ZIMBABWE- GENERAL

1998

JUNE - DEC
Mugabe largesse only for some

Sunila Pillai

Here’s a year where Zimbabwe’s former freedom fighters have every reason to cheer. Heroes’ Day is tomorrow, having been declared a national holiday for the first time in independence.

The former freedom fighters whose hard work and sacrifice is being observed have every reason to celebrate.

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

The government has failed to provide adequate support and care to the veterans who have sacrificed so much for their country. The former freedom fighters are often left to fend for themselves, with little support from the government.

The government needs to step up and provide the necessary support and assistance to these veterans who have fought for the freedom and independence of their country.

On Heroes’ Day, let us remember the sacrifices made by the freedom fighters and what they have done for our country. Let us ensure that they receive the recognition and support they deserve.

In conclusion, let us all work towards providing a better future for the freedom fighters and their families. Let us make sure that they are not left behind and that their sacrifices are not forgotten.

Remember, it is our duty to support and care for our veterans, who have fought for our freedom and independence.
Tourism a threat to Zambezi ecology, lobby group warns

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; and illicit (unlicensed) tour and guiding activities.

"We consider 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 Zambebeanian 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 tourist 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 fulfill the requirement of parks stations out of tourism revenue (this way) 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 inidious 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 bungee 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".
Mugabe’s plans to break out Boka with guarantees

for tobacco crop

Michael Huxley

(267)
Protesting Zim students tell Mugabe to quit

Riot cops keep watch

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, gathered 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
Students threaten to topple Mugabe

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 office 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 Mohammad 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 tear gas 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. — Reuters
of bank crash

Trans Zambesi hurtles into red on back

of bank crash

Trans Zambesi hurtles into red on back

of bank crash

Trans Zambesi hurtles into red on back

of bank crash
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 $176m 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 envisaged a 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. — Reuters.
Battle lines drawn as teachers' strike looms

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 Pasquale, 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’

HARARE — The International Monetary Fund’s (IMF) long-delayed decision to give President Robert Mugabe’s government the first $53m tranche of a $176m budget support will do little to encourage overdue fiscal 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 withoutellowing 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 6% next year and in 2000.

Inflation, 24% on official figures but expected by most economists to exceed 30% 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 $24.6bn bailout to ex-guerrillas. Some fear it will exceed 1994’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 some optimism about the economy,” said Franco. “We 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.”

“Think they should apply the same sort of criteria here. We do not deserve the ‘money’ while we’re 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.”

“If it does worry me that government might say: ‘We’ve 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 $26bn, 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.

“You know you will have inflation and we will have inflation and we will have inflation and we will have inflation and we will have inflation on the way.”

Robertson drew attention to the fuel price, now costing the parastatal national oil company about $2.1m a week as the government put off a decision to make consumers face the 40% drop in the Zimbabwe dollar’s value.

Economist Morvin Ellis said last week that workers deserved 40% increments because employers had broken the ‘social contract’, making record profits since the economy was de-controlled under the 1991-95 first phase of economic reform.
Africa

Govt may face Z$1bn liability

By Michael Hartnack

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 Durelink. 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 parliametary 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 for sale for itself.

Mugabe has also flatly contradicted Reserve Bank governor Leonard Tsamba'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 "sell out 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)

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 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."
Zimbabwe's asbestos group bullish

African Associated Company is well weathered economic climate and overseas opposition
Mugabe gets the Suharto treatment

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 for 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, a tactic 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 Barare 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 1996 because of fiscal delinquency. The fund is believed to have imposed stringent terms which will make life even more uncomfortable for Zimbabwe’s already restless workers.

Meanwhile, the collapse of the United Merchant Bank has exposed a black empowerment process driven by political expediency. 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 29 African countries as “redundant” — a favourite word — saying he would write to the forum’s founder Klaus 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 cultivated traditional leaders on how to get out of his current fix.

Arguing the case for improved management of the country’s disappearing public funds, Lazarn Nazarebani told MPs recently that they should not allow the creation of “a Suharto kind of situation”.

“The 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 representatives. “Reshuffling the Cabinet won’t change anything,” says Reginald Matchaba-Hove, chair of human rights lobby Zimbabwe Rights. “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 Hartnell

HARARE — President Robert Mugabe's government has acted swiftly to halve last week's $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 maize 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 $8.5 kg), the parastatal Grain Marketing Board sent out hasty statements that it had reduced its price, increased from $2 400 to $2 800 a ton on May 21, to $2 600.

The price the Grain Marketing Board pays farmers was doubled in May from $1 200 to $2 400 a ton. Agriculture Minister Kumbirai Kangai and Commerce Minister Nathaniel Shumuyatra said that the planned maize meal wholesale price rise was "not justified".

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

Subsidies and price controls on maize meal were abolished under the 1991-95 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 $24.5ton 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.
Bank predicts flat year for Zimbabwe

HARARE - Zimbabwe's gross domestic product (GDP) might decline this year unless prices of its main exports improve 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 demand for higher wages.

"After the disappointing start to the tobacco sales, estimates of decreased production and weak commodity prices for exports, the forecast of 3% growth in GDP is optimistic," the bank said.

Over the next 12 months, though, 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 4.5% in US dollar terms in 1998 and to grow 2% in 1999. The bank said mineral exports were projected to decline 25% this year.

- Reuters
Bank fraud suspect Boka flees Zimbabwe

HARARE — Roger Boka, the black empowerment champion suspected of a bank fraud of at least $61m, 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, has been named as a chief suspect in the biggest financial scandal in the country’s history, and the issue of fake bonds worth $61m 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. — Sopa.

[Stamp: 20/12/16/48 (362)]
Gold miner set to increase production 30%, says Oppenheimer

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 25 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.

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 thorn scrub, Bubi has the distinction of being one of only three of the hundreds of gold mines in the country that is not a redevelopement 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 Zanu-party followers.
Fraud suspect quietly slips out of Zimbabwe

Michael Hartnell

HARARE — Militant black empowerment campaigner Roger Boka, whose huge financial empire has been frozen during investigations of a billion-dollar fraudulent mill issue, has 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 Taumbwa alleges more than Z$750m 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 immigration but were told by their superiors "not to harass the businessman", understood to be in his mid-50s.

