous land acquisition programme led to a collapse of foreign confidence and the meltdown of the Zimbabwean dollar. The currency crashed a whopping 70% in November alone, indicating the markets' lack of confidence in government's ability to manage the economy.

The crash of the dollar in turn caused all-round price instability. Government resorted to price controls on all basic commodities, including fuel. However, the retreat into the laager of the Eighties command economy has not closed the floodgates. Presidential invective on the land question has encouraged an invasion of productive farms by land-hungry peasants that threatens to undermine the economy's foreign exchange mainstay.

In response to escalating prices, Morgan Tsvangirayi's Zimbabwe Congress of Trade Unions (ZCTU) has called for another crippling one-day stayaway to force government to withdraw a 67% fuel price increase. The ZCTU is also demanding a 20% salary increase to cushion workers from the rapidly escalating cost of living. Government has said the increases will stay and offered to negotiate with unions on the salary adjustments.

With his government under siege, Mugabe has further provoked public ire by his bid to prop up Laurent Kabila's regime in the Democratic Republic of Congo, estimated to be costing the Zimbabwean taxpayer nearly US$1m/day. The President

ECONOMY

RE-ARRANGING THE DECK CHAIRS

As the good ship Zimbabwe drifts further on to the rocks, the pace at which the deck chairs are being rearranged gets ever more frenetic.

In government, each new crisis — and they are coming thick and fast — is greeted first with denial, then with a panicky decision, often overturned or amended shortly thereafter, when the problem is shunted aside to be tackled by a subcommittee of Ministers or experts. This technique has been used in short order over land, food prices, the fuel crisis and, now, the depreciating Zimbabwe dollar.

Invariably, the same old suspects who have botched the matter are part of the "task force". The latest such committee, comprising Ministers Herbert Murerwa (Finance), Nathan Shamuyarira (Industry), Emmerson Mnangagwa (Justice) and central bank governor Leonard Tsumba, is tasked with stabilising the exchange rate.

The word on the street is that a backroom boy or girl at the Reserve Bank has decided that the "correct" rate for the Zimbabwe dollar is Z$23-Z$25

FN 20/11/98

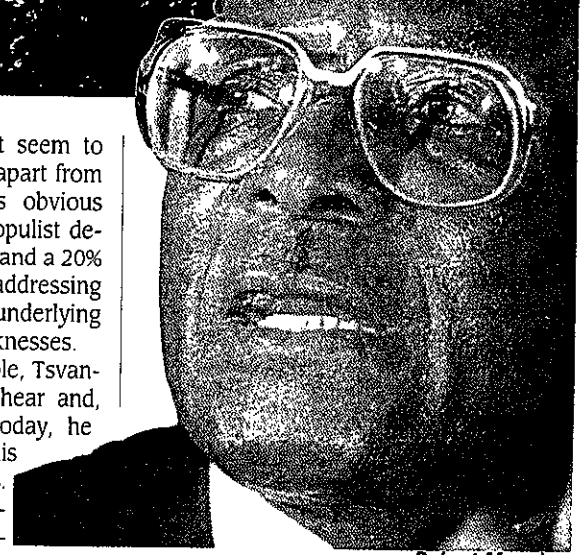
FOR A FALL

has not said a word about the deteriorating local situation, devoting his attention to rehabilitating the Congolese economy.

Never have Zimbabweans been so outspoken in their demands for Mugabe to step down. But he appears determined to hold on at least until the next presidential elections due in 2002. In the absence of viable political opposition, the ZCTU's Tsvangirayi has emerged as a rallying point against Mugabe's government.

While Tsvangirayi's clout has been enhanced by the successful stayaways, observers doubt he is yet presidential material. For a start, he does not seem to have a programme of his own, apart from focusing on the ruling party's obvious weaknesses. And last week's populist demands for a fuel price reduction and a 20% salary adjustment were seen as addressing the symptoms rather that the underlying structural macro-economic weaknesses.

But to the majority of the people, Tsvangirayi says what they want to hear and, were an election to be held today, he would give Mugabe a run for his money, particularly in the towns. The situation is likely to be different in rural areas, which con-



Robert Mugabe

to the US dollar. But with the free market rate at Z$37, getting from here to there is not going to be easy.

There is lots of loose talk from the usual gaggle of brokers and "analysts" of a "Malaysian solution", but since the capital account of the balance-of-payments is tightly controlled anyway — except for investors who came in over the past five years — this seems an unlikely solution.

More likely is a return to controls over profit and dividend remittances which might save US$200m/year. In the past, this is the option the authorities have favoured, largely because it is easier and less costly to administer than import controls, which people like Shamyuyarira are believed to favour.

An alternative option is the Nigerian solution — a return to a two-tier exchange rate that existed in the early Nineties, with the official rate pegged at about Z$25 to the dollar and a free market rate of Z$40 and above. Essential imports — fuel, food (when necessary), defence equipment — could be brought in at the official rate and the budget could be protected by allowing government to service its external debt at the official rate.

There are snags. The first is that the IMF/World Bank and donor community would be unhappy, but if government believes they are unlikely to lend anyway, that would be no great problem. More serious perhaps is the danger that a two-tier rate would open the door to even greater corruption.

Whatever is done, the crises are set to continue. Last month, inflation jumped to 34,3% from 31,7% in September — without taking account of price hikes and November's increase in municipal rates. The figure for November will be cushioned by the fall in sales tax to 15% from 17,5%, but is still likely to exceed 36% and average 30% for the year. What happens next will depend on how the rash of strikes called by the ZCTU plays out. **Special correspondent**

Zimbabwe's farmers locked in crisis talks

(362) Star 20/11/98

Mugabe's land-reform plan seen as attempt to impress his party

By Ian Mills
Harare

Zimbabwe's commercial farming leaders remain locked in crisis talks following government moves to seize 841 mainly white-owned farms for peasant resettlement.

President Robert Mugabe warned last month that the land would be taken immediately, leaving the question of compensation "until later".

Announcing what appeared to be a new and radical thrust to his ambitious land reform programme, Mugabe said all the required land – about 5 million hectares – would be acquired by the end of this month. Observers believe he is trying to present land reform as a fait accompli by the time his ruling party's national congress is held in December.

A spokesman for the Commercial Farmers Union, which represents the country's 4 200 commercial farmers, said the organisation's governing council was in urgent session and was involved in detailed talks that would continue today.

Lands and Agriculture Minister Kumbirai Kangai was said to be out of the country for three weeks and was not available for comment.

The new moves on the controversial land issue come at a time when white-owned farms are being invaded by black peasant farmers, who claim they are acting on "Mugabe's promises" that they will have new land on which to resettle before the onset of the seasonal rains, which have just started.

Several commercial farmers have meanwhile embarked on legal moves to obtain eviction orders against the squatters, who are reportedly moving on to a new farm every day.

There are fears that Mugabe's plan to acquire all the land he wants for peasant resettlement without payment by the end of the month will create an unprecedented constitutional and legal crisis and possibly widespread disturbances at a time when the country is facing an economic crisis and serious labour unrest.

Meanwhile, **Reuters** reports that Mugabe, breaking his long silence on the strikes, appealed yesterday for unity to arrest Zimbabwe's economic decline.

"Mistrust and constant bickering among ourselves will not yield anything but chaos and ruin to our economy," he said at a meeting with business representatives that was boycotted by the Zimbabwe Congress of Trade Unions (ZCTU), which alleged that he is devoting too much attention to the Congo war at the expense of the local economy.

Mugabe has deployed more than 6 000 troops and much military hardware in the Democratic Republic of Congo.

The ZCTU on Wednesday staged its second one-day strike in eight days to protest against last month's 67% hike in fuel prices. It argues that Mugabe should subsidise fuel prices if he can afford to wage a war 2 000km from Zimbabwe's borders.

Analysts say maintaining the soldiers in the Congo is costing the government R5,7-million a day. They put the cost of the ZCTU's strikes at about R77-million every day and say the recession-bound economy cannot afford such waste. – Star Foreign Service

Scramble to clarify terms of farmland

(362) BD 20/11/98

seizure

Zimbabwe bankers, farmers fear chaos in wake of govt takeover notices sent to 841 farms

Michael Hartnack

HARARE — Zimbabwe's banking and agricultural sectors were yesterday striving for clarification of notices issued to 841 white farmers that their land — totalling 3-million hectares — had forthwith been declared to be state property.

Economist John Robertson said a wave of commercial and bank failures might ensue if President Robert Mugabe went ahead with the eviction of white farmers.

In theory, farmers with debts to commercial banks exceeding an estimated Z$1bn have a fortnight to get off their properties, but many agricultural industry sources yesterday doubted Mugabe could seriously intend this.

"Everything, down to cattle and crops standing in the field, is acquired with immediate effect," said Commercial Farmers' Union president Nick Swanepoel.

Pessimists predicted desperate landowners might launch a "scorched earth policy", leaving banks to reconcile mortgages with worthless title deeds.

Heads of the Commercial Farmers' Union were locked in a day-long meeting on the crisis while Mugabe addressed a forum with business leaders, urging them to co-operate to stabilise the currency.

The Zimbabwe dollar remained pegged at 37,1 to the US dollar, and the stock market industrial index was down only three points at 6 041 as news of the farm seizures has yet to be published in the local press.

Confusion has been compounded by the departure from Zimbabwe for three weeks of Lands and Agriculture Minister Kumbirai Kangai, immediately after he dispatched the seizure notices on November 12.

The seizures violated all Mugabe's assurances to the September land reform donors' conference here, which led diplomats and private sector leaders, including bankers, to feel the crisis was at an end with his agreement to launch a two-year "inception period" with foreign support.

Diplomats said he had pledged not to disrupt farm production, to pay commercial compensation, and conduct "transparent" reforms which alleviated poverty rather than enriching the political élite.

Since then, militant former guerrillas have invaded farms in many areas, whether previously listed for takeover or not, pegging holdings, trampling young crops and planting their own.

White farmers and their workers have been threatened with death.

The Zimbabwean Financial Gazette, owned by a consortium of black businessmen close to the ruling party, yesterday warned that unchecked farm invasions could lead to "ghastly consequences" for the nation.

An editorial said Zimbabwe faced "chaos and anarchy" as a result of "the politics of appeasement". Last year, by a violent lobbying campaign, militant ex-guerrillas wrested Z$50 000 gratuities, Z$2 000-a-month pensions for life and promises of 20% of 1 480 farms targeted for takeover.

During the land donor conference 512 of the 1 480 were "delisted" and bankers granted overdrafts for the coming season to the remaining 900 — coinciding roughly with the 841 that have now received seizure orders — in the belief they would remain in commercial production.

Some have long-term mortgages of up to Z$30m for capital projects such as dams, say banking sources.

Ironically, the parastatal Zimbabwe Banking Corporation is thought to be most exposed to farm sector debt, having already had to write off Z$200m in debts of prominent political figures during the past 10 years.

"The disruption of confidence and investment is going to be horrendous, and if they were to pursue this in the next few weeks then there would be serious risk to a number of banks," said Robertson. Farm suppliers would also face bankruptcy.

The dispatch of immediate seizure notices was completely unexpected. There are fears that once news of the seizures becomes widely known, all white farmers throughout the country might face an avalanche of indiscriminate squatter invasions.

Comment: Page 15

Zimbabwe firms cash in on collapse of local unit

Martin Rushmere BD 20/11/98 (362)

HARARE — The collapse of the Zimbabwe dollar and soaring interest rates have brought windfalls to two big guns on the national stock exchange, Meikles Africa and Zimbabwe Sun Hotels.

Earnings from cash piles, much of them in US dollars, have boosted profit.

Zimbabwe Sun, in which SA Breweries has an indirect 18% stake through Delta Corporation, recorded a profit of Z$137m from operations for the six months to end-September, a 171% increase over the same period last year, but just more than half of this comes from interest received.

Earnings from its core business of hotels and safari operators declined 12% to Z$80m, from a turnover of Z$525m. Another Z$266m came from the sale of 50% of the holdings in the Victoria Falls Hotel (to Meikles Africa) and half the stake in a safari company, pushing the increase in net profit to Z$403m (about R80m), 448% more than the previous year.

Zimbabwe Sun has caused considerable resentment over the past few years with its US-dollar pricing policy. Black empowerment groups have argued that this prevents poorer blacks from seeing their own country.

This antagonism is bound to increase with the company's declaration that the practice "has enabled the company to benefit from the declining exchange rate and minimise rate increases".

The company is optimistic about the future, saying bookings are high, but cautions that the outlook is "tempered by the current uncertainty in the sociopolitical climate and the inflationary spiral and its impact on costs.

"It is important to reiterate the adverse consequences on international tourist arrivals which could arise if the country's reputation of being a safe and secure destination is threatened."

Meikles Africa, also involved in hotels together with supermarkets, has seen its profit grow 520% to Z$911m (R150m) in the same period because of the Zimbabwe dollar's problems.

Net foreign exchange gains brought in Z$797m from its US dollar funds, raised from the listing on the Zimbabwe and London stock exchanges.

It said buying half of the Victoria Falls Hotel operations was wise, as the purchase was in local currency and in terms of US dollars, the price has since halved.

The company has the franchise for SA's Clicks chain as well as theme restaurants and pubs and it says these are performing very well.

Crisis talks after land grab order by Mugabe

Five million hectares on the line

(362) ARG 20/11/98

FOREIGN SERVICE

Harare – Zimbabwe's commercial farming leaders remain locked in crisis talks after government moves to seize 841 mainly white-owned farms for black peasant resettlement.

Announcing what appeared to be a new and radical thrust to his ambitious land reform programme, President Robert Mugabe said all the required land - about five million hectares - would be acquired by the end of this month.

Observers believe he is attempting to present land reform as a *fait accompli* by the time his ruling party's national congress is held next month.

A spokesman for the Commercial Farmers Union (CFU), which represents the country's 4 200 commercial farmers, said the organisation's governing council was in urgent session and was involved in detailed talks that would continue today.

The CFU's views on the planned farm seizures would not be given until the council's talks had finished.

It was unclear whether the acquisition orders would mean that the properties would have to be vacated immediately or whether they were merely the reissue of previously issued orders scheduled to expire on November 24.

Zimbabwe president appeals for unity

Harare – President Robert Mugabe, breaking a loud silence on strikes rocking his country, appealed for unity to arrest Zimbabwe's economic decline.

"Mistrust and constant bickering among ourselves will not yield anything but chaos and ruin to our economy," he said yesterday at a meeting on the economy with business representatives that was boycotted by the Zimbabwe Congress of Trade Unions.

"There can be no alternative to dialogue in nation building," Mr Mugabe said.

The union on Wednesday staged its second one-day strike in eight days to protest against a 67% hike in fuel prices and promised there would be no let-up until Mr Mugabe addressed its demands. – Reuters

NEWS SHAKES FINANCIAL MARKETS

Zimbabwe orders seizure of 841 farms

CT 20/11/98 (362)

HARARE: A controversial decision to go ahead and seize white-owned farms shook the market here yesterday and may cost the country an IMF loan.

THE imminent seizure of 841 white-owned farms in Zimbabwe for redistribution to landless black peasants has been greeted with consternation by donor state representatives here.

Copies of an "acquisition of land" order began arriving in farmers' postboxes on Wednesday.

The land becomes the property of the government as soon as the farmer receives the notice.

The president of the Commercial Farmers' Union (CFU), Nick Swanepoel, said he had been told by the Ministry of Agriculture on Wednesday how many farms were being taken, but said they would not name the properties. He had been given no other information.

President Robert Mugabe's government is apparently going ahead with its stated intention to expropriate white-owned agricultural land in a manner contrary to the decisions of a donors' conference in September.

Acquisition orders were reportedly sent out on Wednesday by the agriculture ministry without consulting either the CFU or the donors.

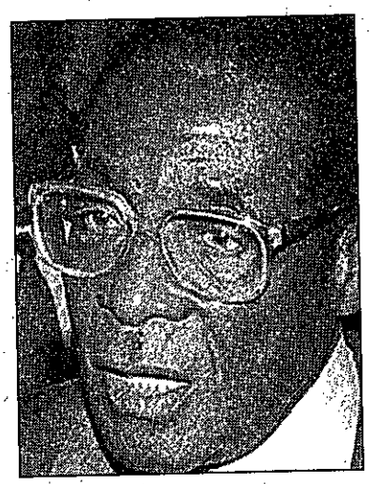
Over the past few weeks hundreds of veterans of Zimbabwe's independence war have invaded white-owned farms near Harare.

Farmers said the squatters were trying to drive them from their land.

The veterans said they were taking matters into their own hands because Mugabe had not fulfilled his promise to resettle them on white-owned land.

Donor representatives met in Harare yesterday at the initiative of the World Bank to discuss the crisis.

Many donors believe that the Mugabe government is in danger of alienating the international community at a time when Zimbabwe is facing an unprecedented economic crisis and a wave of social unrest.



TAKE NOW, PAY LATER: President Robert Mugabe

Round-table talks in September ended with an agreement that land reform should be carried out in several phases, in a transparent and equitable manner with full compensation for the farmers affected.

Mugabe has promised repeatedly to seize five million hectares of white-owned land for the resettlement of impoverished black villagers, but he has failed to secure donor funding to pay compensation.

Agricultural sources say the latest move may not result in the immediate seizure of farms, but could be designed to keep the issue alive as Mugabe faces the biggest challenge to his 18-year rule.

Growing discontent against Mugabe's rule was manifested on Wednesday in a general strike which paralysed industry.

Amid spiralling inflation and unemployment as well as a costly military intervention to back President Laurent Kabila of the Democratic Republic of Congo against a rebellion, the government is not thought to be in a position to quickly compensate farmers whose land is taken.

Last month Mugabe announced a "take now, pay later policy."

He said: "Resettlement should not be delayed by evaluations. We evaluate the land and let government take it immediately.

"We have decided that the process of negotiating prices can take place after people have been resettled. We must proceed with speed."

The 841 affected farms are among an original list of 1 471 from which 512 were removed after a review.

At last month's conference, Mugabe agreed that only 118 farms would be expropriated over an initial two-year phase, in which Britain and the European Union would help in the compensation evaluation process.

These talks ended with all parties saying they were pleased with the decisions.

The latest move has fuelled fears that more and more white-owned farms will be invaded.

Whites make up less than one percent of Zimbabwe's 12 million inhabitants, but some 4 000 white farmers own 30% of the land.

The news shook Zimbabwe's financial markets yesterday. Business analysts said the seizing of commercial farms for its controversial resettlement programme could cost Zimbabwe crucial Western aid.

Foreign currency traders said news of the planned seizures had shaken confidence, and the International Monetary Fund, scheduled to consider release of a delayed $53 million tranche in aid in December, was reported to have told the authorities no money would be forthcoming if the farms were taken.

IMF resident representative Robert Franco had no immediate comment, but sources said the fund was seeking clarification from government officials on the turn of events. — Sapa-AFP, Reuter, *The Times*

Adventures in Mugabe's Neverland

Zimbabwe President Robert Mugabe is eating cake with his wife Grace while Harare burns. **Iden Wetherell** *reports*

One of the more surreal themes to emerge from Zimbabwe in recent weeks was that of Democratic Republic of Congo President Laurent Kabila being escorted into Harare by a 28-vehicle convoy while helicopter gunships hovered overhead.

His motorcade, sirens wailing, carefully avoided the townships where tear gas hung in the rubble-strewn streets after police and army units had quelled violent protests against a 67% fuel price hike. Instead it navigated its way through the more sedate former white suburbs.

Kabila had come to town during one of several days of anarchy that have seen Harare's urban underclass in open revolt against what they regard as a corrupt and indifferent leadership.

While Zimbabweans are preoccupied with their deteriorating standard of living, which they unhesitatingly blame on their parasitic rulers, those same rulers appear concerned with only one thing: the preservation of Kabila's despotic and equally extractive regime in Congo.

Despite the energetic attempts of his hosts to avert Kabila's gaze from the mayhem around the capital, the Congolese leader cannot have been oblivious to the mood of the citizenry. Rocks scattered across roads, overturned garbage bins and the smouldering remains of government vehicles were all still visible.

And the cavalcade of spanking new E-class Mercedes Benzes glinting in the sunlight will have reminded the inhabitants of Harare's other world where public funds are going.

For there is no longer any doubt in the popular mind that Zimbabwe's most serious economic crisis since independence in 1980 is the direct result of a tenacious political elite diverting public resources to its own upkeep.

Recently the city went for weeks without water while workers rushed to complete work on the mayor's mansion. The Ministry of Health is struggling to cope with victims of Africa's most pernicious Aids pandemic while nearly US$1-million a day is spent on maintaining Zimbabwe's forces in Congo.

Meanwhile, "the nation's founding father", as his courtiers now describe him, remains supremely indifferent. President Robert Mugabe, it appears, is suffering from acute myopia. There was a compelling need, he told reporters as a beaming Kabila looked on, to rehabilitate Congo's socio-economic system.

Programmes should be put in place for reconstruction, he said. "We can't wait until the end of the war. People must eat, they must be dressed up; people must be taken care of in terms of education, health and medical care."

That Mugabe had overlooked the pressing needs of his own people who that same day had been vigorously drawing attention to their plight struck everybody, except the founding father himself, as odd.

He has no problem with his fuel bill. And it was revealed recently that he has been helping himself to a handsome housing allowance despite occupying the most stately mansion in the country.

Workers, on the other hand, have seen a 60% erosion in the value of their pay packets in the past two years. Inflation is running at 40%, interest rates at 50%.

Zimbabwe Congress of Trade Unions (ZCTU) secretary general Morgan Tsvangirai has been quick to establish the connection between the deterioration in living standards and the absence of political accountability.

"The fundamental causes of Zimbabwe's current crisis are lack of control over public spending, including large unbudgeted expenditure on military adventures like the war in Congo, corruption, mismanagement and pursuance of private interests," he said this week.

Tsvangirai cited as an example the recent sale of the Hwange power station to a Malaysian company in a deal that saw Mugabe dismiss the Zimbabwe Electricity Supply Authority's board of directors because they had said the takeover was not in the national interest.

Mugabe negotiated the deal directly with Malaysian Prime Minister Mahathir Mohamad.

This month he returned to the land issue, telling white farmers not to expect compensation for their land, undermining a consensus on land acquisition that had been agreed with farmers and donors.

The result has been a a wave of land invasions that has disrupted agriculture production and compounded the impression of a country descending into anarchy.

While the well-supported work stayaways this week and last week have demonstrated that Zimbabweans are sufficiently disillusioned with his regime to support in their millions the ZCTU's call for mass action, Mugabe seems determined not to notice.

He was shown on TV recently eating cake at a lavish ceremony to mark his wife Grace's elevation to the helm of a children's charity closely associated with his first wife, Sally. Then he was seen telling Michael Jackson he wanted his son Robert Junior to grow up just like the pelvis-yanking star.

"Zimbabwe does not appear to be on his list of priorities," said a civil society activist. "He is always somewhere else — even when he is here."

Last week, he was in Kinshasa, where his generals are putting the final touches to their much-vaunted offensive on the eastern front. On it will hang the future of not only Kabila's embattled regime but Mugabe's as well.

Zimbabwe's unyielding ruler has pinned his fortunes — and the country's — on victory in Congo and the booty expected to come with it. If things don't work out there, he may end up like one of Jackson's albums — history.

Madly myopic: That Robert Mugabe is ignoring the pressing needs of his own people has struck everybody, except the founding father himself, as odd. PHOTOGRAPH: HENNER FRANKENFELD

(362) MG 20-26/11/98

Land seizure is legal – Zim

ARG 21/11/98 (362)

Acquisition of 841 farms is set down in law, says government

IAN MILLS
in Harare

Flatly denying that it was seizing 841 mainly white-owned farms without paying for them, the Zimbabwe government said the issue this week of "acquisition orders" for the farms was a perfectly legal administrative move required to prevent the total collapse of its land-reform programme.

Olivia Muchena, the country's deputy lands and agriculture minister, told a news conference that the laws supporting land reform in Zimbabwe decreed that the acquisition orders had to be issued to drive the land programme.

Ms Muchena explained that the "preliminary acquisition orders" issued last year would expire next Saturday. However, the actual acquisition process had not taken place and the deadline had to be extended.

She said the only legal way to extend the date was to issue the acquisition orders.

The new orders in effect mean that the government now owns the 841 farms and everything on them, including the crops.

But the orders do not prevent the farmers from objecting in court to the seizure of their land.

If the courts rule in their favour, the ownership of the farms will revert to them.

"The next stage in the land acquisition exercise will involve negotiations to determine the amount of compensation to be paid for the land," Ms Muchena said. "But negotiations for compensation will not be allowed to delay the planning of land for resettlement."

The issue of the acquisition notices earlier this week caused panic and consternation among the country's 4 200 commercial farmers, who thought that President Robert Mugabe and his government had gone back on pledges to carry out the land-reform programme in a transparent way and in consultation with the Commercial Farmers Union (CFU).

'The only people who are going to benefit from this are the lawyers'

Mr Mugabe had already stirred up fears in the white farming community with his pledge that all or most of the 5 million hectares he wants for peasant resettlement would be acquired by the end of this month.

Nick Swanepoel, the CFU president, who attended Ms Muchena's news conference, told reporters that a lot of the furore surrounding the seizure orders was because his organisation had not been given prior notice by the lands ministry.

Ms Muchena said that her ministry believed the farming leaders knew what action was needed to stick to the legal procedures.

Mr Swanepoel said the CFU believed the government could have told the farmers involved the preliminary orders had been renewed.

"I certainly was not told officially what was going to happen, but I believe we have a resilient bunch of farmers out there. If we go out and tell them what the real position is and what the ministers have told us, they will get on with their farming and leave it to us to get on with the discussions with the government," he said.

He added that nothing was likely to happen "overnight" and believed that Zimbabweans could resolve the land-reform plan difficulties through negotiations.

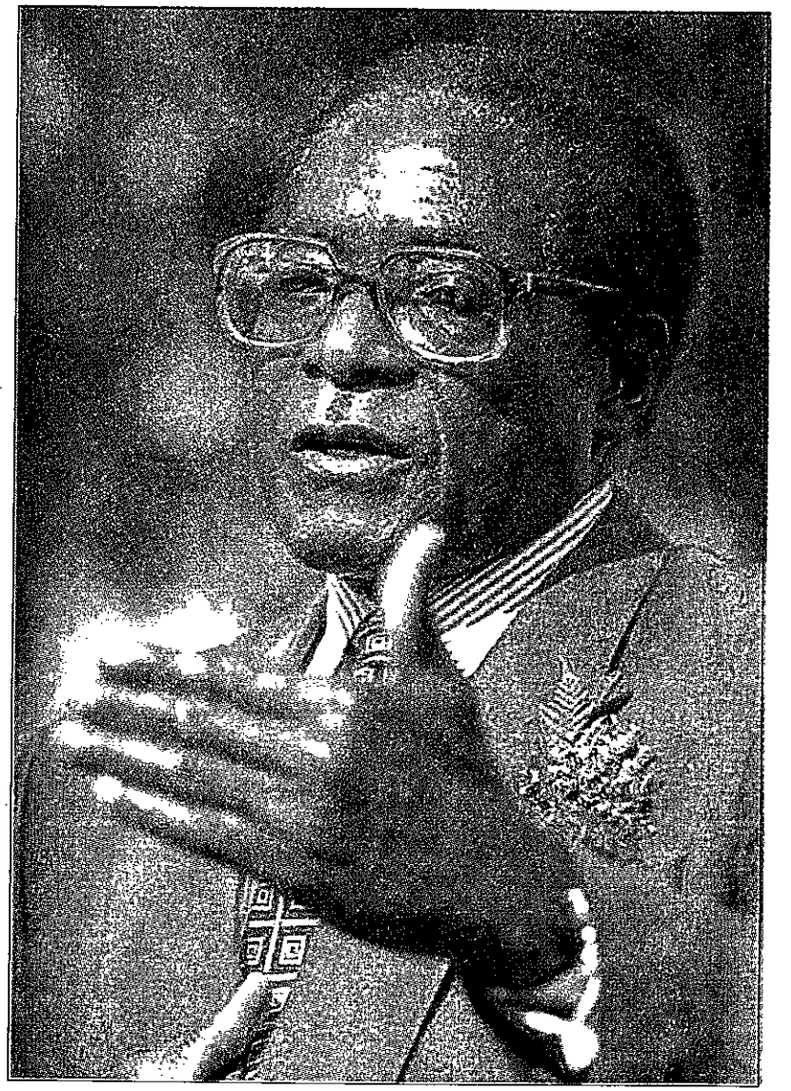
One farmer said that in spite of Mr Swanepoel's optimism the seizure notices would seriously undermine confidence in the farming sector, which generates 66% of the domestic economy and is the country's major foreign-currency earner.

"The only people who are going to benefit from this situation are the lawyers," he said.

Meanwhile, the government is ensuring the eviction of hundreds of peasant squatters from white-owned farms around the country. They had invaded the farms believing that Mr Mugabe's recent pronouncements on land meant the farms were now theirs.

However, all the signs indicate that meaningful peasant resettlement is a long way off.

The cash-strapped Harare government has 118 commercial farms covering about 200 000 hectares available for resettlement, but because of the costs involved it has managed to service and resettle less than a fraction of the peasants.
– Foreign Service



SLOW TO DELIVER: Zimbabwe's President Robert Mugabe

Zimbabwe's bleak harvest

Farmers stare bankruptcy in the face as they wait for the axe to fall

(362) ST 22/11/98

CELEAN JACOBSON: Harare

ZIMBABWEAN John Doorman, 70, has spent the last 40 years turning his farm, Western Ridge, north of Harare, into a successful tobacco-growing operation.

This week he was stripped of his farm by the state.

Doorman is one of about 841 farmers who have been affected by President Robert Mugabe's seizure of white-owned farms this week.

He was informed in a notice on Friday that his farm had been "acquired" by the government — and now the man who was looking forward to retiring faces an uncertain future.

"This is my life. It is everything I have got. Where do I go from here? This is my home. I love this country," he said.

Doorman, who came to Zimbabwe after World War Two, has run the 400ha farm since 1958. He employs about 150 people — who are also unsure about their future.

"At the moment it is a government farm. I don't know how long they will let me stay. Maybe a year, six months, six years," said Doorman.

The move is contrary to an agreement reached in September that land reforms would be phased in after consultation with the farmers and their union, the Commercial Farmers' Union.

Doorman's notice does not say when he must be off the farm, or if he will be compensated for his investment.

The fact that Mugabe last month announced a "take now, pay later" policy for the redistribution of farms means that many farmers face the real possibility of bankruptcy.

This week's shock announcement has meant the union, lawyers and donors have been locked in meetings trying to formulate a response.

UNCERTAINTY: Unsure of the future, Andrew Zeibari watches farm workers plant seedlings on his farm

Andrew and Judy Zeibari bought their farm three years ago and have Zim$2-million (R300 000) invested in their tobacco harvest. "We have put all our money into this. If it is taken away, we will be on the street," said Zeibari.

Harvey Leared is another young farmer committed to staying in Zimbabwe. But with two of his neighbours receiving notices he is not so sure.

"About 60 percent of white farmers are under the age of 35. And 70 percent of farms have been purchased since independence. People like us have not stolen the farms. We bought them at market prices.

"Everyone agrees that there are imbalances because of the colonial past. But this is not the way to fix them. Many white farmers would sell their farms if they were offered foreign exchange," he said.

> 'We have not stolen our farms. We bought them at market prices'

The confiscated farms are to be resettled by landless black peasants.

There is concern that the farms will be given to the political elite or that the peasants will not have the resources to maintain the farms.

Tobacco is an expensive and difficult crop to grow. If the farms are resettled it is likely that the new owners will plant maize which has a low yield and will not generate any foreign currency.

Zimbabwe's GDP is expected to fall by 10 percent if the land seizures go ahead.

The seizures come a few weeks ahead of the ruling party's annual congress, and are believed to be an attempt by Mugabe to win back political support.

However, in the face of the crisis, Mugabe left the country yesterday. The Minister of Agriculture, Kumbirai Kangai, who signed the notices, is also abroad.

UP IN SMOKE: Rob Doorman (right) and his son Michael inspect the tobacco crop on their farm which is one of many seized by the Zimbabwean government for redistribution to black farmers Pictures: NICKY DE BLOIS

Land crisis knocks Harare bourse

(362)

Little clarity on acquisition orders, but huge legal battle expected over state's seizure of 841 farms

BD 23/11/98

Michael Hartnack

HARARE — Zimbabwe's stock market fell a further 39 points to 6 003 on Friday as the agricultural, commercial and banking sectors wrestled with the implications of 841 commercial farms, totalling 3-million hectares, being declared immediate state property.

There were conflicting opinions among judicial sources about the rights of recipients, and former Rhodesian prime minister Ian Smith, 77, predicted "a huge legal battle". The effect on the stock market and Zimbabwe's embattled currency may not be apparent until later this week, with fears for banks which are exposed to a minimum Z$1bn in mortgages to affected landowners.

Nick Swanepoel, who resumed the presidency of the Commercial Farmers' Union (CFU) following the resignation of Bob Swift over the land crisis, said: "My message to farmers is, plant. The government has indicated this is not going to happen overnight. I would like to believe that, as a nation, we can fix this."

Attorney-general Patrick Chinamasa said the 841 notices were still being drafted and dispatched. The earliest were sent on November 12, the day before Lands and Agriculture Minister Kumbirai Kangai quit Zimbabwe for a reported three weeks abroad.

"The acquisition of these properties will take effect as soon as acquisition orders are served upon their owners," said Chinamasa.

Swanepoel said earlier this meant crops and livestock, as well as the land and buildings, immediately became state property.

British Foreign Secretary Robin Cook at the weekend announced High Commissioner Peter Longworth had been ordered to seek urgent clarification of the Zimbabwean government's action, which broke pledges at the September Land Reform Donors' Conference.

With President Robert Mugabe and Kangai now abroad, the task may have to pass to Cook or to Prime Minister Tony Blair when Mugabe arrives in London.

Chinamasa denied earlier reports that recipients of orders would have 14 days to vacate their farms, but Deputy Lands and Agriculture Minister Olivia Muchena said talks with farmers would not delay movement on to the land by settlers.

Chinamasa said seizure orders had to be confirmed by Zimbabwe's Administrative Court within two months of receipt — a court workload legal sources considered impossible, especially in view of rampant clerical errors and anomalies in past designation lists.

Lawyers said under the Land Acquisition Act farmers then, in theory, had to be paid out in full within a week of the administrative court confirming the seizure — an equally impossible burden on the Zimbabwean fiscus, even assuming compensation levels were agreed.

The act, and a constitutional amendment, curb farmers' right of appeal against compensation offers but they may still mount technical challenges, alleging unfair practices in assessments.

After stating for many years that whites would be paid only for improvements, not the land itself, Mugabe has in the past month said they would have to vacate land then negotiate compensation later.

Only Z$150m was allocated for resettlement in this year's budget, at least half of which would be needed to provide infrastructure for incoming peasant families. The 841 farms are thought to be worth much more than Z$2bn, even at the most conservative valuations.

"If the administrative court rules in favour of the state, the farmers will still have the right to appeal to the supreme court," said Smith, part of whose own Gwenoro Farm, outside Gweru, was designated last year or takeover. He has not yet received a seizure order.

"It would be a violation of basic human rights if farmers are denied the right of appeal to the highest court," said Smith, who fought UN sanctions and guerrilla incursions during his 1964-79 premiership. "I know government is sitting on more than 2-million hectares of land. Why is Mugabe not giving people these?"

CFU executive director David Hasluck also questioned the necessity of seizing the 841 farms when 118 had been offered on a "willing seller" basis.

"No government official has physically visited these farms," said Hasluck.

Muchena denied dispatch of the 841 orders marked a new policy, and said her ministry did not wish to disrupt cropping programmes.

'Zimbabwe spends billions on arms for war in the Congo'

(362) BD 23/11/98

HARARE — President Robert Mugabe's government had bought new military equipment from Russia to boost its war effort in the Democratic Republic of Congo, a Zimbabwean newspaper reported yesterday.

Zimbabwe had acquired new military hardware worth billions of dollars to help beef up its presence in Congo, the independent Zimbabwe Standard said.

Zimbabwe National Army officials were unavailable for comment.

Mugabe deployed 6 000 troops, backed by tanks and warplanes, in the former Zaire to help defend President Laurent Kabila against Tutsi-led rebels backed by Rwanda and Uganda.

The war had also drawn in Angola, Namibia and Chad on Kabila's side. Other sources said Libya and Sudan were helping the Congolese president.

The Standard quoted military sources as saying the arms, which included gunships, jets and spotter planes, were worth Z$2bn and had arrived in the country three weeks ago.

"The untimely fall of Kindu and subsequent capture of Zimbabwean soldiers has shown our military authorities that unless new strategies and more sophisticated weapons were purchased for the eastern front, Zimbabwe and her allies could suffer enormous embarrassment from the rebels," it quoted a military source as saying.

The latest effort to secure a ceasefire in the region broke up abruptly on Saturday. Parties rejected the rebels' demand that the Kinshasa government be named as a perpetrator of genocide. They also said that Sudan and Chad should be named among the numerous aggressors in the war.

A separate round of talks is scheduled to take place on December 6 in the Zambian capital, Lusaka. — Reuter.

Farmers await govt action against invaders

(362)

BD 23/11/98

Michael Hartnack

HARARE — Zimbabwe's 4 000 white farmers and commercial and banking sector chiefs are waiting today to see whether President Robert Mugabe's government acts on warnings delivered on Friday to militant ex-guerrillas to move off farms that they have invaded or face eviction by force.

"The government has never used force against the war vets," a community leader said. "I don't see the squatters backing down without violence."

Ruling party chairman Joseph Msika and Central Intelligence Organisation political head Sydney Sekeramayi delivered the ultimatum at a series of meetings on Friday.

Farmers in the Enterprise, Goromonzi, and Arcturus areas north and east of Harare, where more than 20 farms have been occupied by land claimants, said they heard shots fired by squatters after the meetings.

Other invasions have been reported in the Marondera, Beatrice, Wedza, Rusape, and Karoi areas as 841 notices went out to owners saying their land had been declared state property with immediate effect.

The government has backed down from every confrontation with the 55 000 member Zimbabwe National Liberation War Veterans' Association, which wrested Z$4bn in gratuities and life pensions from Mugabe in a violent campaign last year.

Despite the farm crisis, reports of mutiny among the 6 000 Zimbabwean troops deployed for a major offensive in eastern Democratic Republic of Congo, and a looming showdown with labour unions, Mugabe flew out on Friday for 16 days abroad with his wife.

Officials said he was going to Egypt, Libya, Italy, France, and UK.

At the weekend Morgan Tsvangirai, secretary-general of the Zimbabwe Congress of Trade Unions (ZCTU), unveiled a document demanding sweeping reforms and the return to the state treasury of billions allegedly embezzled by politicians through a national housing fund, a war victims' compensation fund, and through Roger Boka's failed United Merchant Bank.

Unions also want full disclosure of the cost of the intervention in Congo.

"The government must publicly take responsibility for the national situation," Tsvangirai said.

Unions staged one-day national strikes on the previous two Wednesdays despite publicity blackouts by state broadcasters. They demanded constitutional reform and a binding "social contract" to rescue the 60% of Zimbabweans now below the breadline, according to UN statistics.

The government and unions plan to hold talks on November 30.

Tsvangirai said that although the ZCTU supported land reform it was concerned for the plight of 60 000 farm workers who could lose their jobs if the 841 farms were taken.

Mugabe's woes hit SA trade

(362)

PAUL RICHARDSON

Johannesburg — Mounting political and economic woes in Zimbabwe last week have ended seven years of rampant growth in trade with South Africa, and economists say recent declines are likely to gather pace next year.

Information from South Africa's Industrial Development Corporation (IDC) shows that in the first nine months of this year, South African exports to Zimbabwe slipped 3,1 percent to R3,96 billion.

"This is significant, given that they are our biggest trading partner in Africa and our ninth largest trading partner globally," said Karen Swart, an economist at the IDC.

Economists say that with little prospect of the Zimbabwean currency recovering, trade between the two countries is likely to deteriorate in the months ahead. — Reuters

CT (BR) 23/11/98

Squatters vacate Zimbabwe farms

(362)

BD 20/11/98

Ruling party gives orders to await land allocations

Michael Hartnack

HARARE — By noon yesterday several thousand squatters had moved off white-owned properties in the Enterprise Valley commercial farming area northeast of Harare, while ex-guerrillas who organised the invasions met at nearby Goromonzi to consider their next move.

"They have just gone over the fence into the communal lands. I feel a degree of scepticism about how long it will last," a leader of the mainly white farming community said. "I think it is entirely due to the stories put out by the world press this has happened."

Police reported 12 arrests as a few squatters continued to defy orders, issued at the weekend by ruling Zanu (PF) party chairman Joseph Msika and Sydney Sekeramayi, the political head of the Central Intelligence Organisation, to await state allocations under President Robert Mugabe's land-reform scheme.

Last week notices were sent out to 841 farmers that their land, totalling 3-million hectares, had been declared state property, with immediate effect.

At Oribi Farm in Enterprise Valley, owners Owen and Dawn Connor had been besieged during a two-week confrontation with about 80 land seekers camped outside their farmhouse. Yesterday, they were told by the Police Support Unit, who had previously refused to intervene, to burn plastic shelters erected by the squatters and to plough in the maize planted in tobacco fields.

Meanwhile, Morgan Tsvangirai, secretary-general of the Zimbabwe Congress of Trade Unions, said yesterday a third one-day national strike, due tomorrow, had been cancelled pending scheduled talks with the government and employers on November 30 on a new "social contract" to tackle the root causes of poverty.

Tsvangirai was pessimistic about the successful redress of workers' grievances in view of Mugabe's departure with his wife last Friday on a 16-day foreign tour.

"He has not listened, he has gone on a shopping trip to London," said Tsvangirai, whose movement was demanding immediate 20% cost of living allowances to offset the 60% fall in the value the Zimbabwe dollar. It also wants sweeping constitutional and political reforms, including reduction of the 54 member cabinet to 15, and full disclosure of the cost of the Congo war.

Travel industry sources said Air Zimbabwe timetables were thrown into chaos at the weekend by Mugabe's commandeering of a 180 seat Boeing 767, normally used for the Harare-Frankfurt-London route, to fly him and his entourage to Cairo and to the Libyan capital Tripoli in defiance of a United Nations flight embargo, and to Rome, Paris and London.

Travellers said four 1960s-vintage Russian Mil "Hind" ground attack helicopter gunships had been seen in the vicinity of New Sarum air base, opposite Harare International airport. This bore out reports in the Sunday Standard at the weekend that Mugabe has spent a further unbudgetted Z$2bn buying arms from Russia for use in Congo, where he has deployed 6 000 troops supporting President Laurent Kabila.

IMF suspends aid payment to Zimbabwe

(362)

Star 25/11/98

Premature seizure of white-owned farms goes against agreements with fund

AFP, STAR FOREIGN SERVICE
Harare

The International Monetary Fund has suspended about R300-million in aid payments to Zimbabwe after the government's premature seizure of 841 white-owned farms last week, Western diplomats said.

IMF decisions of this nature tend to be matched by other lenders, such as the World Bank, which currently has about R550-million earmarked for Zimbabwe.

The IMF believes the seizures, initiated last week, go against decisions reached during round-table talks held in September in Harare, where it was agreed that, in an initial two-year phase of a land reform programme, only 118 farms would be appropriated for landless black peasants.

It was also agreed that the seizures should take place in a "progressive, transparent and equitable" manner.

With Zimbabwe rocked by a severe economic crisis and social unrest, the government cannot afford to compensate the affected farmers.

In a country where some 4 000 white farmers own 30% of the land, President Robert Mugabe has faced conflicting pressure from landless black peasants eager for speedy reform, and from white farmers and foreign donors who want the process to be carried out cautiously and with full compensation.

The government, according to diplomatic sources, was next month due to receive R300-million, representing the second and third tranches of an IMF standby loan agreed to earlier this year.

The total package involved about R970-million over 13 months and was destined to help Zimbabwe in an economic reform programme.

Despite numerous lapses in Harare's commitments, the IMF had been willing to show leniency, according to the diplomats, who added, however, that the farm seizures led the lending body to decide not to present further tranche payments for approval at its board of governors meeting next month.

Having already complained about Zimbabwe's privatisation programme, the IMF has sought assurances from Harare that military expenditure would not compromise efforts to control the deficit and that civil service salary expenditure would not exceed 12,5% of gross domestic product.

Zimbabwe has sent thousands of troops to back President Laurent Kabila of the Congo against a rebellion. Critics claim the intervention costs up to R6-million a day.

The IMF also called for all price controls to be lifted, especially those on maize, the country's staple food.

It has also asked for light to be shed on details of the privatisation of a power station in Hwange in the north-east. The Malaysian firm involved has yet to meet its financial commitments.

Meanwhile, in Cairo, Egyptian President Hosni Mubarak discussed the conflict in the Congo and the situation in the Great Lakes region with Mugabe yesterday.

Mugabe on Monday arrived in Egypt from Libya aboard a private Libyan aircraft in violation of the UN air embargo imposed on Tripoli and was given a red-carpet welcome by Mubarak.

The Organisation of African Unity decided this year to stop honouring the UN air and arms embargo imposed against Libya in 1992 for its refusal to hand over two men suspected of the 1988 Lockerbie bombing.

Mugabe is due to leave today for France to attend an African-French summit and will later visit Italy and Britain.

■ In Brussels, Kabila is due to be warned by the EU that he must enter peace talks to prevent the bloody civil war in his country from spreading beyond its borders.

The warning will be delivered at talks in Brussels with EU Development Commissioner Joao de Deus Pinheiro.

A spokesperson for Pinheiro said the EU was doing all it could to win a peaceful solution to the civil war, and had already tried to mediate in the crisis. She added there could be no development without peace, reconciliation and a truce.

IMF suspends aid to Zimbabwe

CT(BR) 25/11/98 (362)

FROM SAPA-AFP

Harare — The International Monetary Fund (IMF) had suspended $55 million in aid payments to Zimbabwe after the government's premature seizure of 841 white-owned farms last week, Western diplomats said yesterday.

IMF decisions of this nature tend to be matched by other lenders, such as the World Bank, which has $100 million earmarked for Zimbabwe.

The IMF believes the seizures go against decisions reached during round-table talks held in September, where it was agreed that, in an initial two-year phase of a land reform programme, only 118 farms would be appropriated for landless black peasants.

It was also agreed that the seizures should take place in a "progressive, transparent and equitable" manner.

With the country rocked by economic crisis and social unrest, the state cannot afford to compensate the affected farmers.

About 4 000 white farmers own 30 percent of the land. President Robert Mugabe has faced conflicting pressure from landless blacks eager for speedy reform and from white farmers and foreign donors who want the process to be carried out cautiously and with full compensation.

The diplomatic sources said the government was next month scheduled to receive $55 million, representing the second and third tranches of an IMF standby loan agreed earlier this year.

The total package involved some $176 million over 13 months.

The farm seizures led the IMF to decide not to present further tranche payments for approval at its board of governors meeting next month, said the diplomats.

Meanwhile, the Independent Foreign Service reports Zimbabwe's labour movement has called off a planned one-day strike today in the hope of the government agreeing to talks on its new proposals.

Morgan Tsvangirai, the Zimbabwe Congress of Trade Unions secretary-general, said the organisation's "position paper" had been submitted to government.

It calls for positive moves on a 20 percent cost of living adjustment for workers, the recovery of millions of dollars lost through corruption and the downsizing of Mugabe's 55-member cabinet to 15 ministers.

Zimbabwe set to lose out on aid

(262)

BD 25/11/98

IMF 'depressed' about spending on Congo intervention

Michael Hartnack

HARARE — The International Monetary Fund (IMF) office in Zimbabwe had changed its recommendation and suggested the institution withhold promised $60m budget support when its board meets in Washington on December 10, sources in Harare said yesterday.

Local IMF representative Robert Franco, who only a month ago described Zimbabwean fiscal reforms as "on track", was not available for comment yesterday, but diplomatic and market sources reported the local office was depressed about the government's expenditure on intervention on behalf of Laurent Kabila's Kinshasa regime, and other massive unscheduled items, including the seizure of 841 farms.