Taumbwa and Justice Minister Emerson Mnangagwa denied they had given authority to Boka to leave Zimbabwe or spend Z$350 000 for tickets for himself and a woman companion to travel by Air Zimbabwe to London via Lilongwe and then on to Seattle.

Taumbwa says the Boka Group, which includes giant Z$300m 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 facie, 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 bail out his creditors.

Taumbwa has reportedly 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

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 open-cast Bubi gold mine, north of Bulawayo.

"Government must make it attractive for investors here," Oppenheimer told Mines Minister Simba Moyo. He hinted that development of a proposed $50m 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 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 R1bn.
Zimbabwean fast-food group to head north

GODFREY MUTUWA

Harare - Insaaco Africa, the high-flying Zimbabwean fast-foods retail and tourism group, says it is ready to conquer Africa's untapped food market, after swamping Zimbabwe with 150 outlets in 10 years.

Julian Vezey, Insaaco's financial director, said in an interview yesterday that the group, which introduced the Chicken Inn brand to Zimbabwe, expected to spend $6 million in the region by the end of the year, and double that amount in 1999.

Most of the money will be spent in Nairobi where seven new outlets, including Nando's Chickenland, Chicken Inn and Bakers Inn, are 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 50s.

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

The Kenya operation on its own would probably be worth twice the $140 million invested in Zimbabwe's 150 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 constraining factors 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 20 percent. Growth is expected to drop to an optimistic 2 percent after 8.5 percent in 1997.

Insaaco, 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
Tobacco law claims 'unreasonable'

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 3 600 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". — Reuters.
Economy & Business

GOOD MONEY CHASING BAD

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. The country cannot achieve a budget deficit of 5.5%, even with 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 earns 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 steadyancy of the currency. Following a crash last November when the US$/ZS exchange rate slipped as low as ZS1,26, the local currency has settled at about ZS1,18.

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.

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

Special Correspondent

The IMF & ZIMBABWE

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) have pushed the 1997 deficit well over 10% of GDP
- Foreign debt exceeds US$5bn or 77% of GDP
- Official reserves dropped from nearly US$300m in mid-1996 to $140m in February 1998 — amounting to less than one month’s import cover

IS WAS HERE

WHEN MOMENTUM HEALTH WANTED TO SPEED UP COMMUNICATIONS, THEY LINKED WITH US.

BEHIND EVERY SUCCESSFUL INTERNET SOLUTION
the internet solution Tel: (+27-11) 283 5000 Fax: (+27-11) 283 5001
eg: info@is.co.za Web: www.is.co.za

FINANCIAL MAIL - JUNE 19 - 1998 45
Zimbabwe moves to freeze staple prices

Michael Hartneck

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 Nethan 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 cannot tolerate any increases in staple food commodities.”

He said there would be “strict 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$2 900 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 “mugadza” 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

Robert Mugabe, President of Zimbabwe, may have weathered the storms of past strikes and defiant calls for his resignation, but this time his days seem to be numbered, reports Al Jazeera.

Robert Mugabe's government has been marching through a series of crises, with the economy in shambles and the president's popularity waning. The similarities with September 1980, when Mugabe and his ally, Joshua Nkomo, faced a state-assisted wedding, the currency is collapsing, and the trade unions are united in their opposition to both the government and the president, 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 willing to give way on matters on which he was formerly inflexible, he is a long way from quitting as president.

"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 hoylings. 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, Deliutm 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 Mavhaire could not be suspended from Parliament for his remarks.

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 they are genuinely angry and frustrated. The students feel that they are the outlet of the frustration they have built up."
Rebels invade three Zimbabwean farms

Mugabe may honour long-time ally

Bank's debt and face IMF music

**Michael Hernando**
Zimbabwean squatters agree to move off farms

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 Sosve, 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 avoid legal resettlement.

President Robert Mugabe had 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 left on 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 Harunze reports that Kangai told national radio he had been “forced to make appearances” that the peasants would be given land under Mugabe’s resettlement scheme.

Reuters, Sapa-AFP
ZIMBABWE Cash-strapped state tries to raise revenue from foreign bookings

New tax burdens tourist industry

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 southwest 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 damper on an industry that earns it more than Z$2 billion (US$1.7 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 to be making around the continent and the world to be the remedy for 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 wallop, "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 "90 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

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 Gwengwe suburbs 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.

He has said they had a greater right to the land than white settlers – he claimed “stole” it from blacks more than 150 years ago. – Reuters
Squatters defy govt calls to return home

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 Gokwe North 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 are about 60km northeast of the capital, Harare, while others had started molding 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 and the villagers would go home before they could be considered for resettlement, had called the situation a failure.

Nkomo said he was surprised that the Zimbabwean Constitutional Court had refused to order the government to pay compensation to landowners and had even exhorted the government to promote elections.

He warned that the government would not hesitate to use force if the protesters did not return home.

President Robert Mugabe had in the past year past the new farming law which expropriated 1.5 million hectares of farmland and had handed over to blacks. It has since gone ahead, making it the face of severe criticism from rights groups and international donors. — Reuters.
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 spokesman 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$8 per litre 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$3.2bn 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 the International Monetary Fund.
Zim peasants take back land

Mercedes Savyages

They trickled in, women with bundles on their heads, men on bicycles. In small groups they camped on four commercial farms in Mutoros,

They arrived on June 13, and today there are perhaps up to 1,000 men and women from 10 villages in the dirt-poor communal area of Swove, 30km 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 Deskop farm (all requested anonymity).

The villagers say they are tired of the government's empty promises of land redistribution and resettlement.

"It is 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 chıldren to play together, to marry."

The farms were well chosen.

They went on last year's government's list for compulsory sequestration.

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 headsmen were there.

So were ex-combatants, one of Zimbabwe's most militant pressure groups. So were neighbors, war collaborators recently spurred 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 6,000 farmers, an overwhelming number of them white, own 18 million hectares of good soil. Some 600,000 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 1,000 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 stronghold 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 Swove people, to let them stay is tricky.