"The IMF is all too conscious that a number of countries are trying desperately hard to get things right, and even with its resources the IMF does not have enough money to hand out all round the world," said an economist. "Other countries are making serious efforts to get it right but we no longer deserve support."

Diplomatic sources said the IMF believed spending on the dispatch of 6 000 troops backed by tanks and aircraft to the Congo, and latest land developments, were impossible to reconcile with promised reforms.

The war is estimated to be costing $400 000 to $1m a day, and despite denials by Defence Minister Moven Mahachi, there are reports here of additional Z$2bn spending on importation of Russian arms.

The Zimbabwe dollar was fairly steady yesterday at Z$37,25 to the $1 compared with Z$37,1 last week, and the Zimbabwe Stock Exchange industrial index recovered to 5 981 from 5 964.

An IMF team visited Zimbabwe two months ago and reported the country was ahead of its targets for reducing the budget deficit, but inflation now appears set to rise beyond 34% by the year end.

Western diplomats said the IMF believed that the seizures, initiated last week, go against decisions reached during round-table talks held in Harare in September, reports Sapa-AFP. It was agreed there that, in an initial two-year phase of a land reform programme, only 118 farms would be appropriated for landless black peasants.

It was agreed also that the seizures should take place in a "progressive, transparent and equitable" manner. With Zimbabwe rocked by a severe economic crisis and social unrest, the government cannot afford to compensate the affected farmers.

The government, according to the diplomatic sources, was due to receive $55m in December representing the second and third tranches of an IMF stand-by loan agreed earlier this year. The total package involved about $176m over 13 months, destined to help Zimbabwe in an economic reform programme.

The farm seizures led the lending body to decide not to present further tranche payments for approval at its board of governors meeting next month.

Proposed seizure of 841 farms raises doubts on property and scares investors

Future dim for Zimbabwe exchange

CT (BR) 26/11/98 (362)

STELLA MAPENZAUSWA

Harare — Zimbabwe's stock market is likely to drift aimlessly in coming months because of sagging sentiment, worsened by renewed concerns over controversial land reforms, analysts said yesterday.

"I don't see any significant improvement in the market with the current economic problems. In the next six months or so I really don't see any growth in the stock market," said Bruce Eeson of Continental Securities Trading.

Stock exchange chief executive Tony Barfoot also acknowledged 1998 had been a difficult year for the market, estimating that the volume of trading in dollar terms was down 60 percent over 1997's turnover of US$541,1 million.

Brokers say the market, mired at two-year lows as an ailing currency, high interest rates and inflation take their toll on investor confidence, received another bashing last week when President Robert Mugabe's government said it would seize 841 mostly white-owned commercial farms to resettle landless blacks.

Analysts warned this would raise doubts on the sanctity of property rights and scare away potential investors while at the same time undermining Zimbabwe's chances of receiving crucial financial support from the International Monetary Fund (IMF).

"Foreign investors will be very nervous now, and there is talk that we might not get any money from the IMF," one trader said. "While we can recognise the need for a land redistribution programme, recklessly taking commercially viable land for resettlement is not the answer," said stockbrokers.

Western donors want the land scheme to proceed at a slower pace than the government's target of five years. They say Mugabe should give farmers adequate notice and compensation before seizing the land.

Foreign currency traders said the Zimbabwe dollar, which has fallen by more than 50 percent against the US dollar since January, was likely to feel the pinch, as uncertainty over land drove away potential offshore investors.

But Barfoot said the stock market might also attract hordes of bargain-hunters as many shares were cheap. "Things might get better," he said. — Reuters

IMF aid unlikely following farm threats

Harare — A row over the seizure of private farms by the government last week was likely to scuttle Zimbabwe's chances of receiving vital aid from the International Monetary Fund (IMF) next month, donor officials said yesterday.

The state stunned commercial farmers last week when it announced it would compulsorily acquire 841 mostly white-owned farms, with compensation to be settled later.

The seizures infuriated Western donors who had been assured in September they would be consulted on any major developments regarding the thorny land issue.

Roberto Franco, the IMF resident representative in Harare, has refused to talk about the issue, but donor community sources said the fund was concerned.

"I do not think there is any money that will come unless the issue is resolved," said an official with one of the main funders of Zimbabwe's economic reforms.

A meeting for the money, two tranches worth $53 million, should have been held in November but has been postponed twice to December.

It was reported Joseph Msika, the ruling Zanu-PF party's chairman on land acquisition, had explained the seizures to donors based in Harare at a meeting on Monday.

Private economist John Robertson said the IMF was unlikely to release the money because of the land controversy, the state's high salary budget and its military involvement in the war in Laurent Kabila's Congo. — Reuters

MAIL & GUARDIAN
November 27 to December 3 1998

The mayor who's milking Harare

Nevanji Madanhire

The farce goes on at Town House, seat of the Harare City Council, but the government is reluctant to fire executive mayor Solomon Tawengwa.

The city is tottering on the brink of collapse and all fingers point to one man.

Recently, half the city went without water for three weeks and a quarter was without power. The city's workforce was not paid in October because no bank is prepared to grant its administration an overdraft. Meanwhile, work continues on the Z$50-million mansion the mayor is building for himself.

A government commission of inquiry has revealed gross irregularities in the financial management of ratepayers' money.

Tawengwa searches for scapegoats and cries sabotage when it is plain the buck stops at his desk. He suspended the director of works, the city treasurer and the town clerk. They have since been reinstated by the minister responsible for local government.

Analysts say Tawengwa will not be fired because he is the deputy secretary for finance in the ruling Zanu-PF politburo. The catchword here is not politburo, but finance.

The politburo is the all-powerful board of directors of the ruling party. Every member is handpicked by President Robert Mugabe, and no decision can be taken by any minister without the politburo's approval.

Until Tawengwa's appointment, all members had to have made a contribution to the armed struggle which brought independence to Zimbabwe. Tawengwa's contribution is not known.

He inherited his father's business empire in the 1970s and concentrated on its (mis)management (the empire crumbled) rather than join the liberation forces.

Tawenga's election race for the position of mayor was also strange. Zanu-PF has a system called primary elections in which all aspiring candidates for any post attend a form of kangaroo nomination court where they stand in front of voters and argue that they are the most suitable candidate. Party members then vote for the candidate of their choice.

In most cases the people's choice is overruled by the politburo. But Tawengwa did not contest the primary election because he was not a member of Zanu-PF.

The Zimbabwean government is broke. The ruling party is broke. They both need a constant flow of cash. Zanu-PF owns several businesses but they have been mismanaged. Members no longer pay their subscriptions of 25c a year and even if they did, this would not count for much.

(962) M+G 27/11-3/12/98

The Z$32-million the party receives from the fiscus under the Political Parties (Finance) Act has become insignificant.

It has a cash cow in the National Social Security Authority (NSSA) which was imposed on employed Zimbabweans without their consent. It rakes in more than Z$100-million each month. It has been said the government has often borrowed money from the NSSA to finance projects.

But a good milkman does not depend on one cow. The Harare City Council earns about Z$300-million each month from ratepayers.

A few months after Tawengwa was voted in as mayor, before the ink was dry on his new Zanu-PF card, he was appointed deputy secretary for finance in the politburo.

Last year 50 000 former guerrillas rose in protest. They bore the brunt of the struggle but were living in poverty and wanted a share of the national cake. The situation threatened to unseat Mugabe, who ordered his finance minister to raise Z$4-billion to give to the excombatants.

This was done within weeks. Harareans have been puzzling where that money came from. Some could have come from the NSSA, but not all. Could the deputy secretary for finance in the politburo have helped?

Zimbabwe hot on South Africa's heels in violent -murder stakes

(362)

ARG 28/11/98

Harare – Zimbabwe is fast catching up with South Africa, where gruesome murders are reported daily, a development that could dent the country's image as a tranquil tourist destination.

The Central Statistics Office (CSO) says that between January and August this year Zimbabwe had 504 murders, 608 culpable homicides and 136 infanticides.

Last year, 662 murders were committed in this nation of 12,5 million, while infanticide and culpable homicide cases were at 231 and 782 respectively.

The Zimbabwe Association for Crime Prevention and Rehabilitation of the Offender (Zacro) says so far this year it has rehabilitated 100 ex-prisoners convicted of murder, 30 of whom were women.

Zacro chief executive officer Samuel Myambo attributes the high number of murders to the breakdown of the family system.

"Most murderers who come for rehabilitation here regret their actions and are continuously haunted by their crimes, but there are some others who do not show any sign of remorse," Mr Myambo says.

Sociologist Andrew Murape says the recent spate of killings countrywide is related to economic hardships in the country.

He says lack of money for basic commodities is forcing people to commit "unthinkable" crimes resulting in a loss of lives.

Mr Murape said most of the armed robberies and muggings were committed by unemployed youths desperate to make ends meet in a country where unemployment was estimated at 50%.

"Young people are bullying almost everyone to get whatever they want and that ends in killings," Mr Murape says.

A policeman, who requested anonymity, says most of the murder offences in Zimbabwe are stabbings.

Recently, the nation was shocked when a Mutare man, MacFord Mwale, set alight a shack in the high-density suburb of Sakubva, killing his former wife, her brother and sister-in-law.

Mwale was apparently incensed after meeting his estranged wife whom he accused of having cheated on him while they were married.

Mwale later threw himself in front of a moving train which crushed him to death.

Psychologist Jeremy Scott, who is researching the general behaviour of Zimbabweans before and after independence in 1980, believes the violent murders are symptoms of a "frustrated" population.

Mr Scott says: "There is high unemployment in the country so people are seeking solace in alcohol and different types of drugs, which result in people being killed for very petty excuses."

He says if the trend does not change, the country's image of being a relatively safe tourist destination will be eroded.

Mr Scott says: "It might be fair to say if the trend continues, violence in Zimbabwe will soon be like in South Africa.

"There it is common for one to be killed for ... greeting a stranger."

– Sapa

Zimbabwe exchange 'crippled by rise in cellphone operators'

Michael Hartnack (362)

HARARE — Zimbabwe's parastatal Posts and Telecommunications Corporation admitted yesterday what callers here have known for weeks — its exchanges are in chaos.

For long periods every day it was impossible to make or receive local or international calls, a spokesman said. Many internal groups of numbers in the city also give only a prerecorded message that all circuits on the route were indefinitely engaged.

A corporation statement blamed the crisis on "opening up of new mobile cellular services to other operators, Econet and Telecel". The move had caused "an unprecedented increase in the number of customers using Harare International Switch to interconnect to the corporation's fixed lines, Netone (its own cellphone system), to national and international. The calls have exceeded the design limits of the system," the statement admitted.

It said the corporation was upgrading the Harare exchanges to cope with the overload. "We expect all the work to be completed by the end of November."

In a supreme court judgment in 1994, Chief Justice Allan Gubbay describe the service as "notorious" and ruled that its monopoly was a breach of Zimbabwe's constitution.

Strive Masiyiwa's Econet was given the right to operate a private cellphone service — after years of bureaucratic obstruction — but a legal challenge has yet to be mounted against the corporation's fixed-line monopoly.

Much of the fixed-line infrastructure dates from before 1965.

Although engineers and market researchers believe there is only scope for two cellphone operators in the country, a third cell net, Telecel, run by private interests linked to the ruling Zanu (PF) party, was also licensed.

BD 28/11/98

Beginning of Mugabe's end

CP 29/11/98

(362)

Tide turns in Zimbabwe misrule

AFTER 18 years of dominating affairs in Zimbabwe, the increasingly autocratic regime of Zimbabwean President Robert Mugabe could start to crumble soon. But, warns CHRIS LANDSBERG, deputy director of the Centre for Policy Studies in Johannesburg, Bob Mugabe won't go down without a fight.

IT IS TRITE to suggest that Africa has had more than its fair share of post-colonial autocrats masquerading as kings and princes.

Dictators and brutal autocrats have long dominated the continent's politics, and personality cults were the order of the day.

But, stubborn as they may seem, the tide is beginning to turn for Africa's crocodiles.

Even die-hard autocrats like Zimbabwe's Robert Mugabe are showing stark signs of political mortality. We should not rule out, far off in the distant future, a mixture of the Mobutu and Suharto scenarios catching up with southern Africa's maximalist leader. Mugabe is more vulnerable today than he's ever been in his 18-year personalised reign.

Indeed, this may very well be the beginning of Mugabe's end.

But, alas, his demise will be long drawn-out.

Lest we forget, Mugabe has over the years developed Saddam Hussein-like survival skills. We should therefore not celebrate Mugabe's collapse too prematurely. But just as the Middle East autocrat's future is murky and so too is Mugabe's.

What are the signs of Mugabe's decline? When he won his third term in March 1996, a turbulent economy was forecast. A state–civil society was in the making.

Zimbabwe's local currency, the Zim dollar, started to come under debilitating pressure. Washington, London and Brussels slammed Mugabe's poor human rights record, notably growing police brutality and state interference in the media.

Two-and-a-half years later the symptoms of decline are more ominous. An unbearable cocktail of local economic, political, and foreign pressure is beginning to bite hard.

Mugabe is fast running out of foreign reserves; the dollar has lost half of its value in seven months. During the past year, the International Monetary Fund (IMF) decided to suspend a US$176-million (R1 billion) loan package to Zimbabwe, largely in reaction to the racially charged land dispute in that country.

Meanwhile, the economy is becoming weaker by the day. With the decision to beef up its troops in the Congo from 3 000 to about 10 000 men, the fiscus is drained of about $1,5 million (R9 million) per day. Zimbabwe is heading for a 7 percent annual national deficit, and this may be optimistic.

Even more disheartening for Zimbabweans, inflation stands at an astonishing 31 percent. Fuel prices have recently been hiked and labour and capital is on the attack, demanding Mugabe's head.

The civil service is massively bloated, running alongside a heavy debt burden. This makes for added combustion.

Predictions are that the powerful labour and radical student movements will spearhead the revolt against Mugabe. They may not have the muscle to topple "Uncle Bob", but they sure have the stamina to stage a war of attrition.

However, opposition forces are part of the problem: they are typically weak, poorly organised, and deeply divided. Mugabe has over the years skilfully exploited this. It is for example not clear who his replacement will be.

On the external front, the "Cold Peace" between South Africa and Zimbabwe has reached almost freezing point. Mugabe's obsession to embarrass President Nelson Mandela's Africa policy did not achieve its intended goals.

On the contrary, the costly intervention in Laurent Kabila's Congo to score political brownie points is beginning to boomerang.

The Congo fiasco is ultimately responsible for weakening Mugabe at home. Questions are being asked by the media — including the huge state-owned pockets — criticising the costs and rationale behind Mugabe's military fantasies.

What we should not expect is that South Africa will intervene in a fractured Zimbabwe as it did in Lesotho four months ago. Zimbabwe is of course not a micro-state, and the people of that country would resist any attempt by South Africa to "liberate" them.

But Zimbabwe is South Africa's number-one African trading partner, and a democratic and stable Zimbabwe is vital to our national interests. It is therefore imperative that our foreign policy elite spend time mapping out a coherent medium- to long-term strategy for a post-Mugabe Zimbabwe.

The DRC prognosis for Mugabe is not good: stalemate appears to be almost inevitable. The Zimbabwean populace should actually prepare themselves for economic sanctions, and doses of ostracism at the hands of the US, the EU, the Nordic countries, and even South Africa in attempts to compel Mugabe and other external forces to depart from that war-torn state.

Both sides in the conflict – the Kabila faction vs the rebels – are suffering from delusions of grandeur. They all believe they are winning the war.

As long as this thinking persists, Mugabe may have to stay involved for much longer than anticipated.

And here is the riddle: the longer the stalemate persists, the more acute Mugabe's war-mongering will become; the more that happens, the more guaranteed his fall.

In short, due to a combination of internal and external political circumstances and accidents, Mugabe is mortally wounded. The end may not be in short sight, but the beginning of his end is well advanced.

The anti-Mugabe activists should make no mistake: Bob Mugabe will go down with a fight.

■ *Chris Landsberg is writing in his official capacity*

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ZIMBABWE *Thousands left jobless as 42 companies collapse*

Unions call for 'macroeconomic focus'

(362) CT (BR) 30/11/98

ITAI PARAIWA

Harare — Thousands of Zimbabweans were left jobless this year as more than 42 companies collapsed because of the prevailing macroeconomic problems facing the country, it emerged last week.

But records obtained by the Ziana news service from the offices of the Master of the High Court indicated this figure was lower than in previous years.

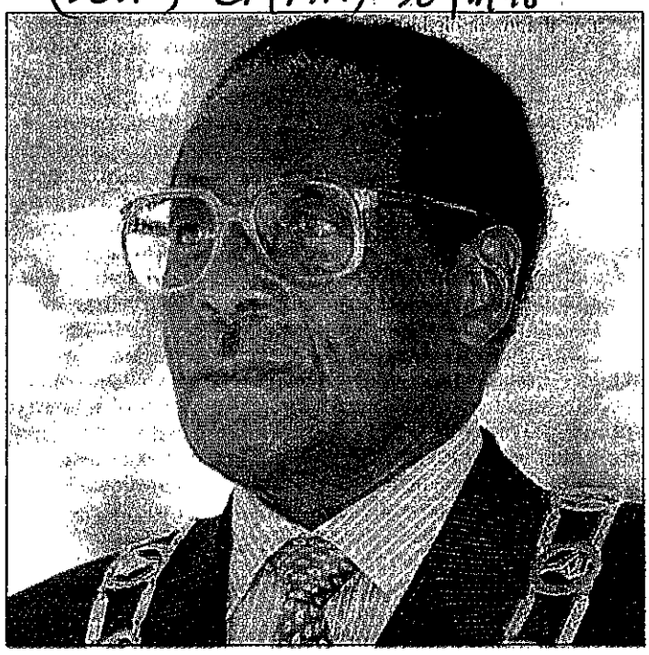
During 1995 45 companies were liquidated, while the figures for 1966 and 1997 were 65 and 79 respectively. The most affected were the textile, engineering and the food industries.

According to KPMG, a local accounting firm, the three companies it helped liquidate this year had a combined workforce of about 800 people.

The main reasons why companies were liquidating included lack of working capital, inability to service debts due to high interest rates, increased competition and poor management.

The statistics showed that most companies closing shop were less than a year old.

The Zimbabwe Congress of Trade Unions and the Confederation of Zimbabwe Industries said the only solution was to correct the macroeconomic problems facing the country.



IN THE HOT SEAT *Many analysts say President Robert Mugabe should urgently address Zimbabwe's problems*

A financial analyst with the confederation said: "The macroeconomics of this country need to be addressed soon.

"Things like high interest rates should come down totally. These are the sort of issues the government has to become sensitive towards."

Interest rates in Zimbabwe are hovering at about 40 percent while inflation is between 32 and 33 percent.

The public sector, which employs about 180 000 workers, has also not been spared by the poor economic environment, forcing the government to abolish posts as it sheds non-core activities.

Dennis Rwafa, a spokesman for the Public Service Commission, said the restructuring exercise by the commission primarily sought to weed out "passengers" from within the system.

The commission intends to abolish about 10 078 posts, while 2 402 workers will be made redundant this year through restructuring of amalgamated ministries and foreign affairs.

Analysts were now calling for methods to guard against liquidations and retrenchments by companies.

One method would come up with factoring firms, which would buy debts of cash-strapped organisations and at the same time provide them with working capital so that they could continue their operations.

Collen Magurah, the managing director of the first factoring company of Zimbabwe, said: "We buy receivable invoices at very low cost, and we do not require collateral. Your invoice is your collateral."

The other option was to offer shares to employees so they felt a sense of ownership.

But the Zimbabwe Congress of Trade Unions was sceptical about workers taking over ailing companies as many banks were not supportive. — Sapa

Zimbabwe rules out propping up of forex controls

FROM REUTERS

Harare — A Zimbabwe central bank official sought on Friday to dispel speculation that the bank would reimpose exchange controls to prop up the local currency after the International Monetary Fund (IMF) delayed release of crucial balance of payments funds.

"The market is awash with that rumour, but that's not what's happening. That's out," said a senior Reserve Bank official who declined to be named.

He said Leonard Tsumba, the governor of the central bank, would meet banks' chief executives today for routine discussions ahead of the release of the bank's biannual monetary policy statement.

"They will be discussing monetary policy among other things," he said.

On Friday traders said speculation was rife the Reserve Bank could reintroduce a fixed exchange rate on fears the IMF might deny aid to Zimbabwe over its controversial land reforms and its costly military involvement in the Congo.

The IMF said last week Zimbabwe must clarify its latest moves on land, before the fund released a $53 million tranche.

President Robert Mugabe's government last week said it would seize 841 mostly white-owned commercial farms to resettle landless blacks, a move traders feared could jeopardise prospects for IMF aid and scare away foreign investors.

Last month a senior central bank official said the government had no plans to impose a new foreign currency exchange regime.

SAB-associated Zimbabwe firm lifts profit 265%

(362)

Delta cautious about rest of year

Martin Rushmere BD 30/11/98

HARARE — Delta Corporation, the SA Breweries-associated company in Zimbabwe, has turned in good results for the six months to end-September.

Earnings from operations over this period rose 55% to Z$597m (about R100m), while the windfall profit from the sale of Pelhams Furniture and half the interest in the Victoria Falls Hotel brought net profit up 265% to Z$728m (about R120m).

Turnover rose 44% to Z$56,3bn.

Delta is the foremost industrial company on the exchange, accounting for almost one-fifth of market capitalisation. Its major interests are hotels, brewing, retail and soft drinks. SAB owns an indirect 23% stake.

Despite these good results, chairman Robbie Mupawose is cautious about the rest of the year. "There is no doubt that tough times lie ahead. Disposable incomes will continue to be under pressure and consumer demand will be adversely affected."

Referring to social unrest and recent one-day strikes organised by the Zimbabwe Congress of Trade Unions, he says: "It is imperative that tripartite negotiations and consultations between government, labour and the private sector continue with vigour so that proactive policies emerge that are for the good of all Zimbabweans. The vicious circle of spiralling inflation, currency depreciation and high interest rates continues to take its toll on business and individuals alike."

With a costly capital expansion programme, the group has not been immune to the high level of interest rates. Interest payments rose 52% to Z$104m. Last year's net profit was Z$807m from a turnover of Z$8,4bn.

Although the market was pleasantly surprised by the good performance, it failed to make any substantial difference to sentiment.

A delay, and possible outright refusal, by the International Monetary Fund in releasing $53m in balance of payments support has lengthened the already long faces on the trading floor and prices are 50% below the level of a year ago.

Says an analyst with Tetrad Securities: "The only factor keeping the exchange alive is the occasional buy by foreigners taking advantage of the very weak currency. Inflation, the Congo, commercial farms and the labour unhappiness with the economy are taking a heavy toll. It will take more than Delta to turn the situation around."

Mugabe abroad as crisis looms

(362)

Zimbabwe faces constitutional showdown

BD 20/11/98

Michael Hartnack

HARARE — A constitutional and economic crisis looms in Zimbabwe, with unions and farm owners in ferment, an emergency financial announcement due, and President Robert Mugabe not due back from his protracted overseas trip until next weekend.

Prominent lawyers and union sources said yesterday that Mugabe's invocation on Friday of the controversial Presidential Temporary Powers Act to ban further calls by the Zimbabwe Congress of Trades Unions for one-day national stayaways was an attempt to slam the door on the last nonviolent means of pressure for reform.

They forecast a constitutional battle in the Supreme Court.

Tendai Biti, who has conducted past test cases, described Friday's strike ban as "unconstitutional". Michael Auret, director of the Roman Catholic Commission for Justice and Peace, said: "Mugabe has at last admitted his is no longer a popular government and he cannot govern in a normal democratic way."

The independently owned Sunday Standard alleged yesterday that officials had connived in the flight to Botswana of ex-president Canaan Banana, before his conviction on Thursday on 11 sex assault charges, to spare the government further embarrassment. In June, failed banker Roger Boka was given a passport on which he fled to the US for five months.

Farming community leaders reported a further legal crisis because recipients of 841 orders declaring 3-million hectares state property were "too scared to talk". Immediately stripped of titles, they lack authority to evict invading squatters.

Heads of all trading banks and financial institutions have been called to a meeting after the close of trading today to hear what they expect to be a crisis announcement. Sources confirmed a Zimbabwean official delegation visited Malaysia earlier this month to glean ideas from Prime Minister Mahathir Mohammed's break with the International Monetary Fund (IMF), which last week shelved Mugabe's request for further $157m budget support.

IMF heads were reportedly unhappy with Mugabe's farm seizure plans and the cost of his military intervention in the Congo, put at more than $400 000 a day.

"Farmers are all too scared to talk about receiving acquisition notices," said a community leader. "You are in a weak position to evict squatters because it is no longer your land. Even people who were delisted are getting notices."

Banking sources believe Reserve Bank governor Leonard Tsumba and Finance Minister Herbert Murerwa may today unveil a two-tier exchange rate system since they have already been selling the state oil monopoly US dollars at Z$27, which is Z$10 below the market rate.

"The Malaysian example is an interesting one because Mahathir has put a clamp on capital movements. We already have that so there is not a hell of a lot to learn from their experience," said an economist. "A clamp on profits and dividends sounds a more probable one."

Unions had hoped for a meeting today with employers and government on their demand for a binding "tripartite agreement" on sweeping economic and political reform, including reduction of Mugabe's 54-member cabinet to 15 and a full statement on the cost of the Congo war. To call off further strikes, they also demand top politicians repay money fraudulently obtained from housing and war disability funds and from Boka's bank.

The Chamber of Mines announced at the weekend that firms able to do so without being forced into bankruptcy would pay the 20% cost of living allowance sought by the congress for all formal sector workers, to offset runaway inflation.

The Star ... Monday No

Mugabe bans calls for mass action

(362)

Star 30/11/98

Harare – President Robert Mugabe has barred the country's powerful trade union movement from calling for mass anti-government action.

The state-controlled *Herald* newspaper said on Saturday that Mugabe had used his sweeping powers to make it illegal for either unions or employers to stage collective action to apply pressure on the government to change laws.

The shock move is seen as Mugabe's blunt reply to new demands by the Zimbabwe Congress of Trade Unions (ZCTU).

The union promised "appropriate action" if it did not receive a satisfactory reply from the government to its demands.

Observers warn that the ban has sharply escalated the confrontation between the unions and the crisis-ridden government, and may deepen instability.

The government can outlaw the union if it defies the ban. The *Herald* said Mugabe had used his presidential powers, which lawyers say come close to state-of-emergency powers, to impose the ban.

Unions and employer organisations also face a fine of up to Z$100 000 (about R16 000) for breaking the law.

Another law was passed which outlaws minibus operators from "facilitating" illegal collective action.

The government has accused employers and minibus operators of backing strikes in the wave of labour unrest during the past year.

The ZCTU has staged four nationwide strikes in the past year, but recently changed from bread-and-butter labour issues to a series of political demands to force the government to implement political and economic reform.

It said corruption and mismanagement under Mugabe was worsening the country's economic crisis.

The demands included negotiations for a new constitution, an admission by the government that it was responsible for the crisis, investigation into the corruption scandals that have shaken the country in the past two years, and the repayment of the billions of dollars stolen.

Last week, the government said the demands were "totally misplaced and misguided".

Mugabe left the country a week ago on a 16-day international tour. – Sapa

Zimbabwe dollar hit as industry braces for shocks

BD 1/10/98 (362)

Michael Hartnack

HARARE — The Zimbabwean dollar continued to be shaky yesterday, losing much of the ground it recovered on Monday in the wake of Finance Minister Herbert Murerwa's strongly protectionist trade measures.

Commerce and industry are bracing themselves for serious repercussions, including inflated costs for imported inputs, and possible bankruptcies among retailers of imported luxuries who have mushroomed since 1991 trade liberalisation.

After recovering from Z$36 to the US dollar on Thursday to Z$30 on Monday, the Zimbabwean dollar yesterday drifted down to Z$33,60 to the US dollar as the market assessed the foreign exchange situation in the wake of the closure of annual auctions for tobacco, the country's major export.

The Zimbabwe Tobacco Association said income from the 213-million kg crop was more than 37% down with average prices of $1,73/kg contrasting with $2,33/kg last season. "The market has lost confidence in the tripartite agreement (between government, business and workers)," said a market analyst, referring to the Zimbabwe Congress of Trades Union's suspension of a five-day national strike in return for reduced taxes and pledges on economic reform.

The analyst said Monday's partial recovery of the local currency was "short term", and reflected the market digesting Murerwa's increase in duties — up to 100% — and a 10% additional surcharge.

Chamber of Mines president John Nixon said the 10% blanket import surcharge "will move a few more mines into the marginal bracket and a few of the marginal ones into the unviable group".

Already, 6 000 formal sector miners have been laid off this year as a result of mine closures.

The analyst was among many who drew attention to the contradiction between last week's statement by Industry and Commerce Minister Nathan Shamuyarira that "affordable" increases in prices of staples would come into effect on October 1 with the assent of union leaders, and Monday's assertions by Agriculture Minister Kumbirai Kangai and Energy Minister Enos Chikowore that the cabinet had given no such approval.

Prices of bread and maize meal were expected to rise by at least 20%, reviving the spectre of January's food riots in which eight people died and troops were deployed in townships. Bakers and millers said shortages were imminent if prices remained frozen, but Shamuyarira said agreement had been reached to keep production viable.

There is also rumour that petrol prices are about to increase 60% in line with the Zimbabwean dollar's fall.

Expatriate appointments attacked

(362) BD 1/10/98

Michael Hartnack

HARARE — Zimbabwe's state controlled daily, The Herald, continued its attacks yesterday on recruitment of white expatriate principals for leading fee-paying private schools, questioning renewal of a two-year work permit for Michael Bawden, British rector of Peterhouse College near Marondera.

Last week The Herald condemned recruitment of a South African, Tony Eysele, 41, to become headmaster in January of Harare's elite day school for boys, St John's College. It said parents must accept local black principals.

The authorities have already granted work and residence permits to Eysele, now headmaster of Helpmekaar High School.

The Herald, which in 1996 attacked Bawden for alleged racism at Peterhouse, pilloried a private girls school in Harare last week for allowing boarders to choose their friends as roommates, thereby promoting racial segregation, it said.

Stephen Chifunyise, permanent secretary in the education ministry, said Bawden's work permit had been renewed for a further two years because an investigation by the government had found nothing undesirable about him. "This is not a major issue considering that we investigated him following allegations of racism at the institution. "We discovered the claims were not rational."

According to The Herald, black former teachers said they were not permitted to renew contracts, that a poster of President Robert Mugabe was taken down after they stuck it to the staff room wall, and that a song book from Britain contained satirical words about Christ returning as a black man.

The Herald said "some concerned parents questioned the wisdom of extending the work permit for the rector of Peterhouse, one of Zimbabwe's elite schools, after charges of racism were made against him." However, it said: "The government's stance had been driven home and the authorities there had shown some signs of remorse."

Chifunyise said his ministry "would not stop schools from recruiting expatriate teachers or headmasters as there was a need to have those with technical expertise".

The latest flare-up over recruitment of teachers comes amid general complaints from industry of official hostility to expatriates, and alleged reneging on agreements made with investors.

Zimbabwe increases surcharge on imports further

Michael Hartnack (362) BD 2/10/98

HARARE — The Zimbabwean government increased yesterday the 10% surcharge it imposed on all imports on September 25 to 15% in a further attempt to reduce import pressure on the country's plunging currency.

The move, in the wake of Friday's doubling of duties on many imported items and a ban on forward foreign currency hedging import contracts, was expected to have a further drastic effect on retailers and on industries, including mining and agriculture, that require imported inputs.

Ranga Munyaradzi, the director of customs and excise, said that exemptions would be given for "goods of a capital nature such as equipment and machinery, raw materials and intermediate goods which include semifinalised goods to be processed here". However businessmen voiced fears about the difficulty of negotiating with traditionally intransigent customs officers while seeking concessions for each item.

No comment has been made yet by the SA government on the effect of Zimbabwe's protectionist measures on the negotiation and implementation of a long-overdue "most favoured nation" bilateral trade pact.

"It is impossible to plan at the moment," said Nhlanhla Masuku, the president of the Zimbabwe National Chamber of Commerce, demanding a managed exchange rate. "No business can operate without forward planning. We want a predictable strong currency supported by the necessary instruments."

The Zimbabwe dollar has been on a free fall since July and was yesterday trading in the rate of one to 33-35 against the US dollar and 5,5 to the rand. However, customs officers said they were using the rate of 6,6 to the rand, further inflating duties payable by importers.

Munyaradzi said Finance Minister Herbert Murerwa had decided to increase the surcharge on all imports "to reduce imports and increase the revenue collection base".

On September 2 the Zimbabwe Congress of Trade Unions called off plans for a five-day national strike when assured increased sales tax, taxes on pension funds and a 5% income tax surcharge would be rescinded. An economist yesterday said the concessions were more than negated by the increased duties on imports, which would affect a large range of basic necessities from toiletries to clothing and ultimately, foodstuffs.

Two of Zimbabwe's commercial banks yesterday raised their prime lending rates in response to last Friday's increase in statutory reserves by the reserve bank, aimed at curbing liquidity and inflation. One raised its rate to 40,5%, the other to 41,5% as the reserve bank increased the reserve requirement from 20% to 25% for commercial and merchant banks and from 4% to 5% for finance houses.

Inflation is expected by many commentators to exceed 35% by the year end.

Murerwa denied the crisis was linked to the cost of deployment of 3 000 troops, plus tanks and combat aircraft, to support President Laurent Kabila's Congo Kinshasa government.

Brain drain plugged as some Zimbabweans return home

(362) BD 2/10/98

HARARE — A number of third world countries are probably in various forms of economic decay because most of them continue to lose skilled personnel to industrialised countries due to unfavourable conditions at home, Ziana news agency reports.

With their economies in a state of apoplexy, most developing countries, including Zimbabwe, fail to retain skilled and experienced personnel.

And as the exodus continues, efforts are being made to reverse the brain drain, which has seen those working in foreign countries at times being harassed for stealing the jobs of locals.

However, home is always best and some of Zimbabwe's skilled personnel who joined the diaspora are packing their bags and returning to their roots.

The past months have seen economic exiles returning home to Zimbabwe through the efforts of the Switzerland-based International Organisation for Migration.

Founded in Geneva in 1951, the organisation offers incentives to returnees through the purchase of air tickets, shipment of goods and "reintegration" allowances for professionals who are willing to return home.

According to the head of the organisation's Harare office, Thomas Weiss, priority is given to those whose skills are in great demand in their home countries. Vacancies are identified through consultations with the private and public sectors and applications are submitted to the organisation's offices in the UK, the US and France.

Weiss says the organisation's 15 African offices have recorded overwhelming responses. The facility is, however, extended only to those who worked and gained experience in their host countries without renouncing their indigenous citizenship.

He says since the opening of its Harare offices in 1983, more than 500 professionals have been helped to secure jobs in various sectors.

One of the returnees, Medicine Masiiwa, an agricultural project officer with a nongovernmental organisation, says he is happy to be back home from Germany, where he studied and worked since 1994. He says chances to accumulate wealth in Germany were there for the picking due to his qualifications as an economist, but he never considered permanent residence there.

More people continue to come home, with 60 professionals having either returned or applied for the organisation's benefits this year — despite the negative publicity overseas regarding Zimbabwe's economic woes.

Weiss says hundreds of Zimbabweans are willing to return but cannot immediately, due to prohibitive shipping costs. Others are unsure of employment opportunities at home.

Figures released by the central statistical office in July showed 1 682 professionals left the country in 1994, most of them destined for the UK or SA. During the same period last year, the country lost 993 professionals.

It is against this backdrop that captains of Zimbabwe's industry and commerce have welcomed the efforts to reverse the brain drain, as it is helping them to employ highly qualified and experienced personnel. — Sapa.

Zimbabwe's electricity body raises tariffs 20%

(352)

Michael Hartnack

BD 5/10/98

HARARE — The parastatal Zimbabwe Electricity Supply Authority (Zesa) increased all tariffs 20% at the weekend and had government approval to introduce tariffs four more times next year, totalling a further 15%, a spokesman said.

In July the cabinet vetoed moves by Zesa to introduce immediate 37% increases, partly to meet additional foreign currency costs of importing power from SA, Mozambique, Zambia and Zaire after the Zimbabwe dollar lost 60% of its value.

"The staggered programme of increases is designed to achieve the twin objectives of facilitating the financial recovery of Zesa as well as assisting consumers to plan, while cushioning them against the adverse impact of steep one-off increases," the spokesman said.

Zesa plans to introduce load shedding to ease its cash crisis and may cut back services, including out-of-hours rectification of faults.

The need to meet foreign currency bills had reportedly turned Zesa's previous net surplus to a monthly deficit of Z$300m. The country imports 45% of its power requirements.

Electricity tariffs went up 26% in 1996 and 18% last year.

Inflation, put at just below 30% in official figures, is expected to take a major surge with pending rises in prices of staples such as bread, cooking oil and maize meal. Imported items, including toiletries, have already risen 40% following the dollar's recent crash.

INTERNATIONAL

Anger as Mugabe and his team get hefty pay rises

(362) BD 5/10/98

Michael Hartnack

HARARE — Zimbabweans reacted angrily yesterday to 20%-25% pay rises awarded to President Robert Mugabe, his 53-member cabinet and parliamentarians, backdated to July.

Prof Heneri Dzinotiweyi of Zimbabawe University said the pay packages "sent the wrong signals to the nation", especially the provision of tax-free housing allowances to leaders already receiving state accommodation and thus exempt from paying mortgages. The Zimbabwe Congress of Trades Unions was expected to meet this week and may review its cancellation last month of a five-day national strike, said sources in the movement.

Bulawayo economist Eric Bloch said pay for national leaders was below private sector levels, but he called the increments "ill-timed" in view of the country's economic distress. Other business chiefs said the rises were "immoral" in view of the 2-million unemployed among Zimbabwe's 12,7-million people, more than half of whom lack even basic necessities, according to United Nations figures.

In January, troops and tanks were deployed in townships and eight people died in food riots.

Finance Minister Herbert Murerwa has made contradictory statements on whether the 60% slump in the currency's value over the past year had been exacerbated by the dispatch recently of 3 000 troops to support President Laurent Kabila's Congo government.

On Friday, the day that banks increased prime lending rates to 41,5% and the local currency hit 5,4 against the rand, a government gazette notice pushed Mugabe's entirely tax-exempt earnings to Z$507 000 a year. He has a series of state residences, is exempt from 17,5% sales tax, and duty on items imported after his trips abroad.

Vice-Presidents Joshua Nkomo and Simon Muzenda will receive Z$370 000, ministers Z$275 600 and MPs a basic Z$122 000. Due to a complex system of allowances, much of their earnings is tax-free and so are worth double in a country where income tax reaches 43% on salaries above Z$60 000 a year. The minimum wage for the poorest formal sector worker is Z$3 000 a year, while an average rural peasant family earns less than Z$3 400.

International agencies say contributing to Zimbabwe's chronic fiscal problems is the failure to collect tax from the private business empires of the politically influential.

When ruling party backbenchers staged a temporary revolt against award of an airport construction contract to a consortium which included Mugabe's nephew, they were warned they risked automatic expulsion from parliament if struck off party rolls. They then approved the contract.

All but three in the 150-seat legislature are from Mugabe's Zanu (PF).

Politicians last received backdated rises of up to 70% two years ago.

Among Zimbabwe Congress of Trades Unions demands during September 2 talks with government was a reduction in the cabinet to about 12 members and drastic tax cuts.

Anger over Mugabe's pay rise

(362) CT 5/10/98

HARARE: Zimbabweans have expressed shock and dismay at the 20% pay hike President Robert Mugabe has awarded himself and his 55 cabinet members at a time the country is mired in economic difficulties.

Under the salary hikes, announced at the end of last week, parliamentarians are also to be paid about 20% more.

The raise comes barely a month after the government announced that it could miss its budget target this year because Zimbabwe's military involvement in the conflict in the Democratic Republic of Congo was costing it millions. Provision for this expenditure had not been made in the budget.

"This country is reeling under difficult economic conditions, but the leaders cannot discipline themselves," a Harare businessman commented.

"True, they need an increase just as everyone else does, but the timing of this pay hike is wrong."

In addition to their pay, the president and ministers receive housing allowances, which ordinary Zimbabweans believe are unwarranted because they live in state houses.

"The notion of housing allowances for the president sends the wrong signals," a university of Zimbabwe professor, Heneri Dzinotyiwei, told the independent *Sunday Standard*.

"The president and his ministers are not staying in mortgaged houses." — Sapa-AFP

Zimbabwe in for 'grim' ride

CT (BR) 6/10/98 (362)

FROM SAPA-DPA

Harare — Zimbabwe's economy was poised for a grim time over the next 18 months, marked by sluggish growth, steadily rising inflation, an unstable currency and an unchecked fall in standards of living, according to a respected bank report released yesterday.

The latest economic bulletin of the London-based Standard Chartered Bank, the country's biggest bank, forecast the economy would only grow 1,5 percent this year, with little likelihood of a recovery next year.

Inflation for 1998 was pegged at 35 percent and unemployment, at 30 percent at present, would continue to grow.

The gloomy analysis by the bulletin, regarded as Zimbabwe's most authoritative, adds new weight to anxiety that the worsening economy will add to the increasingly volatile political atmosphere in which President Robert Mugabe's government is struggling to maintain its grip on power.

Economists said reckless decisions with far-reaching economic effects, contradictory statements over state policy and severe mismanagement had made Zimbabwe's crisis a home-grown affair that was exacerbated by the international economic slump.

In the past week, Harare approved price rises for basic commodities and then denied it had done so. It then slapped a 10 percent increase on basic import duties and added another 5 percent.

"Uncertainty over policy, taxation, political developments, land resettlement as well as a difficult business climate will continue to constrain corporate investment for the next two years," the bulletin said.

Zim faces financial ruin

M+G 6-12/11/98 (362)

South African officials are monitoring Zimbabwe's deepening economic troubles with a growing sense of unease, writes **Donna Block**

On the alert: Riot police keep an eye on demonstrators in Harare. Angry mobs took to the streets this week in protest against a 67% petrol price hike. PHOTOGRAPH: AFRIQ COOPER

Zimbabwe is teetering on the brink of financial ruin. Angry mobs are in the streets. Inflation is soaring at above 30%. Unemployment is rife. President Robert Mugabe's military folly in the Democratic Republic of Congo is now costing as much as US$2-million a day — money Zimbabwe cannot afford to spend.

Mounting social discontent with Mugabe and economic decay threatens to drag Zimbabwe and its 12-million inhabitants into a cycle of despair and violence. In a report to African investors on Tuesday, Investec Securities wrote: "... we are drawing closer to an endgame in Zimbabwe. The coffers are finally bare — plundered by the [ruling Zanu-PF] party and squandered on the ruinous [military] intervention in the [Congo] — meaning that the economic day of reckoning is at hand."

But if Zimbabwe goes down, South Africa will most likely share the pain.

Zimbabwe is South Africa's most important trading partner in Africa and as such its financial prosperity is vital to the economic well-being of many local businesses, especially at a time when Asian markets are buying fewer and fewer South African goods.

About 11% of South Africa's total trade is with Zimbabwe, including a large chunk of finished products which Zimbabweans may not be able to afford much longer. According to Tony Hawkins, a prominent Zimbabwean economist, total Zimbabwean trade with all its trading partners is already down 20% this year from 1997 levels. How much South African business has been affected, if at all, is not yet clear.

But trade problems might be the least of South Africa's worries if Zimbabwe implodes. Already, tens of thousands of Zimbabwean job seekers stream across South Africa's borders every month. Some cross illegally. The horrific deaths recently of 18 Zimbabweans who suffocated in the back of a container lorry at the border with Botswana show the lengths to which some people are now willing to go in the search for a better life.

Should Zimbabwe's economy deteriorate further, the number of immigrants from across the Limpopo is expected to increase dramatically, adding to tensions with unemployed South Africans.

According to David McDonald of the South African Migration Project, a study of immigration patterns in Southern Africa last year indicated that, contrary to popular belief, most Zimbabweans have no desire to pick up stakes and move to South Africa. But, he added, that could all change if the country were plunged into economic or political anarchy. "If there is instability in the region ... then one needs to thinks seriously about the movement of people in the region," he said.

'Unless and until there is a major political change at the top, Zimbabwe will continue its cycle into despair'

South African officials admit they are watching their northern neighbour's deepening troubles with a growing sense of unease. "Broadly speaking from a developmental point of view, Zimbabwe's economic march backwards is a setback to South Africa and to sustainable growth in the region," said one senior official at the Department of Trade and Industry.

A little more than a year ago Zimbabwe was still being heralded as one of Africa's most promising economies. But things started to unravel on the back of contentious economic policies over land reform and corruption scandals.

The effects of cronyism, financial mismanagement and the emerging market crisis have all taken an economic toll. Zimbabwe's currency, the dollar, has gone into a tailspin that has seen it lose 80% of its value in less than 12 months. Foreign reserves are rumoured to be all but depleted, while local commercial lending rates are above 40%. The country's banking system is still reeling from the collapse of a politically well-connected bank in April which has left a US$421-million hole in the economy.

To make matters worse, revenues from one of Zimbabwe's single biggest exports, tobacco, have tumbled 37% and the amount of tobacco to be sold next year is likely to drop because of depressed demand and world prices. Despite various schemes, the government has been unable to rein in spending.

But of all the drains on Zimbabwe's economy, none has provoked more disgust than Zimbabwe's military support to help Congolese President Laurent Kabila fight a Tutsi-led rebellion.

Three months ago, when Mugabe sent just 600 troops and a few warplanes to Congo, analysts where predicting even that level of involvement was enough to put pressure on government funds and frustrate efforts to attract foreign investment.

Now the number of Zimbabwean troops has grown to some 6 000, backed by dozens of tanks, warplanes and helicopter gunships. With Mugabe's tough talk this week of a new rainy season offensive in the middle of the Congolese jungle, Zimbabwe is digging itself an even deeper spending hole.

Herbert Murerwa, Zimbabwe's finance minister, admitted recently his country's budget deficit has widened by about Z$3-billion, largely because of the cost of the military action in Congo. He insists the crisis is only temporary because of promises by other countries involved in Congo to pick up some of Zimbabwe's bills. But few have faith in such promises. "You are really a candidate for the funny farm if you believe that," said one local analyst. "Some of those countries are even poorer than Zimbabwe."

The belief that Zimbabwe has finally run out of money struck home last Friday when Mugabe bowed to the inevitable and increased petrol prices by 67% after a year of dithering.

The long-suffering Zimbabwean public exploded with rage. They took to the streets, first in Bulawayo and then Harare, stoning buses and fighting riot police. It was the second outbreak of violent protest this year. In January, a 25% increase in the price of mealie meal led to days of running street battles in which six people were killed.

The violence forced the government to rescind the hikes in January and there are signs that Mugabe might back down once again. On Wednesday the government scrapped a 348% increase in the price of illuminating paraffin, but whether they can afford to do the same with petrol is another matter.

The government right now is pinning all its hopes on a bailout by the International Monetary Fund (IMF), which earlier this year approved a US$176-million standby facility for Zimbabwe. A first tranche of $53-million was released in January, but further disbursements have been put on hold. The fund's board meets again in two weeks to consider releasing the rest of the money to Mugabe.

However, an IMF official said he thought it unlikely any more money would be forthcoming while Zimbabwe has failed to cut its deficit spending within agreed parameters. Zimbabwe is already off target, the official said, adding that the IMF has not yet even taken into account the cost of Zimbabwe's involvement in Congo.

Investec was even gloomier about Zimbabwe's prospects. "Unless and until there is a major political change at the top, Zimbabwe will continue its cycle into despair," it concluded.

Inside Angola's undeclared war, PAGE 7

AFRICA

Zimbabwe businesses urged to beat SA to spoils of war

BD 8/10/98

HARARE — Zimbabwe urged its business community yesterday to seize trade opportunities in the embattled Democratic Republic of Congo before SA secured all the best deals.