The ripple effect of cops' 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 wild fire," said Minister of Local Government and National Housing, JN 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 Gahadzwa Swove. 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 Swove went around the farms telling his people to go home. Some obeyed; at Deskop and Igwa farms, many didn't. To the sound of mbira playing and shamba ngwane, 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 13 farms comprising 16,000 hectares in seven provinces and demarcated them for 183 families to be resettled this year.

Orders were the first guiding principle, said Nkomo. Peasants who live near the farms will be resettled there. One of them, in Mashonaland East, will take 400 families. But it is nowhere near Swove, which has 4,000 adults who need land.

When asked if Swove 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 promised. On Wednesday, the local police asked the land minister to sign a letter stating the farms and dates on which they would be resettled, before they return to Swove. Their determination raises the possibility that their actions could start Zimbabwe's third disillusionment.
Zimbabwe’s business cult figure rejects ‘this indigenisation thing’

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, Zimbabwe’s executives were asked by investment bankers, Nigel Chanakira who they hoped would be running the country in 2002. "Will you be the first answer — submitted by a vociferous cry of SA’s ‘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 management 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 losses later, his Econet company is now 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 and then unambiguously exploited its position to start a belated cellphone service of its own, still limited in range to Zimbabwe’s major cities.

Masiviva 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 was approached by Vula Communications, among others, to assist their entry into the SA cellphone market. "It is a rambling political process," he says.

Driven into exile by the fighting around their home in the northeast of the country during the 1972-80 independence war, his family sought refuge near Edinburgh, where he attended secondary school. He went on to gain honours degree 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, recently with Z$20bn debts" were owned by Boka rather than the wider black community.

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

"I was only 52. I realised it had to be my generation that drew the line," he says. "For him, ultimate failure would be the fear that his four daughters would fail victim to the brain drain and join Africa’s diaspora.

Members of the Zimbabwean political establishment frequently accuse Masiyiwa of ignoring Mugabe’s problems of maintaining control — synonymously known as "economic patriotism". In the wake of the 1987-88 ethnic strife that claimed about 40,000 lives, Mugabe apparently convinced economic patriotism was a legitimate instrument of peaceful control, preferable to the armed compulsion with which he defeated rival nationalist factions and then oppressed 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 an entrepreneur. The prosperity of Mother Africa lies in this 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 engineers.

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

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 lauding an "old, 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

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

We 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 mineral wealth. 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 shake off the fighting Steve Biko, to keep one group of, say the Ugandan Asians or the black South Africans, out of the system. You need them all."
Zimbabwean peasants disregard law and cross fences to invade white-owned land, writes Andrew Meldrum from Marondera

The sign at the entry to Duskop Farms 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 large-scale land redistribution.

They trekked about 30km from the rocky overcrowded Seke 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 cow-hut 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 массива influx of Seke peasants on to the prosperous Marondera farms has clearly been organised, apparently by a group of disgruntled war veterans who sought to end Rhodesian rule.

Disillusioned 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 "do half of the country's white-owned farms without paying a penny for the soil." He promised that massive land redistribution would start in June.

The Seke 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 Seke group. "This is our motherland. Under these circumstances we should not only defend the land, but also occupy it."

The government had agreed to resettle them some time later. But the sign at their homestead had been heeded across the nation.

But the peasants repeatedly 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 land?

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 Seke people agree to move peacefully, it is unlikely they will be resettled this year.

According to the government's new accelerated land redistribution plan only 131 families will be allocated new land this year, and that is a fraction of the hundreds of Seke families who have moved on to the Marondera farms.

Their resettlement plan was released on Monday by Nkomwa, who said it was merely coincidental that the new plan was being launched at the same time as the squatters' crisis. The resettlement plan will not satisfy the Seke peasants.

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

"Seke people are not setting an example by their behavior. They are not following the correct procedures," said Nkomwa. "Local authorities must deal with this situation, or perhaps they will call on central government to intervene."

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

"Our purpose is land," said their leader. "We don't want diplomacy or politics. Our purpose is land." — Star Foreign Service
Squatters move off farms

AURAG - Squatters had moved off white farm lands after they invaded farms 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. The newspaper said the government had not tried to pulverize them back home, but had only refused to relocate them. Vice-President Simon Muzenda promised they would be resettled soon. - Sapa.
HARARE. — "Shocking" corruption at the secretive state-owned National Oil Company (Noczm) has contributed to its present Z$3bn debt crisis, said Zimbabwe’s Transport and Energy Minister Enos Chikowera.

"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 150% 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 in unpaid foreign currency tax (OCTO).

"Petrol will have to rise from the present Z$5,11 a litre to Z$9 to stem Noczm losses of more than Z$1bn a week, to pay industry sources. A knock-on inflation effect could cause further rise to the prices of products in January against the maize price hikes of around 60%.

In line with the main price hike, he said: "All I can say is that we are unravelling serious maladministration and irregularities that should not have existed," said Chikowera.

Noczm, who ruled out disbanding the organisation on "strategic grounds".

Noczm 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.

Noczm 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 26% to the single-digit targets agreed with the International Monetary Fund.
Zimbabwe bankers seek clarity on measures to curb inflation

Michael Hartnack

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

Tsvangirai announced the measures at an initial briefing on Tuesday, startling many financial sector observers with his continued hope of an International Monetary Fund bail-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 "triatlitical 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 Trade Unions are working on an urgent application to the Supreme Court to have the ban declared unconstitutional.

Tsvangirai 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 Tsvangirai'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 $3100 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

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, who 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.
Black Zimbabwe Farmer Fight for Leased Land
losses

Drag on Zimbabwe’s issues was more than Z$3.5bn, Reserve Bank report shows

Michael Handeck

Seven major parastatals make huge
Blood bank cuts supplies to hospital

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.
London media rank him with Pinochet on human rights

Mugabe finds himself in the hot seat

Abandoned by Western allies, the Zimbabwean president faces increasing criticism from his own people over human rights abuses and corruption. His rule has been described as a dictatorship, with opposition leaders often targeted and vaccines for COVID-19 being withheld due to unpaid debts.

In recent years, the economy has collapsed, with inflation reaching triple digits. Despite this, the government has accused Western nations of interfering in its internal affairs, refusing to engage in dialogue or accept international aid.

Human rights activists have called for Mugabe's resignation, arguing that his continued rule is detrimental to the country's progress. The international community continues to monitor the situation closely, with concerns over the future of democracy and human rights in Zimbabwe.
Lawyers slam Mugabe

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-APF.
Zim locals denied tourism bounties

By Baynaa Val

L

ecrow - "We're tired of touring with the locals," says Michael N'Dowa, a Zimbab
wwe tour operator. "We want to change. We want to see more of the country.'

If N'Dowa and his community are self-sustainable, why is it that they are
still relying on "charity" to sustain their livelihood?

The community is run on a traditional fashion around Victoria Falls. The
africat, a site renowned for its natural

beauty, has been more lucrative than the

lodge operators. Instead of relying on the

tourism industry, they have created their own

businesses, such as the N'Dowa Tour Operators that offer

charity tours. This has enabled them to maintain their

independence and cultural heritage.

Benefits

- Tourists can account for about eight to 10 percent of the country's annual income.
- The community benefits from the influx of tourists, generating local jobs and income.
- The government benefits from the revenue generated from tourism.
- The country benefits from the promotion of its cultural heritage and natural beauty.

The community is run on a traditional fashion around Victoria Falls. The
africat, a site renowned for its natural

beauty, has been more lucrative than the

lodge operators. Instead of relying on the

tourism industry, they have created their own

businesses, such as the N'Dowa Tour Operators that offer

charity tours. This has enabled them to maintain their

independence and cultural heritage.

Benefits

- Tourists can account for about eight to 10 percent of the country's annual income.
- The community benefits from the influx of tourists, generating local jobs and income.
- The government benefits from the revenue generated from tourism.
- The country benefits from the promotion of its cultural heritage and natural beauty.

The community is run on a traditional fashion around Victoria Falls. The
africat, a site renowned for its natural

beauty, has been more lucrative than the

lodge operators. Instead of relying on the

tourism industry, they have created their own

businesses, such as the N'Dowa Tour Operators that offer

charity tours. This has enabled them to maintain their

independence and cultural heritage.

Benefits

- Tourists can account for about eight to 10 percent of the country's annual income.
- The community benefits from the influx of tourists, generating local jobs and income.
- The government benefits from the revenue generated from tourism.
- The country benefits from the promotion of its cultural heritage and natural beauty.

The community is run on a traditional fashion around Victoria Falls. The
africat, a site renowned for its natural

beauty, has been more lucrative than the

lodge operators. Instead of relying on the

tourism industry, they have created their own

businesses, such as the N'Dowa Tour Operators that offer

charity tours. This has enabled them to maintain their

independence and cultural heritage.

Benefits

- Tourists can account for about eight to 10 percent of the country's annual income.
- The community benefits from the influx of tourists, generating local jobs and income.
- The government benefits from the revenue generated from tourism.
- The country benefits from the promotion of its cultural heritage and natural beauty.

The community is run on a traditional fashion around Victoria Falls. The
africat, a site renowned for its natural

beauty, has been more lucrative than the

lodge operators. Instead of relying on the

tourism industry, they have created their own

businesses, such as the N'Dowa Tour Operators that offer

charity tours. This has enabled them to maintain their

independence and cultural heritage.

Benefits

- Tourists can account for about eight to 10 percent of the country's annual income.
- The community benefits from the influx of tourists, generating local jobs and income.
- The government benefits from the revenue generated from tourism.
- The country benefits from the promotion of its cultural heritage and natural beauty.

The community is run on a traditional fashion around Victoria Falls. The
africat, a site renowned for its natural

beauty, has been more lucrative than the

lodge operators. Instead of relying on the

tourism industry, they have created their own

businesses, such as the N'Dowa Tour Operators that offer

charity tours. This has enabled them to maintain their

independence and cultural heritage.

Benefits

- Tourists can account for about eight to 10 percent of the country's annual income.
- The community benefits from the influx of tourists, generating local jobs and income.
- The government benefits from the revenue generated from tourism.
- The country benefits from the promotion of its cultural heritage and natural beauty.
FIDDLING WHILE ROME BURNS

Analysis at odds with reality

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 US$1.5bn 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$1.5bn) of Zimbabwe's US$1.7bn 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 turnaround".

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.
Zimbabwe stock crashes

By Donna Block

Zimbabwe's stock exchange is the latest casualty of President Robert Mugabe's controversial policies that have squeezed the local currency, leaving businesses and ordinary people with the worst economic crisis in its 18-year history.

Since the beginning of the year, Zimbabwe's stock market (ZSE) has been one of Africa's brightest performers, with a 137% rise in local currency terms. In US dollars, the market has shown a staggering 311%. Over the last few months, the index has shown signs of decreasing, with heavy selling of shares that are listed in the ZSE like Delta Corporation, Zimbabwe's largest listed company and its only real blue chip, and the supermarket and hotel group, Meiden Africa Limited, selling off its shares to foreign investors.

Political inaction and government failure to take steps to stabilize the economy have led to a loss of faith in the currency, leaving many investors with little hope for the future. The government has failed to take necessary steps to address the economic crisis, leading to a loss of confidence in the local currency.

In the face of such harsh realities, many investors are now looking for alternative investments, such as gold, real estate, and offshore assets. The ZSE has lost most of its initial gains, and some companies have seen their share prices fall by more than 50%.

Even the country's most trusted companies are feeling the pinch. Meiden Africa, a leading supermarket and hotel group, has seen its share price plummet by more than 70% in the past year. The company has announced plans to sell off some of its assets in an attempt to stave off further losses.

In addition, the economic crisis has led to a loss of confidence in the country's political leadership. The government has failed to take necessary steps to address the economic crisis, leading to a loss of confidence in the local currency.

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

"This fund scandal signals an intention to proceed immediately with largescale land acquisition, this could have adverse financial implications for Zimbabwe and beyond, as well as hurt confidence in the economy generally," the IMF said.