"Apart from our own military interests, we could not just sit and watch the South Africans coming in fast," Tshinga Dube, the general manager of the government-owned Zimbabwe Defence Industries, told a meeting of business leaders.

They were briefed on the opportunities in Africa's third-largest country and said they would meet soon to co-ordinate exports.

Confederation of Zimbabwe Industries president Kumbirai Katsande said: "We have to sit down quickly as the private sector to get things started. It's an opportunity we will not let go."

The government has sent about 3 000 troops and an undisclosed number of war planes and tanks to the vast Congo to support President Laurent Kabila against a rebel offensive and has made it clear it wants to see a financial return on that effort. "The (Congo) imports virtually everything and the shops and hotels in Kinshasa are full of SA goods but there is nothing from Zimbabwe," Dube said.

Zimbabwe Defence Industries had established a major joint venture warehouse project, called the Strategic Reserve Limited, with the Congo through which Zimbabwean goods could be traded with arrangements made for immediate payment.

He said the Congo — a mineral-rich country with huge economic potential — had set aside $50m to pay for goods ranging from foodstuffs to pharmaceuticals and agricultural machinery. The state-owned Herald newspaper reported yesterday Zimbabwean companies had been initially offered $10m of that contract.

Zimbabwe Defence Industries itself has supplied the Congo with millions of dollars worth of military equipment including uniforms, rations and arms but is reported to be struggling to secure payment.

This was not mentioned in government media accounts of the meeting but it was acknowledged that representatives of the Confederation of Zimbabwe Industries and the Zimbabwe National Chamber of Commerce had pressed for details of payment guarantees.

The Herald quoted unnamed Zimbabwe defence officials as saying they felt bitter about fighting a war and clearing the way for business only to see the South Africans "coming in to flood the (Congo) market with their goods". They pointed out that despite Zimbabwe's military support of the Mozambican government during the 1980s civil war, SA had beaten Zimbabwe to business contracts when peace came in 1992.

This is a particularly sore point because the old SA apartheid regime supported the rebels against Zimbabwe's ally President Joaquim Chissano, who remains in power.

The Congo issue is also fraught with regional jealousies. President Nelson Mandela initially opposed Zimbabwe's military intervention before accepting it as a legitimate operation under the auspices of the Southern African Development Community, which he heads.

The meeting was told of an unnamed SA businessman who reportedly "thanked Zimbabweans for cleaning up the mess in Kinshasa to allow South Africans to do business while Zimbabweans sleep".

The Herald reported that the state-owned Zimbabwe Mining Development Corporation was moving in to stake a claim on mining concessions with the Congo government and had signed a treaty covering a wide range of minerals including copper and diamonds. — Sapa-AFP, Reuter.

(262)

Zimbabwean troops rushed to the Congo on charter

(362) BD 8/10/98

Michael Hartnack

HARARE — Some of the 3 000 Zimbabwean troops rushed to the Democratic Republic of Congo last month to save the government from rebel forces were transported by Air Zimbabwe flights which had to be diverted from scheduled routes, sources in Zimbabwe confirmed yesterday.

Aircraft from Air Botswana and Air Namibia were chartered to fill the gap caused by the Kinshasa ferry, as well as use of Air Zimbabwe jets to take President Robert Mugabe or his ministers to regional summits.

Air Zimbabwe's spokesman David Mwenga said the charters were done for two reasons — "some of our aircraft were chartered ... and some were undergoing checks". Pressed for further details, he said on two occasions one of Air Zimbabwe's aircraft were chartered by government for trips to Kinshasa and Luanda.

Aircraft were leased from SA and Namibia, but the principal hire was a BAe 146 four-engined short-haul jet from Botswana. All the chartered aircraft were employed on the Victoria Falls-Bulawayo-Kariba routes.

Sources said Air Zimbabwe did not believe the diversion of its aircraft for ferrying troops constituted putting them to military use, in terms of the International Air Transport Association (Iata) rules on civil usage.

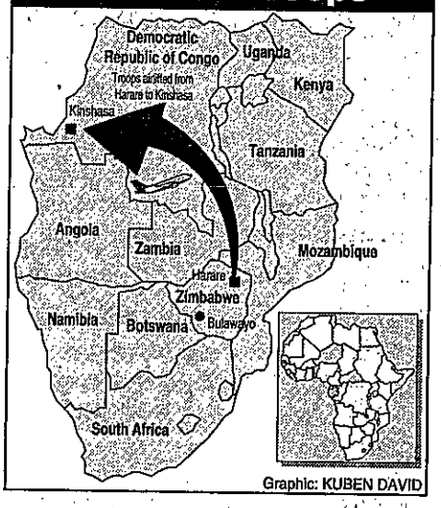
Stephane Bothma reports that aviation experts said the charter by the Zimbabwe Defence Force of civilian aircraft to transport military personnel was not in violation of Iata's regulations.

"The Zimbabwe Defence Force could have chartered an SA Airways or British Airways aircraft to carry their troops, as long as civilian, paying passengers were not placed in any danger, which seems not to have been the case in the Air Zimbabwe flights," an expert said.

"It would have been a completely different case if fully armed soldiers were put on a scheduled flight, with civilian travellers, which was then diverted to drop the soldiers off in the Democratic Republic of Congo to fight a war," he said.

Last month Air Zimbabwe abruptly terminated lease of one of its Boeing 737 short haul jets to Ugandan Airlines following reports Ugandan troops were ferried to the Congo's western war fronts on it. This was strongly denied by airline spokesmen in Kampala.

Airlift of troops



Graphic: KUBEN DAVID

Workers' fund loses Z$20m due to 'wasted expenditures'

Michael Hartnack (362) BD 9/10/98

HARARE — Zimbabwe's controversial National Social Security Authority, which more than a million formal sector workers were forced to join, "lost" Z$20m which had to be written off under "wasted expenditures", its chairman, Enos Chiura, said this week.

Part of the loss stemmed from information technology projects that had been "badly managed from the beginning".

New management and accounting systems would improve the efficiency of the authority, whose investment portfolio nearly doubled to Z$1,6bn last year from Z$824m in 1996. Monthly contributions grew more than 19% to Z$739m.

Death payouts in the year ending March 31 doubled to Z$36m, largely as a result of AIDS deaths.

There was widespread unrest when the authority was set up by President Robert Mugabe's government, compulsorily embracing formal sector workers, many of whom already contributed to their own long-established pension funds.

The industrial pension funds have traditionally been major institutional players in the Zimbabwean money market. Mugabe has directed the authority to warehouse shares from former state enterprises until they can be bought by approved "indigenous" interests.

Zimbabweans unhappy about exporting to Congo

Martin Rushmere BD 9/10/98 (362)

HARARE — Business reaction has been hostile to a government proposal that Zimbabweans should rush to export goods to Congo.

Col Tshinga Dube, head of the government-owned Zimbabwe Defence Industries, urged Zimbabweans this week to beat SA in the race to trade there.

The head of one of Zimbabwe's largest building materials firms, who did not want to be named, said: "No way are we getting involved. You must be mad to go in there, there is no chance of being paid."

Zimbabwe Defence Industries has set up a joint venture fund with the Congo Strategic Reserve. Congo is supposed to set aside $50m to pay for Zimbabwean goods. Zimbabwe Defence Industries is meant to supply most of the goods, with Zimbabwean companies exporting goods worth $10m.

A business source said banks would not supply letters of credit and help could not be expected from the government.

Although official exports to the Congo doubled last year, they amounted to only $5m.

Zimbabwe Defence Industries had already been found wanting in a munitions business deal with Sri Lanka, when a ship was hijacked and the weapons ended up with the Tamil Tigers. Zimbabwe is still waiting to be paid.

Govt allows millers, bakers to raise prices

Michael Hartnack

HD 9/10/98

HARARE — The Zimbabwean government gave bakers and millers permission on Wednesday to raise the price of bread immediately by 22% and maize meal by 17%, the state-controlled Herald said yesterday.

Isidore Zindoga, acting secretary-general of the Zimbabwe Congress of Trade Unions, said it would immediately seek 20% additional increments on behalf of the 1,1-million formal sector workers in the country's 12,7-million population.

On September 2 the congress called off a five-day national strike after receiving pledges that President Robert Mugabe would cut taxes and alleviate the plight of millions living below the poverty line.

No formal announcement was made by Industry and Commerce Minister Nathan Shamuyarira. Last month, he said that 20% to 40% increases "affordable by workers" would take effect on September 30, but this was speedily contradicted by other ministers.

The Herald, which said industrialists were notified of the new prices at a closed meeting on Wednesday, continued to claim "cartels" were conspiring to make unjustified profits.

In January at least eight people died in three days of food riots sparked by a temporary 30% increase in the price of maize sold to millers by the parastatal Grain Marketing Board, and the price of meal millers sold to the public. Millers, like bakers, had warned of an imminent halt to production if viable prices were not conceded after months of stalemated talks.

Crowds were orderly at shops yesterday, but unrest may break out again in the poorest townships when consumers find themselves unable to buy sufficient essentials. Cooking oil, another staple, is due to increase 18,6% in price. Toiletries, usually with a high import content, and luxury items have seen increases of between 80% and 120% since September.

South Africa's offer to abolish SADC customs duty is eliciting a slow response

Erwin takes trade plan to Harare

CT(MR) 9/10/98 (362)

IAN MILLS

Harare — Alec Erwin, the trade and industry minister, will meet his Zimbabwean counterpart, Nathan Shamuyarira, on Monday in Harare for talks on Pretoria's new all-embracing trade policy for the 13 other members of the Southern African Development Community (SADC).

Under its new trade blueprint for SADC member states, Pretoria offers to abolish customs duty in all import categories attracting duty up to 15 percent.

The offer also allows for import tariff categories of more than 15 percent to be phased down over five years.

A third category would include "sensitive" product categories, including those in categories one and two, which would need specially negotiated terms or protocols.

This last category would include items such as textiles, clothing, leather goods, auto parts chemicals and a number of agricultural products.

Official sources said Erwin's visit to Harare was one of several he was making to SADC countries specifically to discuss the new trade offer, although he was also prepared to debate bilateral trade issues.

Although the new policy promises to affect trading in the region by opening up the South African market to regional exporters, it has not attracted the degree of attention from regional leaders that Pretoria might have expected.

There have been signs the plan has not been studied closely by the other SADC countries that were invited to comment on the proposals.

Asked earlier this year for his views on the proposals, Shamuyarira said they were "a step in the right direction" but did not meet Zimbabwe's concerns over the widening trade gap between South Africa and his country.

He said Zimbabwe wanted a bilateral trade pact in which South Africa would ease its protective tariffs and revise its import quotas.

Although agreement had been reached in some areas, Zimbabwe was not at all satisfied with the entire package, said Shamuyarira.

However, it is no secret that the new South African SADC protocol derives largely from Pretoria's often tortuous experiences over the past three years in forging a new bilateral trade pact with Zimbabwe. This would replace the 1964 deal Harare had allowed to expire in 1992, in the face of offers from the apartheid government to renew it.

Officials say Erwin plans to spend only a few hours in Harare and intends returning to South Africa on Monday afternoon. — Independent Foreign Service

Political discipline is lacking, say analysts

Zimbabwe has scant hope of budgetary rally

CT(BR) 13/10/98 (362)

GODFREY MUTIZWA

Harare — Zimbabwe's private sector wants this week's national budget statement to lay the foundation for economic recovery but it doubts the government can deliver the strong medicine required.

Herbert Murerwa, the finance minister, will present his 1999 budget on Thursday at a time when the Zimbabwean economy has been battered into recession by high inflation and interest rates and a depreciating currency.

Industry officials say business confidence has been driven by government land reform and pricing policies to its lowest level in 18 years of independence.

"More than anything else, the budget is going to have to demonstrate that the government has belatedly developed a genuine and real commitment to a market-driven economy free of corruption and with measures that are economically stimulatory," said economist Erich Bloch.

Farai Zizhou, an economist with the Confederation of Zimbabwe Industries, said: "First and foremost, the budget should present a strong policy statement devoid of contradictions ... to restore business and investor confidence."

Murerwa had hoped for a budget deficit outturn of 7,6 percent of gross domestic product, but Zimbabwe's military foray into the war in the Democratic Republic of the Congo and large unbudgeted civil service salary rises have forced him to estimate it at 9,2 percent.

However, economists believe the minister could still surprise the nation with a lower deficit, owing to an accelerated selloff of state enterprises, a recent increase in import duties on virtually all products and sharp expenditure cutbacks.

"The deficit will likely be less than 10 percent because of the extra revenue and because they have not spent the money. Education and health are badly underfunded," said one economist.

There is scepticism, though, that President Robert Mugabe's government can produce a budget with the long-promised export incentives, sufficient measures to stabilise the Zimbabwe dollar, an inflation-reduction programme and enough discipline to force errant ministries into line.

Said Bloch: "Regrettably, I have my doubts that they can implement a programme of that nature.

"The government's past behaviour has been totally driven by politics and not by economic realities. The result has been to worsen the situation."

Howard Sithole, an economist with Kingdom Securities, said the markets were looking for transparency on the cost of the Congo venture and its impact on relations with the International Monetary Fund, which has twice postponed aid disbursement despite glowing praise of government fiscal performance.

Zizhou said the budget must include tax cuts to raise disposable incomes and duty, and foreign currency incentives for exporters.

Bloch said the budget should also have investment incentives for an economy expected to grow by, at most, 1,5 percent this year, down from 3,7 percent in 1997. — Reuters

Landmark judgment a victory for press

BD 13/10/98 (362)

Michael Hartnack

HARARE — The Zimbabwean Supreme Court handed down a landmark judgment yesterday that could inhibit the spate of defamation suits brought by members of the government's ruling party against the press.

The court upheld, with costs, an appeal by a local monthly magazine, Horizon, against Z$40 000 damages granted retired army commander Solomon Mujuru.

Legal commentators said the judgment, handed down jointly by Chief Justice Allan Gubbay, Judge Simbarashe Muchechetere and Judge Nicholas McNally, reasserted and defined the concept of "fair comment" in a manner likely to assist editors.

"I hope it has helped open the doors of freedom of expression in a particularly scary environment," said Horizon editor Andrew Moyse.

Although not binding on SA courts, the precedent may be cited in future actions.

Mujuru (former guerrilla leader Rex Nhongo) initially sought Z$250 000 damages after Horizon columnist Angus Shaw, writing under the name "Andrew Saxon", questioned how a new publication in which Mujuru allegedly owned an interest was reporting Mujuru's "goings on" in his home area of Bindura-Shamva 80km north of Harare.

During Mujuru's 1996 High Court action, Justice Godfrey Chidyausiku attacked "patronising white liberals" and said although whites regarded the general as a terrorist, he was a hero to black Zimbabweans.

Giving evidence, Mujuru said he had wanted to shoot Shaw and Moyse when he learned those responsible for the article were whites.

Mujuru acknowledged he had acquired two farms and several large businesses in the Bindura-Shamva area while serving as army commander.

He said he had been given special exemption from the Zanu (PF) "leadership code" which ordinarily barred members of the politburo from owning more than one home and 80 hectares of land.

The three appeal judges said the words "goings on" could bear a derogatory meaning. However, the leadership code had been intended to preserve the integrity of the country's leaders and the general's breach of it was morally questionable.

"The comment is in fact a mild one, no more one might say than a verbalised raising of the eyebrow," said all three of the three judges.

The judgment, instead of being prepared by one judge with others signifying "I agree", states it is delivered "by the whole court".

Legal sources believe this wording may be aimed at warding off further accusations of racism against white judges, made recently by black empowerment militants.

In addition to losing his Z$40 000 damages, Mujuru is expected to have to pay at least Z$200 000 in court costs.

Private sector hopes for growth budget

(362) BD 15/10/98

HARARE — Zimbabwe's private sector wants this week's budget statement to lay the foundation for economic recovery, but doubts the government can deliver the strong medicine required.

Finance Minister Herbert Murerwa will present his budget for next year on Thursday at a time when the Zimbabwean economy has been battered into recession by high inflation and interest rates and a depreciating currency.

Industry officials say business confidence has been driven to its lowest level in 18 years of independence by government land reform and pricing policies.

"More than anything else the budget is going to have to demonstrate that the government has belatedly developed a genuine and real commitment to a market-driven economy free of corruption and with measures that are economically stimulatory," said economist Erich Bloch.

"First and foremost, the budget should present a strong policy statement devoid of contradictions. This is necessary to restore business and investor confidence," said Confederation of Zimbabwe Industries economist Farai Zizhou.

Murerwa had hoped for a budget deficit outturn of 7,6% of gross domestic product but Zimbabwe's military foray into the Democratic Republic of the Congo war and large unbudgeted civil service salary rises have forced him to estimate it at 9,2%.

However, economists believe the minister could still surprise the nation with a lower deficit due to an accelerated sell-off of state enterprises, a recent increase in import duties on virtually all products and sharp expenditure cutbacks.

"The deficit will likely be less than 10% because of the extra revenue and because they have not spent the money. Education and health are badly underfunded," said economist John Robertson.

There is scepticism though, that the government has the political will to produce a budget with the long-promised export incentives, sufficient measures to stabilise the Zimbabwe dollar, an inflation reduction programme and enough discipline to force errant ministries into line.

"I don't believe that the president believes the depth of the problems is as great as it actually is," said Robertson. Said Bloch: "The government's past behaviour has been totally driven by politics and not by economic realities and the result has been to worsen the situation."

Kingdom Securities economist Howard Sithole said the markets were looking for transparency on the cost of the Congo venture and its effect on relations with the International Monetary Fund, which has twice postponed aid disbursement despite glowing praise of government fiscal performance.

Zizhou said the budget must include tax cuts to raise disposable incomes and duty and foreign currency incentives for exporters.

Bloch said that the budget should have investment incentives for an economy which was expected to grow by at the most 1,5% this year from 3,7% last year. — Reuter.

Zimbabwean dollar sheds 10%

(362) BD 13/10/98

Martin Rushmere

HARARE — The Zimbabwean dollar has defied government attempts to shore it up, shedding 10% during the past week to an interbank midrate of Z$37,5 against the US dollar.

Dealers said the end of the selling season for tobacco, the country's biggest foreign exchange earner, had put more pressure on foreign reserves, with import demand continuing to be strong. "There has been no intervention from the Reserve Bank," said a dealer with an international commercial bank. He said that with exports slowing down because of the end of the tobacco selling season, there had inevitably been pressure on the rate.

At the beginning of the month the central bank abolished all forward foreign exchange contracts, reduced commercial banks' open positions from $5m to $2m and imposed heavy duties on most imported goods to stem the run on the currency.

Dealers expect the rate to stay stable until after the government budget is announced next week, when policy measures are due to be announced as well as disclosures about the outcome of talks with the International Monetary Fund for the release of $53m in balance of payments support.

An IMF team is due in the country this week to assess the government's economic progress in the light of budget figures.

Angolan President Jose Eduardo Dos Santos, right, at the start of a five-day state visit at the invitation of Chinese President Jiang Zemin, left. Dos Santos was scheduled to hold talks with Jiang on bilateral relations as well as regional and global issues of common concern. Dos Santos' entourage includes the acting foreign minister, defence minister and agriculture minister.

Picture: AP

Harare's water supply threatens public health

BD 13/10/98

Michael Hartnack (362)

HARARE — It was the turn of the western Harare townships of Mabelreign and Meyrick Park to go without water over the weekend as engineers continued trying to rectify faults in the capital's water supply amid a public health threat.

From Bulawayo came similar reports of a five day water shortage in the Cowdray Park suburb. Toilets went unflushed and there were fears of an epidemic of fly-borne diseases as high temperatures continued.

Executive mayor Solomon Tawengwa yesterday pledged to the capital's 3-million residents that all would be done to end the crisis, and admitted there was "no smoke without fire". Tawengwa said in a report that the shortages stemmed from the failure to pay a contractor Z$10m to upgrade the Warren control booster pumps on Harare's western outskirts.

It was claimed the problem resulted from low voltage to a local pumping station, but municipal spokesman said the Warren control booster pump had to be upgraded from 300Ml capacity a day to match the 600Ml capacity of the city's morton Jaffray Waterworks.

Sources said the city had ignored warnings since 1993 of increasing consumption.

ANALYSIS

Zimbabwe must acknowledge its bad planning

BD 14/10/98 (362)

Zimbabwe's finance minister has an unenviable task — putting together a budget for a country whose figures grow more alarming by the day, writes Michael Hartnack in Harare

WHEN they announced their package of highly protectionist measures to defend the Zimbabwean dollar on September 18, Finance Minister Herbert Murerwa and Reserve Bank governor Leonard Tsumba said they were going to Washington for the October meeting of the International Monetary Fund (IMF), confident they would finalise discussions on renewed $53m budget support.

When the IMF met on October 6 there was an ominous silence from Washington, and no announcement in Harare. Then the Zimbabwe Independent reported that an IMF team would be coming after tomorrow's budget statement to Parliament to make the final assessment.

The latest news is from local IMF representative Robert Franco, who said: "There is no IMF mission coming and there was no board meeting. The meeting will be held in November and we will be recommending that the third and fourth tranches (of IMF aid, totalling $53m) will be disbursed."

He refuses to talk to journalists not under the control of the information ministry, and therefore the underlying confusion about his budget facts and figures remains unresolved.

Economists here long ago noted a glaring disparity between the numbers quoted by the likes of Franco and Tsumba and those used by others.

Past optimistic statements appear not to have factored in fiscal burdens such as Z$1bn or more in wage awards to civil servants, a promised rescue package for the Zisco steelworks and the cost of sending 3 000 troops backed by tanks and aircraft to save Congo's Laurent Kabila — let alone Z$42bn for sweeping land redistribution and further demands by 55 000 ex-guerrillas not content with the unbudgeted Z$3,3bn they got last year.

Franco continues to issue statements that Zimbabwe's economic reform process is, broadly, on track, and that the IMF is happy with progress achieved. Yet even the official news agency, Ziana, in its analysis of the budget problem facing Murerwa, says he is dogged by the government's chronic failure to stick to its planned expenditure.

This year the total soared at least 12%, to Z$71,5bn.

In talks with the Zimbabwe Congress of Trade Unions last month, President Robert Mugabe promised cutbacks in taxation. Sales tax, now 17,5%, should fall 2,5%. He pledged to abolish a 5% surcharge on income tax, which now exceeds 42%, on incomes of more than Z$60 000 a year. But these concessions have already been wiped out by a new surge in inflation, which far exceeds the latest official figure of 29,6%.

Bread and maize meal this week went up 22% and 17%, while items with imported content have gone up 60%-80%.

"More and more people keep joining the list of those who cannot afford an evening meal," said Harare office worker Charles Kuneri. Nhlanhla Masuku, president of the Zimbabwe National Chamber of Commerce, said that among the 1,3-million formal sector workers the average monthly wage was Z$1 671. The poverty datum minimum for a family of five — and seven is the average family size — was Z$3 100, he said.

Borrowing presents no happier option to Murerwa than taxation. Ruling party MP Charles Kuneri, who heads the committee on finance and economic development, says: "For years we have not been able to balance our budget, and we end up chasing the same money the private sector is chasing for investment." Following increases in statutory reserves last month, banks' prime lending rates reached 41,5%, but the Zimbabwe dollar continued its slide to 37:1 against the US dollar last Thursday.

There was no sign of a return to 23:1 for the "undervalued" Zimbabwe dollar, as confidently forecast by officials following the September measures.

Matabeleland Chamber of Industries chairman Mahesh Vaghmaria was among many who demanded an end to "the bungee jump of our currency" and a return to export incentives as the first criteria for economic recovery. The government was still believed to owe several million dollars in unpaid export subsidies predating their abolition (at IMF urging) in 1993.

A sign of the bitter times in Bulawayo is the closure, after 104 years, of the city's oldest department store, Haddon & Sly. It lost Z$1,6m before tax in the past six months, say directors.

Exports must be increased and the dollar stabilised to boost development and internal spending, private sector economists agree.

However, the unbridged gap remains between the numbers they use and their perception of economic reality, and those of Franco, Tsumba, Murerwa and Mugabe.

In the months before the D-Day landings in France, air gunners of US bomber crews claimed to have shot down roughly half the entire German air force. Perhaps they were influenced by the confusion that naturally reigned during interceptions of mass bomber formations, or the promise of the US equivalent of the Distinguished Flying Cross to gunners who shot down two fighters.

Whatever the case, it caused grave offence when Britain's Royal Air Force flatly refused to factor the US calculations of German air losses into D-Day landing plans.

Similar problems seem to have arisen now on Zimbabwe's economic front. "I foresee chaos," said a shopper faced with paying Z$8 for a loaf that last week cost Z$5,85.

The food riots that broke out in January cost eight lives. It might not have been war, but it was bad enough. Bad planning and bad numbers make bad implementation on the ground. It is long overdue for the Zimbabwean authorities to acknowledge this.

President Robert Mugabe promised tax cuts

RICA

African tobacco farmers have an annus horribilus

(362) BD 14/10/98

LONDON — African tobacco growers are facing a difficult year after a sharp drop in prices which, according to the International Tobacco Growers' Association, have fallen almost 40% across the continent this year compared with last year.

"Growers across Africa are undoubtedly suffering considerable hardship because of the low prices," said David Walder, the CE of the association. "For some of them, producing the tobacco is no longer economic."

African tobacco growers were expecting a small fall in prices this year, but the prices fluctuated much more than usual.

In Zimbabwe, Africa's largest tobacco exporter, prices were 40% lower at the start of the year and are now 33% down, according to the association. Prices in Zambia are 36% lower, while Malawi prices are down 19%.

In Tanzania, where prices are 15% lower than last year, the government has removed the tobacco export tax in an effort to help local farmers. "Tanzanian growers say they simply can't survive on the prices they are getting," Walder said.

Zimbabwe produced 165 000 tons of tobacco last year, of which 97% was exported. Malawi, the continent's second biggest tobacco grower, produced 153 000 tons.

China is the largest grower, producing 40% of world output, most of it consumed domestically. Other big producers include India and Brazil. — Financial Times.

Fears over Zimbabwe's economic woes

(362) CT (BR) 15/10/98

IAN MILLS

Harare — Herbert Murewa, the Zimbabwean finance minister, will deliver his budget speech in parliament today during the worst economic crisis the country has faced since independence in 1980.

His speech will be given in the midst of growing fears for the country's ability to surmount the current economic woes: government over-spending, steeply rising inflation, crippling interest rates, record low business and investor confidence, foreign exchange shortages, a mushrooming budget deficit, a 50 percent unemployment rate and a plummeting currency.

Fears remain that Murewa's budget will be designed more to suit the demands of the International Monetary Fund (IMF) than the needs of the private sector, where countless enterprises are facing collapse.

The budget speech will follow this week's visit by President Robert Mugabe to the Democratic Republic of Congo, where about 3 000 Zimbabwean troops have been deployed.

The visit coincides with mounting criticism of the Mugabe government for keeping its troops in the Congo and the increasing costs involved. Murewa declined to say how much the Congo campaign was costing Zimbabwe and refused to comment on reports that the figure was $1 million a day.

The Mugabe government is banking on the IMF agreeing to release the $53 million in budgetary support it is holding for Zimbabwe.

Diplomatic sources assert that the money will not be paid until Zimbabwe has withdrawn its troops from the Congo and dispensed with the prohibitive costs involved.

Meanwhile, The Combined Greater Harare Ratepayers, Residents and Tenants Association is seeking a meeting with John Nkomo, the local government and housing minister, to ask that Solomon Tawengwa, the Harare executive mayor, be sacked for alleged incompetence and mismanagement of the city's affairs.

Calls for Tawenga's resignation rose as a result of a two-week water shortage in several of the city's suburbs and townships because the cash-strapped city council could not afford to expand the pumping system to meet rising demand.

Ratepayers' representatives say they have been "fobbed off" by Tawengwa, whose popularity plummeted when it became known that his new mayoral mansion would cost about Z$50 million (R10 million) of ratepayers' money at a time when municipal services were at their lowest level in history. — Independent Foreign Service

(362)

Aids: Dramatic cut in life expectancy

CT 16/10/98

LONDON: The Aids epidemic has slashed life expectancy in Zimbabwe by 22 years in less than a decade, *New Scientist* magazine said yesterday.

Children born in Zimbabwe five years ago could have expected to live to 61 years, but babies born today will probably not reach 40. By 2010, newborns will have a life expectancy of 31 years.

The devastating figures are from a new study by the US Census Bureau that has calculated the impact of the Aids epidemic across Africa.

"The study reveals a demographic holocaust in which population growth in most countries is being slashed. It marks a return to conditions of the last century, when high birth rates were neutralised by high death rates," *New Scientist* said.

A quarter of adults living in Zimbabwe are infected with the HIV virus that causes Aids. Because of the disease, deaths are three times higher than they would be. "We are living through a nightmare," a Population Services official in Zimbabwe said. "I don't think you'll find one family that has not lost a relative to Aids."

The US report makes grim reading for other African nations. In Botswana life expectancy has been reduced by 22 years to 40 years and in Kenya 18 years to 48 years. — Reuter

Z$150m set aside for white farmers

(362) BD 16/10/98

Michael Hartnack

HARARE — Increases in the prices of petrol, diesel, wine and beer, and 65% taxation on incomes of more than Z$720 000 a year were features of the "austerity measures" budget announced by Zimbabwean Finance Minister Herbert Murerwa yesterday.

Murerwa roused angry interjections when he told MPs that Z$200m was being set aside for resettlement, including Z$150m to compensate departing white farmers. However, observers believed the amount allocated would hardly scratch the surface of financing resettlement of thousands of peasant families on 5-million hectares, as envisaged in President Robert Mugabe's controversial plan.

Many backbenchers support Mugabe's calls for whites to be denied compensation.

Murerwa expressed optimism that the budget deficit could be pegged at 6%, thus qualifying Zimbabwe for renewed aid from the World Bank and International Monetary Fund both of which "have been satisfied with Zimbabwe's economic management".

Defending the cost of Zimbabwe's intervention in the Democratic Republic of Congo, Murerwa disclosed unnamed states "now view our role in a positive way and are now prepared to provide financial support to our alliance".

The defence vote for the coming 12 months increases to Z$5,4bn compared to Z$5bn for the 18 month period 1997/98.

"Our intervention in the (Congo) prevented a conflict situation which would have destabilised the region and at the same time led to heavy loss of life particularly in the Congo itself," he said.

Withholding taxes

Murerwa introduced a 5% withholding tax on money market capital gains and a 10% withholding tax on real estate gains.

Despite cutbacks which saw the foreign affairs vote drastically slashed, funds for the secretive Central Intelligence Organisation — not subject to audit or parliamentary debate — rose from Z$570m to Z$611m while Z$400m in subsidies were planned for the state steel works, and Z$9m for the national news agency, Ziana.

Murerwa announced tax breaks for exporters and those creating employment, and cuts in state grants to private schools.

The income tax threshold was raised from Z$12 000 to Z$24 000, but Zimbabweans will remain among the most highly taxed in the world, with abandonment of last year's plans to introduce a 40% tax ceiling at Z$60 001 and the introduction of new "super tax" levels reaching a cumulative 65% on personal income of more than Z$720 000 a year.

Zimbabwe defends new amendment to its constitution

Michael Hartnack

HARARE — Zimbabwe's constitution had to be amended to remove clauses that prevented the government from "clearly identifying those who were disadvantaged in the past", Indigenisation Minister Cephas Msipha told a meeting of the Institute for Advancement of Freedom yesterday.

Msipha, a nationalist who has special responsibility for the privatisation of parastatals and implementation of affirmative action campaigns, said talk about constitutional reform had "overemphasised the question of political mechanics, such as limitation of presidential terms", and not focused on preferential treatment.

He said he was, technically, breaching Zimbabwe's 1980 Lancaster House constitution to talk about black empowerment. The constitutional declaration of rights outlawed discrimination on grounds of colour.

However, no one has so far challenged in court longstanding cabinet directives giving black-owned companies preference in state contracts under Z$10m, requiring foreign investors to enter partnerships with emergent black entrepreneurs, and allowing only businesses that sell to authorised African buyers at 75%-90% discounts to export capital.

Zimbabwe's constitution has been amended 14 times since independence in 1980.

Zimbabwe warned about digging into spending hole

(362)

Martin Rushmere BD 21/10/98

HARARE — In contrast with an enthusiastic reception from finance and industry to Zimbabwe's budget plans, Standard Chartered Bank has issued a sombre warning that the government is digging itself deeper into a spending hole that is getting more difficult to get out of each year.

Chief economic adviser to the bank, Tony Hawkins, says that the budget for next year is no more than "tinkering with the economy while the fundamentals of high inflation, a worrying deficit and increasing public debt remain unaltered".

Finance Minister Herbert Muyrerwa said the deficit for the year beginning January 1 would be down to 6% from 6,5% this year. He pins his hopes on a 49% increase in revenue, which Hawkins says is "extremely uncertain" at a time of international and domestic slowdown.

"It must be remembered that SA accounts for 74% of southern Africa's economy and if SA slows down, so does everyone else."

Barclays Bank and various business organisations welcomed the main proposals — export incentives through the use of tax concessions — as a means of increasing economic growth.

Hawkins says: "The danger here is that the government will be selective about who are exporters. Previous governments that introduced these excluded two of the biggest exporting industries — ferrochrome and nickel. All kinds of people will be knocking on the minister's door clamouring for concessions and it is possible that very little exporting stimulation will be done. In any case, the currency has fallen by 50% in the year to the point where it is undervalued and if a company is unable to be competitive in these circumstances it is difficult to see how incentives will help."

Hawkins notes that the budget deficit is likely to rise by at least 1% because of Zimbabwe's intervention in the Congo.

Murerwa implied that the other countries that sent troops to help Congo President Laurent Kabila would pay some of Zimbabwe's bills, about which Hawkins commented, "You are really a candidate for the funny farm if you believe that. Some of those countries are even poorer than Zimbabwe."

ZimSun venturing into neighbouring states

BD 21/10/98

Michael Hartnack

HARARE — Tourism group Zimbabwe Sun (ZimSun) hotels, which in August entered a deal with the Meikles Africa Group over future purchase options on the historic Victoria Falls hotel, was pulling back from local safari lodge ventures and diversifying into neighbouring states, travel industry sources said yesterday.

This follows ZimSun's decision earlier this year to sell Touch the Wild Safaris, in which it held a 50% stake, to the parastatal Rainbow Hotel Group.

Touch the Wild had lost some of its longstanding leases to emergent "indigenous" tourism bidders that had political backing.

Touch the Wild was built up by Alan Elliott, a former game ranger and Zanu (PF) MP for Hwange. He is now reported to be establishing interests in Zambia to replace those lost in Zimbabwe as a result of President Robert Mugabe's "indigenisation" drive.

At a news briefing last week ZimSun MD John Smith reportedly said his group would invest Z$100m in Zambia and Mozambique, subject to Zimbabwean Reserve Bank approval, in 50-50 partnership with a company to be known as Safari Lodges of Africa.

Smith declined this week to answer questions on reported involvement of Elliott in the new ZimSun venture following the sale of Touch the Wild.

Smith was reported to have said ZimSun had been entrusted with privatising five top Zambian government safari lodge properties in the Luangwa Valley, Kafue National Park and Victoria Falls areas.

Sources believe ZimSun wishes to have the five, and other safari lodge interests, disposed in the long term to subsidiaries while it concentrates on large-scale projects such as the 300-room Z$1,2bn Victoria Falls Hotel. The hotel is due for sale by the liquidators of the former Rhodesia Railways.

ZimSun has also been seeking opportunities on Mozambique's coast from Maputo to the Rovuma River.

Zimbabwe's tourism pioneers say although the country is capable of earning $100m a year, it risks losing its competitive edge over Mozambique, Namibia, Botswana and Zambia through politically inspired diversion of concessions to emergent entrepreneurs who then sell them at a premium without adding value.

In many cases, operators allege, the buyers are foreign interests and this makes nonsense of indigenisation.

Zimbabwe govt has difficulty in taking advice from own think tank

(362)

Commerce and industry in Zimbabwe is unimpressed with government's failure to heed advice, writes Ndaba Nyoni in Zimbabwe's The Financial Gazette

BD 21/10/98

THE Zimbabwean government has in the past year made attempts to engage other players in the country's economy in some dialogue on the best way forward, but it is becoming increasingly apparent that the same government has difficulties accepting advice from outside its own ranks.

Many captains of commerce and industry speak of growing frustration about participation at various forums where they offer advice that is never considered by the government.

Cited most is the National Economic Consultative Forum, established by the government last year and which the state has tried to nurture into a nonstatutory think tank on managing the sliding economy.

"There is no beating about the bush that most of us in the private sector are getting cheesed off by the government's decisions because, when it comes to the crunch, it is what is decided by the cabinet that carries the day," one leading industrialist said.

"In many cases, it is quite clear that there is no consideration whatsoever of the prior inputs of commerce and industry," the industrialist said, speaking on condition of anonymity.

He gave an example of the government's control of prices of basic commodities, saying the political decision made a joke of the consultations between the government and other economic players in the country about market economic reforms.

Most industrialists interviewed said that the economy was unnecessarily in the doldrums, as the answers to the current crises were not only known to commerce and industry, but to the government as well.

Harare businesswoman and the immediate past president of the Confederation of Zimbabwe Industries, Jonee Blanchfield, did not mince her words when she addressed guests at the joint Zimbabwe Development Bank-Financial Gazette Top Companies Survey awards ceremony in Harare last night.

"Business, the common man and potential investors have lost confidence," she said. "We struggle to survive — last year alone 79 companies closed down. Morale is low, dark days indeed. We are sitting on an unemployment volcano which could erupt at any time, yet we procrastinate about almost everything. Surely not to make a decision is the worst decision.

"In reality, we need not be so gloomy. All these things have been said before and all we really require is for someone (the government) to listen.

"We in industry, commerce and academia know the solutions. We recommend, advise, plead, exhort, but who in fact is listening?"

Zimbabwe's import cover, two months before the festive season begins in earnest, has been described as precariously low, with some economists putting it at just one month; the Zimbabwean dollar continues to plunge, having surrendered more than 100% of its value to the US dollar since last October; interest rates have skyrocketed to nearly 50% and inflation is hovering at 32%.

All these could have been avoided, some economists have said, blaming the government's bad policies for the crisis. Some economists and industrialists said the fact that the forum's various task forces presented their reports and recommendations only a week before the announcement of next year's budget spoke volumes about the seriousness with which the government took the deliberations of the forum.

"Although the forum is not a legal body and only plays an advisory role, it is quite clear that the government has already prepared its budget and whatever the forum recommends is of little consequence, never mind the fact that the budget is being presented two months ahead of the year-end to allow parliamentarians time to debate it at some length," said an "indigenous" economist who is highly critical of the government's economic policies.

However some industrialists felt the forum had made an impact, particularly the task force dealing with land reforms which had helped avert a crisis over the compulsory acquisition of more than 1 000 mainly white-owned commercial farms for the resettlement of about 150 000 families over the next five years.

The government has since agreed to implement a two-year "inception phase" using about 118 farms already at its disposal for resettlement.

Said Blanchfield: "The National Economic Consultative Forum is doing a good job toward solving the ills our country faces, but the process is too slow. Some things cannot wait. We cannot continue to observe the poor getting poorer with our hands tied behind our backs while we talk and talk. The time has come to attend to priorities with urgency.

"This time last year we were prospering and we can reverse all this within a year. We just have to get cracking." Other economists made a series of recommendations aimed at turning the economy around, including the need for the budget to focus on economic growth, export expansion and ensuring it is "properly" financed by borrowing from nonbank sectors of the economy.

The economists also proposed a reduction in corporate tax, tax deductions for skills development and the speeding up of tariff rationalisation as some measures to promote domestic investment.

Many said the budget was a barometer of how amenable the government was to advice, while others said that even though the government allowed two months for debate before the budget became effective, little change was expected from the original document as a large chunk of the time would be a holiday.

BUSINESS

Plans to restructure Zimbabwe's forestry agency placed on hold

FROM SAPA (362)

Harare — Plans to restructure and commercialise the Forestry Commission, Zimbabwe's forestry agency, were on hold pending an amendment to the law that governed the agency, a senior forestry official announced on Tuesday.

Alvin Ncube, the corporate service manager, told the Ziana news agency that the drafting of amendments to the Forestry Act was delaying the commercialisation of the commission. However, he was optimistic the new law would be approved by parliament by the end of the year.

"We are still working on the amendment of the Forestry Act with the attorney general," Ncube explained.

"Hopefully next month, when parliament resumes sitting, the amendment will be one of the bills to be tabled."

The restructuring exercise, which was approved by cabinet early this year, would result in the formation of the Forestry Company of Zimbabwe.

BR (BR) 22/10/98

Zimbabwe police tackle corruption

HARARE — Zimbabwe is clamping down on corruption in the police force and several policemen have been convicted while others are being investigated.

Police spokesman Wayne Bvudzijena said the force was especially worried about bribery incidents which were now becoming prevalent and difficult to curb.

Last year 45 officers were dismissed for criminal convictions, most of them for receiving bribes. This year 22 officers have been discharged.

Attorney-general Patrick Chinamasa said the policemen's poor conditions of service were among the reasons for corruption.

"Policemen lack income, equipment, vehicles. The housing for police is deplorable. Those conditions are conducive to creating corruption. To stop that we have to improve the service and reform the image of the force."

Human rights activists complain that only corruption in lower police echelons is publicly exposed.

"You can read about police corruption everyday in the local press, but only at lower levels of the force. What about corruption at more senior police levels — how is it that no one talks about that, because it is certainly there?" asks Mike Auret, the national director of the Catholic Commission for Justice and Peace.

Chinamasa said his office was objective in dealing with corruption and denied political interference. "The attorney-general's office has no way of monitoring or supervising police investigations. It can only go by what information is provided by the investigating officers," he said. — AIA.

(362)

Zimbabwe farmers call off march after ministers' assurances

(362) STAR 30/10/98

By Ian Mills
Star Foreign Service

Harare – After visits by two ministers, white farmers in the Marondera area have called off a planned march on the provincial governor's office to protest the illegal occupation of their farms by hundreds of peasants frustrated by delays in the country's land-reform programme.

Peasants in Marondera, near Harare, have been squatting on white-owned farms for weeks and have started planting maize, claiming the government has failed to keep its promise to resettle them on new land. They also assert the farmland is their "ancestral" home.

The protest by farmers was called off late yesterday after Agriculture minister Kumbirai Kangai and Land Reform minister Joseph Msika visited the area to assure farmers urgent action was being taken to "ensure the situation is resolved".

The Commercial Farmers' Union president Bob Swift told reporters the situation was "very delicate".

"The ministers and the governor are going to talk to them (the squatters) and ask them to be patient and wait to be resettled in an orderly manner," he said.

The squatters have so far resisted official calls to move back to their tribal villages.

Although the government has warned that the squatting will not be tolerated, President Robert Mugabe has also decreed that the squatters will not be forcibly removed.

▶ Women's tales of woe
Page 12

Protest against involvement in Congo

Michael Hartnack (362)

HARARE — Churchmen, trade unionists and civic groups have notified police they plan to march through central Harare tomorrow in the first protest against Zimbabwe's involvement in the Democratic Republic of Congo since troops were dispatched in August. BD 30/10/98

Home Affairs Minister Dumiso Dabwngwa made no comment on Wednesday as to whether he would allow the anti-war demonstration, organised by the local branch of the Institute for the Advancement of Freedom and the National Constitutional Assembly to take place.

Simultaneously, five civil groups issued a statement yesterday condemning "this expensive military adventure in the Congo which, it is widely believed, holds business opportunities for some members of our political and military elite".

They called on parliamentarians to consult their constituents and demand a full debate on the war.

Assembly task force chairman Morgan Tsvangirai, who is secretary general of the Zimbabwe Congress of Trade Unions, said the dispatch of 6 000 troops to fight for President Laurent Kabila's "despotic" Kinshasa regime was costing Zimbabwe millions of dollars each day, at a time of economic misery at home.

"There is no national consensus on intervention in the Congo," said Tsvangirai. "The economy is bleeding and we are worsening the situation by our military adventure there."

Mugabe last week dispatched 2 000 more soldiers to eastern Congo, in preparation for an assault on rebel strongholds close to their Ugandan and Rwandan supply bases, following his earlier intervention to save Kinshasa from rebel columns.

Human rights groups claim Mugabe has violated the constitution by dispatching troops without consulting parliament or even the cabinet, to a conflict which in no way "prejudices Zimbabwe's security". In a joint statement the Legal Resources Foundation, ZimRights, the Catholic Commission for Justice and Peace, the Imani Trust and Zimbabwe Lawyers for Human Rights also said they were concerned by "lack of transparency in disclosing the exact number of Zimbabwean casualties".

Official spokesmen say only nine Zimbabweans have been killed in action and 16 captured.

"Without a mandate from parliament, Zimbabwean troops are now being deployed in the eastern portion of the Congo, which could result in a greater number of casualties and enormous financial cost."

The five civic groups noted the campaign was being fought to sustain Kabila, who had himself come to power by military means, suppressed democratic processes and stood accused of severe human rights abuses.

A new Public Order Bill before parliament will restore Dabengwa's right to curb demonstrations and make organisers liable for all damage if violence ensues, following the supreme court's ruling that the 1960 Law and Order Maintenance Act curbs on protests are unconstitutional.

planned

Mayor sees no problem with loans from Boka

(362) BD 30/10/98

Michael Hartnack

HARARE — The mayor of Harare, Solomon Tawengwa, has denied a "conflict of interest" in receiving three loans totalling Z$1,3m from Roger Boka, when the banker and black empowerment crusader — now a fugitive from justice — owed the council Z$30m for land on which he built his giant tobacco auction floors.

The disclosure by the capital's first executive mayor, a prominent member of President Robert Mugabe's Zanu (PF) party, comes in the wake of continuing controversy over the escalating cost of Tawengwa's Z$55m official residence, unpaid bills to council contractors and unpaid wages to employees, and chronic water shortages in some suburbs.

Local Zanu (PF) executives passed a vote of confidence in Tawengwa yesterday as ratepayers petitioned for his dismissal and workmen cleared the rubbish dumped on city streets during three days of protests by unpaid dustmen, sewerage workers and firemen.

"I borrowed the money from Boka because he was a bank," Tawengwa told the Zimbabwe Financial Gazette, an authoritative weekly owned by a consortium of black businessmen linked to the political establishment.

"I am not the only one to be given money by Boka — there were many more who were given bigger amounts than this."

Tawengwa admitted receiving three advances to finance tobacco crops on his farm near Marondera between May 29 and June 27 last year, but could not explain why they were made by Boka Tobacco Floors rather than Boka's United Merchant Bank (UMB), whose accounts were frozen in April on orders from the Reserve Bank.

Eight UMB executives, who claim they were acting on Boka's orders, have been charged with a Z$1,3bn fraud over the issue of unauthorised bills on the parastatal Cold Storage Commission. Boka himself was allowed to obtain a passport under his father's name and flee to the US.

Tawengwa denied he broke regulations on conflict of interest by accepting finance from a "bad debtor" of the council. "All the money will be paid back in three years time," said Tawengwa of his personal loans. "I went to see Boka before he left the country and he agreed that I could pay him back the money in that period."

Boka allegedly threatened to name prominent personalities to whom he had given unsecured loans if he was prosecuted.

Iranians invest Z$150m in factory

Michael Hartnack

HARARE — New Iranian shareholders have injected Z$150m for the purchase of machinery and spares into Modzone Enterprizes, the former Cone Textiles factory at Chitungwiza which went bankrupt three years ago with the loss of up to 5 000 jobs.

MD Hassan Sadrolgharavi said Modzone, which had taken back 2 100 employees, was gearing itself for the export market — with its eyes on SA.

The company was looking to export 90% of production, he said, and hoping to increase earnings from Z$118m to Z$250m next year. Currently 60% of the factory's daily output of 70 000m of fabric is exported.

Referring to the most favoured nation trade pact between Zimbabwe and SA, now nearing finality after 12 years of talks, Sadrolgharavi said he hoped the talks would lead to textile exports balancing imports from SA.

SA fear of Asian imports masquerading as Zimbabwean output remains a major hurdle to the pact.

Motorcade narrowly misses blast

James Hall

MBABANE — A large explosion believed to be caused by blasting dynamite rocked the Lusushwana bridge in Matsapha less than two hours after the motorcade of King Mswati III passed over the bridge upon his return to the country from an extended tour of the Far East.

The explosion ripped an adjacent abandoned railroad bridge, throwing debris on to the highway bridge at the height of evening rush hour.

The Lusushwana River bridge is one of the nation's most heavily travelled, carrying motor traffic from the nearby Matsapha industrial area to the traditional capital of Lobamba and the royal village of Ludzidzini. Several motorists sustained minor injuries, according to a spokesman for the hospital in Manzini where victims were being treated.

The police have arrested one suspect, a man in his 20s, who was found injured in the river below. He told police he had been fishing.

King Mswati was out of the country for three weeks, while the general elections were held. His Asian tour was intended to attract investor interest to the kingdom.

Dynamite has been used extensively for highway construction. A cache was uncovered last month on a farm in the Shiselweni district.

Mugabe adopts 'take land, pay later' scheme

(362)

Harare – Zimbabwean President Robert Mugabe has announced a new policy of acquiring land from white farmers, resettling black people and paying for it later.

In a report published yesterday, Mugabe said the process of identifying farms, ascertaining their value and paying the owners was taking a long time and stalling the country's reform programme.

"Resettlement should not be delayed by evaluations. We evaluate the land and let the government take it immediately," Mugabe was quoted as saying by Ziana news agency.

The government intend to acquire about 5 million hectares of land from mainly white commercial farmers to give to some 100 000 landless black families in the next five years.

It will require more than R12-billion for the exercise, and the cash-strapped government expects the bulk of this money from donor nations.

Observers, however, wonder how Zimbabwe can seek handouts and restitution from Western donors and former colonial powers while at the same time injecting scarce financial resources into a war in the Democratic Republic of Congo. Star 3/10/98

The process of land resettlement, while it was one of the main reasons blacks took up arms to fight the former white minority regime, gained momentum only this year.

The Zimbabwean government has in recent months been under pressure from landless peasants, who have invaded privately owned white commercial farms and forcibly settled there. – AFP

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'Mugabe has put his head on the block'

Congo rebels say Zimbabwe can't keep up fighting for long

(362)

Star 31/10/98

By ROSS HERBERT
INDEPENDENT FOREIGN SERVICE

Zimbabwean and other troops backing the embattled Congo government suffered "hundreds" of casualties in the fight for Kindu and would soon suffer a similar fate in the battle for Congo's diamond mining capital, rebel leaders claimed yesterday.

Bizima Karaha, the former Congo foreign minister who defected to the rebels, dismissed Zimbabwean calls for an offensive in eastern Congo. "They were already there. The Zimbabweans ran away in Kindu ... their effectiveness on the ground has been very minimal."

Karaha and Ernest Wamba dia Wamba, the rebel political movement leader, spoke to journalists a day after meeting with President Nelson Mandela over the Congolese war, which now involves combatants from at least seven countries.

They said time was on the rebels' side as financial problems would only worsen for Zimbabwe.

"I don't think, financially, Zimbabwe can stay a long time. They shouldn't think extending the war will strengthen them. It will weaken them so badly that Mugabe himself may be overthrown," Wamba said.

Their comments came as a mass protest was planned for today in Harare. And five human rights groups issued a joint statement on Thursday condemning President Robert Mugabe's decision to send about 5 000 troops to the Congo and questioning his constitutional authority to do so.

"Many Zimbabweans strongly believe it is wrong for our forces to be deployed in the DRC in support of a leader who himself came to power by military means, has a dreadful human rights record and who has singularly failed to allow processes of democratic governance," said the statement.

Karaha and Wamba praised Mandela's role in trying to mediate the rebellion that ousted the late dictator Mobutu Sese Seko, and welcomed a similar involvement in this conflict if Mandela could bring about direct talks between the rebels and Congo President Laurent Kabila.

So far Kabila has refused direct talks and has contacted rebel leaders only through intermediaries.

"If President Mandela can possibly achieve this, we want him to take up this role," Wamba said.

Wamba added the movement's main objective was free and fair democratic elections and non-tribal government, but he said he could not say how many months would pass after a hypothetical rebel victory before elections could be held.

Wamba came close to acknowledging Rwandan involvement. "We have a right to ask friends for help. We have many Ugandan instructors who we have recruited for training our soldiers. It doesn't mean we cannot have other instructors, Tanzanians or Rwandans," he said.

Although the rebels continue to demand face-to-face negotiations, there are doubts whether rebel leaders could accept a future Congo in which Kabila was allowed to take part politically.

"The task of the president is to ensure national unity. If the president calls for extermination of one part of the nation, is this president fit to be president?" Wamba asked.

He said Kabila's forces left mass graves of ethnic Tutsis in Uvira, Kisangani, Kindu and Kalemie and had recruited ex-Rwandan army and Hutu militias responsible for that country's 1994 genocide.

"What Kabila has done is extremely serious. We find it a bit strange to talk of a leader who can steal and kill and still be a candidate."

But Wamba revealed that the movement had discussed the possibility of granting amnesty to Kabila if he agreed to step down.

Soldier's family want the rest of his body

Harare – The family of a dead Zimbabwean soldier said they had been given only his decomposed head, while the government insisted it delivered the whole body a local newspaper reported yesterday.

The *Zimbabwe Mirror* said the family, based in Mutare, were angry with the army for asking them to bury just the head of the man, who died in the Democratic Republic of Congo war, without explaining what had happened to the body.

"I was shocked and could not believe it," one of the soldier's brothers was quoted as saying.

The army said it delivered the entire body, adding that the soldier had died from illness and not in combat in the Congo conflict. – Reuters

CONGO AT WAR

Mugabe's troops 'were involved in war atrocities'

BD 1/9/98 (302)

Claire Pickard-Cambridge

ZIMBABWEAN troops were involved in many of the recent atrocities committed in Kinshasa, where they helped President Laurent Kabila's forces execute prisoners of war, Richard Cornwall of the Institute for Strategic Studies said yesterday.

Reports by a network of monitors serving the institute also indicated that most Angolan troops who had entered the Democratic Republic of Congo from the west were not planning to advance on the nation's capital, Kinshasa.

Instead they were moving southwards to engage Unita troops led by Angolan rebel leader Jonas Savimbi.

The reports also indicated that Rwandan-backed Tutsi rebels in the Congo had probably killed about 50 Zimbabwean troops helping Kabila, although this had not been admitted by Zimbabwe's President Robert Mugabe.

While Zimbabwe had almost 3 000 troops engaged in Congo, Namibia had committed only about 250 troops and the Namibians did not seem to have been heavily engaged in fighting.

Cornwall said he did not believe Zimbabwe would be able to sustain its military involvement in the Congo. "I also do not think Zimbabweans have a taste for a conflict that is halfway across the continent."

He said reports that Zimbabwean troops had been committing atrocities in Kinshasa were not surprising, given that they were led by Air Marshal Perrence Shiri, who was once commander of Zimbabwe's notorious Fifth Brigade. Church-based reports in the 1980s held the Fifth Brigade responsible for massacres in Matabeleland.

Cornwall said Shiri, who was apparently also in overall command of Congolese ground troops around Kinshasa, had been known by the nom de guerre of "Black Jesus" when the brigade operated in Matabeleland.

He said the battle for Kinshasa was by no means over and it was believed the rebels were regrouping and waiting for the right time to strike again.

"The rebels are pretty disciplined and their forces in Kinshasa have shown a classic knowledge of urban guerrilla tactics."

Although Kabila was trumpeting a pending victory against the rebels, the institute believed most of these forces had retreated across the Congo River to the neighbouring Republic of Congo to regroup and replenish supplies. "The rebels have access there to an airfield to the south of Lac Bleu, where they are being reinforced by air from the rebel base in the eastern town of Goma."

Other rebels were regrouping in the dense forests to the east of Kinshasa and were thought to be waiting until the timing was right for a fresh strike at the capital. This could occur if Kabila overextended his troops by sending them to defend Lubumbashi in the south, or moved on Kisangani in central Congo, which he wanted to recapture from the rebels.

Cornwall said the rebels were also likely to hold onto the town of Mbanza Ngungu, southwest of Kinshasa, from where they would be able to block any further approach from the west.

The rebels were no longer as worried about the Angolan forces in the west, because they had begun moving southwards to engage Angolan rebel movement Unita.

He said the Angolans had made little attempt to drive their main forces towards Kinshasa, and had crossed the Congo River near the port of Matadi to advance south.

He said the Angolans' motive had been to advance from the west to protect their own borders and to use their mobile forces from the enclave of Cabinda to engage Unita's rear bases in Congo, as well as its other bases in the Angolan provinces of Zaire and Uige.

"However, the Angolans may have miscalculated because we think Unita forces are moving to engage them on Congolese soil."

This was extremely difficult terrain for tanks and aircraft, which meant that the heavily equipped Angolan government forces would be at a disadvantage. However, the terrain suited the more mobile Unita forces, which were not dependent on heavy weaponry, he said.

In the meantime, life in Kinshasa was not as quiet as was being claimed. He said Roman Catholic missionaries had accused Congolese soldiers of shelling four Kinshasa suburbs, displacing about 1-million people, because they believed rebels were being harboured there.

An Angolan soldier stands atop his tank with a bike at Matadi airport, about 350km from Kinshasa. Picture: AFP

Currency hits new low of 27 to US dollar

Zimbabwe dollar suffers record slump

CT (BR) 1/9/98 (362)

STELLA MAPENZAUSWA

Harare — The Zimbabwean dollar hit a new all-time low against the US dollar on Monday. It took a pounding from importers and speculators who have been encouraged by the central bank's reluctance to defend the currency, dealers said.

At midday the Zimbabwe dollar was quoted at a new record low of 27/29 against the US dollar from 26/29 earlier and Friday's close of 25/27.

One dealer said: "I think now the signal is loud and clear, there's not going to be any intervention."

Another analyst said: "People have lost confidence in the central bank."

He said most banks were now quoting wide to preserve what currency they had for their customers. Speculators were also putting additional pressure on the unit.

"Now it looks like the market will have to fend for itself," one trader said.

The Zimbabwean dollar has lost 20,7 percent of its value against the US dollar in the past fortnight on mounting import pressure.

The Reserve Bank last week ignored market calls for intervention. It only stepped in on Wednesday by limiting forward import cover to 30 days in a bid to suppress demand.

The bank dismissed the local dollar's drop to 26,50 against the US dollar on Friday, saying it was inconsistent with its figures, which showed market surpluses all week. A spokesman said the average surplus for the week was Z$191,45 million.

Dealers said the market was convinced the bank had no currency to ease the shortages. Some dealers suggested its reserves were down to about one month's import bill.

Traders said Zimbabwe's military intervention in the Congo crisis had not yet impacted on the market.

Hard money *reserves may take strain from continued intervention in Congo affairs*

They warned a prolonged presence there would strain hard-money reserves with dire consequences for the sickly currency.

Economists said the local currency's troubles were in large part a reflection of market concerns that the country would not be able to earn enough foreign currency this year.

This was ascribed to depressed prices in the key agriculture and mining sectors that annually earn more than three-quarters of all Zimbabwe's hard-currency receipts. — Reuters

CT 1/9/98

Mugabe faces flak over war

(362)

HARARE: Zimbabwean civil groups yesterday called on President Robert Mugabe to withdraw his troops from the Democratic Republic of the Congo, and threatened to take unspecified action to force him to do so.

The National Constitutional Assembly (NCA), representing over 20 civil groups spearheading demands for constitutional reform, said that by sending 2 800 combat troops to Congo, Mugabe had exceeded his powers and compromised Zimbabwe's international standing.

NCA Task Force chairperson Morgan Tsvangirai said Mugabe had set a dangerous precedent in the region — military intervention by a foreign government to prop up a dictatorship.

"In the interest of constitutional democracy, the rule of law, legitimacy and good governance, the National Constitutional Assembly calls on the government to withdraw its troops from the DRC and to justify its actions to date," Tsvangirai said. "If he does not withdraw them, we will do everything possible to force him to."

Officials say Mugabe did not consult his cabinet or parliament before entering the Congo war.

Tsvangirai said the Zimbabwean public was concerned that Mugabe's decision, which was not backed by a majority of the 14-nation Southern African Development Community, had compromised its interests in the region.

"The vastness of the DRC, the complex nature of the dispute and the absence of majority support for the DRC government, points to the futility of a military solution," Tsvangirai said. — Reuter

Zimbabwe's anger defused

Star 1/9/98 (B62)

By Jovial Rantao
Political Correspondent

South Africa and Zimbabwe have moved closer to resolving their differences on the crisis in the Democratic Republic of Congo.

A softening of attitudes between the two countries was reported by government delegations after a meeting yesterday between Deputy President Thabo Mbeki and Zimbabwean Foreign Minister Stan Mudenge.

Sources told The Star that the conflict in the Congo and the situation in Lesotho were discussed during the 20-minute meeting at the Hilton Hotel in Durban.

South African and Zimbabwean delegates were upbeat after the meeting, which has been viewed as a strategic scenesetter for bilateral discussions between Mbeki and Zimbabwean President Robert Mugabe.

The bilateral talks will be a forerunner to a Southern African Development Community mini-summit to be hosted by UN secretary-general Kofi Annan, who arrives in SA today to attend the Non-Aligned Movement conference.

The South African delegation took advantage of the NAM summit, which enters its fourth day today, to hold bilateral discussions with countries involved in the crisis in the Congo.

Mugabe is scheduled to hold discussions with President Nelson Mandela. Namibian President Sam Nujoma, who arrives today to attend the NAM summit, is also scheduled to meet Mandela and Mbeki.

The South African leaders are also scheduled to hold discussions with Rwandan leaders and Ugandan President Yoweri Museveni.

The NAM summit has provided an opportunity for South Africa, which has been accused of arming rebels backed by Rwanda and Uganda, to sort out differences that have soured relations with the Congo.

"The misperceptions and misinformation on South Africa's role in the Great Lakes region is being clarified by bilaterals between the South African delegation and delegations from countries like Zimbabwe and the DRC," said NAM spokesperson Joel Netshitenzhe.

Sources said countries such as Zimbabwe, Namibia and Angola, which have deployed troops in the Congo, were being forced by their lack of resources to review their decisions to intervene militarily.

Rwandan and Ugandan representatives at the summit have declined to acknowledge their involvement on the side of the rebels in the Congo – although some of their soldiers have reportedly been captured and paraded by forces loyal to President Laurent Kabila.

The Congo president has confirmed he will not attend the NAM summit.

Zimbabwe backtracks on land seizure

(362) Star 2/9/98

Harare – Zimbabwean Agriculture Minister Kumbirai Kangai yesterday said the government was about to declare that it no longer had any interest in white-owned farms.

He said 1 500 properties listed nearly a year ago for confiscation would be "delisted".

"I hope it will come out in the next Government Gazette," he said.

Kangai yesterday told white farmers to ignore the list and instead concentrate on farming.

Kangai's ministry was responsible for carrying out President Robert Mugabe's threat to confiscate 5 million hectares of white-owned land to resettle black farmers.

No comment could be obtained from the Commercial Farmers' Union (CFU), which represents the country's 4 200 large-scale farmers, about three-quarters of whom are whites.

The country's white commercial farmers have been in turmoil since November last year when the government published the list of farms designated for seizure.

Kangai's speech referred to "a lot of uncertainty and a crisis of confidence" over the "compulsory acquisition" list.

He said: "I would urge all farmers to continue with their planting intentions for the next season, which is just before us."

He also urged banks to continue lending to farmers. The CFU said farmers with property on the list found that banks refused them loans because their land no longer offered any security.

Earlier this year the government notified about 620 farmers that their farms had been removed from the list because they had been wrongly selected.

Since Mugabe announced the plan to seize white-owned farms, the International Monetary Fund and other Western donors have made the implementation of a legal, prudent and transparent land reform process a condition for international loans. – Sapa

War stance no help to sliding currency

HARARE — Zimbabwe's dollar, down 55% against the US dollar so far this year, looks a one-way downward bet unless President Robert Mugabe quickly ends his military foray in the Democratic Republic of the Congo, economists said yesterday.

The economy, already squeezed by punitive interest rates in defence of the currency, may stagnate or slip into recession this year because of the unstable Zimbabwe dollar, they said.

"The markets have spoken about their nervousness as far as Zimbabwe's military involvement in the Congo is concerned," consultant economist Mervyn Ellis said. "As long as Zimbabwean troops are in the Congo the exchange rate could go anywhere."

Independent economist John Robertson said: "It could stabilise immediately if we were to get an announcement that our troops are getting out."

Mugabe has sent about 3 000 soldiers to President Laurent Kabila's Congo.

The move has ignited fierce criticism at home from civic groups and opposition parties, who argue that Zimbabwe has no debts to or national interests in Congo to justify the sacrifice of lives.

The government said the first troops were deployed on August 20, and the following day the currency crashed to a record low of Z$26,50 (bid) against the US dollar from Z$21,80 the previous day. It fell to Z$27 the next trading day, with some deals at Z$28.

Traders initially blamed importer demand. However, economists said yesterday the prime cause was lack of confidence in government policies, particularly the Congo venture, and the collapse of global markets as a result of the Russian financial crisis. — Reuter.

Govt unlikely to abandon land plan, say farmers

(362) BD 3/9/98

Michael Hartnack

HARARE — Farming circles in Harare have discounted a report by the official news agency Ziana that "the Zimbabwean government no longer had any interest in white-owned farms".

The report on Tuesday, following a briefing on commodity prices by Lands and Agriculture Minister Kumbirai Kangai, was apparently based on Kangai's advice to farmers to ignore the risk that cropping programmes might be interrupted by a state takeover of their land for resettlement schemes.

"If there has been no measure taken to utilise that piece of land, there is no reason why you should not go ahead with your cropping programme," Kangai advised the 1 470 recipients of last September's advice that their farm land was to be redistributed to black Zimbabweans.

Ziana quoted Kangai saying he hoped the original list of targeted farms would be withdrawn: "I hope it will come out in the next government gazette."

Kangai was removed from overall control of the plan to resettle 5-million hectares at a cost of Z$40bn, and at the rate of 1-million hectares a year, after giving international institutions and missions written assurances that full commercial compensation would be paid. President Robert Mugabe, who then appointed party chairman Joseph Msika to head the programme, has continued to insist compensation be paid only for "improvements", and then only if western donors come up with the funds.

President Robert Mugabe speaks at the launch of a land acquisition programme outside Harare last week. Picture: AP

Mugabe attacked in May unnamed subordinates who, he said, wanted to delete 620 properties from the list of targeted farms on the grounds they did not meet his declared criteria of being underutilised, owned by foreigners, or next to overcrowded communal areas. He said he had countermanded this.

A conference is due to convene in Harare next week on Mugabe's land programme, which he insists will go ahead whether or not foreign backing is forthcoming.

Farming sources said yesterday Kangai's statement suggested Mugabe might be preparing to back off from major seizures of white farm land, but felt a total climbdown was impossible, especially after the ruling Zanu (PF) party organised high-profile invasion of farms by families from the eroded 20-million hectares of communal lands, in a bid to pressure concessions from farmers and foreign governments.

However, in the current economic crisis here, Kangai wants to sustain production regardless of the vastly escalated risk factor to commercial farmers, and said: "I would urge all farmers to continue with their planting programmes for the next season, which is just before us."

Diplomatic sources said yesterday commitment of scarce state resources to military intervention in the Congo raised further doubts about whether western donors would be prepared to fund land reform, particularly if lack of transparency increased the risk that farms would end up in the hands of party moguls rather than poor peasants, as in the past.

New $17m steel mill for Zimbabwe

(362)

FROM BLOOMBERG

Redcliff, Zimbabwe — Steelmakers (Zimbabwe), a subsidiary of Kenya's Steelmakers, said it would build sub-Saharan Africa's first stainless steel mill outside of South Africa. CT/BR 3/9/98

The mill, which will cost $17 million to construct and will produce 6 000 metric tons of stainless steel and other special steel grades a month, will aim to export its output to South Africa.

The mill "will be built in the export processing zone," said Alexander Johnson, the general manager of Steelmakers (Zimbabwe).

The mill will produce "long products", primarily intended for the construction industry. Following the closure of Iscor's Durban-based Microsteel stainless steel plant earlier this year, South Africa has had to import all of its long products.

The mill will be Kenya's second Zimbabwean steel project following the opening of a 4 000-tons-a-month carbon steel mill in Redcliff in June last year.

Both the existing mill and the site of the planned mill are close to Ziscosteel, the Zimbabwean state-owned steelmaker.

Unita dismisses call by breakaway faction

BD 4/9/98

LUANDA — Senior members of Angola's former rebel movement Unita loyal to veteran leader Jonas Savimbi dismissed yesterday a statement by a breakaway faction that it was suspending Savimbi's role as leader.

"This doesn't represent anything," Horacio Junjunvili, a Unita negotiator in Angola's peace process, said. "These people have no support. It's five of them and no one else." He was responding to a call on Wednesday by some Unita members for Savimbi's removal.

The breakaway faction, led by Jorge Valentim, a former minister in Angola's national unity government, said it had decided to suspend Savimbi and his team from the leadership of Unita.

"There is a crisis in the country. There was an appeal from members of Unita that we should take this position and very soon you will see how much support we have," Valentim said yesterday.

He was joined by four senior Unita ministers who were all expelled from parliament and the national unity government by the MPLA on Monday.

Angola's ruling MPLA government expelled the representatives because Unita had failed to disarm, it said.

Sapa-AFP reports that the breakaway faction declared that they were committed to the peace process that began with the Lusaka peace protocols of November 1994, aimed at ending two decades of civil war.

In a manifesto the defectors said "the current leadership of Unita, under the direction of Jonas Malheiro Savimbi, has shown itself incapable of honouring the commitments freely undertaken in Lusaka," referring to the pacts reached in Zambia's capital.

Savimbi's backers yesterday blamed the split in Unita on government manoeuvres. — Reuter.

Zimbabwean firms feel chill of war

BD 4/9/98

Michael Hartnack

(862)

HARARE — Zimbabwean firms are beginning to feel the chill from the war in the Democratic Republic of Congo with one company alone, William Smith & Gourock, having a Z$7m contract to supply tarpaulins to the Congolese railways running into a dead end.

The company, a subsidiary of the Apex industrial group, was among many which believed they had strengthened their order books until fighting flared.

Estimates of what Zimbabwe could lose if President Laurent Kabila is ousted are up to Z$2bn, with Zimbabwe Defence Industries — a parastatal — taking the biggest knock for supply of munitions and logistical support to Kabila in the past two years.

The business supplement of the state-controlled Herald reports other unfortunate firms had already dispatched goods when fighting began, and contact was lost with customers.

They are hoping for a speedy and complete victory by President Laurent Kabila to allow them to pursue claims and resume penetration of what President Robert Mugabe's government encouraged them to think of as a promising market.

Allied Angolan, Namibian and Zimbabwean forces assisting Kabila are now poised for an eastern offensive.

Harare will drop its tax plans, says union body

(362) BD 7/9/98

Michael Hartnack

HARARE — The Zimbabwe Congress of Trade Unions (ZCTU) has called off plans for a national strike after receiving what it says are assurances that the government will scrap the taxation of pension funds, a 5% tax surcharge and a 2,5% increase in sales tax.

"The ZCTU has fulfilled its mandate," the organisation's president, Gibson Sibanda, said after meeting employers and a team of government negotiators on Friday.

The tax proposals, which include raising tax thresholds, are due for ratification by the cabinet this week.

President Robert Mugabe did not attend crucial talks with the unions and employers because of his involvement in negotiations over intervention by Angolan, Namibian and Zimbabwean troops on behalf of President Laurent Kabila in the Democratic Republic of Congo.

Economists questioned at the weekend how Mugabe could meet the unions' demands while at the same time fulfilling International Monetary Fund targets for cutting the budget deficit, especially in view of new spending on his Congo military adventure.

Sibanda said last year's increase in sales tax to 17,5% would be scrapped on November 1 while the next budget would eliminate the taxation of formal sector workers earning below Z$2 000 a month. Inclusive of the 5% "development levy surcharge", a top rate of nearly 45% is reached on incomes above Z$60 000 a year — among the highest in the world.

Politicians are largely spared under a complex system of exemptions.

In January, three days of spontaneous food riots left at least eight dead after troops and tanks were deployed in townships.

The IMF board in Washington is due to meet again next month to decide whether to release the next $20m tranche of budgetary support.

Boka falls out of favour amid 'massive fraud'

(362) BD 7/9/98

Michael Hartnack

HARARE — A team of government-appointed investigators, headed by Reserve Bank of Zimbabwe governor Leonard Tsumba had urged that Roger Boka's United Merchant Bank (UMB) be liquidated "as a matter of urgency", the official newspaper of the ruling Zanu (PF) party reported yesterday.

The People's Voice said it had exclusive access to results of the investigation into the business empire of Boka, a militant black empowerment campaigner closely linked to Mugabe's party, with debts of Z$3bn. The books of nine Boka companies were frozen by Tsumba.

Previously, the newspaper has claimed Boka, now in Atlanta, US, was the innocent victim of a white banking conspiracy determined to frustrate Mugabe's policy of "indigenisation".

A variety of UMB bailout plans were considered by Mugabe, including giving Boka backing to speculate with up to half the current Zimbabwean tobacco crop. Anticipated profits were planned to repay purchasers of Z$2bn in fraudulent bonds issued on the parastatal Cold Storage Commission.

"The UMB was grossly mismanaged and was operated in total disregard of laws, rules and regulations. The bank is insolvent to the extent of Z$2,6bn and has incurred large operational losses," the People's Voice says.

For the first time, the authorities admit Boka, given a passport in the name of R. Marume and allowed to leave the country, conducted transactions "that constitute an act of fraud". Nearly Z$1bn was converted to UMB's own use while "corporate governance was nonexistent".

Boka has threatened to expose senior government figures he claims failed to repay advances, if he is brought to court. "There was massive insider dealing and Comrade Boka granted substantial loans to companies that he controlled while the board of directors failed to guide banking operations or document operational procedures," said the investigators.

"External operations were characterised by rampant violations of exchange control regulations. Interference by the executive chairman (Boka) resulted in massive transfers of funds ($20,9m) to external destinations for purchases of aeroplanes and motor vehicles and investment into Boka's personal account."

Boka allegedly received several days' notice of government's intention to close his business empire, during which truckloads of records were taken away and destroyed and all computer files wiped.

UK, Germany attend Zimbabwe's land meeting

(362) BD 9/9/98

Michael Hartnack

HARARE — Britain and Germany have confirmed their attendance at a scheduled three-day meeting starting today on President Robert Mugabe's Z$40bn plan for the redistribution of 5-million hectares of white-owned farm land to black Zimbabweans.

An earlier attempt to convene the conference in July was postponed when major donors Britain and Germany refused to attend, reportedly in protest against the lack of "concrete and transparent" land reform plans.

Forty governments and agencies are said to be attending, including British land reform experts sent out from London to join high commissioner Peter Longworth. SA diplomats are expected to be interested observers.

Mugabe says land redistribution will go ahead whether foreign funding is forthcoming or not and remains ambiguous about whether whites will be compensated for improvements such as dams and farm buildings if aid is withheld.

Last month comments by Agriculture Minister Kumbirai Kangai caused a stir when he urged whites to put crops in for the coming season regardless of the risk that their land would be designated and taken over. The suggestion that they ignore the land reform plans was misinterpreted to imply that "the government had no interest in white-owned farms".

Banks, however, remain chary about lending to farmers who may be off their land by the next harvest, with only low-interest long-term state bonds for compensation.

Mugabe said he had countermanded moves by Kangai's officials to "delist" 400 out of the 1 500 farms targeted for takeover last September, on the grounds they did not meet criteria which included under-utilisation, foreign or multiple ownership, or proximity to communal lands.

Earlier this year Kangai gave written assurances that farmers would be paid full commercial rates of compensation, but was shortly thereafter replaced in overall charge of the land programme by ruling Zanu (PF) party chairman Joseph Msika.

Noting a countrywide epidemic of invasions of farms by would-be land claimants, including ex-guerrillas, town workers, and recipients of land in past resettlement schemes, Msika said land reform was being undertaken "for whites' own protection".

About 1-million hectares a year will be redistributed to emergent black large-scale commercial farmers as well as the 600 000 peasant families living in overcrowded and eroded 20-million hectare communal areas.

Britain has warned it will not support a programme that enriches the black political elite, as happened with some past land takeovers.

Msika said: "I must emphasise that the conference is not convening (to decide) whether or not Zimbabwe must reform its land system.... It is convening to explore ways of mobilising support and participation in this programme which can no longer be deferred."

Economists have warned that unless it wins foreign backing, Mugabe's programme could devastate the financial sector as well as agricultural production.

World examines Zimbabwe's land reform programme and deems it suspect

By Ian Mills
Star Foreign Service

Harare – Zimbabwe's ambitious multimillion-dollar peasant land reform programme came under the international spotlight yesterday at the start of a three-day donor conference – and was found wanting.

President Robert Mugabe's government hopes to raise from foreign donors all or most of the about R12-billion it wants to implement the five-year programme, under which it plans to acquire 5 million hectares of mainly white-owned commercial farmland on which to resettle about 1,5 million peasants.

Mugabe told the conference's opening session there was a desperate need for rapid action on peasant resettlement.

"If we delay, the people will resettle themselves in any way they deem necessary. It has happened before and it can happen again, so we hope that the Zimbabwe government's efforts to achieve orderly resettlement will receive your support."

But the international donor community was not at all happy with Mugabe's plan.

Visiting delegations said the programme was too ambitious and that the R12-billion budget and five-year time-frame were impractical and unsustainable.

This view was expressed by the EU representative, who said: "We favour a bottom-up and step-by-step approach over a longer period of time."

Star 10/9/98

(362)

Zimbabwe's land plan 'too ambitious'

BD 10/9/98 (362)

Michael Hartnack

HARARE — The Zimbabwean government's donor conference aimed at raising Z$40bn to redistribute 5-million hectares of white-owned farms to black Zimbabweans received a setback at its start yesterday when the European Union (EU) warned government was trying to do too much, too quickly, and at too great an expense.

"Other less costly ways of realising the land reform should be considered," said Austrian ambassador to Zimbabwe, Peter Leitenbauer, in a unanimously agreed statement on behalf of all EU states, as current holder of the EU chair.

He spoke immediately after President Robert Mugabe warned the three-day gathering of delegations from 47 states and agencies present land ownership patterns were "demonstrably unjust and politically indefensible".

The EU position statement made blunt reference to Mugabe's chronic failure to accomplish pledged reforms of his economy and high-spending public sector, when Leitenbauer said success with land redistribution would depend on "energetic" achievement of these goals, and the long-neglected overhaul of peasant agriculture in the 40-million hectare communal areas.

Although not ruling out aid from individual EU states that have been Mugabe's prime source of donor funds since the country's independence, Leitenbauer urged him to show successful resettlement in the other 2,5-million hectares already in state hands before taking over the 1 400 farms targeted in lists published last year.

In his opening speech Mugabe said the 1980-1990 first phase had settled only 71 000 of the intended 162 000 families from the 40-million hectare communal areas on former white land, because farmers demanded "exorbitant prices" in past "willing buyer-willing seller" sales. Although Mugabe warned of probable squatter invasions, he did not repeat threats to commandeer farms with little or no compensation if donors failed to assist.

Both World Bank representative Barbara Kafka and Leitenbauer said Zimbabwe's earlier programmes failed because of lack of training, infrastructure and title for resettled peasants.

"We also agree that it would be unwise to attempt so much at once," said Kafka, whose agency has power to cut off budget support if Mugabe's plan jeopardises its criteria for vigorous economic probity.

Sources said Zimbabwe's Commercial Farmers' Union, representing 4 400 whites whose 8-million hectares lie at the heart of the controversy, have been told they would not be permitted to make a presentation in open session.

Copies of Zimbabwe's land reform final framework document were yesterday still not publicly available, and were only received by diplomatic missions two days before.

Leitenbauer said the EU would only encourage those reforms that focused on poverty alleviation — at odds with Mugabe's plan to foster "emergent indigenous commercial farmers" who, in the past, were ruling party moguls.

"To proceed with a more market-oriented approach would ease the burden borne by government," Leitenbauer told delegates.

"For example, taxation of under-utilised land and improving the possibilities of subdivision of farms could bring more land onto the market more cheaply and thereby benefit a greater number of people.

"The provision of credit facilities for acquiring land would be another, more cost-effective approach," he said.

CAPE TIMES
AY, SEPTEMBER 10, 1998

Mugabe warns of anarchy

(3 bds)

CT 10/9/98

HARARE: A warning that "anarchy" would ensue if international donors failed to fund Zimbabwe's land redistribution programme, was rebuffed by the European Union yesterday.

Zimbabwe's President Robert Mugabe made his veiled threat at the opening of a donors' conference called to solicit aid for a $1,6 billion plan to give millions of hectares of white-owned land to landless blacks.

In response, Austrian ambassador Peter Leitenbauer, speaking on behalf of the EU, urged Mugabe to trim his "ambitious" plan and "start with initial programmes for land presently available".

The EU agreed with the need for land reform in Zimbabwe, where a minority of whites own most of the best agricultural land. But, he said, the programme had to be "consensual, transparent, economically sustainable and orderly" and should "particularly be focused on poverty alleviation".

Observers say the conditions are aimed at ensuring that land is not forcibly taken from whites, as Mugabe has threatened, and that the programme is not open to corruption.

The EU also suggested that "less costly" land reforms be considered, such as a more market-oriented approach involving taxation and subdivision to bring more land on to the market.

The World Bank representative at the conference — which is being attended by some 40 international donors — expressed support for land reform but cautioned that it would be "unwise to attempt too much all at once".

Mugabe said in his opening address that his government planned to acquire at least five million hectares over the next five years to resettle 150 000 households. The land issue, he said, had been central to the war waged against white-minority rule before independence, in 1980. The conference was being held against "a background of growing agitation by land-starved Zimbabweans".

Mugabe said a recent series of occupations of commercial farms by landless peasants reflected a deep-seated anger and frustration at the pace of resettlement.

If land reform was further delayed, people would resettle themselves "in any way they deem necessary" and "such anarchy won't benefit anyone", he warned.

The donors' conference, which opened yesterday, is to last three days.

The country's state-controlled media said the government had decided to go ahead with its programme and that the conference was simply to "explore ways of mobilising foreign support".

Diplomats said that if Mugabe expected immediate and firm pledges of large cash donations for the project, he was likely to be disappointed. — Sapa-AFP

economists too. When Thailand, Malaysia, Indonesia and the Philippines were hit by speculation, the currency depreciation revealed that free markets had not allocated savings efficiently.

Then, when the currencies of Hong Kong and Taiwan fell to speculators, fears were justified that the consequences would not be confined to countries with large current account deficits and shaky financial systems.

But concerns about unfettered free markets go beyond the debate on exchange controls. Even ardent advocates of free markets are talking of the need for domestic reform before financial markets are opened up. And they point to the need for complementary policies.

The point is well illustrated in Asia. The crisis started in, and hit hardest, countries that tried to combine a pegged exchange rate with financial liberalisation. Logically, Bretton Woods-type pegged exchange rates require Bretton Woods-type controls, while a floating exchange rate is consistent with capital convertibility.

This argument was advanced recently by *Financial Times* columnist Martin Wolf. Countries with full capital account convertibility must have "exchange rate regimes, fiscal policies and a system of financial regulation fully consistent with such freedom".

More essentially, as Krugman points out, capital controls didn't work last time. So why should they work now?

In the Fifties and Sixties, when the US and UK governments wanted to insulate their countries from the rest of the world, borrowers simply found a way around government rules and regulations.

That was the genesis of the eurodollar. A market was created in dollars held abroad that did not fall within the writ of the US government. This first cut the ground out from under controls.

The experience is being repeated with the rand. The quantities of eurorand, which are not subject to exchange controls, are huge in comparison with the numbers under control.

So attempts to reimpose controls would be even less effective than they were before the eurorand market existed.

If the most powerful economy in the world was unable to seal its financial borders more than 30 years ago, could small economies achieve this feat in the financially integrated Nineties?

The danger is that capital controls are only the first step. Demands for protection may force governments to begin rebuilding a range of damaging barriers

Whatever may be wrong with the free market system, it is, like democracy, the best system we have. **Ethel Hazelhurst**

ZIMBABWE

STRATEGIC PLANNING FLIES OUT THE WINDOW

(367)

Economic crisis worsens

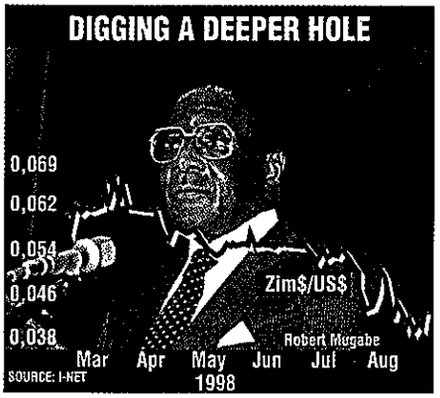
FM 11/9/98

Zimbabwean business heaved a sigh of relief at the weekend when government and trade unions fudged a compromise that will cost over 1% of GDP in tax reductions. The Zimbabwe Congress of Trade Unions (ZCTU) had been threatening a five-day stayaway if government refused to abolish the 5% development levy on personal and company tax, the 2,5% increase in sales tax to 17,5% and the 15% tax on the profits of pension funds.

On Friday, at a tripartite meeting convened by business, government agreed to cut sales tax (which it had already accepted), along with abolishing the 5% development levy.

For business, anxious to avoid a confrontation with the unions, President Robert Mugabe's climbdown was welcome, though the more thoughtful members asked the awkward question — how could government afford such a concession, given its budget deficit problems?

The answer is that government is in hand-to-mouth mode. Strategic thinking has long been abandoned in the interests of crisis management. Finance Minister Herbert Murerwa, basking in some extraordinary praise from the IMF, is now going to have to raise another Z$3bn without raising taxes.



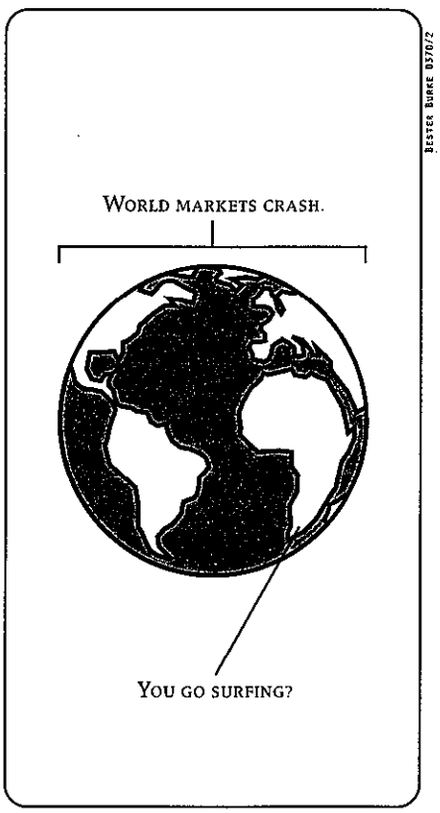
Before leaving Harare in August the Fund team, which had come to cast its eyes over the books before releasing the next tranche of the US$175m standby, issued an astonishingly upbeat statement. It was satisfied that Murerwa had cut the budget deficit to 4% of GDP — well below the targeted 5,5%; that money supply growth and inflation were both headed downwards, and that the privatisation programme would soon be back on track

Despite these positive statements, the IMF was still not able to release the $20m tranche which must await another round of negotiations in October. If everything is going so well, then why no loan?

Since then, the fund has been rescued by Mugabe's military involvement in the Congo, which has given it the perfect excuse for postponing further disbursements. Indeed, the IMF's extraordinarily bullish assessments of Zimbabwe's budget situation have been dealt three cruel blows in as many weeks:

- Military intervention in the Congo, reportedly costing $1m/day;
- The 1%-1,5% of GDP in tax concessions agreed with the unions; and
- Renewed pressure on the Zimbabwe dollar, which has increased the cost of external debt-servicing. Since late August it has weakened to Z$25 to the US dollar from Z$20 in mid-month.

With the tobacco price falling sharply it



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seems tobacco revenue will be down 25% (or $85m) this year. When the sales close in the next fortnight, export receipts will dry up again and the Zimbabwe dollar will come under greater pressure.

With the reserves down to one month's cover — at best — the authorities have little choice but to sit the crisis out, hoping the IMF will turn a blind eye to the Congo affair and agree to disburse another $20m, which will have little impact, while praying that this week's donor conference on land resettlement will bring pledges for at least half the $1,2bn Mr Mugabe hopes to raise.

The omens are anything but good. The land meeting is being held at a time of mounting confusion over government policy — if indeed there is one — on land. Last week, Lands & Agriculture Minister, Kumbirai Kangai said that unless farmers whose farms are on the acquisition list, heard from government by November, they could take it to mean that their properties had been delisted.

No other Minister has made any such statement — indeed the contrary. Ministers, led by Mugabe himself, insist that government will acquire 5m ha of mainly white-owned land over the next few years. The best that can be expected from this week's donor conference is that it will force Mugabe to clarify his plans. It is unlikely to yield much in terms of hard cash.

Having promised angry peasants that they will be resettled before the rains start in November, Mugabe's government is running out of options. Fresh from his success and military victory in the DRC, Mugabe is on a high.

But all the best efforts of the State-owned media cannot disguise three central facts — the economic crisis is getting worse; in buying peace with the unions, government has spent money it doesn't have, and in promising large-scale resettlement, Mugabe has created a new crisis of expectations that will come back to haunt him — sooner rather than later. **Special correspondent**

Land meeting shows up different agendas

Michael Hartnack (362) BD 11/9/98

HARARE — Delegates to Zimbabwe's three-day land reform donor conference yesterday trekked out to the rural areas to inspect eroded, overcrowded conditions in communal areas and the Zimbabwean government's proposed models for resettlement in former white farm land.

However, details released of submissions made in closed session on Wednesday indicated potential backers of President Robert Mugabe's $2bn plan have agendas that differ widely from his.

The only unqualified support has come in a message from Organisation of African Unity Secretary-General Salim Ahmed Salim, who said he hoped Zimbabwe's achievements on land "would be a pioneering model for the welfare of the people of Africa".

SA diplomats were monitoring the conference closely but were not speaking.

Britain — on whom Mugabe last year tried to throw the entire burden of compensating white farmers whose 5-million hectares have been targeted — said it "remained committed to assisting a Zimbabwean land reform programme that is transparent and fair and has the support of ... all stakeholders".

This implied continued British rejection of the list of 1 400 farms drawn up last year by members of Mugabe's party.

Reform that attracted British support would have to be "cost-effective" and "make progressive elimination of poverty its objective", said high commissioner Peter Longworth. A "sound economic and budgetary framework will be crucial".

Diplomatic sources say Mugabe's diversion of national resources to his political priorities, including dispatch of a large military task force to support Congo's President Laurent Kabila, has made potential aid donors less sympathetic to his pleas for cash to fund land reform.

"It must also take into account the interests of farm workers," said Longworth, referring to the 500 000 employees and their families who risk eviction from the 1 400 farms listed last year.

He urged Zimbabwe not to regard the conference as "an end in itself" but as a forum for establishing principles that will "attract the support of the donor community".

Mugabe still scratching for funds after donor talks

(362) BD 14/9/98

Michael Hartnack

HARARE — President Robert Mugabe emerged at the weekend from a three-day land donor conference here with Z$7,3m of the Z$40bn he hoped to raise to redistribute 1,5-million hectares of white-owned farm land to black Zimbabweans.

SA high commission diplomats were silent observers throughout the proceedings and were expected to make a full report to Pretoria for study alongside SA's own land reform aims and methods.

Beijing promised $500,000 worth of tractors, Tokyo to provide dams and boreholes, the Netherlands and Kuwait to provide only unspecified technical support, but no one promised the wholesale funding Mugabe demanded at its opening.

Statements by ministers to representatives of 47 states and donor agencies at the close of the conference suggested a backing away from seizures of 1 470 listed farms in favour of cautious pilot projects, using land already in state hands.

However, the 10 years of ambiguous rhetoric on Zimbabwe's land reform resumed almost immediately, with Information Minister Chen Chimutengwende threatening squatter invasions of white farms. "The donor community has to help us. It will be messy and there could be blood," he said.

Agriculture Minister Kumbirai Kangai, who earlier assured the United Nations' Development Programme that full commercial compensation would be paid, said: "If we don't have the money, we said very clearly we will compensate for development, not for land."

However, Rural Development Minister John Nkomo said Mugabe's government now understood their concerns, and those of the 4 400 white land owners.

Nkomo said a "revised version" of Mugabe's plan to redistribute 1-million hectares during each of the next five years had been agreed with donors, focused on a two-year "inception phase".

In a reference to past handover of farms to ruling party politicians, Nkomo acknowledged donors' need for assurances on transparency and the aim of "poverty alleviation".

The British government, whom Mugabe demanded should take sole responsibility for compensating "its children", again avoided making any firm financial commitment.

Western nations also, for the first time, insisted redistribution should accompany general economic and political reform, and reform of peasant agriculture.

More cash was pledged for land reform by commercial organisations than by governments. The Commercial Bank of Zimbabwe pledged Z$5m, while Anglo American Zimbabwe, which has had several of its estates designated for takeover, pledged Z$100 000.

AFRICA

Farms taken off Mugabe's list, but more to come

(362) BD 16/9/98

Michael Hartnack

HARARE — The Zimbabwean government this week gazetted its long-expected list of farms to be removed from those scheduled for redistribution last November under a controversial land reform scheme.

Although 512 of the 1 480 farms on the list have been withdrawn, the cabinet minister in charge of the scheme says more white-owned farms will be targeted to make up for those being spared.

Farming sources said there were numerous anomalies and many were suspicious of political victimisation as the initial list was drawn up by ruling party officials rather than by agronomists.

A key 600ha section of the ranch of former Rhodesian Prime Minister Ian Smith, outside the Midlands city of Gweru, remains targeted although it meets none of the criteria laid down by President Robert Mugabe.

These include foreign or multiple ownership of land, lack of utilisation, and being adjacent to overcrowded communal areas.

Another feature which was met with astonishment by farmers is the retention of some of the 83 black-owned large-scale commercial farms on the amended designation list.

David Hasluck, executive director of the 4 400-member Commercial Farmers' Union, said the continuing ambiguity of government statements since last week's land reform donor conference here was "unhelpful".

In May, Mugabe told the Zanu(PF) central committee he had countermanded Agriculture Minister Kumbirai Kangai's plans to "delist" farms, except those owned by black Zimbabweans.

Zanu(PF) party chairman Joseph Msika, placed in overall charge of land reform in July after Kangai gave diplomats written assurances landowners would receive full commercial compensation, was asked whether new notices would be issued to make up for the 512 cancellations.

"Definitely yes," he replied. "We will be looking for farms to make up for the cancellations. There are still farmers with a number of farms. If these farmers have been missed, they will definitely have to give up these farms.

"Our policy is definitely one man one farm," said Msika, who still holds two former commercial farms adjoining the Chiweshe Communal Area, 80km north of Harare, although they were declared derelict by the Government Lands Board in 1992.

Seven Oppenheimer family farms remain on the schedule of properties which the government says are to be redistributed at the rate of 1-million hectares a year over the next five years, at a total cost (including provision of infrastructure and training for incoming settlers) of Z$40bn.

Nearly 14 000ha of Anglo's giant Hippo Valley sugar estates remains on the list together with 1 658ha of neighbouring Mkwasine in the south-eastern Lowveld.

Lonrho's 5 000ha cattle ranches in the Essexvale area, south of Bulawayo, have been removed, but not its 30 000ha Eastdale estate, north of Masvingo.

Zimbabwe made to rethink on land grab

Star 16/9/98 (362)

By Ian Mills
Star Foreign Service

Harare – After three days of intense but amicable debate last week, the international donor community has managed to persuade the Zimbabwe government to revise its R12-billion, five-year land reform and peasant resettlement programme.