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

In the absence of IMF support, fears are mounting that Zimbabwe might emulate the good example of Malaysia and attempt to stem the 8%, annual inflation and stop the collapse of the bond, 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 long term it would be an unreliable solution. Foreign goods and services would dry up. Trading partners would insist on being paid in some hard currency. Local companies declared bankrupt would have their assets liquidated into a worthless currency.

The recent trends in the stock market and the investment rating of the country as a whole would be too horrible to contemplate, and so report the latest news.

Fear about a fixed exchange rate reached fever pitch on Monday ahead of a scheduled announcement by Zimbabwe Reserve Bank Governor Leonard Tsvangirai. In the end, Tsvangirai announced plans to change the way the national bank sets 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 propelling up Zimbabwe's beleaguered dollar. Analysts, however, say it was futile because poor fundamentals—namely stagnation—are hammering Zimbabwe's dollar. Zimbabweans ignored the new mechanism as therefore, there may be some losses for floating, but that's not my wish.

Meanwhile, the government has come up with no answers as to how it plans to finance the country's civil war. The army of mercenaries from the Congo war, or how it is going to invest its billion dollars, many analysts say ultimately lies at the core of Zimbabwe's troubles.

According to a Reserve Bank official who was asked to remain anonymous, "It is the core of capitalism. It is the core of the government of property and the core of private property. Once private property is not safeguarded it is impossible for investors anywhere to believe in you."

The only thing that can save Mugabe and the economy today now is an injection of cold hard cash. The government has come up with no answers as to how it plans to finance the country's civil war. The army of mercenaries from the Congo war, or how it is going to invest its billion dollars, many analysts say ultimately lies at the core of Zimbabwe's troubles.

Despite the government's ability to pull the country out of the mess, the economy is still struggling. The stock exchange is now a place for investors to speculate on the future of the country, and the hope that Zimbabwe can recover from the economic crisis.

In conclusion, the economic situation in Zimbabwe remains uncertain, and the government has yet to show signs of taking the necessary steps to stabilize the economy. The future looks uncertain for Zimbabweans, and the country continues to struggle with high inflation, a lack of foreign investment, and a weak currency.
Zimbabwe deficit swelled by bail-out

 Reserve Bank saves ‘indigenous’ building society

Michael Hartnack and Martin Rushmore (12)

RABARE - The Zimbabwean government’s annual spending deficit has been swollen by a further unbudgeted Z$300m to Z$800m charge - the cost of bailing 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 Merchants Bank.

Francis Nhuna, 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 failure. However, banking sources said ZBS’s exposure to Boka stemmed from sources beside the Z$1.6bn in fraudulent bills on the parasitic Creditors’ Registration 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 securities, making it unable to foreclose on defaulters.

Reserve Bank governor Leonard Tsvangirai’s first act on taking over ZBS was to explore a merger with Unity Trust Bank, previously a subsidiary of former Anglo subsidiaries, 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,” Tsamba 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 specialises in loans to emerging 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 Merchants 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 Marmic” after his merchant bank collapsed.
Zimbabwe will use local money to pay for farms

Land bonds plan a policy U-turn

Michael Hartnock

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 appraoched, 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 $30bn, 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 84% of 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 $33bn and $35bn, but the 1996 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 Hattavogone, the daughter of his current successor, Kumbirai Kangai, are among those who called for the option to buy former white farms taken over for resettlement in the 1980s on a "willing buyer, willing seller" basis, using $30bn in aid money.

Violence occurred last month when villagers from neighbouring Mhondoro communal area, who claimed they had been promised land given to Hattavogone, were driven off by her political supporters, reportedly biased in from Harare.
Meeting of govt, labour ends early after protests

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 Chituro 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 a new wave 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.

20 Oct 1999
Bank offers Zimbabwe $300m lifeline

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 $55m 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.

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 strat-
Economist says Zimbabwean government is flled with senseless has-beens. Mr. Gabe has no clue what is happening.

REST OF AFRICA
land for the rich

farmers in Zimbabue write Hans Brandle

Nobody wants to hear of the plight of the landless

Zimbabwe’s economy teeters on the brink

SUE MATETAKUPA: 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."
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 reform.

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.

British, 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 Edisson 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. — Reuters
Zimbabwe’s leaders call for reforms

HARARE: Members of Zimbabwe’s ruling party (ZANU PF) have called for constitutional, land and party reforms, as well as an urgent remedy for a deepening economic crisis.

At the end of a two-day annual conference, some 5000 party delegates also called for an elected policy bureau — an inner cabinet whose members are at present 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 news agency Ziana said, quoting one of several 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 that it was going ahead with the forcible acquisition of 841 mostly white-owned commercial farms to resettle more than 150,000 blacks who are crammed into 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 4000 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 among the country’s 12 million people.

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. — Reuters
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 "begged 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 $2.5bn last year.

The first step to reform was to cut state functions to a core, costing 18% of gross domestic product, or $430bn, from the present $2.5bn. 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

The noises emanating from Zimbabwe's ruling party congress do not make sense for the country's economy, reports Michael

President Robert Mugabe and his cabinet have pledged a return to socialism, subsidies and economic controls in the 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 840 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 the 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 230m 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 for 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 squatting 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 these farms and source money to compensate owners later. The process of reallocation of 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 reintroduced in January despite warnings that production might soon become subeconomic, leading to shortages, as was the case in the 1980s.

Finance Minister Herbert Muherwa pledged to curb the use of foreign currency markets to check a balance of payments deficit estimated to reach 5bn. He said:

The party pledged to profoundly transform the country by "freeing" land, providing a path to a new constitutional document that was "in the right direction."

He said: "An open declaration of rights, in a revised constitution, is a national goal." Zimbabwe's adoption of a new constitution was to be determined by referenda. Details of the planned constitutional changes were not disclosed.

The party's economic pro-gramme was "in line with national economic objectives," the MP said.

The party pledged to profoundly transform the country by "freeing" land, providing a path to a new constitutional document that was "in the right direction."