The Harare government had hoped to raise all or most of the money at the donor conference, but as it turned out, no specific pledges were made, most pledges centring on technical support.

Attention focused instead on the modalities of the reform programme, the donors rejecting the Zimbabwe government's plan as overly ambitious, unaffordable and largely unworkable in wanting to acquire 5 million hectares of land on which to resettle about 1,5 million people over the next five years.

While the donors unanimously supported the need for land reform, they argued that these targets were unrealistic.

Zimbabwe has accepted proposed changes that will result in the formation of a government and donor task force that will consider funding arrangements, during what has been dubbed the "inception phase".

Zimbabwe's transport lifeline needs the boost

(362)

Zimbabwe's inefficient railway system is being readied for privatisation. But there is still a long way to go, writes Martin Rushmere in Harare

MD 17/9/98

IN THE latest step in the painfully slow process towards privatisation in Zimbabwe, the government is starting to dismember one of the most prized but inefficient state assets — the country's railway system.

A pattern of losses has characterised the railways over the past 15 years, along with an increasing frequency of breakdowns, which could make it difficult for government to find worthwhile bidders.

Initially the infrastructure — made up largely of buildings, signalling operations and 2 500km of track — will be leased to a private concessionaire, probably for three years.

This will be followed by the leasing of three other business units making up the National Railways — the regulatory authority (responsible for operators' licensing and standards as well as concession management and standards); operations (running freight and passenger trains, road freight and services); and equipment — which includes locomotives, wagons and coaches plus repairs.

Once all four are running smoothly as leased operations, they will in theory be sold.

In the past financial year to July 1997, there was a loss of Z$180m (equivalent to about R90m at the time) on total revenue of Z$1,5bn.

Total volume of goods moved was 12,2-million tons — which was almost the same as the previous year but 15% down on five years before and 30% less than the peak of 17-million tons.

One of the problems that has always dogged the railways is non-payment of bills by its chief customer — the government.

Another difficulty to contend with is the dilapidated state of rolling stock, engines and equipment. "About 30% of the locomotives are out of service," says the economist, "and quite frankly no one is all that dedicated to an efficient organisation, so there is a certain — shall we say lethargy — when it comes to maintenance and repairs".

While locomotive failure can be partly attributed to poor maintenance, ageing equipment is equally to blame. Just how ageing can be gauged from the fact that a recent revaluation of assets by an independent firm showed that the depreciated replacement cost of fixed assets was Z$7,4bn — 10 times the net book value.

The value of all locomotives and rolling stock after depreciation is put at Z$300m. "That is about equal to the cost of a couple of new locomotives plus about 50 wagons," says an executive with an international commercial bank who has been involved in discussions over railway funding and viability. "In fact there are more than 40 locomotives — including steam engines (but which have a nil value in the accounts) — and several hundred wagons. It is a huge task to make the operation viable."

In the past two years there has been an attempt to become more businesslike and profitable.

More money has been spent on equipment, rolling stock and locomotives and a new 160km line is being built, from Beit Bridge to West Nicholson to connect with Bulawayo — using largely SA money.

The Zimbabwe government has been trumpeting this as part of its drive to improve trade with SA. The transport industry, however, sees this somewhat differently.

"There will be no benefit to Zimbabwe", says the transport economist. "The volume of goods going by rail from Bulawayo to Beit Bridge is negligible. The new line is really part of SA's strategic drive to increase its commercial influence north of Zimbabwe. The R400m funding and legal arrangements are all SA-orientated, even though the Zimbabwe government claims that the concessionaire for the infrastructure will benefit. In any event the concessionaire will be entitled to only a maximum of 15% of the profits."

Efficiency has been boosted by cuts to the bloated labour force. A retrenchment scheme has begun, with 2 500 of the 9 000 staff opting for generous early retirement.

ZIMBABWE (362)

LAND ISSUE IN LIMBO

Donors fail to cough up cash

FM 18/9/98

To no-one's surprise, last week's three-day donor conference on land resettlement in Zimbabwe ended with virtually no money on the table. Despite this, the Foreign Affairs Minister hailed it — improbably — as "an outstanding success".

Whatever it was, it certainly wasn't that. The donors, while expressing sympathy and support for land resettlement, were critical of the programme to resettle 150 000 families on 5m ha in five years. That was trying to do too much in too short a time, they said. They urged government to settle for a pilot plan whereby 1m ha would be settled over two years.

However, there was no donor money pledged for that programme, which has still to be agreed by a task force.

Few were surprised by the outcome, since hopes that the donors would stump up over US$1bn over five years for land resettlement were never realistic. The ball is now firmly in President Robert Mugabe's court — he must either run with the whittled-down donor compromise, or risk gong it alone. Financial support will be forthcoming for the first option if Harare agrees to the donors' stringent conditions, such as "willing buyer, willing seller" transactions.

He may not have much choice. As the conference wound up, Lands & Agriculture Minister Kumbirai Kangai warned that if the donors did not come up with the money "we shall just take the land". If the donors pay, then there will be "full and fair compensation", he said.

Neither that kind of talk, nor resettlement czar John Nkomo's announcement that another 500 farms would have to be listed to replace the 516 that had been delisted, has impressed the donor community, which will continue to insist that its support depends on a properly planned, integrated and transparent land resettlement scheme.

Much now hinges on whether the peasant farmers who have been moving on to — and off — commercially owned farms around the country will react. To get the squatters to leave the land and return to their overcrowded communal areas, government Ministers and officials have been promising land before the rains, which start in two months' time. Now that the squatters can see there is no donor money on the table and that government cannot honour its recent pledges of land in time for the 1998-1999 rains, the Mugabe government faces a showdown with the rural community on whom it will rely to vote it back into power in 2000-2001.

If the peasants are as angry and motivated as some claim they are, Zimbabwe's commercial farmers face a difficult six months — as does a government that is clearly at a loss on what to do next.

Special Correspondent

Expatriate's appointment as headmaster criticised

(362) BD 21/9/98

Michael Hartnack

HARARE — Zimbabwe's longstanding hostility to the recruitment of expatriates has flared again with the state-controlled media attacking the appointment of a white SA expatriate teacher to a fee-paying private school.

The controversy is over the impending arrival of Tony Eysele (41), current headmaster of Helpmekaar High School in Johannesburg, as principal of Harare's St John's College.

It comes amid continued complaints from, among other sectors, mining and banking, at the hostility of the authorities to importation of skills, which they say is hindering the promotion of global competitiveness, and preventing employment creation. Over 1-million Zimbabweans are working illegally in SA.

The BHP minerals' Hartley Platinum Project claims that original assurances that it would be permitted to recruit up to 60 expatriates were subsequently reneged upon.

Eysele has already been granted temporary residence and employment permits and is due to take up the appointment in January, said a statement issued on behalf of St John's School board chairman David Long, a leading Zimbabwean industrialist.

"The danger of exclusiveness is worsened in Zimbabwe by the fact that a far higher proportion of white families can afford the private schools than black families," said an editorial in the Herald, which carried a cartoon suggesting Eysele would produce "export quality" pupils.

"This new form of racism is a lot more subtle than the old fashioned kind, but is just as dangerous for the minority groups and for the nation."

Two years ago, the British former headmaster of the elite Peterhouse College at Marondera, 80km east of Harare, was subjected to a spate of attacks and the authorities revoked work and residence permits for a British principal-designate for Gateway High School, Harare.

The headmaster of the capital's leading girls' school, Arundel, who was Zimbabwean-born but held Australian citizenship, left last year because it was understood his work permit would not be renewed.

The Herald said "a huge pool of talent" existed within Zimbabwe, but "since 99% of the teaching profession was black, black principals should be the norm" producing "citizens who will take a serious role in the affairs of their own country".

It said a group of both black and white parents had appealed to government to veto the appointment of Eysele. They wished to see Peter Kolbe, headmaster for the past eight years, retained after the conclusion of his contract in December.

The statement issued for Long said Kolbe had done outstanding work for the 600 pupil boys' school, founded soon after 1980 independence, but he was now past retirement age.

The statement said Eysele, who formerly held senior positions at King David, St Stithians and Michaelhouse, was "not being employed on expatriate conditions".

nery to boost production in bid to meet demand

BD 21/9/98 (362)

Michael Hartnack

HARARE — Zimbabwe's largest winery, Mukuyu, 40km south of Marondera, has just increased its area under vines by 40% in an attempt to boost production to 2-million litres a year.

Financial director Phillip Laing, of holding company Cairns, said Zimbabwe's wineries were still unable to keep up with local demand and had rejected SA bulk orders to preserve local customers' loyalty.

"Unfortunately, nature did not enable us to make great wines until this year," said Mukuyu GM Sam Pfidzai. Pfidzai, Zimbabwe's first black winemaker, said they had succeeded in oxidising the grape juice as had previously been done only in France, adding French yeast and leaving the juice in macerated grape skins for 14 days. The resulting wine had been kept on its lees in American oak barrels for six months before being filtered and bottled last month.

Laing said 10ha of merlot and chardonnay had been planted this year from disease-resistant, tissue-cultured root stock developed in Australia, while a further 20ha of cabernet, shiraz, sauvignon blanc, chardonnay and semillon had been planted from root stock imported from Australia and SA. This will bring to 105ha the total under vines at Mukuyu.

Zimbabwean wine expert Monty Friendship forecasts a vintage of quality wines that will sell for less than half the price of equivalent SA wines in SA.

In Harare, top Zimbabwean reds sell for around Z$30-Z$40, compared to Z$100 for the cheapest imported SA vintages.

Zimbabwean motor trade slates tariffs

BD 21/9/98

(362)

HARARE — The tariff rates increase for imported vehicles will have disastrous consequences for the motor industry, says the Motor Trade Association of Zimbabwe.

Association CE Jim Brown said vehicle sales had declined by 60% during the first six months this year.

"This phenomenal increase in duty on imported, completely built-up vehicles — together with the drastic depreciation of the Zimbabwe dollar — will obviously result in a large decrease in vehicle sales," he said.

A further drastic decrease in the number of new vehicles sold would, he said, result in disinvestment by companies involved in the sale and maintenance of motor vehicles, and in retrenchment of employees.

Finance Minister Herbert Murerwa has announced that import duties, mainly on passenger vehicles, would rise from the current 40% to 85% range to 90% and 100%. He said demand for imported motor vehicles had risen, and yet most of the vehicles could be bought from local manufacturers.

"It has become necessary to take measures to contain import demand." — Sapa.

ANALYSIS

Crisis looms due to land reform uncertainty

Zimbabwean President Robert Mugabe has inaugurated his second phase of land reform for a region where the hunger for land is potentially the most explosive — Matabeleland South, writes Michael Hartnack (362) BD 22/9/98

THE land reform exercise will put to practical proof the rhetoric heard at the recent donor conference in Harare. It ended leaving many observers uncertain whether Mugabe really intends to concentrate on a cautious two-year pilot project using 118 farms, covering 202 000ha already in state hands, as suggested to donors. Or whether he will forge ahead with the seizure of 5-million hectares from 1 400 whites, who will receive full compensation only if foreign donors provide funding.

A total of 62 peasant families from Vulundela, in adjacent heavily eroded communal areas, are to receive subdivisions of the 2 540ha Manyoni Farm at Matobo, 70km south-west of Bulawayo. The farm's previous owner, a white-dominated company, ceded the land on a willing-buyer willing-seller basis, but farming sources said negotiations were overshadowed by the sellers' knowledge that the government might invoke the 1993 Land Acquisition Act to dictate terms. The act curbs right of appeal to the courts.

The crisis in peasant agriculture in better-watered Mashonaland, where Mugabe inaugurated the national start of the programme on August 27, is far less grave than in the chronically drought-prone and depressed southwest, with its fragile soils and general scarcity of both arable land and irrigation water.

Farming sources say without a soundly maintained irrigation programme, Manyoni is best suited for dairy farming. Peasant smallholders would have difficulty not reverting to subsistence if not closely supervised and assisted.

For ecological, economic and political reasons, Matabeleland is the source of most of the 1-million illegal migrants who have flocked into SA since independence in 1980. In Johannesburg, a casual gardener can earn R30 a day compared with the Zimbabwe government minimum wage equivalent of just more than R120 for an entire month.

Mugabe's security men, who switched the date of his trip to Matobo at the last minute, had not forgotten that the area was the heart of dissident unrest until his December 1987 unity pact with Vice-President Joshua Nkomo, leader of the now defunct Zimbabwean African People's Union (Zapu).

Up to 20 000 suspected Zapu supporters died at the hands of security forces while dissidents killed more farming families than during the entire 1965-80 war to end white rule. Local disputes over land often triggered killings, as when 16 missionaries and their families were massacred at New Adam and Olive Tree Farms, Esigodini, in November 1987, because neighbouring tribesmen wanted extra grazing.

After the Harare conference, when only Z$7m of the Z$42bn sought was pledged, Information Minister Chen Chimutengwende again predicted "blood will flow" in squatter invasions if money was not forthcoming. Mugabe's original plan — shunned by donors — was for 5-million hectares of the 8-million currently farmed by 4 400 whites to be given to 200 000 of the 560 000 peasant families inhabiting the 20-million-hectare communal areas over the next five years.

Agriculture Minister Kumbirai Kangai, who previously gave diplomats written assurances full commercial compensation would be paid, went back to saying compensation depended on donor funding.

David Hasluck, executive director of the Commercial Farmers' Union, said the ambiguity of government statements since the donor conference was "unhelpful".

However, Carlos Lopes, the United Nations Development Programme representative, said the conference had "surpassed its targets" by reassuring donors and "stakeholders" that a well organised land reform programme would be implemented. Lopes saw no contradiction in subsequent statements, since 1-million hectares a year was only a target, and donor funds would be forthcoming if initial resettlement proved itself.

Questions remain not only about the cost of land purchase, but the estimated Z$40 000-a-family cost of assisting peasant farmers to establish and sustain commercial production. "We would rather have the Z$40 000," one rural family told an independent newspaper.

A notice published in the latest Government Gazette says 512 of November's 1 480 "Preliminary Notices to Compulsorily Acquire Land" have been withdrawn. The "delisting" has been eagerly awaited since February when 660 landowners received letters saying their properties were targeted in error.

Hasluck said it was disappointing, after reaching apparent consensus at the closing stage of the land reform conference, to find ministers still making "ambiguous and unhelpful statements about the scale of the programme and the payment of compensation".

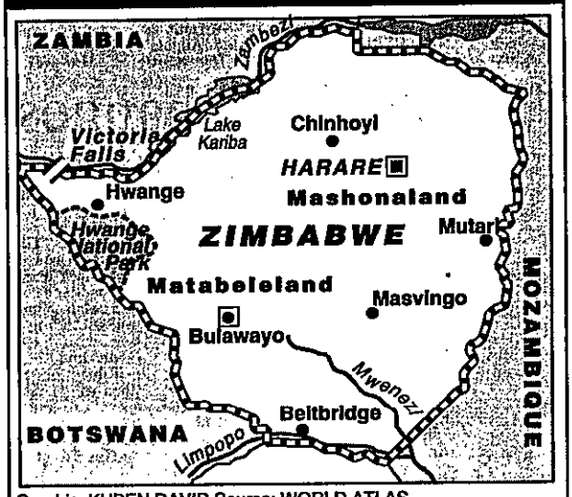
Last month Kangai advised farmers to ignore designation notices they may have received when planning next season's crop, but banks say they cannot take that approach when faced with applications for loans — repayable at 35% to 40% interest in Zimbabwe's financial crisis.

The European Union said it was interested in assisting only programmes that alleviated rural poverty, not the transfer of farms to wealthy black Zimbabweans with political influence. It said land redistribution would have to be linked to reform of government and the economy and efforts to reform agriculture in the communal areas.

An ominous note has been sounded since the conference with the government-owned Herald reporting "large estates were required to go into partnership with black farmers" to escape takeover.

For several years some commentators predicted the government would follow the pattern established in urban commerce and the tourist industry, where "indigenisation" has meant taking aboard approved partners from the ruling political elite, thus adding to operational costs. In the tourism sector, failure to bring beneficiaries of Mugabe's political patronage system on to boards of directors has meant loss of licences and concessions.

Land hunger



Graphic: KUBEN DAVID Source: WORLD ATLAS

More gentle face for 'evil geniuses'

If you put your money in a hedge fund in January 1996, you have probably had little joy since, writes Simon Kuper

HEDGE funds, once seen as the evil geniuses that could make or break economies, have for the past two years underperformed the Standard & Poor's 500, the broad-based US stock market index. Evaluation Associates, a company that tracks the unregulated hedge funds, estimates that they made a return of just 6,6% in the first half of 1997, compared with 20,6% for the S&P. That appears meagre for an industry whose doyen, George Soros, made $1bn toppling the pound five years ago.

Yet, the poor returns may mean that the funds are doing their job, argues Charles Gradante, who with his wife Lee Hennessee runs the Hennessee Hedge Fund Advisory Group in New York. Hedge funds are so called because of their power to hedge against a fall in the value of their assets. Unlike an investment fund, a hedge fund can sell assets short when it expects them to fall.

Today the hedge funds are "shorting", or hedging, more than ever before, because many expect the US stock market to crash. If it does, hedge funds with heavy short positions should survive best.

"We don't think it's appropriate to criticise them for underperforming the S&P, because they are hedging," Gradante says.

Blaine Tomlinson, president of Financial Risk Management in London, which advises the super-rich on investing in hedge funds, agrees. Most investors want their hedge funds to hedge, he says.

The public is wrong to regard Soros as the face of the industry, he argues. Soros may have averaged a 34% annual return since 1969, but he takes big risks, and does not guarantee investors a set level of returns. Tomlinson's clients, however, tend to invest in hedge funds that guarantee a minimum return.

Most hedge investors, typically armed with at least $1m, do not expect 40% returns. They simply want to put some of their money in a place where it is likely to grow when other investments crash. They have become keener on hedge funds as stock markets seem ever more overvalued. Hennessee says: "Every day now we pick up the phone and it's a US or foreign institution who has $100m to invest in hedge funds."

The investors have an ever bigger choice. The number of hedge funds has ballooned to about 2 000. Bright young things have left established funds such as Soros Fund Management (SFM), Tiger and Moore, and mutual funds such as Fidelity, to set up on their own. The hefty "incentive fee" that hedge funds can charge is a lure. "The average time the most talented managers stay at the big funds is just three to five years," says Gradante. "They want to earn $5m to $10m a year for themselves."

These funds tend to be small operations. Even SFM's two-floor office on Seventh Avenue, New York houses only 85 employees. Soros's charity operations are far larger.

SFM, the largest of the hedge funds, admits that size can be a handicap. Funds that grow too big can find it hard to manoeuvre in markets, or to achieve high returns on a large capital base.

Lois Peltz, managing editor of Managed Account Reports, says that only 13 hedge funds have more than $1bn under management. SFM, which manages more than $18bn, now farms out some money to outside managers. Soros himself has not run the fund day to day since 1989. His new star fund, Quota, is managed by Nick Roditi in London.

Size is not SFM's only problem. The large "macro" funds linked with Soros have gone somewhat out of fashion. These funds, which bet heavily on macroeconomic shifts, lost some of their shine in 1994 when they were caught out by sudden US interest rate rises.

So were most other investors, but hedge funds were thought to be virtually invincible.

Hennessee estimates that "macro" funds now have about $30bn in money under management, only about a fifth of the total for all hedge funds.

Seven years ago they had about 80%. — Financial Times.

New bonds: Page 14

Some mines retrench, some go to the wall

(362)

HARARE — Many Zimbabwe mining companies have retrenched workers and streamlined operations to survive low prices and high costs that have forced some out of business, a senior industry official said yesterday.

About 6 000 people, or 12% of the sector's labour force, had been laid off in the past 10 months, but minerals output had remained largely steady, said Chamber of Mines acting CE Douglas Verden.

Verden said many companies had found retrenchment unavoidable because labour constituted about 30% of their production costs.

"The industry is not in a very good condition.

"Most of the metals and minerals we produce are in decline or have declined in price terms," he said, citing gold, nickel, copper, chrome and asbestos as most affected.

The Chamber of Mines still expected Zimbabwe's annual gold output to stay steady or to rise slightly to 25 tons this year from last year's 24,24 tons, despite current low bullion prices.

Verden said gold earnings in local currency terms would rise significantly because the Zimbabwe dollar had fallen nearly 48,89% against the US dollar this year. — Reuter.

BD 25/9/98

Zimbabwe braces for riots as food prices rise

BD 26/9/98 (362)

Michael Hartnack

HARARE — Two days after Finance Minister Herbert Murerwa admitted state spending had soared to Z$70,7bn as a result of "unplanned expenditure", including involvement in the Democratic Republic of Congo war, the spectre of renewed food riots has been raised with a warning of an imminent further 20%-40% surge in inflation.

Industry and Commerce Minister Nathan Shamuyarira, who in January blamed Zimbabwe's troubles on a conspiracy of white farmers, businessmen and trade unionists, announced the cabinet had agreed to "modest increases in the prices of all basic commodities" to be effected next Wednesday and Thursday.

Government has gazetted maximum prices for maize meal, in defiance of pledges to the International Monetary Fund (IMF) it would not return to pre-1991 style price controls. The government warned the business sector clamps would be extended if "unofficial" curbs were ignored for staples.

Reuter reports that Zimbabwe's dollar crumbled by 9,72% to fresh lows against the US dollar yesterday, rocked by fresh importer demand and panic buying by banks.

Traders said the Zimbabwean dollar, weakened by late buying on Wednesday, tumbled by an average 9% against other major currencies.

At least eight people died in three days of spontaneous rioting in January, following a wave of 40% price rises.

In the past year the dollar has declined 60% against all major currencies.

Both the state-controlled Herald and the Financial Gazette, owned by a consortium of businessmen close to the ruling party, yesterday carried official predictions of the imminent rises which sources said stemmed from government's efforts to prepare public opinion.

Millers and bakers have been locked in talks with Shamuyarira on prices of maize meal and bread for the past four months, predicting shortages if they remained banned from recouping their costs.

"We have discussed exhaustively with the Confederation of Zimbabwe Industries, all the business organisations and all stakeholders involved and we have agreed on the prices which are going to be effected," Shamuyarira said.

He claimed trade unions, who last month called off a five-day national strike after receiving assurances on remission of extra taxes, had been consulted.

"In our negotiations, we made sure that the price increases which we are going to sanction are going to be kept at affordable levels for the consumer," Shamuyarira said.

Business sources reported yesterday prices of basic foodstuffs would rise an average 20% at the end of the month while increases of 40% or more might be expected on items with an imported content including toiletries, clothing, shoes, building materials and electrical goods.

"There is not much we can do and we will have to try and source as cheaply as we can," said Bill Clarke, chairman of the Retailers' Association. "The retailers cannot continue to absorb costs."

The crisis in the Zimbabwe exchange rate began last November when Mugabe gave Z$3bn in unbudgeted gratuities to end violent protests by 50 000 militant former guerrillas, outraged by looting of a "war disability fund" by politicians with scant combat records.

Fear of impending seizure of 1 400 farms by the state also undermined faith in the Zimbabwe economy, leading to a flight of foreign capital and balance of payments pressure.

Although the IMF surprised many commentators by releasing $60m budget support in July, a decision on payment of further $55m tranches has been deferred to October because of Zimbabwean non-compliance with economic reform terms.

Last week, the Zimbabwean dollar declined a further 20% to 1:31 against the US dollar, as importers struggled for hard currency in expectation of bad news from the IMF, and duties were doubled on imported consumer durables including cars.

Zimbabweans go on panic spree before prices

BD 28/9/98 (362)

Michael Hartnack

HARARE — There was a second day of month-end panic buying yesterday, with queues of cars 500m long at hypermarkets as Zimbabweans stocked up in expectation of massive price rises this week.

Last January, three days of food riots followed a temporary 30% rise in the price of maize meal and at least eight people died when President Robert Mugabe sent troops and tanks into townships.

The prices of maize meal, bread, cooking oil, toiletries, clothes, shoes and other necessities were expected to rise on Thursday or Friday by 20% to 40% as a result of belated approval given by the government, faced with imminent supplier closures and shortages. A major rise in fuel prices was also expected.

Huge increases were forecast in the prices of imported items following a wave of protectionist measures taken by the authorities at the weekend. These were expected to have a particularly drastic effect on SA suppliers, since Pretoria is Harare's biggest trading partner.

Economists and legal experts are also studying Friday's order by Finance Minister Herbert Murerwa that all forward hedging of import contracts was null and void, and deposits paid had to be repatriated by Wednesday to curb the run on the Zimbabwe dollar as tobacco sales came to a dull close.

An economist described this move as "unprecedented in the 18 years since independence" and doubted whether Zimbabwean firms' trading partners would be willing to refund advance payments, in view of the volatility of Zimbabwe's foreign currency situation.

Ignoring progress that had been made towards finalising a trade pact between Zimbabwe and SA, Murerwa increased import duty on a wide range of items by 20% to 100% and imposed a further 10% surcharge.

He said the measures would "bring about a modicum of stability in the foreign exchange market" at the end of a week which saw the Zimbabwe dollar fall from Z$29 to Z$36 against the US unit, then recover to Z$32. On Saturday, the rand middle rate was Z$5,341.

Simultaneously, in a bid to curb money supply and inflation conservatively put at 30%, statutory reserves for commercial and merchant banks were increased from 20% to 25% and from 4% to 5% for finance houses.

Murerwa blamed "poor performance of our exports" and speculation for the crisis in the value of the Zimbabwe dollar, which he said was healthy but undervalued. When tobacco sales close today, dealers expect to have sold just more than 213-million kilograms at an average price of $1,74/kg, and mining and manufacturing exports are also depressed.

He said the cost of Zimbabwe's military intervention in support of President Laurent Kabila's Congo-Kinshasa government had been "minimal", but he refused to disclose the exact cost of deploying 3,000 troops backed by combat jets, helicopters and tanks.

Murerwa said the measures were consistent with economic liberalisation moves agreed to with the International Monetary Fund, and should not hinder talks next month on further $53m budget support. Curbs were being placed on the activities of money changers to check alleged illegal leaks of capital.

SOAF

Gloomy forecast for Hartley mine

Martin Rushmere (362) BD 28/9/98

HARARE — Zimbabwe's Hartley platinum mine, expected to produce 180 000 tons of ore by the end of this year, will probably not reach full production until 2000 at the earliest, says a report by two groups of Australian consultants, SRK and Grant Samuel.

The report was commissioned by Delta Gold of Australia which is setting up Zimplats, a separate company on the Australian stock exchange, for all of its Zimbabwe platinum operations. Delta has a right to 33,8% of Hartley, with Broken Hill Proprietary (BHP) holding the rest.

Ore production has been behind schedule almost from the start. The gloomy prognosis is another setback for Hartley, which has been dogged by unstable rock (causing five deaths so far), training needs and rising costs of construction. The latest estimate by BHP is that the final cost of construction will be $289,5m.

The report said the mine's underperformance was caused by insufficient development in advance of production; insufficient supervisory training and a shortage of experienced supervisors; slow recruitment and training; the extension of the weathered zone to greater depths than expected; unexpectedly poor ground conditions; conveyor downtimes; hydropower reticulation deficiencies; and a disappointing performance from the hydraulic drills. It said another 4 000 workers would be needed to ensure full production, which would effectively more than double the work force.

Hartley's ore reserves are estimated to be 50-million tons at a grade of 12,64g/t of platinum, 1,8g/t of palladium, 0,2g/t of rhodium , 0,47g/t of gold, 0,18% of nickel and 0,13% of copper. Annual production is expected to be 150 000 ounces of platinum, 110 000 ounces of palladium, 11 500 ounces of rhodium, 23 000 ounces of gold, 3 200 tons of nickel , 2 300 tons of copper , 35 tons of cobalt carbonate and 6 400 tons of sodium sulphate.

In comparison with SA producers — Amplats, Implats, Lonrho and Northam — Hartley's cost a ton of ore milled is the fourth highest at just over $50, with Lonrho the cheapest at $28. The production cost a gram of platinum produced is the highest at $403, compared with lowest-cost producer Amplats at $284. Revenue a ton milled is second highest at $53 (Northam is the highest at $59) while the revenue margin a ton milled is the fourth highest at $3. Amplats is the highest at $8 and Northam the lowest at a loss of $4.

"It is almost certain that in the long term Hartley and other great Dyke mines will be mined profitably in the face of competition from the Bushveld platinum mines. Some risk comes from the possibility of discovery of large, lower cost resources elsewhere and the timing risk depends mainly on Zimbabwean labour costs, learning curves and especially the rate of increase in the Bushveld producers' costs," the report said. BHP has always pinned its long term hopes on reaching an annual milling rate of 4,32-million tons. This is now considered unlikely.

In the last six weeks another difficulty has emerged, the exchange rate. When the report was compiled, the rate was 12,3 Zimbabwe dollars to the dollar. It has since gone to about 36. Overall operating costs are seen to fall the more the Zimbabwe currency slips and SRK has taken into account a worst case scenario of 24. At this level, operating costs are $38 a ton of ore milled, compared with $48 at an exchange rate of 12,3.

The consultants' add a rider. "It must be noted when there is a significant change in the exchange rate, the benefit in decreased dollar costs tends to be short lived due to eventual adjustments upward in power costs and labour rates in Zimbabwean dollars."

The report also intimates that the Ngezi platinum deposit, next to Hartley on the Great Dyke, has greater potential than Hartley. The cost of developing a mine at Ngezi would be between $231m and $342m.

Zimbabwe in sharp moves to defend dollar

CT (BR) 28/9/98 (362)

IAN MILLS

Harare — Zimbabwe would introduce sharp increases in import tariffs and stricter exchange controls in a bid to prop up its heavily declining dollar, Herbert Murewa, the country's finance minister, said at the weekend.

The Zimbabwean dollar was trading at 31 to the US dollar last Friday.

Murewa said although the country's balance of payments continued to be under pressure, exchange rate trends did not match economic fundamentals, which had improved significantly.

He said although the budget was still in deficit, it remained within International Monetary Fund standby programme targets. At the end of August the budget deficit was Z$6 725,9 million (R1 321,9 million) or 4,7 percent of gross domestic product.

Pinpointing the foreign exchange market as a key problem area, Murewa said the local currency was depreciating well beyond levels justified by the basic economy.

The sharp depreciation was mainly the result of "speculative behaviour of the market", he said.

The matter had been made worse by "excessive hedging through forward contracts and pre-payments", serious foreign exchange leakages through bureaux and speculation by banks that increased their profits at the expense of the economy.

'The increases will either be doubled or over 20%, and include a new surtax of 10%'

To stop the rot, the government would publish increased import tariffs on a wide range of imported goods.

The increases would be either doubled or more than 20 percent. In addition, there would be a new surtax of 10 percent on any imported items.

The list of products included imported alcoholic and non-alcoholic drinks, electrical goods, shoes, carpets, cellphones, building materials and buses.

To curb "leakages" through foreign exchange bureaux and reduce their foreign exchange holdings, the issue of new licences for bureaux was suspended "until further notice".

Murewa said the minimum capital requirement for bureaux would be increased from $10 000 to $100 000 from October 31.

The statutory reserves held by financial institutions had been increased. Commercial and merchant banks would increase reserves from 20 percent to 25 percent, with finance houses going up 1 percent to 5 percent.

All forward exchange contracts had been suspended immediately, and deposits arising from them would have to be repatriated to the Zimbabwe Reserve Bank by September 29.

Murewa said the government remained committed to economic reform and meeting agreed targets. — Independent Foreign Service

Union denies approving planned food increases

(362) BD 29/9/98

Michael Hartnack

HARARE — The Zimbabwe Congress of Trades Unions rejected the claim by Industry and Commerce Minister Nathan Shamuyarira yesterday that it had approved planned increases later this week of 20% to 40% in the prices of staples, expected to be accompanied by massive leaps in the cost of imported luxury items.

A spokesman said the increases breached the three-way agreement between government, businessmen and unions that earlier this month led to the labour federation calling off a scheduled five-day national strike.

"We are surprised that we are said to have given positive approval to these increases and wish to reiterate that ad hoc responses to various crises by government undermines long-term negotiations to stabilise the economy. At no time was the (labour federation) consulted."

Last January, eight lives were lost in three days of food riots that ended with the deployment of troops and tanks in townships. Union leaders are expected to reconsider their backdown on a stoppage against extra taxes and alleged chronic economic mismanagement.

The country experienced a wave of panic buying at the weekend, partly in response to reports that locally produced maize meal, bread, cooking oil, and soap were due for imminent price rises, and partly to a wave of protectionist measures announced on Friday by Finance Minister Herbert Murerwa. Queues of cars up to 1km long formed at warehouse stores in expectation of 100% increases in import duties plus a 10% surcharge.

The protectionist measures are expected to have a drastic effect on SA retail ventures set up in Zimbabwe since 1991, trade liberalisation, including "The W[illegible] store", which markets Woolworths SA brands. Nhlanhla Masuku, president of the Zimbabwe National Chamber of Commerce, said the only answer to the crisis was "a strong, managed exchange rate" rather than Friday's "fire brigade action".

The Zimbabwe dollar crashed on Thursday to Z$39 against the US dollar before recovering to Z$32.

"Promotion of exports should receive active support and it is disappointing to note that government owes exporters hundreds of millions of dollars in duty rebates and deposits," he said.

Isaac Takawira, MD of Barclays Bank Zimbabwe, said Friday's increase in commercial and merchant banks' statutory reserve from 20% to 25% would further restrict credit. Businesses are already paying 37% to 40% interest charges.

Meanwhile, the government-controlled Herald yesterday predicted "a very positive outcome indeed" with "vibrant local industry, expanding to fill the markets left by high-priced imports and employing more Zimbabweans".

Relief of pressure would restore the Zimbabwe dollar to Z$23-Z$25 against the US unit, "its correct price at the moment", the newspaper said.

Congo claims to have taken 2 000 prisoners

Michael Hartnack

HARARE — More than 2 000 prisoners, of whom an undisclosed number are said to be foreigners, have been taken in the Democratic Republic of Congo by the forces of President Laurent Kabila's government and his Angolan, Namibian and Zimbabwean allies, says their commander Maj-Gen Mike Nyambuya of Zimbabwe.

Claims by the official media of victory came as Zimbabwe's Roman Catholic Commission for Justice and Peace yesterday denounced the "extraordinary haste" with which military force was used both in the Congo and in Lesotho. "It belies the assertion by leaders of the Southern African Development Community (SADC) they are in the process of peace keeping," said commission director Mike Auret.

In an interview in Kinshasa with the state-controlled Herald, Nyambuya said that "both the Tutsi rebels and the invasion forces of Uganda and Rwanda suffered heavy casualties", but said he could not give exact figures.

Prisoners were accorded Geneva convention protection, he said, in a reference to allegations that Zimbabweans had participated in summary executions. "Buoyed by the knowledge that the Tutsis were not invincible after all, (Congo) government troops had also taken a more positive attitude towards defending their country," said the Herald.

Nyambuya told the Herald that if Zimbabwean forces had not arrived in Kinshasa on August 19, two weeks after the fighting erupted, the city would have been lost by Kabila.

"If we had arrived a day later Kinshasa would have fallen," he said, acknowledging the deaths of eight Zimbabweans in action.

The Herald report said that most of the cities in the eastern part of the country were still effectively under enemy occupation, but plans were afoot to deal with the situation. However Gen Nyambuiya would not elaborate.

Denmark warned at the weekend it would cut off aid to African states if fighting escalated in the Congo and it deplored the failure of SADC states to use their own machinery for peaceful mediation, both there and in Lesotho.

The Justice and Peace Commission said the consequences of both the Lesotho and Congo interventions were "far reaching, costly and devastating for the ordinary people of the affected countries".

"This commission believes that greater diplomatic efforts should have been made to resolve the problems and wider consultation with the Organisation of African Unity and the United Nations should have been held before committing forces to these countries."

Economies in the region were in "a parlous state" and Zimbabwe's economic downturn had partly resulted from the intervention, said the commission, calling for "a swift withdrawal of foreign forces".

Troops from the Southern African Development Community task force move rifles handed in by Lesotho soldiers at the weekend. The SA National Defence Force denied yesterday reports that 3 000 tons of weapons and ammunition had so far been found in caches and bases of the Lesotho defence force. 'The figure is closer to 10 tons,' spokesman Lt-Col Laverne Machine said. Machine said arms were not being confiscated. 'We are merely retrieving, registering and storing the weapons in terms of an earlier status of forces agreement between SADC countries. A political decision will determine the next step on how the arms should be dealt with.' Picture: AFP

Savimbi loyalists seize another district

LUANDA — Unita soldiers loyal to long-standing rebel leader Jonas Savimbi had seized Kalandula district in Angola's northern Malanje province, strengthening positions there, the army said yesterday.

It said Unita troops launched an assault on Kalandula, about 70km from the provincial capital Malanje, on Saturday. Army sources in Luanda said the offensive consolidated the position of Savimbi loyalists in the province, where Unita soldiers took Kambaxi, about 40km from Malanje, in June.

This month Unita saw the emergence of a dissident faction led by some of Savimbi's former key aides and recognised by Luanda as its only valid negotiators, following the imposition of international sanctions against the movement for failing to demilitarise or abide by other terms of 1994 peace protocols.

State radio, television and Roman Catholic church sources reported attacks by armed gangs last week in the central Kwanza-Sul and southern Benguela provinces, which claimed the lives of at least eight people, including a nun, and injured 13 people.

Luanda generally blames such "banditry" on Unita troops, with military sources alleging that Savimbi still has more than 30 000 men under arms despite a claim in March that the former rebels had totally demobilised, turning his movement into a purely political party.

Angolan citizens have accused renegade members of the regular security forces of corruption and banditry.

The three states supervising the peace process — the US, Portugal and Russia — gave the rebel leader his "last opportunity" to comply with peace accords last week. — Sapa-AFP.

Harare tries to soothe tension

(362) BD 30/9/98

HARARE — Zimbabwe's government moved yesterday to calm rising tension in the country over proposed price increases, denying it had already approved huge rises which angry unions had condemned as unacceptable.

"Cabinet still has to deliberate on the issue ... and there is no need to panic," Agriculture Minister Kumbirai Kangai told Zimbabwean television.

Kangai, who is part of a cabinet committee on prices, was speaking after two days of panic buying triggered by reports in the state media that the government had authorised price hikes of up to 40% on many goods, including basic foodstuffs.

"People are relying on rumours, and there is no need to do that because when we make a decision, the government has the machinery to ensure people know the right information," he said.

The militant Zimbabwe Congress of Trade Unions has called for an emergency meeting today to discuss the price rises.

At least eight people died in unprecedented food riots that hit Zimbabwe in January, and forced President Robert Mugabe to deploy troops and armoured cars to crush what political analysts saw as the most serious challenge to his 18-year-old rule.

Yesterday, Transport and Energy Minister Enos Chikowore denied official media reports that fuel and electricity prices were set to go up this week as much as 60%.

Political analysts said the government may now be backing down from price hikes given the brewing public anger.

Last week, government officials said they had approved new prices after forcing the private sector to hold prices down for months in the face of labour threats to call strikes over the issue because businesses were struggling. — Reuter.

Political party is launched

(362)

HARARE — A new political party, the Zimbabwe People's Convention (ZPC), was launched in Harare at the weekend, with the aim of promoting democracy, transparency and accountable governance.

ZPC spokesman Obey Mudzingwa said Zimbabwe needed political plurality as the political situation had degenerated into a one-man gang, the Ziana news agency reported.

"Political contributions are not supposed to come from one individual, in this case (President) Robert Mugabe, but from a broader thinking that is borne of all Zimbabweans," Mudzingwa said. DD 3/8/98

Mudzingwa, a medical doctor and former student leader, said the time had come for the country to be ruled by a new generation as Mugabe's ruling Zanu (PF) government consisted of people who had outlived their usefulness.

He said his party would trim the size of the government, cut expenditure, reduce taxes and put in place incentives to attract foreign investment. — Sapa.

China trade and aid deal surprises Harare

BD 4/8/98 (362)

Michael Hartnack

HARARE — Eyebrows have been raised by a trade and aid deal with China which may be linked to efforts to revive slumped tobacco prices.

Reporting the signing of an agreement — which the state-run Zimbabwe Broadcasting Corporation put at Z$1,6bn and the Herald at Z$420m — officials claimed trade between the two countries last year reached Z$1,8-trillion — just under $100bn. The independent media were not invited to a ceremony attended by a 20-member delegation from Peking.

Previous official statistics put SA as Zimbabwe's major trading partner with exports worth R5,7bn and imports of R1,3bn.

Zimbabwe's entire tobacco crop, believed to be the focus of Chinese buyer interest, was last year priced at only Z$8bn. Agriculture Minister Kumbirai Kangai sent for Chinese buyers when prices failed to reach $1/kg at the start of auctions in March. The prices are now approaching the $1,80 break-even point.

Financial sources said the fanfare over Zimbabwe-China economic relations reflected President Robert Mugabe's desire to turn away from traditional, western trade partners that have been pressing for economic and political reform. Mugabe has repeatedly deplored the demise of a "bipolar" world since the collapse of communism in the former Soviet Union.

Mugabe's last major trade deal with China was 15 years ago when half the tobacco crop was bartered for a squadron of J7 supersonic interceptor fighters, Peking's version of the 1960 vintage Russian MiG 21. Trade experts said the tobacco could have fetched far higher prices on the open market.

The Herald said Peking would grant Harare a concessionary loan of Z$400m plus two "letters of exchange" worth Z$10m each.

One of these would finance extra costs for Valley Dam, being built by the Chinese in southern Matabeleland's Kezi district. The other, and the Z$400m concessionary loan, would be used for "projects to be agreed upon by the two governments later", the newspaper said.

Deputy Finance Minister Misheck Chinamasa said the Z$400m would be repayable over 15 years, but he did not disclose the interest terms.

China's major landmark on the Harare skyline is the $50m National Sports Stadium, built in 1984 and condemned by many as a white elephant.

China's imports from Zimbabwe are tobacco, ostriches, asbestos, copper, iron and steel, while it exports chemicals, electronic equipment, fabrics, bicycles and building materials.

Zimbabwe needs R14-bn for land reform

Star 4/8/98 (362)

Harare – Zimbabwe's plans to give millions of hectares of white-owned land to blacks are fast approaching a watershed, 18 years after independence.

International donors such as Britain, the European Union and the US are expected to attend a conference next month to decide whether to back the plans. Some 4 000 white farmers own 30% of the country while millions of blacks live in overcrowded communal areas.

Land reform has been a central plank of President Robert Mugabe's policies since he came to power at independence in 1980, but early attempts were plagued by failure and scandal.

Mugabe's latest plan, to take some 1 500 white farms, has seen commercial farm sales collapse since he announced it in November. At the same time, villagers who have been promised resettlement for 18 years without results have begun staging invasions of farms around the country.

Many early resettlement schemes – on land bought from white farmers willing to sell – collapsed because they lacked the infrastructure, finance and training to become viable. Independent newspapers then exposed the fact that some land acquired for the resettlement of peasants had instead gone to government ministers and other officials.

The government has called the donors' conference in the hope of winning support for its latest efforts. It says it needs more than Z$40-billion (R14-billion) to resettle 100 000 families on about 5 million hectares of land which it wants to acquire from whites. – AFP

Minister lashes out at newspaper plans

Harare – Another senior member of President Robert Mugabe's government has launched an attack on a bid by a foreign-based press group to set up a new chain of newspapers to rival the state-controlled media.

The government-owned daily *Herald* newspaper yesterday quoted Industry and Commerce Minister Nathan Shamuyarira as saying the aim of most foreign-owned newspapers was to "destabilise the political order in the country".

His remarks are seen as a direct threat to Associated Newspapers of Zimbabwe (ANZ), a newspaper group set up recently with 60% of its shareholding in the hands of a London-registered conglomerate African Media Investments (AMI), owned by British, SA and New Zealand companies.

Tony O'Reilly's Independent Newspapers of SA has a 17% stake in AMI. ANZ plans to launch a national newspaper, the *Daily News*, in February 1999 to challenge *The Herald*, regarded as a propaganda mouthpiece for Mugabe. Its launch is to be preceded by the opening of five weekly newspapers in other urban centres. – Sapa

Higher interest rates are on the cards after local currency falls prey to speculative attacks

Zimbabwe's growth likely to be under 3%

(362) CT(BR) 5/8/98

CRIS CHINAKA

Harare — Zimbabwe's economic growth was likely to fall below the 3 percent estimated for this year, slowed by higher lending rates expected after the central bank hiked its key rediscount rate to defend a battered currency, economists said yesterday.

Industry officials said financial institutions were likely to raise their interest rates after the Reserve Bank pushed its rediscount rate up 3,5 percentage points to 35 percent on Monday.

The central bank acted after the Zimbabwe dollar had fallen 12,5 percent on the day in what it called speculative attacks.

Other bankers said yesterday their own commercial lending rates, currently pegged in a 35-40 percent range, were likely to move into a 40-45 percent zone.

"It normally follows that banks revise their own rates after the rate at which they borrow (from the central bank) has changed," said Joseph Muzulu, the chief economist at Zimbabwe Banking Corporation.

"I see rates at the commercial banks going up, but the size of the increases may differ from bank to bank, depending on the resource portfolio mix," Muzulu said.

Farai Zizhou, the acting chief executive of the Confederation of Zimbabwe Industries, said the expected rise in interest rates would deal a blow to the fragile economy.

"There is just no way the economy will be able to grow at the rate we have been talking about," he said.

"I see (gross domestic product) growth well below 3 percent because companies will be heavily compromised by debts to survive, let alone grow."

President Robert Mugabe's government has forecast 1998 growth at 3 percent from last year's 3,7 percent and 1996's robust 8,1 percent, expecting a fall in export earnings from tobacco and gold.

Zimbabwe's economy has grown at an average 1,8 percent a year over the past decade against a target rate of 5 percent. Analysts say it has been grossly mismanaged by the government.

Mugabe denies this charge along with allegations that he has wasted national resources on a political patronage system aimed at sustaining his rule.

The president blames intermittent droughts for playing havoc with Zimbabwe's agricultural-powered economy. He says he is trying to expand for blacks an economy initially meant to serve the country's white rulers.

Zizhou said industrialists were already battling with rising operating costs such as wages, telecommunications and energy. Higher interest rates would only compound their problems.

Heavy government borrowing and an unstable currency have kept interest rates high over the last five years, at an average of 25 percent.

The central bank blamed the currency's fall on Monday to 22/25 against the US dollar on a speculative attack against the background of a weaker South African rand and rising domestic inflation.

It said the Zimbabwe dollar's depreciation had gone "beyond the levels compatible with economic fundamentals and developments in the international currency markets", and it was raising the rediscount rate to stabilise it.

The Zimbabwe unit was bid a dollar firmer against the US dollar at yesterday's opening, but dealers reported no trade at the start. — Reuters

AFRICA

Zimbabwe makes progress in lowering deficit — IMF

BD 6/8/98 (362)

HARARE — An International Monetary Fund (IMF) official said Zimbabwe had made considerable progress towards a lower budget deficit in the 18-month period to December, state media reported yesterday.

It quoted Michael Nowak, IMF assistant director in the African department, as saying the budget deficit, projected at 7,5% of gross domestic product (GDP) for the period, was in sight, with spending currently 1,5% of GDP below the target.

The budget deficit was 7,1% in the financial year to June 1997, when the government adopted an 18-month budget to enable it to convert its financial year to the calendar year starting 1999. The country's deficit has averaged 10% of GDP over the past decade.

"It is quite a considerable target and this is good news which people do not know about. The market does not know about this and perhaps the government should be telling people about it," said Nowak, who is leading an IMF, World Bank and African Development Bank team assessing Zimbabwe's economy over the next two weeks.

The assessment will determine whether the IMF can disburse the second tranche of $20m in balance of payments support from a $176m standby facility it approved for Zimbabwe in June.

Nowak — who was unavailable for comment yesterday — was quoted by the official Ziana news agency as saying the question of the second tranche was the responsibility of the IMF executive board.