He said: "An open declaration of rights, in a revised constitution, is a national goal." Zimbabwe's adoption of a new constitution was to be determined by referenda. Details of the planned constitutional changes were not disclosed.

The party pledged to profoundly transform the country by "freeing" land, providing a path to a new constitutional document that was "in the right direction."

He said: "An open declaration of rights, in a revised constitution, is a national goal." Zimbabwe's adoption of a new constitution was to be determined by referenda. Details of the planned constitutional changes were not disclosed.

The party pledged to profoundly transform the country by "freeing" land, providing a path to a new constitutional document that was "in the right direction."

He said: "An open declaration of rights, in a revised constitution, is a national goal." Zimbabwe's adoption of a new constitution was to be determined by referenda. Details of the planned constitutional changes were not disclosed.
World Bank ties Zimbabwe’s loan to IMF conditions

Michael Hartnick

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, Finance Minister Herbert Murerwa told the Herald yesterday.

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 243.8bn $5bn “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 had rejected the IMF board’s suggestion the World Bank 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 un-budgeted extra 23226m was being allocated to resettlement after backbenchers said the initial 23150m was grossly inadequate.

Financial sources say the total sum is still a fraction of the 841 farms’ estimated Z$3bn-Z$4bn 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

Finance minister believes Zimbabwean dollar is undervalued

**Finance ministers dismiss currency measures**
**Smithy digs in over land distribution**

The Smithy family has been living in their land for generations. Despite the government's efforts to redistribute land to the rural poor, the Smithys have resisted. Their land is their livelihood, and they are not willing to let it go without a fight.

"We've lived here for as long as we can remember," says Mr. Smith. "This land is our home, and we're not leaving it."

The government argues that the land is needed to address the country's poverty crisis.However, the Smithys see it differently. "Our ancestors worked hard to build this land, and we're not about to give it up without a fight," said Mr. Smith.

The conflict continues as the government and the Smithys stand firm in their respective positions. The issue of land distribution remains a contentious one in Zimbabwe.
Smitty dies in over land distribution

Robert Mugabe is making even Len Smith look good, says R W Johnson who spoke to the former Rhodesian leader
Harare police on high alert as price hikes bite

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 Dzimotwelyi 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.
Mugabe tells whites to move now, evaluate later

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 devaluation 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 potent for 500,000 workers and their dependants, currently living on land designated for takeover and redistribution.
Bid to protect Zimbabwes heritage of natural healing - relied on by millions

Peasants, businesses struggle to keep alive as discounting monies

Achieving rural poverty reduction off Limpopo
20 injured as Zimbabwe fuel hike sparks rioting

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 35%.

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 30%.

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
Rice urges Mugabe to seek peaceful solution

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 brusque 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 5 000, 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 rose 25% on Monday, following a 60% slide in the value of the currency.
New publishing group fails to attract luerce

Zimbabwean investors steer shy of opposition to government media

HARARE — The new publishing group, Associated Newspapers of Zimbabwe (ANZ), has had only limited success with a 2452.8m private local share placing, 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 interest,” said Arthur Chiramba of Stanbic Merchant Bank, which is handling the private listing.

ANZ’s CEO 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.

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 $34.137,5m. 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 $34.4m in 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 50% to be dispersed as dividends.

Auditor PriceWaterhouseCoopers warns 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 adherence 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 employment staff four times the current going rates.

The daily’s cover price — forecast at $3 — will be $1 below The Herald.
Victims of Zimbabwean army abuses suffer stress

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 non-governmental 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 Matabeleland 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 Zanu party. As a result of the findings, six non-governmental 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, Shari 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 some 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 simmering anger and a growing (internal) desire for revenge among some civilians in the region.” —AIA.
Rioting plagues
Harare townships

Michael Hartnack

HARARE — Widespread rioting and arson swept through Harare's townships yesterday as anger spiraled over the weekend's 57% leap in the price of petrol and diesel.
Announcements of a long-deselected 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 Masvingo industrial area east of Harare, rioters were narrowly prevented from getting at a petrol station when attendants switched off pumps and the riot squad arrived before the attackers could throw matches. They rampaged through the area throwing 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 Chinhoyi was entirely isolated. Thousands of workers were stranded when commuter minibus drivers, enforcing a strike against the fuel price rises, attacked strike-breakers and motorists.

Home Affairs Minister Dumi Masiyiwa 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 armed 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 he was willing to go to Rwanda and Uganda to meet rebel leaders.

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 in eastern Zaire, which borders the Democratic Republic of Congo.

"The reports you gave are far from the truth," he said.

Dismissing claims that the Zimbabwean unrest was linked to the cost of the Congo intervention, he said rebels believed to have committed up to 8,000 men were backed by tanks and aircraft.

Mugabe said: "We are meeting the cost in the same way we did in Mozambique for seventeen years."

Congo ceasefire drive Page 12
Price rises (98%) spark riots in Harare

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 200% 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 in much of the city.

Last week's fuel price increases stumped 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 Airey, 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

Harare - Violent protests against massive hike in fuel prices increased rocketed 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 Monday 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 plans to launch a new anti-rebel offensive in the east of the country.

Sapa reports that heavily-armed units of the Zimbabwean army have been deployed in Harare's troubled townships to help police contain the violence that erupted in protest against price rises 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 long sleeves and over their shoulder.

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 labourers have been arrested for breaking into a mine in the dormitory town of Chitungwiza, 50km south of Harare, and another 22 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 spend 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 frustrations 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.

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.

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

With inflation rampant, unemployment high and the economy in tatters, the Zimbabwean president is thinking of war, writes

Tony Hawkins

A S 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 Zimbabwean president is leading the military campaign to preserve the Democratic Republic of Congo's President Laurent Kabila.

Many in business, in opposition, in the diplomatic community and even some in Mugabe's ruling Zani 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 $355m, forcing his finance minister to cut public spending and impose new taxes. This was followed by the "laying off" of 4 701 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 ($226 000) a year. He cut sales tax also from 17.5% to 12%, 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, Zoco, or 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 sluggish of the SADC and the world — and the outlook is bleak.

Add to this, Zimbabwe's deteriorating relationship with the regional superpowers, SA and the outlook is bleak.

— Financial Times

16% by December. Some economists believe the actual figure is already close to 50%.

Even if the IMF does believe the official budget numbers, it would be surprising if it judged the government's fiscal performance as much as 50% good. The government has been sequential, the budget figures often conflicting, and the IMF's predictions of 16% by December. Some economists believe the actual figure is already close to 50%.

What has happened in Zimbabwe is that the IMF has been outflanked and its intervention has been counter-productive. The IMF would only have come into its own if it had been willing to go to war. Now it is trapped with a government that is not only insensitive to public opinion, but also incapable of delivering.
Zimbabwe’s army on full alert as violence spreads

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 affected 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 38,038,50 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'

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 public anger over 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 plunging 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.

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 weekend fuel-price hikes 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 raising 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. — Reuters
Mugabe's reckless decisions come home to roost as riots

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 twice this year, and hostility to the autocratic Mugabe government has remained at boiling point. To stifle off the cost of his war effort from an 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 snuff 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 neighbourhood 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 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.
The cracks in Mugabe's

Zimbabweans are wondering why their young men are fighting — and dying — in a war.

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 $2.3 million to $5.1 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 apower in Africa. There may also be commercial reasons: it has been revealed that some Zimbabweans are close to the ruling party.

Cabinet ministers 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. — The Economist, London
Mugabe’s new land policy illegal’

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.

“Here 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 say 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 Pinhoo Farm, Marondera.
REST OF AFRICA

Mass stayaway called

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 every Wednesday until the issue of the 67% fuel price increases that triggered last week's rioting, and pledged 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 a strike against chronic economic mismanagement would reach in September with employers and unions. The unions cancelled a five-day national strike against the new budget which 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$550 to Z$555 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

Renéé 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 non-strike 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 non-strikers 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 Mdlalose 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%).

---

One killed in Zimbabwe riots

Michael Hartmann

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 vandalized.

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 "tripeartite agreement", including government and employers, on root causes of the 65% 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 secretary-general Morgan Tsvangirai.

---

Picture: Page 3

www.bday.co.za
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 massie recent price increases.

Police also fired teargas to disperse strikers in the farming centre of Masvingo, 75km east of Harare, witnesses said.

Witnesses said mobs torched a farmhouse near Masvingo, causing the death of a middle-aged woman.

There was no official confirmation of the incident.

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% hike 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 set 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

Fuel price hike sparks outbursts during countrywide strike

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.

The country's main industries were shut and Harare's central business district was only partly open as thousands of workers headed 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 appeal, 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 13 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 the Tutsi-led rebellion, despite strong protests at home that Zimbabwe cannot afford the war.

Groups of striking workers in Harare's Mutare 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

Backbenchers become more vocal about economy

A
fter 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 32.4% increase in paraffin prices — designed to stop truckers from buying bulk, cheaper 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 51.7% 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 offi-

1997 1998

Mugabe’s magic

Zim$ vs US$
Zimbabwean land owner dies in new wave of rural violence

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 squat 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 criticized 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 strike, in which at least one person was shot dead during rioting in Mutare, talks yesterday between unions and employers broke up without reaching an 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.
Getting to the front of the queue has become all-important in Zimbabwe, where business interests in here
Farmers’ leader quits in remarks row

Michael Hartack

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 Botes, 40, at Mellford 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 farm house, 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.

Farming 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 Swanepeol will replace Swift.

Many parts of Zimbabwe continue to await farming relief. Workers met 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

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 reform, 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

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 $650,000 in tax-free gratuities, $42,000 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 500 families had moved onto five farms around the Chirwa communal area, Goromonzi, while more had moved onto farms in the Beatrice area south of Harare and at Mukoko and Murera.

"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 Trade 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 recognize and enforce them in conjunction with court sheriff's.

Some of the squatters are reported armed with rifles, pistols and knives.

Mashonaland West provincial governor David Karimanzira appealed for land seekers to be patient.

"On the other hand," Karimanzira added, "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 said to be alarmed as agricultural chiefs by development opponents, because some of the occupied farms have multimillion-dollar overdrafts for crops that were planted since the start of recent rains.

160
venture fears
price controls

R300m sugar

HARARE — A 300m dollar sugar mill in Zimbabwe, which has been under discussion for some time, is now a reality. The mill will be built on the outskirts of Harare and will produce 1.5 million tons of sugar per year. The project is expected to create jobs for thousands of people in the area.

Although the government has announced that the sugar mill will be used to reduce the import of sugar and improve the country's balance of trade, critics warn that the project may not be sustainable due to the high cost of production. The government has also been accused of using the project as a means to promotecronyism and corruption.

The sugar mill is expected to start operating by the end of the year.
MUGABE FUELS CRISIS

Squatters threaten to force farmers off land

HARARE: Robert Mugabe’s impatience with the slow pace of land reform has initiated a new land grab. IAN MILLS, of the Independent Foreign Service, and Reuters 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. Villages 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 camping 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 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 peasant farmers to be patient and reminded them that the land reform exercise is a five-year programme.
Mugabe seizes hundreds of farms

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 sign 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 resigned 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.

In September last year, 147 properties were targeted but 612 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 mortgaged by the farms’ owners. The 841 were believed to coincide broadly with those not “diluted”, but all schedules published have been littered with clerical errors, miscalculations and anomalies.

The crisis in the rural areas, where the land hungry are likely to imitate the ex-guerillas and sweep in to claim holdings.

Legal sources believed the CFU might seek an urgent high court injunction against seizure on behalf of at least some of the affected properties, but there is a risk of a 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 bus and commuter minibuses stayed off the roads.
Shock as Zimbabwe takes over 841 farms

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 Swanepeol, 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 Swanepeol said.

Mr Swanepeol 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 R315.5-million) 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

African Business
Strikers put squeeze on Mugabe

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.