The IMF disbursed the first tranche of $52m in June, its first aid package to the southern African country after it suspended assistance to President Robert Mugabe's government in mid-1995 because of missed financial targets.

Zimbabwe has been facing a currency crisis since November, when the Zimbabwe dollar crashed 75% against the US dollar. On Monday, the unit fell 12,5% against the US dollar in a market that believes foreign currency levels are low.

The central bank said the currency was driven down by speculators.

Nowak was quoted as saying he was optimistic that inflation, which rose to 29,8% in June from 20,1% in December, would fall significantly in the coming months as money supply growth was falling.

"We can expect a rapid slowdown in inflation in the coming few months. The reason we have about 30% inflation is that last year we had a 35% growth in money supply," he said.

Government officials estimate money supply growth will slow to between 25% and 28% this year. It was at 20,1% in the year to April from 25,4% in March.

"The policy targets (have so far) been met by comfortable targets and this is good news," Nowak said.

"What we need to see is if government can sustain such a performance."

Mugabe's 18-year-old government "has a long history of noncompliance with targets", he said.

Nowak repeated that the IMF was unhappy with the government's recent reintroduction of price controls on some basic consumer goods.

This would stifle private sector growth and was contrary to the liberalisation programme, he said.

Mugabe says the controls are necessary to protect the poor from unjustified price hikes by businesses, who say that all price increases are meant to cover rising operating costs.

The IMF official said the government had reneged on promises to increase fuel prices earlier this year to cut the costs of the state-owned oil company, which has been subsidising local prices at about Z$10m a day since February. — Reuter.

Farmers' morale 'at record low'

(362)

BD 6/8/98

Michael Hartnack

HARARE — Morale among Zimbabwe's 4 500 large-scale farmers was at a record low since 1980 independence, Jerry Grant, deputy director of the Commercial Farmers' Union, said in the union's official annual overview delivered to its congress yesterday.

Grant said the most important factor affecting farmers was the "ill-conceived and hasty" gazetting last November of 1 471 farms for takeover. Previously, outgoing president Nick Swanepoel described Zimbabwe's crisis as "largely self-inflicted due to intemperate political rhetoric on land and the unrealistic assumption by the Reserve Bank that Zimbabwe could continue to substantially overvalue its currency relative to its major trading partners".

Grant said the lands ministry had conceded 609 of the farms were wrongly identified and the union had identified a further 140 that should have been exempted. He said the land redistribution exercise could not come "to any satisfactory conclusion" and destroyed confidence that it could be done in a "planned, transparent and pragmatic manner" required by international aid donors.

ZIMBABWE

THE WORST IS NOT OVER

(36a)

MM 7/8/98

Zimbabwe dollar plunges

After last month's rand crisis, it was only a matter of time before the overvalued Zimbabwe dollar would be caught in the maelstrom. Having appreciated 9% in nominal terms in the first seven months of the year and about 20% in real terms, Zimbabwe's exchange rate was an accident waiting to happen.

Last week the rate began to slide from Z$18,30/US$ reaching Z$19 by the end of the week. The reason was nervousness ahead of this month's visit by an International Monetary Fund mission to assess Zimbabwe's progress under the US$175m standby loan approved on June 1. With government having reimposed price controls on maizemeal, missed the year-end inflation target of 18,6% and bailed out holders of Z$855m of Cold Storage Company bills, there was mounting speculation that the IMF would delay disbursement of the second tranche of the loan, due later this month.

On Monday, the IMF's Harare representative was reported in the State-controlled media as saying he was "hopeful and optimistic" of a favourable outcome to

the visit. The markets were unimpressed. By lunchtime on Tuesday, the exchange rate had plunged Z$5 to Z$24/US$.

The Reserve Bank's response was predictable. It blamed speculation, accused banks of profiteering and raised the rediscount rate by 3,5 points to 35%. At last Tuesday's Treasury Bill auction, the yield on 90-day paper surged to above 38%, paving the way for a rise in prime lending rates to 39% or possibly 40%. With the fundamentals almost uniformly negative, there is little prospect of an early recovery in the exchange rate.

Some bankers say the central bank's policy will do more harm than good. The rise in interest rates will force farmers to borrow at 45% and above to finance their 1999 crops. Agriculture, manufacturing and mining have already been hit by a 37% electricity price hike and average wage awards in the region of 34%.

Inflation, which averaged 29,5% in the first half of the year, is set to move to around 35% by the year-end. And with labour in an increasingly militant mood, the authorities are boxed in on all sides.

Ten days ago, the Zimbabwe Congress of Trade Unions called for a meeting with President Robert Mugabe to discuss its demands for tax cuts in the forthcoming budget, due to be presented in October. Mugabe responded with a warning that the unions should not confront his government — followed 72 hours later by a report in the State media that government had gazetted three new statutory instruments that would have widened the definition of essential services in which sectors strikes would be banned. This was promptly denied by the Attorney-General, Patrick Chinamasa, who claimed — somewhat improbably — that for unexplained reasons government was "republishing" statutory instruments going back to the Sixties that were no longer in print. There was no plan to ban strikes, he insisted.

Trade union sources are sceptical, believing instead that there is a debate in government about whether such regulations should be revived to curb the strike action that looks almost inevitable.

Add to this looming price increases for bread (21,6%), flour (20%), maizemeal (14,5%) and cooking oil (12,5%) and the stage is set for a new bout of inflation and the threatened five-day stayaway by angry trade unions, or heavy-handed government intervention to curb prices and strikes. That would presumably put paid to hopes of a deal with the IMF. The Zimbabwe crisis is set to get worse before the trough is reached.

Special correspondent

Flashback to 1980: out of the bush came these young guerrillas to gather at an assembly point before the ceasefire in then Rhodesia. Zimbabwe celebrates Heroes' Day tomorrow

Mugabe largesse only for some

(362) ARG 10/8/98

SANDRA NYAIRA

Harare – This year, Zimbabwe's former freedom fighters have every reason to cheer Heroes' Holiday tomorrow, having been rewarded for their sacrifices which culminated in independence in 1980 after a seven-year bush war.

The ex-combatants were each paid bumper gratuities of $Zim50 000 (about R13 230)last December and also enjoy a lifetime monthly pension of $Zim2 000 (about R530)as recognition for their role during the independence war.

However, the emoluments came after a series of demonstrations, some of them violent, with the ex-guerrillas accusing President Robert Mugabe's 18-year-old government of neglecting them to the point of penury.

Chairman of the Zimbabwe National Liberation War Veterans' Association (ZNLWVA) Chenjerai Hunzvi said the association was happy with the final disbursement of the gratuities and monthly pensions.

Through Zexcom, an investment fund set up by the association, the former fighters are set to further improve their lives as they soon will be given share certificates, said Mr Hunzvi.

The fund holds over $Zim70-million pooled from the ex-fighters' gratuities.

"The assistance to comrades came a little late, but it was better late than never and we thank the government and our patron President Mugabe for this," said Mr Hunzvi.

He added that the association now wanted the government to implement its promises on free education and health schemes for ex-combatants, including access to land.

"These are the things that must be addressed immediately.

"Otherwise, we are a happy lot because our lives have drastically improved, especially after late last year. We do not have many complaints."

Last year's Heroes' Day celebrations, especially in Harare, were marred by demonstrating war veterans who wanted the government to reward them for the part they had played during the country's protracted war.

The former fighters embarrassed President Mugabe, whose speech was hardly audible because of their persistent revolutionary songs and shouted slogans.

While the ex-combatants appear to be grateful to the government, other groups feel left out, claiming they played an equally important role during the liberation war and deserved similar gratuities.

Notable groups include ex-war collaborators, the young men and women who carried the weapons of the guerrillas and conducted reconnaissance on the movements of Rhodesian forces on behalf of the freedom fighters.

The other group comprises ex-political prisoners, detainees and restrictees who have threatened to disrupt this year's Heroes' commemoration to press for their demands.

> ***'The government is not taking the full responsibility for taking care of all these people's lives'***

Churches also have been in the forefront in quizzing the government about why the state was not properly maintaining liberation war mass graves, especially at Chimoio and Nyadzonya in Mozambique, more than 21 years after Rhodesian forces bombed the two camps.

However, significant steps have since been taken to upgrade the mass graves, of which some can also be found in Zambia.

On July 31 this year, President Mugabe was in Lusaka, Zambia, where he laid the foundation stone for the monument being constructed in memory of the fallen heroes at Freedom and Nampundwe camps.

Traditional leaders, led by Zimbabwe Chiefs' Council president Chief Jonathan Mangwende, also conducted traditional cleansing ceremonies at the former fighters' bases.

The National Museums and Monuments of Zimbabwe (NMMZ), whose mandate is to manage the country's heritage, has been given the task of spearheading the identification of graves and their rehabilitation.

"This is because the struggle for our independence is an important component of our heritage, which should be protected and preserved for our present and future generations," said Home Affairs Minister Dumiso Dabengwa.

"We hope people are going to commemorate this day and arrive in large numbers as you are all aware that our country's struggle for independence was a long one during which thousands of lives were lost."

Mr Dabengwa said the government had done "quite a lot" towards improving the welfare of the country's former fighters.

"We certainly will certainly do more to further improve their lives and the upkeep of the shrines in and outside Zimbabwe," he said.

Minister of State in the President's Office Responsible for War Veterans, Witness Mangwende, said: "We have achieved quite a lot so far for the war veterans, all the genuine ones that is, as they have been paid or compensated for their contribution in the struggle."

He said the government believed the ex-fighters now could stand on their own and embark on income-generating projects, especially through Zexcom.

However, widows of Zimbabwe's fallen fighters led by Faith Tungwarara, feel the government should do more for them and their dependents.

Last year, the widows brought their grievances before the Chidyausiku Judicial Commission, set up to investigate the looting of $Zim4,5-million under the War Veterans' Compensation Fund, complaining that their houses were being auctioned off.

They also complained that their children were being prevented from attending school because of the non-payment of school fees, notwithstanding the problems parents were having in raising mortgages for their houses.

Although no statistics were readily available, Mrs Tungwarara said there was need for the government to address the plight of orphaned children of war veterans.

On the upkeep of the widows and their dependents, Mr Dabengwa said: "The women are being given allowances to assist them.

"What should be understood is the word 'assisting'; the government is not taking over the full responsibility of taking care of all these people's lives.

"Those widows I have spoken to say the money is not adequate."

Mr Dabengwa explained: "This is merely 'assistance'.

"They have to eke out a living from other means, with state allowances being merely complementary."

The government spends $Zim688 499 monthly on more than 560 fallen heroes' dependents, including their 259 wives, which the public service, labour and social welfare ministry says is not enough.

The ministry was allocated $Zim9,1-million under the 18-month budget to cover the needs of widows and their dependents, including a $Zim120 000 one-off housing allowance.

Only 20 widows have so far received this money.

Meanwhile, some ex-fighters interviewed think Heroes' Day should be seen beyond festivities, with the nation coming together to discuss social and economic woes facing the country.

"One thing that should be done is for government and the people of Zimbabwe to look back and see what has been achieved so far, and what issues require urgent attention to save the country from decay," said one, Farai Tichatonga. – Sapa

AFRICA

Mugabe's administration seen as a 'serious circus'

(362)

Despite a good IMF report scepticism remains and investor confidence continues to dwindle, writes **Tony Hawkins**

BD 12/8/98

A "SERIOUS circus" is how Morgan Tsvangirai, secretary-general of the Zimbabwe Congress of Trade Unions, focal point of opposition to the government, describes President Robert Mugabe's beleaguered administration. Tsvangirai's comment came last week when the Zimbabwe dollar plunged 15% and the stock market fell to a 1998 low.

The government published and then abandoned regulations that would have banned strikes and the cabinet rescinded a 37% increase in electricity tariffs, while rejecting requests from food manufacturers for a package of 12%-20% rises. It announced belated rises in fuel prices of 13% to 20%.

Good news for the government came from the International Monetary Fund. The head of a three-week mission to Zimbabwe, Michael Nowak, was reported by the state-controlled media to have said the government had performed well in the first half of 1998 in containing the budget deficit to an annualised 4% of gross domestic product (GDP), well below the target of 5,5%.

Just how this has been achieved is not clear. Economists and market analysts are sceptical, noting that the budget did not contain provision for a host of expenses. These include the baleout of about Z$855m of allegedly fraudulently issued Cold Storage Company bills, with the prospect of up to another Z$900m to be paid; the recent 21% pay award to the civil service; the huge increase in foreign and domestic debt service arising from currency depreciation; and the steep rise in treasury bill yields to 38,1% this week from 24% a year ago.

Added to this is the rising accumulated deficit of the state-owned oil procurement company, NocZim, estimated by oil companies to be in the region of Z$1,5bn, along with mounting losses by other parastatals.

It is hard to see how the deficit has been cut.

Three interlocking crises undermine the economy. GDP growth has slowed from more than 7% in 1996 to less than 4% last year and no more than 2% this year. To some extent this is externally driven by the fall in commodity prices, especially tobacco, down 30% this year, but also gold and other minerals.

The sluggish SA economy and weak rand have scuppered the efforts of industrial exporters to exploit last year's devaluation in the regional market. One bank has closed and there have been reports of another being in difficulties.

The third, more important and all-pervasive, crisis is that of confidence. The fall in the stock market — down 60% in US dollar terms from last year's peak — the collapse of the currency, the sharp decline in investment, and Zimbabwe's disappearance from the radar screens of foreign investors are the result of the administration's inability to manage the economy, and the perceived threat to property rights in the proposed takeover of about 850 commercially owned farms.

Rail restructuring tops reform programme

BD 12/8/98 (362)

Justine Dangor

THE restructuring of the National Railways of Zimbabwe will offer private operators significant access to its operations.

The Zimbabwe investment centre says in its Investment Review that the changes are expected to allow the railways to operate more effectively in a sector that is becoming increasingly competitive.

The proposed deregulation of the railways is seen as the cornerstone of Zimbabwe's economic reform programme. A key part of this will be the unbundling of the railways into four independent bodies: the regulatory authority, the infrastructure company, the operations holding company and the equipment company.

It is hoped in time the open rail system will allow for the introduction of privately operated rail services like intercity and commuter trains, says the review.

National Railways of Zimbabwe carries an average of 12-million tons of freight and about 1,6-million passengers a year. Part of the restructuring is the building of a Z$1,5bn railway between Beit-Bridge and Bulawayo. The new line is expected to dramatically cut freight costs for exporters and importers as well as helping to rejuvenate southern Zimbabwe.

The line forms an important part of the proposed Trans-Limpopo project — an economic corridor that stretches from SA through Zimbabwe and takes in Botswana, Namibia and Zambia.

The Z$1,4bn needed to finance the project came from a consortium made up of two SA banks, Nedbank and First National, and two of SA's largest insurers, Sanlam and Old Mutual.

The line is expected to be completed by September 1999.

The Zimbabwean airline is also being restructured as the government tries to make it commercially viable.

Police remove protesters

Michael Hartnack

HARARE — Zimbabwean police dragged singing women demonstrators demanding gratuity payouts from Heroes' Acre yesterday, before they could drown out President Robert Mugabe's annual Heroes' Day speech.

More than 20 women wearing shirts reading "Wives of Fallen Heroes" were dragged away during the commemoration of African nationalist supporters who died in the 1972-1980 independence war. Police were unable to confirm arrests.

Other lobby groups were reportedly prevented from entering Heroes' Acre.

Chenjerai Hitler Hunzwi, chairman of the Zimbabwe National Liberation War Veterans' Association, ordered members to boycott the countrywide ceremonies in protest at attendance by tribal chiefs who supported Ian Smith's former Rhodesian government.

AFRICAN BUSINESS

Analysts believe higher interest rates and the possible release of $20 million later this month will prop up the local currency

Zimbabwe's hopes for a stable currency rest on the IMF

(362) CT (BR) 12/8/98

MICHAEL WANG

Johannesburg — The Zimbabwe dollar would become more stable if attempts by the government and the International Monetary Fund (IMF) to agree on a new three-year loan programme were successful, analysts said.

The currency depreciated by 33 percent to a low of Z$25 against the US dollar early last week as local importers massively increased their demand for hard currencies.

It was the second sharp collapse in the currency in the last 10 months following a similarly sharp depreciation in November.

Analysts believe the Reserve Bank of Zimbabwe's decision on August 4 to raise interest rates sharply, and a generally positive appraisal of the country's economy by a visiting IMF mission have, at least temporarily, put a floor under one of southern Africa's most vulnerable currencies.

But medium-term prospects for the currency depend on whether the government can reach agreement with the IMF on an enhanced structural adjustment facility (Esaf).

The Esaf is designed to extend the life of the current 13-month stand-by facility to roughly the end of 2001, by allowing the government to draw down soft US dollar loans as long as it maintains fiscal discipline and meets other economic targets.

Leonard Chitongo, the chief economist at Merchant Bank of Central Africa in Harare, said: "It's crucial to the future of the economy and the Zimbabwe dollar that an Esaf programme is hammered out."

With the IMF and the government of President Robert Mugabe enjoying their closest ties for three years, and importers apparently satiated for foreign exchange after pre-emptive strikes last week, Chitongo believed the local unit should find a trading range between Z$20 and Z$24 against the dollar towards the end of the year.

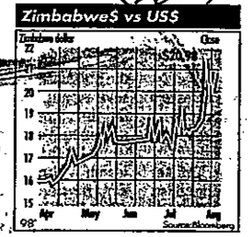
A NEW LEAF *President Robert Mugabe hopes the IMF will reward his policies*

Analysts said the rush for foreign exchange last week was largely pre-emptive. The Zimbabwe dollar typically declines in the third quarter as US dollar revenues from tobacco, the country's prime export, peter out.

"There was a lot of importer pressure that suddenly built up," said Mark Tunmer, the chief executive of investment bank Fleming Martin Zimbabwe in Harare.

"They were trying to lock in (favourable exchange rates) before the end of the tobacco-selling season in late September."

Moves by the National Oil Company of Zimbabwe and the Zimbabwe Electricity Supply Authority, both state-owned utilities, to convert large quantities of Zimbabwe dollars for foreign exchange a week earlier injected a sense of urgency for broader importer demand.



Moreover, the threat of a five-day national strike by the powerful Zimbabwe Congress of Trade Unions and the fragile state of the rand of South Africa, Zimbabwe's top trading partner, encouraged local speculators to prod the US dollar higher.

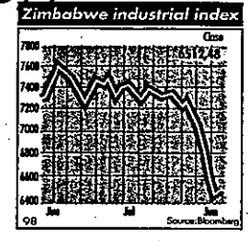
The central bank was noticeably absent from the market last week, allowing the dollar to surge from Z$18,8, where it had traded for most of 1998.

Analysts pointed to a paucity of reserves, believed to be just one-and-a-half months' import cover, to account for the central bank's hands-off approach.

Instead, the Reserve Bank resorted to raising its rediscount rate to 35 percent from 30,5 percent to undercut the US dollar.

Qualified praise from the visiting IMF delegation raised hopes that Zimbabwe would qualify later in August for a second disbursement from a $176 million stand-by facility awarded in June.

The government drew an initial tranche of $52 million in June and is seeking to persuade the IMF that its recent efforts to restore fiscal rectitude should qualify it for the release of a further $20 million later this month.



According to reports in the state-owned media, the government's budget deficit will fall below 7,6 percent of gross domestic product (GDP) for the 18 months ending December 1998.

"The policy targets have been met by comfortable margins, and this is good news," said the IMF, according to the state-owned media. "What we need to see is if the government can sustain such a performance."

The comments surprised most economists, who have said for months that runaway government spending was leading to a budget deficit of close to 12 percent of GDP.

Between late 1995 and mid-1998, the IMF cut off aid to Zimbabwe after it repeatedly failed to honour pledges to slash state spending.

Last Wednesday, two days after the IMF's arrival in Harare, Mugabe ordered the prices of gasoline and diesel to rise 14 percent and 21 percent respectively.

Nevertheless, the IMF's generally upbeat assessment provided a shot in the arm to the struggling Zimbabwe dollar.

On Monday, the currency retraced some of its losses of last week, closing at Z$21,80 to the US dollar. — Dow Jones

Leave them to 'cotton suicide'

(362) M+G 14-20/8/98

Zimbabwean women are the losers in the land equation, writes **Mercedes Sayagues**

A blunt "no" was the Zimbabwean government's recent reply to the demand by the women's land lobby for one-third of resettlement land.

With at least one-third of 700 000 rural households headed by women, the lobby thought it had a case. If 50 000-odd war veterans have been allocated 20% of the five million hectares identified by the government for resettlement within the next five years, why should the same principle not apply to women?

"Because," said Joseph Msika, minister without portfolio and in charge of resettlement, "men would turn against the government if we did."

At a recent press conference on resettlement, Msika blurted out: "I would have my head cut off by men if I gave women land." An aide passed him a slip of paper. Msika read it and shuffled uneasily. "Well, I am told I have a meeting soon with some women's groups."

At the ensuing meeting, Msika was "absolutely rude, patronising and insulting", says a woman activist. He argued that women should not seek preferential treatment if they are clamouring for equality.

"We may have equality on paper, in the Constitution, in the legal age majority Act, but land policy discriminates against married women, who need their husbands' permission to apply for land," says Karen Tzumbira, of Women in Law and Development in Africa Network, one of the lobby's 15 affiliated organisations.

Msika, who is also chair of the ruling party Zanu-PF and a farm owner, added that families and marriages would be destroyed if permits, leases and title deeds were mandatorily held jointly by husband and wife, or wives.

Sociologist Rudo Gaizanwa disagrees: "That is not correct. It would make women feel more secure."

She points to the large number of "cotton suicides", so called because women kill themselves at harvest time, driven by desperation when their husbands squander away the income from cash crops. According to recent press reports, 150 women — one every 36 hours — committed suicide last year for this reason.

Added value: Some men say they marry only to increase their 'tobacco acreage'.
PHOTOGRAPH: MERCEDES SAYAGUES

Says Maia Chenaux-Repond, author of a seminal research study on women farmers: "This is policy guided by male gut feeling." Another way of describing it is gender bias: women are the losers in the land equation.

Widows are routinely dispossessed by relatives when their husbands die. They have to marry the husband's brother, or risk expulsion. The widow's plight is the only women's issue the land tenure commission addressed in its report.

The commission, set up in 1994 to assess Zimbabwe's various land tenure systems, heard the women's lobby but ignored its suggestions, except for some relating to widows. However, the proposal that widows be allowed to inherit land in trust for the children was watered down by adding "and/or a heir appointed by the family".

But women are not only widows. They have land problems when married and divorced. In polygamous marriages, senior and junior wives, or rural and urban wives may lose marital goods to each other, or to relatives.

Although the commission's chair, Mandivamba Rukuni, was not opposed to granting women land rights, President Robert Mugabe lashed out in public at women's requests for land allocation quotas. This effectively closed the debate.

Another reason may be, in the words of Gaizanwa, that "equity between the male and his wives, and among spouses, has not been deemed important enough to merit public debate, especially among black policymakers, who are the ones likely to be polygamists".

Gaizanwa explains that "Shona and Ndebele customs, as interpreted by the colonial authorities, and accepted by colonised males, reinforced the near-exclusion of black women".

Black women were historically considered minors, even after independence. Only in 1991 was the Deeds Registry Act repealed to allow married women to buy urban residential land and homes without having to produce their husbands' permission.

Rural women have little security and even less power. They live with the pervading, gnawing fear of being chased away destitute, of losing their livelihood and the fruit of many years of labour, even their children.

"The linkage of women to land only through marriage, when land is increasingly becoming a registerable and privatised resource, is undermining women's livelihood and economic rights," says Gaizanwa.

Chenaux-Repond recalls interviewing a man who had four wives. He could not remember the name of the last one and had to be reminded by the other wives. Asked why he had married her, he replied: "To increase my tobacco acreage."

The lobby notes that the government signed the convention for the elimination of discrimination against women in 1991. Article 14 says: "All state parties ... to ensure ... equal treatment [of women] in land and agrarian reform as well as land settlement schemes."

"They sign these conventions without reading them," fumes one activist.

The lobby is not giving up. Soon it will launch an information campaign at all levels, from grassroots to politicians. One strategy will be to place thousands of women on the resettlement lists now under preparation.

A key moment will be the donor conference planned for September, where the terms of land reform and of donor funding will be negotiated. The lobby hopes women will be heard then — in their own right, not as cheap labour to increase planted acreage.

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Major Harare substation explodes

Michael Hartnack (362) BD 18/8/98

HARARE — For the second time in 10 months a major electrical substation in Harare's central gardens exploded in flames on Sunday, causing millions of dollars of damage to installations, a prolonged blackout in some areas, and the blowing of hundreds of fuses due to power surges.

The state-run Zimbabwe Broadcasting Corporation said experts feared severe congestion on all telecommunication and computer link circuits this week due to severe damage to equipment, including e-mail and Internet modems.

Last Thursday Zimbabwe was isolated from international e-mail and Internet traffic for more than 18 hours as a result of faults the parastatal Posts and Telecommunications Corporation had difficulty rectifying.

Sam Mahlanza, public relations manager for the Zimbabwe Electricity Supply Authority, said normal power was not expected in the city centre before Wednesday. On Sunday an 11 kilovolt switchboard, rebuilt since October's fire at a cost of Z$20m, exploded into flames.

He appealed to consumers to do all possible to save power and prevent further overload.

Zimbabwe's import cover 'running low'

BD 19/8/98

HARARE — Zimbabwe's foreign currency reserves now stand at one-and-a-half months of import cover, with predictions indicating that the situation is not likely to improve soon. (362)

Economic commentators said yesterday reserves would remain at the current level until about March next year, when the new tobacco selling season opened.

Tobacco is one of Zimbabwe's main foreign currency earners.

"The tobacco sales are about to close and there will be a marked reduction in export earnings from September to March next year, the time when reserves are at their lowest," an analyst said. "The best we can hope for is the stabilisation of the reserves at the current levels."

Another analyst believed that authorities were inflating foreign exchange cover levels.

"We suspect the official figure is much higher than the actual level, which we believe to be two to three weeks' import cover." He said the ideal level was three months' import cover.

Although tobacco prices have generally improved since their soft opening at the start of the season, they have remained 30% below last season's prices.

So far 138,4-million kilograms has been sold, raking in Z$4,2bn in export earnings. Total proceeds from the crop has been revised downwards to Z$6bn from Z$9bn due to the depressed prices. — Sapa.

Speed up economic growth, Harare is urged

(362)

Michael Hartnack

HARARE — Zimbabwe had to push the frontiers of the debate about its economy beyond merely cutting spending and raising revenue, Prof Anthony Hawkins of the University of Zimbabwe Business Studies School warned in Harare yesterday.

Addressing a seminar on the forthcoming national budget organised for business and political leaders by the Zimbabwe National Chamber of Commerce, Hawkins said the private sector had to pay far greater attention to social and political dimensions.

He said faster economic growth was crucial because it would help alleviate the crisis stemming from popular disbelief that economic reforms brought any benefit to ordinary Zimbabweans.

The belief that fiscal incompetence was the sole target for economic reform was facile, Hawkins said.

"It is just not true — the solution has to be social and political as well as economic," he said.

He criticised aid donors, including the World Bank and International Monetary Fund, which had recently praised Zimbabwe's progress towards meeting superficial targets for state spending without considering complicating factors. These factors included delays in increasing the fuel price in line with depreciation and the slide back into price controls.

Hawkins predicted greater public resistence to Zimbabwe's "Zimprest" second-stage plan for economic reform than to the initial five-year "Esap" launched in 1991, because people perceived that real wages had fallen up to a third; unemployment, inflation and poverty had increased; services had deteriorated; and promised benefits were largely unperceived.

"If that is a programme that is on track, one would hate to see a programme that gets off track," he told parliamentarians, economists and commerce chiefs.

Hawkins said international institutions called for greater accountability but were themselves guilty of taking decisions at closed meetings with ministers.

Zimbabwean trade unions were no longer in a mood to accept further hardships, he said.

With state spending at 35% of gross domestic product and elections looming in 2000 and 2001, most of the population wanted the state to do more rather than less, said Hawkins, and President Robert Mugabe's plan to spend Z$40bn on land reform would commit an extra 3% to the burden on gross domestic product over a 10-year span.

Zimbabwe's best hope was that with a strong opposition after the next elections it could achieve more open, more transparent government than at the launch of reforms in 1990, he said.

BD 19/8/98

External auditors find Wankie plagued by poor management

CT (BR) 19/8/98 (362)

FROM REUTERS

Harare — Wankie Colliery, Zimbabwe's sole coal producer, said yesterday a committee set up to investigate allegations of corruption against management had found that the company was poorly managed.

"The board accepts that there are some weaknesses largely as a result of failure by management to supervise subordinates and ensure procedures, regulations and controls are adhered to," said Ngoni Kudenga, the chairman.

"This has led to some breakdowns in the system, facilitating aspects of corruption and malpractices in certain areas."

He announced a restructuring to improve efficiency.

The inquiry by the group's external auditors followed allegations of corruption and malpractice against senior managers, including Kudzai Bwerinofa, the managing director.

Bwerinofa was cleared of allegations that a private contractor who built his house was now Wankie's sole contractor for all construction work.

But W Muzawazi, the finance manager, was found to have misappropriated about Z$1,8 million (R535 000) in company funds and was dismissed. The money has been recovered.

Kudenga said allegations that Wankie's performance was declining had to be seen against the $153 million debt owed by the state Zimbabwe Iron and Steel Company (Zisco), the inability of the National Railways of Zimbabwe (NRZ) to move coal to the market and the effects of the weak currency on production costs.

Wankie's earnings a share dropped to 42c from 69c in the year to February 28. After tax profit fell to $71,9 million from $117,4 million.

"Communications with Zisco, the government and NRZ to resolve the above matters have unfortunately not produced solutions," Kudenga said.

He hoped the group's performance would be aided by recommendations from the investigating committee.

Zimbabwe's foreign reserves at low level

(362)

Sowetan 19/8/98

ZIMBABWE's foreign currency reserves now stand at one and a half months import cover, with predictions indicating that the situation is not likely to improve in the near future.

Economic commentators told Ziana news agency yesterday that reserves would remain at the current level until about March next year when the new tobacco selling season opened.

Tobacco is one of Zimbabwe's main foreign currency earners, accounting for 30 percent of the country's total export receipts annually.

"The tobacco sales are about to close and there will be a marked reduction in export earnings in the period from September to March next year, the time when reserves are at their lowest.

"The best we can hope for is the stabilisation of the reserves at the current levels," a money market analyst with a local bank said.

Another analyst believed that authorities were inflating foreign exchange cover levels.

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Although tobacco prices, which opened soft at the beginning of the season, have generally improved, they have remained 30 percent below last season's.

So far 138,4 million kilograms of tobacco have been sold, raking in nearly R2 billion in export earnings.

Total proceeds from the crop have been revised downwards to about R3 billion from about R4 billion, due to the depressed prices. – *Sapa.*

Meltdown in Zimbabwe feared

BD 20/8/98 (362)

HARARE — Zimbabwe's share market looks set for a major meltdown as the economy struggles against a social and political crisis exacerbated by rising inflation, brokers and analysts said yesterday.

"With foreigners running scared and local institutional buyers happy to remain on the sidelines and watch the market fall, it seems unlikely the downward drift will be reversed in the next few months," said Fleming Martin Zimbabwe Research.

The benchmark industrial index dropped to a 23-month low yesterday, falling 28,38 points or 0,44% to 6 493,27 amid growing investor despondency over prospects for economic recovery.

Losses remained confined to the smaller stocks, but brokers said bigger declines were on the horizon if the weakness moved to the major stocks.

They said Zimbabwe's weak currency was responsible for the latest selling, especially by foreigners. It comes on top of concern over rising lending rates and inflation estimated at more than 28% this year.

Dealers said the reserve bank intervened to support the local dollar yesterday after it came under pressure from importers seeking hard currency.

"It might have something to do with the month-end coming up next week and some people want to come in now with their payments," one trader said.

Another trader said: "The central bank didn't bring in much but it assisted a bit in slowing down the dollar's fall."

The local unit ended the day at Z$21,80/22,10 to the US dollar compared to Z$21,65/95 overnight.

Dealers did not expect a repeat of the local unit's 12,5% slide against the US dollar two weeks ago, saying the market seemed in a fairly comfortable position to meet "reasonable" demand.

"If it (pressure) continues and the central bank does not do much we could go, but the swing won't be as much as we saw last time," one dealer said. "I'm hoping it will be a managed fall."

Political analysts said President Robert Mugabe's 18-year-old rule had been weakened by three protests in the past eight months, which they blamed on poverty and growing discontent.

They said a threatened five-day strike by unions over taxes forced Mugabe earlier this month to cancel an average 36% hike in electricity prices by the Zimbabwe Electricity Supply Authority.

The reversal came days after the government raised fuel prices after months of prevarication estimated to have cost the state's national oil monopoly more than Z$4bn. Analysts said Mugabe was afraid raising fuel prices could trigger protests.

Brokers said domestic buyers had been lured out of equities into the money market by yields of more than 30% and the prospect of even higher rates as the reserve bank battled inflation, measured at 29,3% in the year to July and forecast to rise further.

Government threats to reintroduce price controls on key consumer goods had also eroded business confidence, brokers said.

"There just does not appear to be the necessary confidence-boosting news at present," Sagit stockbrokers said. "Although the International Monetary Fund has indicated its support to Zimbabwe, the sums being released do not go a long way in solving the country's problems.

"Therefore, until a substantial amount of positive news hits the market, and interest rates and inflation begin to fall, we do not foresee much in the way of a sustainable recovery for the market," Sagit said.

Private economists say growth is likely to slow to about 2,5% from last year's 3,7%. The government is forecasting 3% growth.

University of Zimbabwe business professor Tony Hawkins says "a pervasive crisis of business confidence" has curtailed investment and led to the collapse of the currency.

A drastic change in Zimbabwe's social and economic policies was required, he said. "Until then, the economy is likely to bumble along with low levels of growth and investment, high inflation and an increasingly severe sociopolitical crisis." — Reuter.

Zimbabwe holds tight rein to keep inflation low

(362)

HARARE — Zimbabwe's central bank governor Leonard Tsumba says monetary policy will remain tight in order to reduce consumer inflation to 20% by early next year.

BD 21/8/98

Tsumba said in a statement to the state-controlled Herald newspaper he expected consumer inflation to peak at 32% in September before declining to 25% by the end of the year.

"The bank's objective will be to reduce inflation to under 20% by early next year," he said.

"This, however, can only come about if the current tough monetary policy is sustained," Tsumba said.

Zimbabwe's annual consumer inflation stood at 29,3% in July versus 29,8% in June.

Private economists forecast a peak of 35% in the next few months of this year due to higher energy costs and a weaker local currency.

A programme agreed on with the International Monetary Fund targets a fall to 18,6% by December.

Tsumba said the local dollar's 12,5% fall against the US currency earlier this month was mainly due to currency speculation.

Higher domestic inflation and a weaker SA rand also prompted a rush of hard currency demands.

He defended the bank's hiking of the rediscount rate by 3,5 percentage points to 35% to defend the local dollar, saying that Zimbabwe's market was too thin for effective intervention through sales of hard currency.

"Furthermore, foreign exchange injections into the market would have benefited only one sector (importers) at the expense of the entire economy.

"Given the misalignment of the Zimbabwean dollar against the basket (of selected hard currencies) and against the rand, this would have been tantamount to an outright subsidy," Tsumba said.

He said the country's balance of payments problems were set to continue due to high inflation resulting from a huge government deficit, and in the absence of strong export growth. — Reuter

Independent papers voice their doubts on Mugabe's policy

Michael Hartnack

(362)

BD 25/8/98

HARARE — Zimbabwe's state media have thrown their weight behind President Robert Mugabe's commitment of forces to support Laurent Kabila's government in Kinshasa but independent newspapers are voicing grave doubts.

The Herald, closely controlled by the information ministry, said Mugabe had refused to meet President Nelson Mandela as the latter was deliberately trying to "isolate" Mugabe and Kabila, and back the rebels. According to its sister paper, the Sunday Mail, there was widespread support for military intervention.

Zimbabwe's official news agency Ziana reported local businesses had Z$2,5bn owed on deliveries to Congo-Kinshasa — mainly munitions and logistics for Kabila.

The privately owned Sunday Standard said a street survey showed a majority had the attitude: "bring back our children". Independent MP Margaret Dongo demanded the "withdrawal of troops Mugabe has sent to die in a war that has no benefit to the Zimbabwean people".

She said widows and orphans of soldiers killed in previous campaigns had been evicted with a week's notice from army quarters in her southern Harare constituency and forced to join squatter communities.

Zimbabwe counts the cost of involvement in Congo crisis

/98 (362) BD 26/8/98

HARARE — Zimbabwe's military intervention in the Congo crisis could deplete its already thin foreign currency reserves and put more pressure on the ailing local dollar, economic analysts warned yesterday.

"(The intervention) is an unbudgeted activity and as such it will put pressure on the government fiscus (finances) and the pressure will culminate in it being very difficult for government to meet fiscal targets," said Edmore Tobaiwa, chief economist with First Banking Corporation.

"If we can wrap this up in two or three weeks then it is not going to threaten the currency. But if it goes longer than that, then the threat will grow," said private economic consultant John Robertson.

The central bank does not publish figures on official foreign currency reserves, but central bank governor Leonard Tsumba said last week they averaged about two months of import requirements in the last few months.

No figures were available yesterday on how much the country was spending a day on its troops in Congo. Numbering close to 600, they are helping President Laurent Kabila battle rebels.

Tobaiwa said: "I will estimate that we have spent Z$50m to Z$100m so far ... that is too much money."

The Zimbabwe dollar lost 30c on the US currency in early trade yesterday amid fresh import pressure that dealers said the central bank had so far done little to curb.

"We've seen a lot of buying. People out there are short of currency and the central bank is nowhere in sight," one trader said, predicting the pressure would continue.

The unit was quoted at 22,70/23,20 against the US dollar at midday from Monday's close of 22,40/75.

Traders berated the Reserve Bank four weeks ago for standing idle while the local unit tumbled to nine-month lows, which they said fuelled speculation the central bank might not have enough reserves to support the local unit. — Reuter.

BD 28/8/98

Picture: AP.

Zimbabwe flies home first battle casualties

(362)

Michael Hartnack

HARARE — Zimbabwe has acknowledged its first casualties in fighting to defend President Laurent Kabila's government in the Democratic Republic of Congo, saying "at least" two soldiers have been killed and 15 wounded.

State sources said yesterday three more Zimbabwean soldiers were missing on the battlefield.

"Zimbabwe is sending reinforcements after finding that regular troops from at least two foreign countries were spearheading the attacks in Kinshasa," said the state-controlled Herald, whose editor Bornwell Chakaodza was recently transferred to the post from being President Robert Mugabe's director of information.

Meanwhile parliament, the politburo and traditionally supportive sections of the African business community, were reportedly criticising the war at a time of explosive internal trouble in Zimbabwe.

Millers said yesterday they would stop producing meal as soon as current maize stocks ran out, raising the probability of renewed food riots. State price clamps following a Z$300/ton increase in grain prices had made milling unviable, they said.

The Herald said bodies and wounded started arriving back in Harare from the battle near Kinshasa's airport and around the Masina suburb. A leased Russian heavy transport aircraft that brought them back took reinforcements for the 600-strong contingent already deployed, said the newspaper, which is closely controlled by the information ministry.

The newspaper said that after the "foreign-led invasion force" attacked SADC troops, the "allied forces ambushed the principal column being used in the assault ..."

Hundreds were reported killed on both sides.

The Zimbabwean Financial Gazette, owned by a consortium of leading African businessmen linked to Mugabe's ruling Zanu (PF) party, reported unrest among parliamentarians and a split in his elite policy-making body, the politburo, over intervention in the Congo. Retired army commander Gen Solomon Mujuru warned strongly against involvement, politburo sources told the newspaper, while MPs were outraged that they were not consulted.

"Gen Mujuru openly expressed his reservations and questioned what Zimbabwe stood to benefit, and whether it was not a question of putting interests of private individuals to the forefront," they said.

This was a reference to reports that cabinet ministers were among those owed up to Z$2,5bn on business ventures in Congo since Kabila took power last year.

In some of the most outspoken criticism ever published in Zimbabwe, an article called the intervention "The War of Mugabe's Ego", while an editorial warned that the fallout from the "debacle" would bedevil relations between Zimbabwe and SA long into the future.

Mandela targeted

"Neither (Nelson) Mandela nor his successor Thabo Mbeki is likely to forget too soon what a good friend Zimbabwe has been and is," it said sarcastically.

Diplomats said yesterday Mugabe's attack on Wednesday on "hypocrites" calling for peace was clearly aimed at Mandela, while Mugabe's demand that the Organisation of African Unity take over management of the crisis challenged Mandela's position as chairman of the SADC.

Edmore Tobaiwa, chief economist for Zimbabwe's First Banking Corporation, questioned the cost of intervention "when the country is facing one of its worst recessions", and when unions seemed about to launch a national strike for "restored macroeconomic stability to stop the decline in disposable income due to spiralling inflation and tax".

The International Monetary fund delayed until October its $20m budget support and a crucial donor conference next month sought Z$40bn for urgently needed land reforms, he noted.

The cost of deploying a single Zimbabwean soldier was put at $100 a day, while tangible profits so far from trade with Kabila had been minimal, said Tobaiwa.

Zimbabwean paprika is a new hot crop

(362)

FROM AFRICA INFORMATION AFRIQUE

CT (BR) 28/8/98

Harare — With the future of tobacco uncertain, paprika is looking set to upstage tobacco as the country's top cash crop foreign currency earner.

"Paprika is a crop of the future," says Ian Kennedy, manager of Zimstock Paprika Action Floors.

He is supported by the Commercial Farmers' Union (CFU) deputy director, Jerry Grant, who told delegates to this year's CFU congress that paprika earned the country Z$360 million in foreign earnings, up from Z$182 million two years ago.

For many years tobacco contributed 25 percent of foreign currency earnings. Zimbabwe Tobacco Association marketing director Pat Davies predicts September will end with prices at US$1,70/kg, slightly below the cost of production. He said a more viable price would be US$1,87/kg.

This is further reduced by a 5 percent levy taken by government.

Kennedy said paprika yields increased from 8 000 to 20 000 tons with communal farmers contributing 30 percent.

Paprika is mainly used for food colouring and flavouring.

Some 97 percent of the crop is exported to European and Asian countries, Germany, Spain, India, Israel and the US.

ROBERT MUGABE

BOB'S AFRICAN 'WAG THE DOG'

(362)

FM 28/8/98

Line drawn at the Limpopo

Diplomats downplay it; academics see it as too simple an explanation. But ego and jealousy are plainly at the root of Zimbabwean President Robert Mugabe's attitude towards the leader of his more powerful southern neighbour, Nelson Mandela.

The rift between the two Presidents has deepened over the crisis in the Democratic Republic of Congo, with Mugabe spearheading military intervention to prop up embattled Congo President Laurent Kabila, while Mandela pursues dialogue and a negotiated settlement leading to power-sharing in that vast, divided country.

Mugabe's attitude to Mandela came across graphically in his intemperate response to SA criticism of his decision to send troops to Congo, which he claimed the Southern African Development Community (SADC) had agreed to. "Those countries which want to (intervene militarily) can do so. But those countries who do not should be silent," Mugabe declared — in effect telling Mandela to shut up.

This was followed by his snubbing of an invitation to attend a summit on Congo convened by Mandela as current chairman of the SADC in Pretoria last Sunday. Also absent were Kabila and Angolan President Jose Eduardo dos Santos (who has a direct security concern in Congo).

Lesotho and Tanzania were represented by their Foreign Ministers. Also present were the Presidents of non-SADC countries Rwanda and Uganda — which Kabila says have "invaded" Congo — and Kenya.

The summit called for an "immediate ceasefire, a troop stand-still and the initiation of a peaceful process of political dialogue" to solve Congo's problems. Mandela was mandated to create, in consultation with the Organisation of African Unity, the mechanisms to implement this decision, and to "harmonise this initiative with the Victoria Falls initiative".

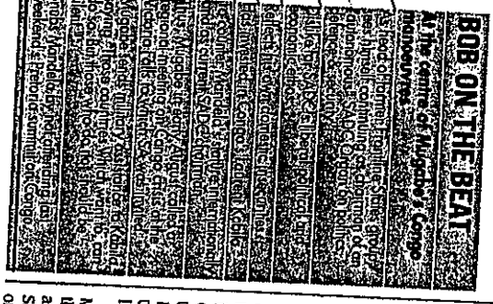
The latter meeting — to which SA was not invited — was arranged by Mugabe two weeks earlier, and included only Namibia, Tanzania and Zambia with Uganda, Rwanda and Congo's Kabila.

Mugabe's attitude to SA seems to be based on something of an inferiority complex in relation to the towering international figure of Mandela. He appears to want to hang on to the regional kingpin status he acquired as chairman of the Frontline States, whose reason for existence disappeared with the end of apartheid in SA — and Mandela's emergence on the scene.

By contrast, Mandela has always shown appropriate respect to his Zimbabwean counterpart, even when they differ, and has often deferred to Mugabe before proposing regional initiatives — for example, on (peaceful) intervention in Lesotho.

Mugabe seized the initiative as a result of differences between himself and Mandela on the status of the SADC's Organ on Politics, Defence & Security, which was created to replace the Frontline States grouping that played a leading political role until 1994 and the emergence of a democratic SA.

The crisp issue here is whether the organ should be an autonomous body with its own summit conferences, or under the aegis of the SADC chair. Mugabe has exploited the stalemate, and decided it should operate independently — under him. Technically, the organ is inoperative while the matter is under investigation by a three-member group consisting of Mozambique, Malawi and Namibia.



All of which calls into question Mugabe's Congo initiatives — supposedly under the rubric of the SADC. At any rate, it would seem that far broader agreement is required for the unprecedented step of military intervention, say sources at the SADC secretariat in Gaborone.

SA Institute of International Affairs director Greg Mills sees four basic reasons for Mugabe's approach to SA and regional affairs:

- Mugabe fears the liberal democratic ethos as propounded by the SADC, which is in line with the so-called Washington consensus on economics and good governance;
- His attitude reflects his own domestic insecurities and the knock-on effect of the Congo crisis;
- It also relates to his relationship with Mandela's international status; and
- Mugabe has invested a great deal politically and financially in Kabila's Congo.

It's clear that Mugabe does not accept Mandela's leadership of the region through SADC. His contrariness shows also in his refusal to endorse the idea of SA as one of the new permanent members of the UN Security Council.

Amanda Singh

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BOB ON THE BEAT

At the centre of Mugabe's Congo manoeuvres

- As head of former Frontline States group, sees himself continuing as chairman of an autonomous SADC Organ on politics, defence & security
- Unlike the SADC's liberal political and economic ethos
- Reflects his own domestic insecurities
- Has invested in Congo's Laurent Kabila
- Counters Mandela's status internationally and as current SADC chairman
- Thus, Mugabe in early August called a regional meeting on Congo crisis at the Victoria Falls to which SA was invited
- Mugabe tends military assistance to Kabila, saying: "Those countries which want to can do so. But those who do not should be silent"
- Snubs Mandela by not attending last weekend's Pretoria summit on Congo

Mozambique, Malawi and Namibia.

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Amarnath Singh

FARM KILLINGS

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Zimbabweans in dark over costs, casualties

(362) Star 29/8/98

By IAN MILLS
INDEPENDENT FOREIGN SERVICE

Harare – With the bodybags and wounded arriving at Harare's Manyame air force base as stark evidence that Zimbabwe is involved in a shooting war, the country at large has begun to count the cost in lives and money of its military involvement in the Democratic Republic of Congo.

The start of the DRC campaign has forced Zimbabweans generally into two wars – one military, the other informational.

The state-controlled daily press and the weekly independent newspapers are involved in a fight of their own over what are the true facts and statistics of the conflict, leaving most Zimbabweans confused as to the real situation and the position of the country's forces.

The Zimbabwean public is faced with a barrage of claims and counter-claims.

The state's newspapers are naturally anxious to maintain morale at home, laud the efforts of the Zimbabwe National Army (ZNA) and air force, and at the same time justify President Robert Mugabe's controversial decision to send in his troops against a lot of advice to the contrary, particularly from South Africa.

Understandably, Zimbabweans are particularly anxious to learn about the ZNA casualties. So far, the government press has carried only one report that two ZNA soldiers have been killed and about 15 wounded. Zimbabweans contrast this with international news agency, radio and television reports which have much higher figures.

The Zimbabwean government is noted for its news management, and although the DRC conflict is only a few days old, the ZNA has already formed its own information department to counter the often false, inaccurate and misleading reports from the foreign media.

All this is making Zimbabweans jittery about the real situation. News offices in Harare, including *Saturday Star's*, are receiving an increasing number of calls from people asking mainly about "the real" casualty figures. A group of ZNA wives reportedly called the weekly *Independent* newspaper saying they wanted to send a message to Mugabe that they were "too young to become widows".

Another woman who visited her husband at Manyame air-base hospital claimed to have seen wounded soldiers being brought in under cover of darkness.

The official local press has yet to confirm reports that Zimbabwe has sent another two battalions of crack combat troops to the DRC. This would bring the number of ZNA troops in the DRC to nearly 3 000.

On Tuesday last week, the defence ministry was saying Zimbabwe had less than 600 troops in Kinshasa and "definitely no jet fighters". Only hours afterwards, international media reports (which were not carried by the local state media) had Zimbabwe fighter planes strafing DRC rebel bases.

When it comes to the mounting costs of the operation, Zimbabwe's government has remained silent.

Economists have been quick to warn that Zimbabwe cannot sustain the costs of the DRC campaign, asserting that they are imposing an intolerable burden on the fiscus.

Zimbabweans also admit to being confused by Mugabe's verbal attack on President Mandela, whom he has obliquely accused of being a hypocrite for his failure to follow Zimbabwe's example by sending troops to the Congo.

In keeping with his governmental style, which makes him appear aloof and remote, Mugabe has not spoken directly to the nation about the Congo crisis and what it is likely to cost Zimbabwe.

Yesterday, Mugabe officially launched the second phase of an ambitious land reform programme which he expects will cost about R10-billion.

Weevil reduces water weed's threat to Kariba

BD 31/8/98 (362)

Michael Hartnack

HARARE — The threat of 200km-long Lake Kariba being turned into a weed-clogged swamp like Sudan's Upper Nile by invasive water hyacinth was receding following the introduction of a South American weevil, experts reported yesterday.

Kariba's progress in controlling the weed offers promise to other southern African lakes and to the Nile catchment area, where water hyacinth recently had to be blasted with explosives to clear overflow waterways of Africa's largest lake, Lake Victoria, and prevent flooding.

"The authorities appear to have solutions to the water hyacinth problem in hand and we look forward to their success," said Kariba Publicity Association chairman Mark Lawrence.

Referring to fears last year that the multimillion dollar kapenta fishing industry was in danger, along with tourism and use of Kariba as a waterway, Lawrence said the water hyacinth problem had been "overplayed" and was not as serious now. He reassured visitors that transport and travel on the lake was continuing normally.

In February, Brian Marshall of the University of Zimbabwe warned there was "no quick fix" to the problem caused by the mystery introduction of exotic water hyacinth from South America's Orinoco river system.

He said introduction of the weevil — which fed solely on the plant — offered a long-term solution. However, sceptics who "wanted to see something done and feverish activity, no matter how futile" posed a threat with demands for the spraying of toxic chemicals. These killed small areas of the tenacious hyacinth but wiped out other life, including the weevils.

Experts reported the weevil was now "reasonably active" and selected herbicides may also be used. Boat operators were reporting less congestion of inlets and river mouths, said Lawrence.

Conservation groups strongly opposed plans by Zimbabwe's national parks department to spray with 2-4-D which they feared could enter the food chain and endanger various species.

The former Rhodesian and federal governments spent large sums soon after Kariba was created in the 1960s to control another weed, salvinia, which covered more than 30% of the lake.

The authorities at one stage considered introducing manatees — marine mammals from Florida's swamps — to try to check it.

However, ichthyologist Dale Kenmuir, now in SA, later reported the campaign may have been a waste, as salvinia held back in Kariba nutrients that would otherwise have run to the Indian Ocean. Deposits of salvinia on the lakeshore helped develop habitat for grazing animals such as buffalo.

Scientists debate whether a crash in salvinia plant numbers in the 1970s was because of introduction of a grasshopper that fed on it, of kapenta sardines from Lake Tanganyika, falling inflows of nutrient, or increased wave action.

Rand robs Zimbabwe of profit

BD 20/7/98 (362)

Martin Rushmere

HARARE — Textile manufacturer Zimbabwe Spinners & Weavers is one of the first public companies to undertake damage control due to the tumbling rand.

A reduction of Z$8m (about R3m) was made from profit for the six months ending June, to adjust for a fall in the amount owed by SA customers.

This is partly the reason for a disappointing 9% growth in net profit to Z$7,8m on a 34% rise in turnover to Z$266m. Another Z$10m has been taken from profits to revalue stocks and losses on forward export contracts.

The company's executive chairman, Peter Dorward, is an outspoken critic of the trade agreement with SA. "SA is gaining unfairly because it can buy unlimited volumes of lint at preferential duty prices while Zimbabwe is restricted to 800 000kg a year.

He also lambasts the Zimbabwean government for its disheartening reaction to export incentives, import duties on spares, dyes and chemicals and the retention of essential skills to allow Zimbabweans to compete viably on the world export market.

The authorities also come under fire for not changing the value of the Zimbabwe dollar. "The dollar has revalued against most of our European-determined export currencies by a monthly moving average of 8% and by 16% against the rand and the pula since the year-end. Our monetary authorities have simply not adjusted the dollar in line with inflation differentials. This smashes our export competitiveness and "value added" beneficiation.

Zimbabwe Spinners has not mentioned layoffs but Dorward says that the forecast of an operating profit of Z$52m on sales of Z$500m will be "nigh impossible to achieve".

Zimbabwe shifts its budget timetable

Martin Rushmere BD 20/7/98 (362)

HARARE — Pressure from the International Monetary Fund (IMF) is being seen as the reason for Zimbabwe presenting the national budget before the government's financial year begins, the first time since independence 18 years ago.

The senior secretary in the finance ministry, Charles Kuwaza, said last week that the budget would be presented in October for the year beginning January. In another break with precedent, the fiscal year has been changed from the beginning of June. This mean's that last year's budget will cover the 18 months to the end of December this year. Previously the budget was announced three weeks after the beginning of the year.

No official reason has been given for the three-month lead time. Observers in Harare note that it brings the country into line with the practice of others in the region, but say that the IMF has also had a strong influence.

"The national finances are extremely rocky and the deficit for the 18 months is likely to be in double figures, instead of less than 8% as promised by the government. The fund wants to have plenty of time to examine the government's proposals for reducing the deficit and even make changes," was the comment of an executive of a commercial bank in Harare.

"This will also be right in the middle of the $176m 'instalment plan' stand-by facility from the IMF, which is divided into four tranches. It gives the fund extra time to see whether the government is being a good boy."

Says an analyst with an international money market dealer: "There was considerable embarrassment for the IMF last year when it praised a budget it had not even seen, just when government supporters and critics alike were unanimous in condemning the proposals as being unrealistic and unimaginative."

The IMF has good reason to be concerned. Latest economic indicators show that the balance of payments is under severe strain because of falling exports and rising imports, inflation is at 30%, money supply is growing all the time and tax receipts are stagnant.

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Invasion to force Mugabe's hand

(362)

ANDREW MELDRUM
INDEPENDENT FOREIGN SERVICE

CT 30/7/98

HARARE: Zimbabwe's long simmering land issue is coming to the boil, creating new problems for the hard-pressed government.

Hundreds of peasants swarmed onto white-owned commercial farms over the weekend, claiming the land as theirs. About four commercial farms near the central city of Marondera, 70km east of Harare, have been overrun by bands of poor black farmers who have set up campsites across the fields.

It appears to be an organised rural campaign to force President Robert Mugabe's government to immediately redistribute land to his black followers.

Government officials ordered the people to return to their homesteads on the arid, overcrowded Svosve Communal lands, about 25km away. They refused, saying: "We are not squatters. This is our fathers' land. We are not foreigners on this soil. This is our land."

Their leader, who would identify himself only as "a Zimbabwean on his soil", was standing on the edge of a newly ploughed field on Daskop Farm, owned by Bruce Campbell who also owns other farms in the area.

With a traditional chief standing beside him and nearly 100 supporters around him, he challenged the Harare government's authority to order them off the land.

"The authorities of this land are our grandparents and our great-grandparents who are buried here," said the leader. "The chiefs know this, they know we fought the Chimurenga to regain this land."

Earlier two officials from Mugabe's ruling party, Zanu-PF, were surprised to see more peasants arriving at Daskop Farm. "We told them to leave, so we thought they were leaving," said the official.

"This is creating a problem for the government, because we must protect property... as long as there is no violence, then perhaps there can be dialogue to settle this."

Despite the government's orders, the people continued to invade commercial farms. Walking in bands of eight and 10, with the women balancing pots, blankets and other belongings on their heads, the people wandered on to Daskop Farm, Igava Farm and Home Park Farm. They settled under trees and by kopjies and began to make cooking fires and build thatched sleeping shelters.

"The government promised we would get new land in June and now it is June," said one subsistence farmer who gave his name as Enos. "They told us we would get land so now we are taking it."

This grassroots land redistribution puts the government in a tight spot. For nearly a year Mugabe and his cabinet ministers whipped up sentiment on the land issue, proclaiming the government would seize half the commercially-owned farms to redistribute to black peasants. The resettlement would start in June, they said.

Now the peasants, guided by war veterans, are carrying out their own barefoot resettlement.

The government will not be eager to use force to remove them. Already it has had to freeze prices for basic food items and postpone fuel price hikes because it fears another round of riots in the cities.

Under such pressure, the government can ill afford to use force against its rural supporters. Yet neither can it afford to allow an unplanned resettlement that will encourage similar claims.

"We are hoping to convince the people to move off the land and wait for our resettlement plan," said one government official. But 18 years after independence the peasants of Svosve Communal Area are tired of waiting.

Business takes stand against Mugabe's government

Martin Rushmere (362) BD 21/7/98

HARARE — Business is making it clear to President Robert Mugabe's government that it cannot avoid implementing drastic reforms to address the ailing economy.

At a recent National Chamber of Commerce conference in Victoria Falls it became evident business was tired of government blaming others for problems. A delegate said no one accepted the official line that all problems were due to foreigners and whites controlling the economy, instead identifying inflation and the budget deficit as key problems. Even the friend of Zanu (PF), President Jerry Rawlings of Ghana, did not blame colonialism for all ills, saying Africa was in charge of its destiny.

Philip Baum, CE of Anglo American in Zimbabwe, noted that investor confidence was abysmally low because of new exchange control curbs such as the abolition of foreign currency holdings for companies and repressive measures like price controls. "It will take a long time for confidence to be re-established," Baum said.

Much of the chamber's recent work has been devoted to getting government — or more importantly Mugabe — to co-operate with the private sector rather than impose policies. It was noted there had been limited success, with Mugabe chairing one National Economic Consultancy Forum meeting.

The only optimistic note came from economic commentator Eric Bloch, who cited government's blueprint for economic development as evidence that it was dedicated to lifting the economy out of recession, despite the fact that development was far from what government wanted it to be.

Vital moves: Page 10

Violent strikes hit Zimbabwe farms

(3623)

HARARE — Riot police were called in yesterday as Zimbabwean farmers, already under pressure of invasion from land-hungry villagers, faced violent strikes by their workers, official sources said.

At least two foremen were assaulted and traffic was blocked when thousands of farmworkers went on strike and erected barricades on a public road 100km east of Harare, government media said.

The strikers are demanding 50% pay increases in the face of Zimbabwe's rapidly rising cost of living, while the Agricultural Labour Bureau has offered 28% on behalf of the farmers.

Government officials and leaders of the General Agriculture and Plantation Workers' Union have urged the strikers to return to work while negotiations continue.

More than 200 villagers invaded two commercial farms in eastern Zimbabwe on Monday and vowed to stay put until the government gave them land under its resettlement programme, the state-controlled Herald newspaper reported yesterday.

There has been a series of illegal occupations of farms in recent months by villagers pressing the government to honour its long-standing promise to redistribute land to blacks.

President Robert Mugabe's land reform programme calls for five-million hectares to be taken from white farmers, who own 30% of the country, and given to blacks from overcrowded communal areas. — Reuter, Sapa-AFP.

Aids shows no mercy in Zimbabwe

(362)

Star 23/7/98

By Andrew Meldrum
Star Foreign Service

The scourge of Aids will soon reduce Zimbabwe's population growth rate to zero, an unprecedented demographic trend in modern times.

The number of Aids deaths will cause Zimbabwe's population growth rate to drop from its current 2,2% a year to zero in four years' time by the year 2002, states Carlos Lopes, resident representative in Harare for the UN Development Programme.

About 500 Zimbabweans are dying of Aids every week and it is estimated that 1,5 million are infected with the HIV virus. It is easy to see how these numbers are having an effect on Zimbabwe's overall population of 11 million. Among the sexually active age group – from ages 15 to 45 – the HIV rate is estimated to be about 30%, based on surveys of pregnant women.

Lopez said that Zimbabwe, Zambia, Malawi and Botswana all have such high rates of Aids that their population growth rates are declining.

"The population growth rate in 1997 was estimated at 2,2%, and projections based on the number of HIV/Aids cases in the country indicate that the rate will fall to below 1% some time between 2000 and 2002," says Lopez.

"Beyond that time, if the HIV/Aids epidemic remains unchecked, zero population growth is a real possibility."

Lopez, marking the World Population Day in Harare, called on Zimbabwe to increase its public education about sexual behaviour and reproduction.

Zimbabwe's efforts at family planning helped to reduce the annual population growth rate from 3,3% in the mid-80s. "Although fertility has continued to decline, mortality has begun to climb disastrously," says Lopez.

"Whereas the total death rate had been brought down to nine per 1 000, it rose to 12,5 in 1997, and will continue to rise as those who are HIV-positive develop Aids and die."

Lopez says Aids has distorted the population structure, striking both males and females in the prime of their working lives, leaving behind the old to care for the orphaned children. Zimbabwe is expected to have 600 000 Aids orphans in two years.

"The future population challenge for the country consists not so much in slowing rapid population growth – it will slow itself because of the estimated 1,5 million HIV positive persons in the society – but rather in arresting the spread of this killer disease before it afflicts even greater numbers and makes development and well-being even more elusive," says Lopez.

Many population experts say that the Zimbabwe government is not doing enough to increase public education on the Aids menace. They say an assertive policy to get people to talk about Aids is needed, rather than the current policy which is categorised as a "head in the sand" approach.

Lopez says that, although rapid population growth in Zimbabwe has almost slowed to a halt, it does not mean that family planning services are no longer needed or that they should be given lower priority.

"Quite the contrary, even in this day of HIV/Aids, family planning is critical to the health of women, both those HIV-negative and those HIV-positive, and of their children, as well as to the right of couples to choose the number and timing of their offspring.

He says family planning services offered an excellent opportunity to counsel clients on HIV/Aids avoidance.

Striking farmworkers resort to violence

(362)

Harare – Riot police were called in as Zimbabwean farmers, already under pressure and invasion from land-hungry villagers, faced violent strikes by their workers, official sources said yesterday.

At least two foremen were assaulted and traffic was blocked when thousands of farmworkers went on strike and erected barricades on a public road about 100km east of Harare, government media said.

The strikers are demanding 50% pay increases in the face of Zimbabwe's rapidly rising cost of living, while the Agricultural Labour Bureau has offered 28% on behalf of the farmers.

Government officials and leaders of the General Agriculture and Plantation Workers' Union have unsuccessfully urged the strikers to return to work while negotiations continue.

Meanwhile, hundreds of villagers have invaded farms in Mashonaland East and Matabeleland North provinces in the latest protests over delays in the government's land reform programme, government media reported.

There has been a series of illegal occupations of farms in recent months by villagers pressing the government to honour its longstanding promise to take some land from white farmers for redistribution to blacks.

The invasions have usually ended in a matter of days, after the villagers have been promised swift resettlement by government officials.

President Robert Mugabe's land reform programme calls for about 5 million hectares to be taken from white farmers, who own some 30% of the country, and given to blacks from overcrowded communal areas.

– Sapa-AFP

Star 23/7/98

Price controls threaten Zimbabwe's businesses, warns bank

BD 24/7/98

Michael Hartnack (362)

HARARE — The Zimbabwean government's plan to use price controls to overrule inflationary pressures would increase the threat to survival of many businesses, merchant bank FMB has warned in its quarterly guide to the economy.

"Even more seriously, government is encouraging workers to believe their employers have an obligation to restore fully their disposable incomes, whatever the rates of tax or the sources of future inflation."

Intervention in the setting of prices of maize meal and other staples had called into question commitment to market reforms, although no one questioned that increases in food prices had outstripped rates of increase of incomes among those fortunate to be in employment.

Prices that millers and retailers hoped to charge resulted from cost increases and erosion of buying power for which the state was directly responsible, said the FMB guide.

Reuter reports the bank said Zimbabwe's gold production averaged 1,93 tons a month in the first five months of the year compared with 2,02 tons in 1997.

The fall in monthly average production reflected viability problems faced by Zimbabwe's mining sector because of low mineral prices and rising production costs.

Industry officials said that, at best, they expected output this year to rise by one ton to 25 tons, compared with last year's two-ton increase.

Newspaper consortium targets Zimbabwe

(362) BD 24/7/98

Michael Hartnack

HARARE — A new publishing consortium, including SA's Independent Newspapers, plans to launch a string of titles in Zimbabwe, competing with parastatals Community Newspaper Group and Zimbabwe Newspapers.

In addition to weekly local papers in all major cities, the foreign-dominated consortium, Africa Media Investors (AMI), plans to revive from February the Daily News, a newspaper with a black readership, banned by Ian Smith's Rhodesian Front government in 1964.

The foreign investors making up AMI, the major shareholder in Associated Newspapers Zimbabwe, were identified as Independent Newspapers, the UK firms Tindle Newspapers and Cross Graphics, Allied Press of New Zealand, Commonwealth Publishing and AMI CE Michael Stent.

Clive Murphy and Clive Wilson, proprietors of the Zimbabwe Independent and Sunday Standard, reportedly dropped out of the consortium at the last minute over a disagreement on shareholding structure.

Political sources do not believe that the venture can go ahead without President Robert Mugabe being convinced that it will not mobilise antigovernment opinion at a time when there is widespread economic discontent.

Since the investors plan to inject Z$65m into a new company with state-of-the-art equipment, they will not be subject to the same Reserve Bank controls that prevented SA's Times Media Limited (TML) from buying a controlling interest in the Financial Gazette two years ago.

In 1996, Roy Paulson, then TML MD, was told the Reserve Bank of Zimbabwe and Mugabe's information ministry would not allow TML to acquire more than 29% of Financial Gazette publisher Modus, which at that time was heavily in debt after a two-year attempt to run a daily title competing with Zimpapers' Herald and Bulawayo Chronicle.

The Daily Gazette failed to lure staple classified advertising away from Zimpapers, and seemed targeted at a mainly white, upmarket readership.

The latest project could revive the news exchange link between SA and Zimbabwean papers, which was broken when Mugabe took over the Herald and Bulawayo Chronicle soon after independence in 1980 from the local subsidiary of SA's former Argus Group.

The Argus Group, which published The Star, Cape Argus, Pretoria News and Daily News among other titles, was sold to Independent Newspapers of the UK.

Stent said: "We believe this project will be highly profitable ... it is backed by individuals and companies with a wealth of experience in publishing." The deal was formally approved by the Zimbabwe Investment Centre on Monday, he said.

"Our research indicates that Zimbabwe's newspaper market is undertapped. It has great potential and the country has a good record in remitting foreign dividends."

Wilfred Mbanga, former editor of the official news agency Ziana, and until recently editor-in-chief of the information ministry's Community Newspaper Group, has been nominated CE, with former Bulawayo Chronicle and Financial Gazette editor Geoff Nyarota as editor-in-chief.

Nyarota was removed from the Chronicle in 1989 after exposing racketeering in cars by cabinet ministers.

COMPANY NEWS

Company wants Harare to guarantee security of its assets

(362) SUGAR

Tongaat-Hulett puts off Zimbabwe deal

CT (BR) 24/7/98

SHIRLEY JONES

Durban — Tongaat-Hulett's investment in Zimbabwe's sugar industry, including relocation of a R270 million mill from South Africa, has been put on ice until Zimbabwe guaranteed security of its assets, Cedric Savage, the group managing director, said yesterday.

He referred to the uncertainty resulting from Zimbabwe's Comparative Acquisition of Land Act, together with the risk that the Zimbabwean government could extend the price controls on farm products recently applied to maize.

These factors had not only stalled significant expansion plans at Triangle Sugar, Tongaat-Hulett's wholly owned Zimbabwean subsidiary, but had halted construction of a mill in the Mazowe valley.

The Lomaz mill, involving the relocation of Tongaat-Hulett's mill from Mount Edgecombe near Durban, was due for commissioning in May 2 000, with a capacity of 140 000 tons of sugar a year.

Cedric Savage

The project is a joint venture between Triangle Sugar, British sugar company Tate & Lyle, and the local farmers' co-operative. Triangle would initially own a third, with provision for indigenous shareholding at a later stage.

Of immediate concern to Triangle and Tongaat-Hulett was last year's targeting of plantations within the Triangle and Mkwasine estates for nationalisation in a land redistribution campaign. The land supplied 17 percent of the cane processed by the Triangle mill.

Although the Zimbabwean lands minister had withdrawn his claim after protests, he had not gazetted this decision.

Savage said the phased expansion planned for Triangle could ultimately double the company's production. Triangle was currently expecting a record crop of more than 305 000 tons after the 1997-98 season's 298 400 tons of sugar. Triangle's total net earnings during the previous financial year rose 33,7percent to R90,5 million.

The Triangle mill was the largest single producer of raw sugar in southern Africa while Zimbabwe was one of the lowest-cost sugar producers in the world.

Savage said Tongaat-Hulett was committed to Zimbabwe through Triangle, a R350 million business. Expansions remained a question of timing. There was tremendous investment potential in the area, which could be offset by an unfriendly political environment.

Second Harare network approved

(362)

HARARE — Zimbabwe's private cellular operator, Enhanced Communications Network (Econet) Wireless, would be granted a cellular licence within the next week, Telecommunications Minister Chen Chimutengwende said at the weekend.

The ministry was still discussing details of the licence before it was granted to the company, owned by local businessman Strive Masiyiwa, Chimutengwende said.

Econet, which has fought the government in court for the past three years over the provision of private cellular phone services, is operating on a licence initially given to Telecel by the state.

Telecel's licence was revoked by the high court, which was enforcing a supreme court judgment to grant Econet the right to run the country's second cellular network.

"We are still discussing the details of the licence which will spell out what they will need in terms of regulations and conditions on how they will operate," Chimutengwende said.

The licence would be valid for 10 to 15 years. — Sapa.

BD 27/7/98

Zimbabwe's IMF support is in jeopardy

BD 27/7/98 (362)

Michael Hartnack

HARARE — An International Monetary Fund (IMF) executive warned that reintroduction of price controls could thwart the release of a further $18m in budget support next month.

Michael Nowak, of the IMF Africa desk, said price controls for maize meal had broken undertakings given in 1991.

He said an IMF delegation would visit Harare in August to discuss whether to release the next tranche of the promised $176m 1998-99 budget support granted in June.

The United Nations Development Programme (UNDP) also criticised the government for backtracking on economic liberalisation. In May the UNDP leaked minutes of an assurance Agriculture Minister Kumbirai Kangai gave to international agencies that the government's "last word" was that farmers would receive commercial compensation rates for land. Kangai had since been removed from overall charge of land reform.

A Government Gazette notice froze retail maize meal prices at Z$5/kg although the parastatal Grain Marketing Board had raised the cost of maize to millers from Z$2 400 to Z$2 700/tonne.

Further controls were planned on other staples, with small bakeries now reportedly going out of business as a result of an "informal" freeze on the price of bread.

A merchant bank last week criticised the government for attempting to pose as protector of the public from "unscrupulous cartels", while failing to tackle root causes of inflation.

Diplomatic sources said the IMF was angered by the treatment of a delegation of its directors earlier this month. After being welcomed by other southern African heads of state on their itinerary, the directors were told to cancel prior engagements in Harare for an audience with President Robert Mugabe. After a lengthy wait for a summons to state house, they were told the president was too busy to see them.

The first tranche of $53m was released in June despite questions over Mugabe's commitment to reducing state spending, reducing the budget deficit and adhering to private pledges that 1 480 farms would not be taken over for redistribution without payment of commercial compensation rates and consideration of the economic consequences.

Analysts said IMF officials jeopardised their credibility by supporting the release of the $176m budget support, only to have Mugabe publicly contradict the assurances given on land and violate the spirit of reforms the IMF had supported since 1991.

Sapa-AFP reported that Zimbabwe's trade unions had threatened a five-day national strike if Mugabe fails to meet their demands. The Zimbabwe Congress of Trade Unions (ZCTU) said at the weekend it wanted a second meeting with Mugabe before deciding whether to go ahead with the strike.

Unionists were not happy with the way Mugabe responded to their demands at a first meeting earlier this month. The government agreed to scrap a 2,5% increase in sales tax, but refused to drop a 5% "development levy".

The ZCTU did not view the removal of the sales tax rise as a response to demands because the government had indicated the increase had always been a temporary measure.

Zimbabwe alters stance on land reform studies

Michael Hartnack (362) BD 28/7/98

HARARE — President Robert Mugabe's government has reversed its previous rejection of an offer by the World Bank, Britain and Denmark to fund a high-level delegation to study land reform in Columbia and Brazil.

Farming industry sources said the 4 500 white commercial landowners were delighted Mugabe has agreed to study Columbia, which they feel might provide a successful model for his plan to alleviate land hunger among 600 000 peasant families — living in the eroded and overcrowded 20-million hectares that comprise communal areas — without major damage to productivity and the national economy.

The state-controlled Herald reported yesterday that the World Bank, Britain and Denmark's offer to fund the delegation had initially been turned down as it was felt that "by accepting the government would have admitted that it was not ready for resettlement".

Government sources have been quoted as saying that dispatch of the delegation would not delay resettlement of the first families before the start of the rains.

In November, the ruling party created a list of 1 480 farms, adding up to 5-million hectares, for quick transfer to black ownership.

(167)

Zimbabwe considers banning foreign ownership of media

(362) Star 28/7/98

Harare – The Zimbabwean government yesterday said new laws had to be imposed to address foreign ownership of the media following a planned R22-million newspaper investment by foreign companies.

Ziana quoted Information Minister Chen Chimutengwende as saying he would call for laws against foreign involvement in the media.

"We do not have laws which ban foreign ownership of newspapers and I am recommending we come up with a law that addresses the issue of foreign ownership of the media.

"We do not think it is good for a small country like ours to allow foreign ownership. They might have political reasons for wanting to invest in our media.

"If we are naive, we will be taken over by foreigners."

This was the government's first reaction to an announcement last week of the formation of a new newspaper group.

The group is 60% owned by foreign investors, mainly British, planning to set up a Harare-based daily newspaper and five regional papers.

South African Independent Newspapers, belonging to Irish press magnate Tony O'Reilly, is one of seven shareholders in African Media Investments, the holding company of Associated Newspapers of Zimbabwe (ANZ), which is planning to produce the papers. The remaining 40% is held locally.

ANZ chief executive Wilf Mbanga said the group did not feel threatened by the government's proposed move. "Chimutengwende's speech was vague. He assured me his remarks had nothing to do with ANZ. We are happy," Mbanga said. – Sapa

'Strong management will steer Zimbabwe to economic health'

GODFREY MUTIZWA CT (BR) 28/7/98 (362)

Harare — Zimbabwe's economy required strong management to rescue it from one of its deepest slumps in 18 years of independence, one of the country's top bankers said yesterday.

Julius Makoni, the managing director of National Merchant Bank, said although the economy had shown resilience during President Robert Mugabe's seven-year flirtation with socialism, it now needed help to recover from the slump at present.

"I am very optimistic that we can get it going again, but we are going to need good management," said Makoni.

"We have educated people, resources and there is a lot of goodwill out there for Zimbabwe. The resilience of the economy is shown by where it is despite the poor economic management."

Zimbabwe's economy, the most diversified in southern Africa after South Africa, is expected to grow 3 percent at most this year compared with 3,7 percent in 1997 and 8,1 percent the year before.

The economy has grown by an average 1,8 percent in the past decade, stunted by high inflation and high interest rates blamed on excessive government spending.

The economy had largely stagnated during eight years of a half-hearted socialist experiment by Mugabe, a former guerrilla leader in the country's war of independence.

Inflation and high interest rates are back in record territory — over 30 and 40 percent respectively — fanned by a weak currency and continued high government spending.

Makoni said for the banking industry in particular, the high interest rates were slowing borrowings while strangling existing clients. This made it difficult for them to repay loans.

He said confidence was slowly returning to the market after the collapse of the United Merchant Bank in April, which had shown the industry's flaws.

"What it did was to take us back in terms of development. But it was also good because it exposed the weakness in banking supervision and licensing," Makoni said, lamenting the delay in the promulgation of a new banking act.

Plans for a new act have been on the table since 1991, when the government launched Western-backed economic reforms that deregulated the financial sector, rendering the old act obsolete.

"Right now the Reserve Bank is relying on the goodwill of banks. It's really imperative that the new act comes into force, but no one seems to know where the delay is now," Makoni said.

Zimbabwe's financial sector has witnessed huge growth since the reforms, with the number of banks rising to 18 from fewer than 10 before liberalisation.

Makoni said the National Merchant Bank, one of six new merchant banks since 1991, was ready to grow both organically and through mergers or acquisitions.

Makoni dismissed assertions that the country was overbanked, saying he saw little competition in the market except for deposits.

"We haven't reached a position where the customer is king. The banker is still king," he said.

"Unfortunately people are looking at this in terms of absolute numbers. There are more banks, but there is very little competition."

Makoni also expressed frustration with National Merchant Bank's share price of Z$13 compared with its issue price of Z$23,30. "We clearly are going to be profitable and it would be good if we could see this reflected in our stock price." — Reuters

SA bank bails out Zambian utility

CT (BR) 28/7/98 (362)

ANTHONY MUKWITA

Lusaka — The Zambia Electricity Supply Corporation, the country's cash-strapped electrical utility company, was this week bailed out by the Development Bank of Southern Africa with a R210 393 000 loan to upgrade and rehabilitate infrastructure.

A spokesman for the corporation said the money would go a long way towards saving the company, which is owed over $50 million by the Zambia Consolidated Copper Mines (ZCCM).

The spokesman said: "Most of our operations have been crippled because ZCCM owes us ... millions of dollars.

"But with this loan from South Africa, we will be able to rehabilitate most of our assets and extend their lives while we look for money to buy new ones."

The loan from the Development Bank is the first given to this dirt-poor country in terms of its extended mandate in the Southern African Development Community region.

The financial support forms part of the $212 million power rehabilitation project for the corporation, which is also being supported by the European Investment Bank, the World Bank, Agence Francaise de Developpement and the Zambian government.

Jacob Botha, the chief executive of the bank, said: "The comprehensiveness of this programme will include, inter alia, the following key areas: to enhance project success and sustainability, and to ensure that the Zambian government's overall policy of privatisation was focused towards efficiency and productivity."

In reply to Botha's statement Robinson Mwansa, the chief executive of the Zambian corporation, said he hoped the South African development bank would share its regional experience and assist the corporation to develop sustainable models appropriate for Zambian circumstances.

Mwansa recently told the media that the corporation had run into debt with local banks because the ZCCM, which is still undergoing privatisation, had owed it millions of dollars.

Mwansa said local banks were now refusing to give further loans as they were not sure whether they would be paid. — Independent Foreign Service

Zimbawe's private care sector will do Macmed well

CT (BR) 28/7/98 (362)

VERA VON LIERES

Cape Town — Macmed SA, the medical equipment supplier that will list through its Zimbabwe firm on the Zimbabwe Stock Exchange (ZSE) on August 24, expected tremendous growth from private health care in the country over the next few years, Alan Hiscock, the Macmed group secretary, said yesterday.

"The private sector in Zimbabwe has seen high growth recently mainly due to increased demand from the population, particularly the increasing number of people covered by health insurance policies or medical aid," Hiscock said.

Private sector health care expansion in Zimbabwe was also fuelled by the deteriorating perception of public services.

The move by Macmed Zimbabwe, a subsidiary of Macmed SA, to list on the ZSE is in line with the parent company's vision of playing a major role in Africa. "The public offer — of 66,7 million shares at 150c (R4,35) to raise Z$100 million (R290 million) — which opened yesterday is expected to be oversubscribed," Hiscock said.

The Zimbabwean health care industry, he said, formed the bulk of Macmed Zimbabwe's market and the company's growth would be largely influenced by the expansion of the sector which is currently estimated to be worth Z$4 to 5 billion.

Mugabe may block media outsiders

(362) BD 29/7/98

Michael Hartnack

HARARE — Information Minister Chen Chimutengwende says he is recommending that President Robert Mugabe's government enact laws controlling foreign participation in the media.

At a conference at Juliasdale, in Zimbabwe's eastern highlands, Chimutengwende denied his remarks were targeted at the forthcoming launch in Zimbabwe of five local weeklies and a national daily newspaper by a group to be known as ANZ (Associated Newspapers Zimbabwe) in which Tony O'Reilly's SA Independent Newspapers and a consortium of British and New Zealand investors will have a 60% controlling interest.

Nor would he confirm "whether his remarks would result in his ministry revisiting the project", reported the official news agency, Ziana.

Chimutengwende told media representatives: "We do not have laws that ban foreign ownership of newspapers, and I am recommending that we come up with a law that addresses foreign ownership of the media.

"We do not think it is good for a small country like ours to allow foreign ownership of our media, as they might have their own political reasons for wanting to invest in our media. If we are naive we will be taken over by foreigners," he said.

The Zimbabwe Investment Centre last week approved the launch of ANZ, with the foreign consortium Africa Media Investments (AMI), headed by CE Michael Stent, providing an initial Z$86m for modern technology. While there is no limit on the holding a foreign investor may have in an entirely new venture, previous Reserve Bank regulations barred foreigners from buying controlling interests in existing companies.

This provision was invoked in 1996 to bar Times Media Limited, publishers of Business Day, from buying a stake in the Zimbabwean Financial Gazette's owners, Modus Publications, after Modus ran up Z$40m debts trying to launch a daily challenging the state-controlled Herald and Bulawayo Chronicle.

The Zimbabwe Union of Journalists has been divided by demands that the government ban the launch of ANZ until local shareholders predominate. ANZ CE-designate Wilf Mbanga and editor in chief Geoff Nyarota have reportedly been offering salaries three to four times those currently paid journalists here.

Sources say the ANZ project could never have gone ahead without the knowledge and approval of Mugabe, a close friend of O'Reilly, and of Nathan Shamuyarira who is both commerce minister and ruling Zanu (PF) party politburo supremo over information policy.

Executives of Zimbabwe's independently owned media still wonder whether ANZ is not intended to pave the way for an O'Reilly takeover of the state-controlled Zimbabwe Newspapers Group which publishes The Herald and the Bulawayo Chronicle.

Zimpapers yesterday signed a Z$27m deal with Atex Media Solutions to install new computer software.

"Zimpapers has been the leading newspaper publisher for 106 years and has since then faced and beaten competition many times," newly appointed MD Matthew Kunaka said at the signing ceremony.

His predecessor, Simba Makoni, was removed after attempting to fire Mugabe's cousin, the late Charles Chikerema, for editorship of the Sunday Mail.

Kunaka said Zimpapers intended to expand its press capacity to increase both the number of pages and the number of copies run off.

The independent media executives felt a merger between ANZ and Zimpapers might satisfy demands from the International Monetary Fund and other western aid donors for privatisation of the Mass Media Trust, through which Mugabe controls Zimpapers and Ziana, while at the same time ensuring the papers did not give a platform to mounting discontent over economic hardship.

□ Herbert Munangatire, longstanding personal aide to the late Lonrho chief Tiny Rowland, yesterday revealed that after 1980 independence Rowland gave Z$7m to help construct a school and a clinic in Mugabe's home area, Zwimba, 80km west of Harare. After initially supporting Joshua Nkomo, Rowland switched his backing to Mugabe when Lonrho ventured into newspapers.

SA offers funds to avert disaster in Hwange

BD 29/7/98 (362)

Michael Hartnack

HARARE — The SA high commission in Harare has offered Z$800 000 to help avert an ecological disaster in Zimbabwe's Hwange National Park, where the wall of the Mandavu dam is in imminent danger of collapse.

"The South Africans have indicated that they would be prepared to put in half the amount, together with a Zimbabwean partner — we are trying to find that partner," said Zimbabwe Wildlife Society CE Ian McCormick.

The slump in the value of the Zimbabwe dollar has sent repair costs spiralling to Z$1,5m.

Mandavu dam, in the north of the park, is essential to provide surface water to 30 000 elephants and antelope species preyed upon by the endangered African painted dog, now the subject of intensive study in the area.

If repair work was not done immediately, the dam would certainly cave in after this season's rains, said Karl Schmahl, the chairman of the Matabeleland branch of the Wildlife Society. "The situation is now desperate. The dam wall has been leaking and the water level has dropped considerably. There are now more cracks and if the water level rises, the dam will certainly go," he said. Not only will thousands of animals lack water next dry season, many may be swept to their deaths.

Zimbabwe's cash-strapped national parks department has for many years been unable to carry out basic repair and maintenance.

Zimbabwe's textile industry warns that it is close to collapse

BD 30/7/98 (360)

The textile sector is under attack from all sides, says **Godfrey Mutizwa** in Harare

ZIMBABWE's textile sector is close to collapse, a victim of the country's harsh trading environment, smuggled second-hand clothes and unfavourable regional agreements, a top industry official said on Tuesday.

"The industry is doomed unless we address all these issues," Central Africa Textile Manufacturers Association chairman Oliver Gwaku said this week.

"Zimbabwe and its textile sector face real danger of collapse unless we as a nation wake up to the fact that the industry is strategic to our economic development," he said, bemoaning the authorities' apparent unwillingness to solve the industry's problems.

Employment in the textile industry has fallen by more than half to 10 000 in 1998 from 24 000 at independence in 1980 and officials say numbers will fall again this year as many firms downsize.

One of Zimbabwe's largest textilers, David Whitehead, a subsidiary of Lonrho Africa, announced last week it would lay off 1 600 workers by the end of next month, from a staff of 4 000.

Zimbabwe Spinners and Weavers, one of the country's largest exporters, said this month it was reviewing decreasing its export exposure from more than 50% of sales, which amount to Z$250m, due to mounting costs.

"We now have to concede that it is unlikely that Zimbabwe's textile industry will ever generate sustainable exports," chairman Peter Dorward said in a report to shareholders.

"We have been greatly disheartened by the reaction of the authorities over the years to export incentives, to the removal of obstacles such as import duties on spares, dyes, chemicals and of course retention of essential skills to allow us to compete favourably on the world export market."

Gwaku said despite government measures to stem the flow of second-hand clothing into Zimbabwe through higher tariffs and duties, "our borders seem to have become more porous".

Many Zimbabweans, their buying power sapped by an inflation average of more than 20% over the past six years, are opting for the cheaper clothing.

The industry was also battling restricted access to the SA market, striving to compete against cheap fabric imports from Asia in its domestic and regional markets, a situation Gwaku said was worsened by unfavourable regional trade protocols.

"I think we have been hasty in declaring ourselves competitive. I think we still need protection. We need restrictive tariffs because many regional companies get subsidies," he said.

On the home front, Gwaku said a perennial problem was the pricing of cotton lint in US dollars by local merchants.

"The continued exportation of cotton lint in our view will slowly kill the textile industry of this country while indirectly exporting jobs to outside countries," he said, calling for export quotas or an export tax on lint.

The association says the textile industry, the second largest in the region after SA's, is the only sector able to provide jobs on the scale needed to reduce unemployment, currently at about 50%.

However Gwaku said without state support the industry would struggle to compete in the liberalised environment wrought by the World Trade Organisation.

"The macroeconomic situation is such that we can't borrow. Most of our money is spent on spares and many companies end up cannibalising their machines. The end result is that our product is inferior as the rest of the world is mechanised," he said.

Analysts say that the industry may have dug its own grave by focusing only on SA, which shut its market in 1992 and has only reluctantly reopened it through export quotas.

"While the nature of the textile industry might suggest cyclical trends and industry experts suggest that it is currently bottoming out, the future of the textile industry in Zimbabwe remains doubtful," said Beckie Masawi of Kingdom Securities. — Reuter.

Farm pay rises 32% as wildcat strikes spread

(362) BD 30/7/98

Michael Hartnack

HARARE — A 32% pay award for Zimbabwe's farm workers, increasing the basic monthly minimum from Z$503 to Z$664 was announced yesterday as wildcat strikes began spreading in rural areas.

Last week there were sporadic disturbances in eastern Zimbabwe, with several hundred striking workers blocking the main Harare-Mutare road near Macheke, 200km east of the capital. Last year, damage amounting to millions of dollars was done by rampaging mobs during protracted rural unrest.

In the wake of the settlement, representatives of the General Agricultural and Plantation Workers' Union yesterday flew with members of the Agricultural Labour Bureau, representing employers, to the southeast to try to end a stoppage by 10 000 workers on sugar plantations, the largest of which is owned by Anglo American Zimbabwe.

"We wanted more for our members, but the negotiations were difficult," said union general secretary Phillip Munyanyi. He had been pressing for 50%.

Conservative official figures put the inflation rate at above 25% and many observers expect it to top 35% by the year end as the past 12 months' 60% slide in the value of the Zimbabwe dollar begins to bite.

So far, representatives of the 4 500 large-scale commercial farmers — 75% of whom are whites — have not commented formally on the agreement. But a spokesman last week drew attention to escalating input costs and falling international commodity prices which have brought many staple crops including tobacco and cotton to the verge of nonviability. In addition, the government is trying to hold down the prices of food crops such as maize and wheat with controls that breach agreements with the International Monetary Fund and other backers of economic liberalisation.

In addition to the new Z$664 minimum, the 500 000 formal sector farm workers will be entitled to increased transport, accommodation, electricity and fuel allowances totalling Z$77 a month. With the inclusion of family members who often provide casual labour, more than 2,5-million Zimbabweans rely on large-scale commercial agriculture for a livelihood.

The sector, occupying 13-million hectares compared to the 21-million hectares of communal and resettlement land, is Zimbabwe's largest source of foreign currency in non-drought years.

Britain and other western states that have so far refused to fund President Robert Mugabe's plan to redistribute 5-million hectares to black Zimbabweans have raised doubts about the fate of farmworkers who will be made redundant and their families, many of whom are of Malawian or Mozambican descent, without tribal homes.

In a recent economic review Zimbabwe's largest merchant bank, FMB, accused Finance Minister Herbert Murerwa of fanning industrial unrest by suggesting that employers had a duty to recompense workers for inflation by automatically increasing wages commensurably.

Zimbabwe's money supply growth slows

BD 30/7/98 (362)

HARARE — Zimbabwe's annual money supply growth slowed to 20,1% in April, checked by an 11,62% drop in net foreign assets, Reserve Bank figures released yesterday showed.

The broadly defined M3, used by the central bank to guide monetary policy, rose to Z$46,78bn from Z$38,96bn last April. Growth was even slower during the month at just 0,3%, reflecting a Z$630m or 18,9% decline in quasi money, defined by the bank as savings and time deposits with banks.

During the year domestic credit grew Z$19,82bn or 44,71% to Z$64,16bn, the bulk of that coming from credit to the private sector, which went up by Z$14,49bn while Zimbabwe's short-term interest rates spiked to more than 30%.

"It's probably distress borrowing or the private sector just rolling over its credits," said Kingdom Securities economist Howard Sithole.

The central bank figures showed net foreign assets declining to Z$13,92bn from Z$3,03bn a year ago, and reflecting a deterioration of 24,4% in April due to poor performance by commodities, in particular tobacco and minerals.

During the month the current account deficit worsened to $121m from $17m in March as receipts declined $29m to $96m. The government projected the current account deficit improving to 4,9% of gross domestic product this year from 1997's 9%.

Many economists doubt the deficit targets will be achieved as government spending is not falling fast enough and exports have stagnated.

"The disappointing export figures should, however, ensure the government achieves the International Monetary Fund's target of money supply growth of below 16% in 1998," Sithole said. — Reuter.

Zimbabwe's textile industry warns that it is close to collapse

BD 30/7/98 (362)

The textile sector is under attack from all sides, says **Godfrey Mutizwa** in Harare

ZIMBABWE's textile sector is close to collapse, a victim of the country's harsh trading environment, smuggled second-hand clothes and unfavourable regional agreements, a top industry official said on Tuesday.

"The industry is doomed unless we address all these issues," Central Africa Textile Manufacturers Association chairman Oliver Gwaku said this week.

"Zimbabwe and its textile sector face real danger of collapse unless we as a nation wake up to the fact that the industry is strategic to our economic development," he said, bemoaning the authorities' apparent unwillingness to solve the industry's problems.

Employment in the textile industry has fallen by more than half to 10 000 in 1998 from 24 000 at independence in 1980 and officials say numbers will fall again this year as many firms downsize.

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Zimbabwe business shaken by 37% power tariff hike

(362) BD 31/7/98

Michael Hartnack

HARARE — Zimbabwe's announcement of an average 37% increase in parastatal Zimbabwe Electricity Supply Commission (Zesa) tariffs "to cope with the devaluation of the Zimbabwean dollar" drew protests from the business community yesterday.

Business leaders said President Robert Mugabe's government was trying to block price increases by the private sector resulting from the Zimdollar's crash in value over the past year, reintroducing controls on maize, bread and other staples.

"Food prices are going to skyrocket and the criticism will be levelled at farmers, yet these things are beyond our control," said Jerry Grant, deputy director of the Commercial Farmers' Union. He said electricity was a basic input for irrigation and processing, including tobacco curing.

"Goods and services will become more expensive," predicted Nhlanhla Masuku, newly elected president of the Zimbabwe National Chambers of Commerce. "The new tariffs will mean increased production costs and these will obviously be passed to the consumer."

Recent surveys of Zimbabwean supermarkets show prices have increased by 17%-75% since last year's exchange rate crisis, triggered by the designation of 1 480 farms for takeover and Z$4,5bn in gratuity payouts to former guerrillas.

Zesa imports 40% of its power from Mozambique's Cahora Bassa dam and from SA. Power import costs went up by Z$365m from Z$755m to Z$1,2bn between January and June.

Another 40% of the country's energy needs are generated at power stations built with foreign loans, which have to be serviced in hard currency, said the transport and energy authority.

'Indigenous' tourism permits 60% unused

Michael Hartnack BD 31/7/98 (362)

HARARE — About 60% of the permits issued on a preferential basis to "indigenous" black Zimbabwean tourist operators had not been utilised, the state-controlled Herald reported yesterday.

"This has frustrated the government's efforts to indigenise the growing tourism sector." The department "has no qualifying criteria, resulting in undeserving people getting most of them".

Reallocation of permits and concessions to emergent black Zimbabwean tourist entrepreneurs has caused a crisis of confidence among established white Zimbabwean firms.

A 1995 cabinet directive on preference violated the ban on racial discrimination in Zimbabwe's constitutional declaration of rights but no entrepreneur has so far challenged it in court.

Established firms claim some receiving preference are selling concessions and permits at a premium, to foreign firms, without adding value, which increases costs and makes Zimbabwe a less competitive tourist destination.

"The fact that the majority of permits have not been utilised does not mean indigenous people were failures," said Larry Mavima, chairman of the Zimbabwe Association of Tour and Safari Operators.

Some permits had been granted in areas where there was no infrastructure and major capital investment was needed. "We need to acknowledge that the programme has not been successful.... A mechanism should be created to make sure we give permits to people who have the resources and experience."

Mines, environment and tourism secretary Charles Chipato said an internal inquiry showed lack of finance was the major reason for delay in utilising permits, with real interest rates now over 35% and inflation "sitting close to 30%".

He said the ministry was considering new criteria to limit issue of permits only to those "seriously considering developing their businesses".

Peasant power growing

(362) M+G 31/7-6/8/98

Mercedes Sayagues

Copycat land invasions are spreading in Zimbabwe, six weeks after villagers first moved on to four commercial farms in Marondera, near Harare.

Across the country hundreds of families have peacefully and briefly occupied land on dozens of farms.

The harvest is over; there is a lull in farm work. A donor land conference is scheduled for September. This is a good time to show how land hungry Zimbabwe is.

Last Sunday ex-political prisoners, who are demanding benefits similar to those accorded war veterans last year, warned they would move on to state farms leased by ministers.

Some of the farms are listed by the government for compulsory acquisition; some are not. Most belong to white farmers, but one in Nyamandhlovu is reportedly leased from the state by Deputy Minister of Industry and Commerce Obert Mpofu.

One farm under siege in Chiweshe belongs to Joseph Msika, minister without portfolio and Zanu-PF chair, who is in charge of resettlement.

Many of the recent occupations are led by war veterans. Government officials visit the squatters, persuade them to wait for organised resettlement, and often they go home again.

But not all invasions fit this pattern. In Masvingo, 14 war veterans allocated themselves portions of Roy Miller's vast farm. Last month the courts granted Miller an injunction against a veteran who repeatedly threatened to settle there.

In Nyamandlovu, in Matabeleland, foreign hunters on safari at Harry Greaves's 18 000ha game farm shunned the area where more than 200 squatters camped out.

Last week Msika appeared at the game farm with TV cameras to talk to a group of elderly squatters. By that night, reports said they had agreed to leave the farm, but this week Greaves said the squatters were still there.

The squatters need land, says a local farmer, as most resettlement plots were given to local officials. "Local politicians are using people as pawns. Peasants were told to join the party or no land would be available to them," said Greaves.

The land conference should shed some light on the future of land redistribution in Zimbabwe. The present is land invasions, to keep up the pressure on the government.

Ex-miners lured by promise of cash payouts

(362)

BD 17/7/98

Michael Hartnack

HARARE — The SA high commission in Harare has warned 11 000 former miners recruited by the Witwatersrand Native Labour Association (Winela) that they are registering "at their peril" with an association that claims it can wrest unspecified cash gratuities from Pretoria.

A Bulawayo-based group had been inviting ex-Winela recruits to pay Z$27 each, insisting the SA government has sanctioned payouts similar to the Z$50 000 gratuities given last year by President Robert Mugabe to former guerrillas. Two months ago a rumour swept Bulawayo that former Rhodesian soldiers would secure gratuities from the British government in terms of a nonexistent "Royal Charter", if they paid Z$200 "registration fees" to itinerant touts.

Nesbert Ndebele, chairman of the Ex-Winela Pressure Group, said to the Bulawayo Chronicle on Friday that he had been to SA and received assurances Pretoria had sanctioned gratuities. He had been "given forms by a compensation commissioner in that country".

The Chronicle doubted the authenticity of the form, as SA telephone numbers cited on it did not answer. It said ex-miners were pouring in from as far afield as Gokwe, in Zimbabwe's midlands, in the hope of securing cash payouts.

Said an SA high commission spokesman: "We do not know anything about that registration exercise. There is no money for any ex-mineworkers. People have been coming to our offices or phoning and we have told them that there is no compensation fund, and that if they are registering they are doing it at their peril."

The assistant commissioner, George Muwadzuri, said Matabeleland police criminal investigation department was monitoring the pressure group but there was "no evidence at the moment" to justify prosecution for fraud.

Founded more than 50 years ago to meet a shortage of black labour on SA mines, Winela recruited extensively in Northern Rhodesia (Zambia), Nyasaland (Malawi) and Rhodesia (Zimbabwe) until their independence.

Mugabe accused of cronyism and corruption in delaying sell-offs

(362) CT(BR) 1/7/98

CRIS CHINAKA

Harare — Zimbabwe industrialists yesterday slammed President Robert Mugabe's government for stalling a state privatisation programme, and one business consultant said the scheme had been hit by cronyism.

Speaking at a seminar on structured equity finance for privatisation in Zimbabwe, delegates said state bureaucracy, a lack of expertise, corruption and cronyism had severely affected plans to privatise dozens of state enterprises in the last seven years.

"The government is good at talking, saying the right things at the right times but doing nothing at the promised or right time," said James Mushore, the deputy managing director of National Merchant Bank of Zimbabwe.

Harare has been promising to privatise more than 40 public companies since in 1991, but so far only three major enterprises have changed hands. The state's privatisation programme is linked to black economic empowerment, or indigenisation.

Chris Mutsvangwa, the managing director of business consulting firm Mucris Consultants, said cronyism had taken root in the process, alleging it was benefiting a chosen few.

"Who is choosing the winners ... and who says these must be the champions of indigenisation?

"We need a transparent system. We must avoid the kind of crony capitalism that we have seen in Asia which has contributed to the economic crisis they have there now."

Cephas Msipa, the minister in charge of state enterprises and indigenisation, conceded the privatisation process had stalled, but denied this was over corruption.

"The wheels of government move slowly ... but this process can move faster with your assistance. I am challenging the private sector to come up with ideas on equity participation. We need whizz kids who can jump-start this concept."

Mushore said the government had been sitting on ideas submitted by the private sector. — Reuters

Zimbabwe land reform taken a step further

ARG 2/7/98 (362)

Harare – Zimbabwe's controversial land reforms will cost about 40-billion Zimbabwe dollars (R13-billion) over the next five years, and it expects foreign donors to help fund the programme.

Joseph Msika, who is chief co-ordinator of the reforms, said President Robert Mugabe's government might revise its policy of not compensating white farmers for seized land if donors pledged funds at a conference planned for September.

"We estimate that this huge programme will cost Z$40 billion. We are expecting international donors, who we are inviting to a land donors' conference in September to help fund the programme," he said at a news conference.

When asked whether the government might consider altering its policy of only compensating farmers for improvements to the land, Msika replied that the government would consider it "once they see donors' level of support."

Mr Mugabe last year announced plans to acquire 1 500 mainly white-owned farms by force and hand them over to blacks, paying only for buildings and improvements on the grounds that whites "stole" the land when settlers colonised the country in 1890.

His government says the occupation of the best arable land by around 4 500 white farmers is morally unjustifiable and socially unsustainable.

Mr Msika, who is Minister Without Portfolio in the President's Office, said the government had "some money" to support the scheme and had already started resettling peasants on land seized from white commercial farmers.

The government planned to resettle 100 000 families on five million hectares over the next five years to redress the imbalance in land ownership, ease congestion in rural areas, alleviate poverty and economically empower blacks.

Mr Msika said that representatives of foreign governments, the World Bank, the International Monetary Fund and African Development Bank were expected to attend September's land reform conference.

International donors, including Britain, have said they are prepared to consider help for a "properly thought-out resettlement programme that addresses poverty alleviation".

Zimbabwean whites support the principle of land redistribution – but argue the government must pay full compensation for their farms. – Reuters

Zimbabwe's Falcon gold mine in trouble

(362)

Martin Rushmere

BD 2/7/98

HARARE — The longest established quoted gold-mining company in Zimbabwe, Falcon, is in deep trouble, a victim of the falling gold price and steeply rising costs.

Results show that production for the year to end-March was 47 000oz, a 34% drop against the previous year's figures. It reported a net loss of Z$27m, against a profit of Z$5m the previous year.

The main producer, Dalny, was closed because operations were no longer viable. In the 1980s it was Zimbabwe's biggest producer.

A short-term borrowing of $1,5m had to be undertaken during the year and if the money is not paid back the lender takes over the company. "There is little chance of the money being repaid, and all that remains is for Falcon to be delisted and possibly go into liquidation," one trader said.

Mugabe govt to push ahead with farm grab

Star 2/7/98 (362)

100 000 peasant families targeted as beneficiaries in R11-billion five-year land redistribution drive

By Andrew Meldrum
Harare

Confronted by the squatting crisis throughout Zimbabwe, President Robert Mugabe's government yesterday announced a five-year land redistribution plan. It will cost an estimated R11-billion to buy 5 million hectares for the resettlement of 100 000 peasant families.

The Mugabe government stated it would hold an international donors' conference in September in order to raise funds for the massive resettlement project.

"Our hard-won peace and stability is threatened by our people's urgent need for fertile land," said Joseph Msika, the minister of state charged with supervising the ambitious land programme.

"I shudder to think what the future holds for us if we do not achieve an equitable distribution of our land. Our people fought against Rhodesia to win back their land. Now they are impatient."

Zimbabwe is engulfed by a land crisis as thousands of rural Zimbabweans, frustrated by years of government inaction on land, have begun their own resettlement plan by invading white-owned farms and claiming the land as their own.

The peasants have been encouraged by well-publicised speeches by Mugabe in which he vowed that his government would get the land back "without paying a penny for the soil".

Since Zimbabwe achieved majority rule in 1980, the government has resettled an estimated 70 000 families on more than 3 million hectares, but many of theses projects have been dismal failures due to poor planning.

The new resettlement effort envisions resettling 100 000 families, representing more than 800 000 people, on land bought from white commercial farmers.

Msika said the government would pay only for improvements made to the properties, such as dams, roads and buildings, but not for the land itself. This contradicts previous government assurances to donors that owners would be paid full market value for their properties.

The resettled peasants would be granted leases of 30 to 40 years, with an opportunity eventually to win freehold title to the plots, which will be about 6,5ha per family.

The land for resettlement would be bought from the list of about 1 400 farms designated late last year by the government.

Although the government is seeking donor assistance for the project, Msika said the ambitious resettlement plans would go ahead with or without international assistance.

"It must benefit people of all colours in our country," he added. – Star Foreign Service

Official heads off invasion on his farm

(362) BD 3/7/98

Michael Hartnack

HARARE — The day after ruling Zanu (PF) party chairman Joseph Msika announced a Z$40bn land reform programme, a government official had to head off an invasion on his own commercial farm near Concession, 60km north of Harare, by land hungry peasants from the overcrowded Chiweshe communal area.

The Zimbabwe Information Service reported that Gorden Rusirevi, district administrator for Mazowe, "defused a potentially explosive situation" when villagers from Chiwororo ward threatened to invade the 2 000ha state-owned farm leased by Msika, and three others adjacent to the tribal area.

Rusirevi said he held a meeting with villagers "after word of the impending invasion reached him". He assured them they would be resettled in an orderly manner as soon as the 1 480 farms, totalling 5-million hectares and listed for takeover last November, had been acquired by government.

Five years ago Msika forfeited a 1 000 property near Mazowe when it was declared derelict by the official Lands Board.

Kangai's ministry also issued private assurances that more than 600 productive farms would be "delisted", but Msika on Wednesday said 200 had been restored to those targeted for takeover.

Warning whites of anarchy and squatter invasions if the programme did not go ahead, Msika said it would be implemented whether or not overseas donors pledged support at a September conference here.

However, aid pledges might lead President Robert Mugabe to "revisit" his refusal to pay for more than improvements such as barns and dams, said Msika.

Problems of existing resettlement schemes were highlighted this week by the invasion of Christo Kok's Beestkraal ranch near Odzi, 30km from Mutare, by 150 families whose parents received neighbouring land under a "willing buyer willing seller" project, funded by Britain, in the 1980s. They said they "needed more room" but Manicaland provincial governor Kenneth Manyonda yesterday announced he had persuaded them to move off, pending government consideration of their demand for land.

At Marondera, where up to 4 000 squatters from the Svosve area occupied four commercial farms until a personal appeal from President Mugabe at the weekend, the rural District Development Committee voiced concern that people given land at the Macheke-Wenimba resettlement scheme had abandoned work on holdings allocated in the 1980s and gone to work for nearby white commercial farmers.

The committee also said tenants of a co-operative scheme, established on three former white farms, were attempting to "become landlords", leasing out illegally subdivided plots to squatters.

The incidents "confirmed the existence of nonperformers", an official from the Agriculture Ministry's Extension Services Department, Agritex, told the committee.

White-owned farms back on confiscation list in Zimbabwe

Star 6/7/98 (362)

Harare – Chaos surrounding Zimbabwe's land crisis deepened yesterday when it emerged that President Robert Mugabe's government would go back on its word to hundreds of white farmers that their farms were safe from government plans for the mass expropriation of nearly 1 500 properties.

Since April, the agriculture ministry has written to the owners of 600 farms on a compulsory acquisition list issued in November naming 1 470 farms, to notify them that their properties have been withdrawn from plans to seize them.

Most of the 600 properties were the owners' only farm and their sole livelihood. Mugabe and his officials repeatedly said the government's policy of "one-man, one-farm" targeted large, multiple holdings owned by whites.

But Vice-President Simon Muzenda was quoted yesterday in the state-controlled *Sunday Mail* newspaper as saying that 200 of the 600 "delisted" farms had now been put back on the list for confiscation.

Observers said the announcement would deal a severe blow to the country's commercial farmers, already demoralised by the proclamation of 4,5 million hectares of white-owned land for confiscation. The land would be taken without full legal compensation.

The latest move was also expected to leave little trust among commercial farmers for Mugabe's government. It was also expected to erode the trust of the Western donor community, from which the government is seeking R13,5-billion to foot the bill for a land reform programme to resettle 100 000 people on 5 million hectares in five years. – Sapa

Mugabe reneges on 'delisted' farms

ARG 6/7/98 (362)

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SOWETAN

• Maxillo-facial surgery

Members of Algerian opposition parties demonstrate at the weekend against the government's imposition of a decree imposing Arabic as the country's sole official language. The law bans official use of other languages, including French. Picture: AP

Middlemen 'cashed in on state oil company'

(362) BD 7/7/98

Michael Hartnack

HARARE — "Indigenous" Zimbabwean middlemen might have been able to make more than Z$50m in quick profit at the expense of taxpayers and the stricken National Oil Company, stockmarket sources said yesterday.

They were given preference in May by the Zimbabwean government in the sell-off of Noczim's 47-million Delta Corporation shares.

On President Robert Mugabe's orders, Noczim's shares in the consortium — which owns Zimbabwe's OK Bazaars and National Breweries — were offered exclusively to "indigenous" buyers at a starting price of Z$13 each, but this swiftly fell below Z$12 due to the exclusion of foreign bidders.

Noczim has run up Z$3bn in debt as the government defers raising the price of petrol from Z$5,11 to Z$9 to match import costs following November's collapse in the value of the Zimbabwe dollar against all major currencies. In January eight lives were lost in food riots.

A 28-million Delta share parcel was reportedly bought by one indigenous consortium at Z$10,50 each. Noczim, which previously made a sizeable profit through secret foreign deals and its local fuel sales monopoly, was used by Mugabe to warehouse shares in companies due for privatisation in line with International Monetary Fund-sponsored reforms.

A stockbroker confirmed yesterday that most of Nozcim's Delta shares had since been sold on "piecemeal" to foreign buyers — against Mugabe's clear intentions — at more than Z$12, meaning middlemen made swift profits.

Reports suggest a major buyer was SA Breweries, which before independence in 1980 held a controlling stake in Delta and has kept a minority holding through an offshore subsidiary.

Savvas Kyriakides, the executive director of Dataworld Nominees, deplored the loss of funds to the fiscus.

"This shows a poor understanding of how financial markets work, as the result was short-term traders took a profit by on-selling to foreign investors at a higher price," he told a privatisation conference at the weekend.

Homosexuals excluded from anti-discrimination bill

Michael Hartnack

HARARE — The Zimbabwean government has gazetted a second draft of its controversial Prevention of Discrimination Bill aimed at outlawing displays of prejudice on grounds of "race, tribe, place of origin, political opinion, colour, creed or gender".

Freedom from discrimination on grounds of gender orientation is once again omitted, in line with Mugabe's claim that gays and lesbians are "lower than pigs or dogs" and have "no rights at all".

An earlier draft gave the government the power to ban any organisation suspected of practising discrimination, a provision critics said might lead to the victimisation of political opponents.

The proposed bill, which could come before parliament within a month, provides for fines of up to Z$20 000 plus six months in prison.

Mugabe, who is immune from prosecution for any offence while head of state, has himself roused outcries with past statements that inflation was a conspiracy by whites to overthrow his government, Jews were "hard-hearted" and minority communities represented alien "nationalities".

Hundreds to be resettled for dam

MBABANE — Hundreds living in homesteads in the Komati River Basin in northwestern Swaziland are to be resettled to make way for infrastructural development required for the giant Maguga Dam and water scheme, in construction.

Swazi chiefs are complaining the government originally identified 44 homesteads for relocation. Now more than 100 homesteads have been told they must be relocated to make way for developments such as access roads. Families concerned would have to be provided with alternative farming land as well as resettled, the chiefs said. — Sapa.

Tobacco farmers say industry is in trouble

BD 8/7/98 (362)

Michael Hartnack

HARARE — Black and white tobacco farmers in Zimbabwe, previously divided by banker Roger Boka's claims that whites had manipulated the crop to defraud the country, said yesterday the country's main traditional source of foreign currency was in dire trouble.

Richard Tate, president of the Zimbabwe Tobacco Association, which represents 1 400 mainly white growers, said projected Z$970m state revenues from the 10% levy on every bale sold were likely to be cut to Z$300m below last season's Z$561m takeoff because of the recent collapse in prices.

Simultaneously, Nokwazi Moyo, director of the 700-member Indigenous Commercial Farmers' Union, said the collapse of Boka's United Merchant Bank with reported Z$2bn debts meant black growers had lost their source of crop finance.

Reserve Bank governor Leonard Tsumba froze Boka's business empire in May saying it had substantial "poor quality and irrecoverable loans" on its books. It was later disclosed that United Merchant Bank had issued more than Z$800m worth of fraudulent bills on the parastatal Cold Storage Commission, but Boka was allowed to leave the country.

Tate warned that substantial numbers of growers were opting out of the industry altogether as the target for next season's crop was cut from 210-million to 180-million kilograms.

There was a danger Zimbabwe would no longer be considered a major player in world tobacco production and lose influence with buyers. It is now ranked third.

The government has rejected appeals to suspend the 10% levy, claiming it funds health, child welfare and social service ministries. However, all money is paid direct to the Consolidated Revenue Fund, which is 90% committed to service of debt and payment of the high spending public service salary bill.

"The industry is currently in trouble and farmers can survive under such harsh times only if the tax is scrapped," said Tate. Prices fell from US$1,80/kg to $1 or less but have recovered 70% since auctions were temporarily suspended.

Privatisation the key to stabilising economy, says Barclays MD

Zimbabwe's government must take difficult decisions soon, writes **Godfrey Mutiza** in Harare

(362)

BD 9/7/98

ZIMBABWE risks a painful economic adjustment unless the government takes the difficult decisions now required to rescue the economy, one of the country's leading bankers says.

Barclays Bank Zimbabwe MD Isaac Takawira said at a Zimbabwe Economics Society meeting this week the government could stabilise the macroeconomic environment by privatising key state firms like the Zimbabwe Electricity Supply Authority and the Posts and Telecommunications Corporation.

"The one thing about an economy is that if you do not make the necessary adjustment yourself, the economy will adjust itself, and it's much more painful, like we saw in November," Takawira said, referring to the crash of the local dollar last year on falling business confidence.

"There appears to be complete inertia when it comes to privatisation and we need to privatise today, not tomorrow," he said.

Countries like Mozambique and Uganda would grow faster than Zimbabwe 10 years from now, he said.

Zimbabwe's seven-year privatisation process has seen just three large firms pass from state hands to private ownership. Critics charge Mugabe's government has no privatisation programme and seeks to use the process for political gain.

Economists say without a reduction in government spending and government debt servicing, Zimbabwe's consumer inflation, which surged to a five-year high of 29,3% in the year to May, will remain problematic as it has done over the past decade.

Takawira warned the government against reintroducing price controls, saying the future of the country lay in further economic liberalisation, stabilisation of prices and a clear government vision for the future.

"The answer lies in prudent management of the economy, downsizing the public sector to a level sustainable by reasonable rates of taxes and borrowings," he said.

"We need a clear road map to the future which is understood by all stakeholders. When we achieve this shared vision, with a sense of urgency, we can then take the tough decisions that need to be taken to improve our economy," Takawira said.

The government, accusing businesses of seeking to sow social instability through indiscriminate price rises, last month gazetted prices for maize meal and said it would soon publish prices for five other basic foods.

It charges that white people are bitter about its plans to redistribute land to black peasants under its controversial land reform programme, a charge that whites deny. — Reuter.

Leading banker urges Zimbabwe to speed up privatisation process

CT(BR) 9/7/98 (362)

FROM REUTERS

Harare — Zimbabwe risks a painful economic adjustment unless the government takes the decisions required to rescue the economy, Isaac Takawira, the managing director of Barclays Bank Zimbabwe, said yesterday.

Takawira told the Zimbabwe Economics Society that the government could stabilise the macroeconomic environment by privatising key state firms such as the Zimbabwe Electricity Supply Authority and the Posts and Telecommunications Corporation.

"If you do not make the necessary adjustment to the economy yourself, it will adjust itself, and it's much more painful — like we saw in November," Takawira said. The local dollar crashed last year on falling business confidence.

WARNED *Robert Mugabe, the president of Zimbabwe*

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Economists said that without a reduction in government spending and debt servicing, Zimbabwe's consumer inflation, which surged to a five-year high of 29,3 percent in the year to May, would remain problematic.

Takawira also warned the government against the reintroducing price controls. He said the future of the country lay in further economic liberalisation, the stabilisation of prices and a clearly elaborated government vision for the future.

ZIMBABWE

(362) CT(BR) 9/7/98

Farmers warn of mounting food costs

Zimbabwe might soon become a net food importer unless production costs were urgently stabilised and the government reduced taxes that increased mounting costs, a farmers' organisation said on Tuesday.

Zimbabwe, which chairs the food security section of the Southern African Development Community (SADC), is a net food exporter except in drought years. But a position paper by the Commercial Farmers' Union (CFU) released on Tuesday said the country's SADC position was threatened by rising inflation, interest rates and a plethora of government taxes. "If these viability problems are not addressed, farmers will go out of business, the country will rely on imported foodstuffs and will utilise a huge amount of foreign currency," Bob Swift, the CFU commodities vice-president, said after presenting the report, "Viability of Agricultural Commodities".

President Robert Mugabe's government, accusing farmers and businesses of seeking to sow social instability through indiscriminate price rises, last month gazetted prices for maize meal. The state also said it would soon publish prices for five other basic foods. — *Reuters, Harare*

Zimbabwe rejects bid for new bank

BD 10/7/98 (362)

Michael Hartnack

HARARE — Zimbabwe was barring Old Mutual, Nedbank and the Central African Building Society from launching a new commercial bank in Harare unless a substantial stake went to "indigenous" partners, banking sources confirmed yesterday.

Zimbabwe has also stalled a rights issue by Standard Bank of SA's Zimbabwean subsidiary, Stanbic, insisting it give a substantial cut to the "indigenous" establishment.

Bankers say the government confuses black empowerment with political patronage. Black Zimbabweans such as cellphone pioneer Strive Masiyiwa have not been counted as "indigenous" because they are out of favour with the ruling Zanu (PF) party.

Old Mutual, Nedbank and the Central African Building Society applied for a licence for their proposed Premier Bank in 1996 but the government has reportedly told them this "would be granted only after indigenous people were accommodated". The state-controlled Herald said yesterday the government "had made it clear that at least 30% of the shareholding should be in the hands of indigenous people".

Old Mutual's group CE in Zimbabwe, Graham Hollick, said: "An application for a banking licence was submitted ... about 18 months ago. The licence has, to date, not been issued, as a request to consider additional shareholders has been received."

Plans for what would be Zimbabwe's ninth commercial bank were mooted following rejection of attempts by Old Mutual, Nedbank and Central African Building Society to buy the Commercial Bank of Zimbabwe, which passed into Reserve Bank hands after the failure of the Bank of Credit & Commerce International.

Since the recent collapse of Roger Boka's United Merchant Bank officials have admitted many of the new "indigenous" financial institutions survive only by receiving preference from Zimbabwe's massive public sector, including parastatals. Nevertheless, the parastatals were reportedly withdrawing their funds at regular intervals "to make sure it's still there".

Govt has no plans to cull

(BD)

Michael Hartnack

BD 10/7/98

HARARE — Zimbabwe's environment and tourism ministry says it has no plans to cull elephants, despite earlier official claims that culling was vital to preserve biodiversity and prevent parks such as Wankie being turned into semidesert.

The permanent secretary to the environment and tourism ministry, Charles Chipato, said this week Zimbabwe had no plans to cull its elephants as they had not yet "compromised" the ecology of wildlife areas.

His statement appeared to contradict 10 years of official assertions that immediate culling was essential.

Wildlife industry sources said yesterday they believed the government feared an outcry from animal rights lobbyists in Europe and the US if it began culling in the wake of last year's long-sought relaxation of the ban on international trade in ivory and elephant products.

Chipato said a 1996 survey suggested there were 74 000 elephant in the country. Z$57m was needed to cull excess elephant in Wankie National Park alone. Zimbabwe's last contentious cull was in 1982, when several hundred head were shot.

Kenya and east African states strongly support continuing the ivory trade ban which they credit for recovery of their elephant populations from decades of poaching.

Japan, the only state to which Zimbabwe is licensed to export, uses ivory widely to make traditional name seals.

Zimbabwe bank sector's reputation harmed

BD 10/7/98 (362)

Martin Rushmere

HARARE — Zimbabwe's banking sector has suffered a major loss of confidence because of government dithering following the collapse of United Merchant Bank, says influential money market dealer Discount Company of Zimbabwe.

"The collapse of a merchant bank caused strains and instability which ... have been very unhealthy," the firm says in its results announcement for the six months to end-June. It realised a 69% increase in profit to Z$22m.

"The lengthy absence of a solution ... has caused viability difficulties in a number of banking organisations and a consequent lack of confidence in the system. This is unfortunate as our financial sector had a very high reputation built up over a great many years", the group said.

The government has offered a guarantee for about Z$1bn in bankers' acceptances — which Discount Company calls an "encouraging sign" — issued by the parastatal Cold Storage Commission, the reason for the bank's collapse.

What is discouraging to the market is that the guarantee suggested is in the form of five-year bonds at 25%, against more than 30% for the original six-month bills. Bankers say anyone accepting these stands to lose millions of dollars and even be forced into bankruptcy.

The government's wrangling over the scandal has taken another turn, with the Reserve Bank saying privately to banks this week that it has nothing to do with the guarantee and does not agree with it.

Mugabe threatens to curb opposition press

BD 15/7/98 (362)

Michael Hartnack

HARARE — President Robert Mugabe has threatened to muzzle the limited print media outside Zimbabwean state control, drawing strong condemnation from Clive Wilson, MD of Zimbabwe Independent Newspapers.

Wilson, whose company publishes two of the most widely read titles, said that Mugabe would be making "a terrible mistake".

Leaders of Zimbabwe's trade unions last month told Mugabe they believed lack of transparency was among his government's major faults, burdening the economy with inefficiency and unpunished corruption.

"The so-called opposition press is thriving on lies," Mugabe said. "Shall we allow this to continue? I say no. Let the gutter press take heed because we are not going to have this kind of journalism in this country."

Sources yesterday suggested Mugabe's outburst on Monday may have been prompted by allegations last Friday that his wife Grace was involved in yet another house deal, this time building a 24-room mansion at Chivhu, near her tribal home.

The Zimbabwe Independent, owned by Wilson's company, said Z$3m had already been spent on a two-storey mansion with three lounges, eight bedrooms and six bathrooms.

In 1996 it was revealed that before her formal marriage to the president, Grace Mugabe obtained Z$5m from state funds to build a suburban mansion subsequently put on the market at Z$25m. The previous year five homeowners were ordered to sell their properties to the government because they overlooked a house she occupied.

Mugabe said publications outside the control of the ruling Zanu (PF) party and the parastatal Zimbabwe Newspapers, which published the only two dailies, "sell their papers on the basis of manufactured lies".

When his government began taking measures, this should not be seen as "going against freedom of expression" but protecting individuals, he said, also ordering MPs to "toe the line" and "obey the party whip".

"What he is saying is utterly predictable because the independent press is exposing the shocking state of the economy," said Wilson.

"The financial sector just does not know what the government is doing or what it is prepared to do apart from borrowing more money. What the independent press is saying is what needs to be said, so the people of this country know what is really happening — they will not find this in the government media."

The man who poses a threat to Mugabe's grasp on power

(36a) DD 15/7/98

There was a time no one even speculated on who would replace Zimbabwean president Robert Mugabe. But now a new challenger has come to the fore, writes Angus Shaw

IN THE office where thugs tried to kill him, labour leader Morgan Tsvangirai leaned back and contemplated the possibility of becoming president.

The idea of replacing President Robert Mugabe would have been considered a delusion only a few years ago. But the economy has gone sour, causing increasing unrest, and many Zimbabweans now view Tsvangirai as a likely president.

He is head of the country's main labour confederation, which has shot to prominence as a potent political force in the past year, elbowing aside a dozen small and fractious opposition parties.

"The situation is desperate and people are looking for alternatives. Certainly, there's pressure on me (to challenge Mugabe), but circumstances still have to evolve," Tsvangirai said.

Not only his supporters see him as a rising star.

Seven assailants beat Tsvangirai unconscious with pieces of office furniture in December, two days after he led a national strike that forced the government to scrap tax hikes. They were trying to toss him out of a 10th floor window when office workers alerted by a secretary's screams chased the attackers away. Tsvangirai calls it an assassination attempt by political opponents.

After police closed an investigation without arresting anyone, his labour group, the Zimbabwe Congress of Trade Unions, conducted its own probe and gave the names of three suspects to authorities.

Zimbabwe Congress of Trade Unions leader Morgan Tsvangirai addresses supporters at the May Day rally called by the union in Harare this year. Picture: AP

The names have not been released, but Tsvangirai described them as security operatives with Mugabe's ruling party.

Mugabe, 74, an ascetic intellectual, was long seen as an able statesman who guided the nation through the transition from a bloody bush war to become a model of prosperity, racial harmony and democracy. But in recent years, he has become increasingly corrupt and dictatorial.

In 1996 he married his former secretary — 40 years his junior and widely disliked for her regal airs. The unemployment rate has soared to more than 50%. Prices have jumped more than 30% since the Zimbabwe dollar lost more than half its value against the US dollar in November.

"The time is ripe for change," Tsvangirai said. "Things are falling apart because the government has lost the capacity to manage the economy." In late May, students tried to mount a protest campaign like the one in economically straitened Indonesia that drove President Suharto from power a few days earlier. But a sit-in outside parliament broke up in disarray after three days.

Still, however inept, the students scared the government into closing down the University of Zimbabwe, said John Makumbe, a political science professor at the school. "There is a real fear of Indonesia syndrome, and this was a warning of things to come," he said.

Makumbe said the biggest danger to Mugabe's hold on power lay in the threat by Tsvangirai's labour confederation — representing 80% of labour groups — to stage a five-day national strike to protest at economic policies. "A five-day strike takes on massive political overtones to get rid of the current regime, and people know it," Makumbe said.

In response to the economic turmoil, Mugabe created "a national economic consultative forum" of officials and business leaders. But he has repeatedly refused to listen to the panel's advice.

A proposal to give policy-making powers to the forum, putting professional expertise alongside political experience, was rejected by Mugabe.

Opposition groups trace the beginning of Mugabe's troubles to the May 2 1997, the date of the death of Shepherd Mhongo, a young civil servant who leaked details of corruption at a state war victims compensation fund. The government said Mhongo committed suicide after being questioned by security agents on the issue.

His disclosures that politicians and favoured ruling party supporters took the equivalent of $22m from the fund after submitting false disability claims led to violent nationwide demonstrations by former independence fighters.

Mugabe ordered tax increases to pay new pensions and bonuses to the veterans, but no officials were punished. — Sapa-AP.

Zimbabwe's population growth to be hit by Aids

By Andrew Meldrum
Independent Foreign Service

Star 15/7/98

Harare – The scourge of HIV/Aids will soon reduce Zimbabwe's population growth rate to zero – an unprecedented demographic trend in modern times.

The number of Aids deaths will cause Zimbabwe's population growth rate to drop from its current 2,2% a year to zero in four years time by the year 2002, said Carlos Lopez, resident representative in Harare for the United Nations Development Programme.

About 500 Zimbabweans die of Aids every week. It is easy to see how these numbers are having an effect on Zimbabwe's overall population of 11 million.

Among the sexually active age group – from ages 15 to 45 – the HIV rate is estimated to be about 30%, based on surveys of pregnant women.

Lopez said that Zimbabwe, Zambia, Malawi and Botswana all have such high rates of Aids that their population growth rates are declining.

Marking the World Population Day in Harare recently, Lopez called on Zimbabwe to increase its public education about sexual behaviour and reproduction.

Zimbabwe's efforts at family planning helped to reduce the annual population growth rate from 3,3% in the mid-1980s. "Although fertility has continued to decline, mortality has begun to climb disastrously," said Lopez.

He said that Aids has distorted the population structure, striking both males and females in the prime of their working lives, leaving behind the old to care for the orphaned children. Zimbabwe is expected to have 600 000 Aids orphans in two years.

Many population experts say the Zimbabwean government is not doing enough to increase public education on the Aids menace. They say an assertive policy to get people to talk about Aids is needed, rather than the current policy which is categorised as a "head in the sand" approach.

Lopez said family planning offered an excellent opportunity to counsel clients on Aids avoidance. – The Star Foreign Service

Angolan refugees pour into Congo

Geneva – Thousands of refugees have fled into Congo to escape fighting in neighbouring Angola, the UN refugee agency said yesterday.

About 22 000 refugees are now camped out in the Kisangi area in the south-eastern region of Congo, said Kris Janowski, spokesperson for the UN High Commissioner for Refugees.

Last week, about 7 000 refugees crossed into Congo to escape continuing clashes between Angolan government forces and suspected rebels linked to Unita.

Janowski said the UNHCR is buying food supplies in Congo to transport to the refugees.

Attacks by suspected members of Unita on police and civilians threaten to derail Angola's 1994 peace pact.

The government says remnants of Unita's 70 000-strong guerrilla army are responsible for the attacks. Unita has rejected the accusations. – Sapa-AP

Star 15/7/98

More flee Koso forces step up t

Geneva – The United Nations refugee agency yesterday reported a sharp rise in the number of people fleeing growing violence in the Serbian province of Kosovo.

The office of the UN High Commissioner for Refugees said 2 900 Kosovo refugees had fled to neighbouring Montenegro in recent days.

This follows battles near Pec, Kosovo's second largest city and the latest hotspot in the war between the rebel Kosovo Liberation Army (KLA) and Serbian forces.

"More and more people are forced to flee Kosovo," UNHCR official Kris Janowski said.

Serbian security forces have stepped up their offensive against the KLA in areas near Pec.

Since emerging from obscurity late last year to begin a battle for the independence of

Mugabe takes swipe at press

Harare – President Robert Mugabe has hinted that the government would introduce laws to monitor freedom of the press.

He said on Monday there was a tendency to manufacture lies in some sections of the press, and the government would not allow this to continue.

"We have seen tendencies in our press to try and sell their papers on the basis of manufactured lies, and the so-called opposition press is thriving on lies," Mugabe said.

He was speaking at a reception for MPs before the opening of parliament yesterday.

"You cannot go for a week without reading blatant lies printed in bold letters in order for the paper to sell. Shall we allow this to continue? Shall papers of that nature be allowed to manufacture lies at the expense of individuals? I say no."

Mugabe added that when the government began taking measures that would affect and inhibit the right of expression, it should not be seen as going against freedom of expression.

"Let the gutter press take heed because we are not going to have this kind of journalism in this country. It can't be freedom of expression if you are telling lies and defaming individuals."

Journalists should research and investigate to establish the truth of what they wrote about.

He also warned ruling Zanu (PF) MPs to toe the party line, saying clandestine groups were starting to emerge. While MPs had the right to express their views, they should remember they were in parliament on a Zanu (PF) ticket and would be whipped into line. – Sapa

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MUGABE 'UNDER PRESSURE' FROM LAND-HUNGRY

Brakes off on land reform

CT 15/7/98 (362)

HARARE: Recent attempts by locals to occupy farms have led to the acceleration of a controversial land reform policy, masterminded by Zimbabwe's President.

ROBERT MUGABE said yesterday he was speeding up his controversial land reform programme, relying on local rather than foreign donor support.

In a speech at the official opening of parliament, Mugabe gave no fresh details of his drive to seize mostly white-owned commercial farms to resettle black peasants, but said he was under severe pressure from the land-hungry.

Last November, the 74-year-old president earmarked about 1 500 commercial farms for the first phase of a programme he argues is vital to correcting the current land ownership imbalance.

The government says about 4 500 whites occupy 70 % of Zimbabwe's best farmland while over 700 000 peasants are crowded into scrubby, infertile rural areas.

EMBATTLED: Robert Mugabe

Many white farmers say they accept the principle of land redistribution, but they and donors say it is better based on willing sellers and buyers and on adequate compensation.

Initially Mugabe insisted he would not pay for the land but only for the buildings and improvements, on the grounds that whites "stole" the land when they colonised the country in 1890.

However government ministers — but not Mugabe himself — now say the issue of "full compensation" might be addressed if foreign donors support the Z$40 billion programme at a conference set for September.

Mugabe said: "While we welcome the financial and material support from the donor community, we should always primarily rely on the strength and resources of our people. The national land reform and resettlement programme will be accelerated in the current year."

He reiterated that hundreds of peasants would be resettled on 112 farms before the start of the cropping season. He said the programme was being speeded up in the wake of recent attempts by some peasants to occupy farms on their own.

On the eve of the opening of parliament, the embattled Mugabe warned he might curtail the operations of the country's small but vibrant independent media.

"We have seen tendencies in our press to try and sell their papers on the basis of manufactured lies, and the so-called opposition press is thriving on lies," the official news agency Ziana quoted Mugabe as saying at a reception on Monday night.

Mugabe — who has become touchy about criticism in the face of mounting social and economic problems — regularly attacks the privately owned newspapers and magazines as "opposition press". — Reuter

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Zimbabwe judge finds for farmers in nationalisation hearing

(362)

BD 16/7/98

Michael Hartnack

HARARE — Zimbabwean government attempts to nationalise three farms under its 1993 Land Acquisition Act came to an abrupt halt in Harare's Administrative Court yesterday when presiding officer Susan Mavangira ruled the state had failed to follow the correct legal procedure.

Mavangira, hearing the first case in which white farm owners have refused to settle out of court and withdraw their objections, held that the lands ministry had violated notification requirements in both the 1993 Act and in 1979 regulations, still in force.

Refusing an adjournment, she found for the farmers with costs after a 30-minute hearing. It had been scheduled to take three days, with expert witnesses due to testify on both sides on the agronomic aspects of the planned takeover.

Advocate Adrian de Bourbon, for the farmers, said in seeking court confirmation of acquisition orders, the state had to comply with the laws it had itself made.

A further 1 480 farms, totalling 5-million hectares and mostly owned by whites, were targeted last November. Yesterday's hearing was expected to foreshadow a mass of similar objections by as many as 1 300 landowners.

Soon after passage of the controversial 1993 act, which curbs owners' constitutional right of appeal to the courts against compensation, the three were notified that their properties in south and western Zimbabwe, which consist mostly of ranch, would each be needed for subdivision among up to 34 peasant families from the overcrowded 20-million hectare communal areas.

Documents put before the court by De Bourbon claimed the land was unsuitable for peasant agriculture, and that the state was failing to use for resettlement more than 607 000ha already in its possession in Matabeleland South province.

The documents say the underutilised land is occupied by the parastatal Agricultural and Rural Development Authority, the Cold Storage Commission, or leased to political figures.

The three targeted properties were Michael Clark's 5 413ha Umbono Farm near Masvingo, Corrie Odendaal's 1 978ha Lorne Farm at Gutu, and John Dudman's 10 264 Dornoch Estates at Figtree, close to the Botswana border.

Papers put before Mavangira also said Lonrho subsidiary Willoughby's had offered its 40 000ha Eastdale Estate, bordering Clark's farm, for resettlement, but government had not responded.

Commercial Farmers' Union executive director David Hasluck said in an affidavit that he was told in January 1996 by Agriculture and Lands Minister Kumbirai Kangai the farms had been targeted in error.

Hasluck deposed that he asked Kangai "whether it would be in order" for him to write to the owners and assure them "they should proceed to operate and develop their properties without fear of further government interference or interest in acquiring the land. Kangai encouraged me to do so."

Although President Robert Mugabe used his 147-3 parliamentary majority to amend the Declaration of Rights safeguards on property expropriation, owners are still able to appeal if they feel they have been unfairly targeted or there has been a breach of laid-down procedures.

Mugabe plans to convene a conference in September on land reform.

Mugabe sets timetable for sale of steel maker

(362) BD 16/7/98

HARARE — President Robert Mugabe said on Tuesday the rehabilitation of the loss-making state-owned Zimbabwe Iron & Steel Company (Zisco) would be completed next year, with tenders for private participation floated at the end of 1999.

Zisco — the ageing works of which are being rehabilitated by a Chinese company, Shougang — would help boost the country's industrialisation programme, Mugabe said.

"The rehabilitation of Zisco, now under way, is expected to be completed by August 1999," he said.

The rehabilitation would cost about Z$800m.

"By the end of 1999 tenders will be issued for the participation of private companies in a rehabilitated and viable Zisco," Mugabe said. He gave no further details.

Zisco — which produced an average of a million tons of steel a year — had been losing money since a blast furnace, which accounted for about 70% of the output, collapsed more than two years ago.

Mugabe said a viable steel industry was central to the country's overall objective of industrialisation, especially the expansion of the motor industry. Zimbabwe expected a new motor assembly plant to be established in Bulawayo. — Reuter.

Roger Boka calls in debts and threatens to expose defaulters

(362) BD 17/7/98

Michael Hartnack

HARARE — Roger Boka, whose merchant bank and business empire collapsed in May with Z$3bn in liabilities, "has started haunting his debtors, including government ministers, demanding they back pay his money or risk being exposed", the Financial Gazette reported here yesterday.

The paper, owned by a consortium of black businessmen with links to President Robert Mugabe's ruling Zanu (PF) party, quoted close associates of Boka saying that he had received no response to appeals sent to Mugabe and "was now writing threatening letters to all those who took out loans from his collapsed United Merchant Bank".

Despite the issue by United Merchant Bank of Z$800m fraudulent bills on the parastatal Cold Storage Commission, Boka was last month allowed to fly out to the US under the name "R Marume". Reserve Bank governor Leonard Tsumba, who ascribed Boka's collapse to "poor quality and unrecoverable loans", said no state funds would be used to bale out creditors, but Finance Minister Herbert Murerwa then gave state backing for five-year Cold Storage Commission bills replacing the fraudulent paper.

While officials delayed action in May, Boka's staff reportedly took two truckloads of records from his headquarters and wiped out all computer files.

Black large-scale commercial tobacco farmers, including many prominent political figures, owe Boka Z$300m. Boka accuses them of auctioning their crop at the rival white-owned floors to avoid risk of stop orders should they sell through his now idle Z$120m floor, opened last year.

The Financial Gazette said it had copies of letters Boka had written from Atlanta, Georgia, "reminding some of the beneficiaries he had funded their political campaigns at the last election". He was "seeking medical treatment as well as relaxing and has no intention of coming home soon".

The newspaper alleges it has seen documents showing that Murerwa and Justice Minister Emmerson Mnangagwa travelled to Boka's rural home shortly before he went to the US "to offer him some advice".

The Financial Gazette quoted sources saying Boka had raised offshore loans that he was prepared to bring into Zimbabwe to try and salvage his business empire, "but local commercial banks were reluctant to have any dealings with him".

ZIMBABWE

CHAOTIC MANAGEMENT AS AVALANCHE APPROACHES

IMF may give up and run

(362) FM 17/7/98

After the short-lived relief of the International Monetary Fund's standby loan and some improvement in tobacco prices, business confidence in Zimbabwe has nose-dived again in the past month as the economic outlook deteriorates apace. The IMF's June 1 decision to lend US$175m with few conditions was — to quote one analyst — "dead on arrival".

Scarcely had the ink dried on the agreement when, in an about-turn, the Ministry of Finance announced it would, after all, bale out holders of about Z$855m (US$48m) in allegedly fake Cold Storage Company (CSC) bills. That torpedoed the agreed budget deficit and money growth targets. Because it still leaves a similar amount of bills that will not be paid unless the State intervenes a second time, the signs are that a reluctant government will be forced to go back on its word again and rescue holders of the remaining Z$900m.

Not long after the bale-out came Industry Minister Nathan Shamuyarira's decision to reimpose price controls on maizemeal, the staple food for 12m people. Officials said another five basic commodities would also be price-controlled. Shamuyarira denies there has been any return to price controls — abolished in 1991/1992 — saying he is merely protecting low income groups from profiteering by the millers' cartel.

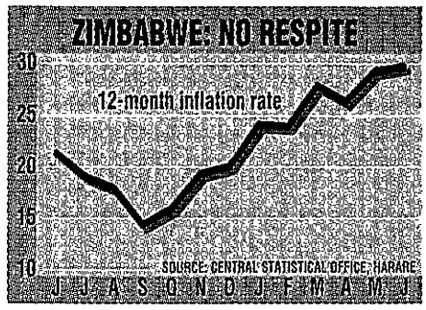
This has gone down badly with the business community as well as with the IMF, which has to decide next month whether to go ahead with the disbursement of the second tranche of its loan.

Finance Minister Herbert Murerwa followed with his statement — since denied — that wage awards should keep pace with inflation. Why he bothered to deny the report is unclear since this is precisely what has been happening. Wage awards so far this year are averaging 34% — as against forecast inflation of 29%.

The announcement of a 21% pay award to public servants was another nail in the budget deficit coffin. The award will cost Z$1bn, about 0,75% of GDP, which when the CSC bill rescue is factored in suggests that the target of a 5% budget deficit for calendar 1998 is already unattainable.

To add to the Finance Minister's misery, President Robert Mugabe met the Zimbabwe Congress of Trade Unions and agreed that the Cabinet should consider their demands for tax cuts. Ministers have since agreed to abandon last November's 2,5% rise in sales tax to 17,5%. No matter that in the budget last year, government promised to replace sales tax with Vat before the end of 1998.

To cap it all, government's much-bungled land resettlement programme has hit new squalls. Having earlier in the year promised to "delist" 600 of the 1 470 farms identified last November for acquisition,



one government Minister now says it has relisted 200 of them. "No, it hasn't," says another, while other Ministers insist that resettlement will start before the rains, regardless of the outcome of the planned donor conference in September.

Government hopes to raise Z$40bn (US$2,2bn) from donors, though this looks highly optimistic, especially given the chaos surrounding the programme. After land invasions by squatters and villagers in half a dozen different parts of the country, Mugabe is under enormous pressure to do something quickly.

This is why the Minister responsible for resettlement, Joseph Msika, has gone back to insisting that 5m ha of land will be needed and that resettlement will take place at the rate of 1m ha/year for five years.

Since government simply does not have the capacity to resettle people at such a rate, something will have to give. Donor funding might well be a casualty as Western governments are insisting on a well-planned, transparent land programme.

As if all this were not enough, the collapse of the rand has put an end to hopes of an export-led recovery, certainly for the manufacturing sector. The Zimbabwe dollar — in common with several other currencies in the region — is now looking dangerously exposed and John Legat, CE of Fleming Martin Asset Management (Zimbabwe), warns that the exchange rate could fall from Z$18,35/US$ to around Z$25/US$ by the end of 1998.

Dealers expect the currency slide to start in late August or early September when tobacco prices start to weaken as sales near their end. Given the volatile and thin foreign currency market for Zimbabwe dollars, the devaluation could well come sooner, especially if an understandably piqued IMF pulls the plug on the next tranche of its loan.

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