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 Kangadzire, 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
 Strikes cripple Zimbabwe

UNREST: MAY FORCE MUGABE OUT OF DRC WAR

INTERCEPTION

Harare: Zimbabwe's industry was crippled by transport and power outages after the era of sanctions and opposition imposed by the West. The situation is similar in other countries where Mugabe's regime has been in power.
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%, enraged 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), Nlanhla Masuka, 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 waging a war on a political patronage system aimed at entrenching his rule.
Social unrest and unions could force Mugabe to pull troops out of Congo

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 97% 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 neo-colonial pretensions have been 14-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, ignoring his duties," said political commentator John Makumbe.

"But today his main problem is the Congo. The unions have brought it to the fore and they see this as their time."

Makumbe and Mandipula Sihle, another political commentator, said economic hardship and further social unrest would undermine the president's position in the Democratic Republic of Congo, where he has deployed over 4,000 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 R600 million daily, bleeding an economy which industrialists say is already on its knees because of mismanagement and low global 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," Sihle said.

"No one can turn Mugabe himself, will say so but they must be backing for an honorable 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 estrangement 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.
MUGABE HEADS

Swelling discontent foreshadows far-reaching political transformation

President Robert Mugabe's 18-year-old regime is facing its sternest challenge since its 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 Tsvangirai'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 re-arranged gets ever more frenetic.

In government, each new crisis — and they are coming thick and fast — is greeted first with denial, then with a panic 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 Tsvangirai, 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...
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 Tsvangirai has emerged as a rallying point against Mugabe's government.

While Tsvangirai'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 than the underlying structural macro-economic weaknesses.

But to the majority of the people, Tsvangirai 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 Shamiyamba 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.
Zimbabwe's farmers locked in crisis talks

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 64, 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 conference 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 Kumbalani Kangwa was said to be out of the country for the weekend and was not available for comment.

The new moves on the controversial land issue came at a time when white-owned farms are being invaded by black 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 embarked on legal moves to obtain eviction orders against the squatters who are reportedly moving onto a new farm every day.

There are fears that Mugabe's plan to acquire all the land he wants for peasant resettlement without any compensation 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, appeared yesterday for unity, to arrest Zimbabwe's economic decline.

"Mistakes" and "constant bickering among ourselves will not yield anything", he said at a meeting with business representatives, that was boycotted by the Zimbabwe Congress of Trade Unions (ZCTU), which is alleged to be devoting too much attention to the Congo war at the expense of the economy.

Mugabe has deployed more than 8,000 troops and much military hardware in the Democratic Republic of Congo.

The ZCTU on Wednesday called its second one-day strike in eight days and said it was not available for comment.

Analysts say maintaining the soldiers' pay, by the government costing the government R5.7 million a day. They put the cost of the ZCTU's strikes at about R5 million every day. The recession-bound economy cannot afford such waste.

Foreign Service
Scramble to clarity terms of Farmland

Zimbabwe's farmers face chaos in wake of govt takeover notices sent to 84 firms

Michael Hamadze

(March 11, 1998)
Zimbabwe firms cash in on collapse of local unit

Martin Rushmere, 20/11/98

HARARE — The collapse of the Zimbabwe dollar and soaring interest rates have brought windfalls to two big guns on the national stock exchange: Melikes Africa and Zimbabwe Sun Hotels.

Earnings from cash piles, much of them in US dollars, have boosted profits. 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$852m. Another Z$26m came from the sale of 50% of the holdings in the Victoria Falls Hotel (to Melikes 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, however, been hit by a drastic 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," said Melikes Africa, also involved in hotels together with supermarkets, has seen R100m profit grow 520% to Z$911m (R193m) in the same period because of the Zimbabwe dollar's problems.

Net foreign exchange gains brought in Z$757m 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 price was in local currency and in terms of US dollars, the price has since halved.

The company, has, the franchise 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

F OR E I G N S E R V I C E

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 4,000 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
Zimbabwe orders seizure of 841 farms

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 appropriate white-owned agricultural land in a manner contrarily 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.

Take now, pay later: President Robert Mugabe

and a wave of social unrest.

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.

Aid is needed as the country faces a drought and growing unrest.

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 own 4000 white farmers own 30% of the land.

The news shook Zimbabwe's financial markets yesterday and Business analysis said the seizing of commercial farms for its controversial land 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 $35 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. Idon Wethere reports

Of the more surreal themes to emerge from Zimbabwe in recent weeks was that of Democratic Republic of Congo President Laurent Kabila being ejected into Harare by a 25-vehicle convoy while helicopters gunships hovered overhead. His motorcade, strange walking, nervously crossed the township where ten yards away in the rubble-strewn streets other police and army units had quelled violent protests against a 57% hike in petrol prices. Having navigated its way through the more sedate former white suburbs, Kabila had come to town during one of several days of anarchy that have been 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 unashamedly blame on their parastatal rulers, those same rulers appear concerned with only one thing: the preservation of Kabila’s prestige and equality as a leader in Africa.

Despite the energetics attempts of his hosts to sentient Kabila’s gun from the graves of the hundred who died in recent years. A truck scattered across roads, overturned garbage bins and the smouldering remains of government buildings were all still visible.

And the overwhelming feeling of spending new $1,000 notes in dawning sunlight will have reminded the inhabitants of Harare’s other world where public funds are scarce. For there is no longer any doubt in the popular mind that Zimbabwe’s newfound economic crisis since independence in 1980 is the direct result of a lenient political elite diverting public resources to its own upkeep. For this 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 billion is spent annually on maintaining the Kabila’s forces in Congo.

Meanwhile, “the mother’s founding father,” as his admirers now describe him, remains supremely indifferent. President Robert Mugabe, it appears, is suffering from acute myopia. There was a compelling need, his loyalists say, for a benevolent Kabila to be locked up, to rehabilitate his country’s socio-economic system. Programmes should be put in place for reconstruction, he said. “We won’t wait until the end of the world. People must be fed, they must be dressed, people must be given work in terms of education, health and medical care.” That Kabila had overlooked the pressing needs of his own people who that same day had been viciously drawn attention to their plight by striking everybody except the founding father himself, as said. He has no problem with his food bill. And it was revealed recently that he has been lodging himself in a handsome housing allowance despite occupying the most state property in the country.

Workers, on the other hand, have seen 90% erosion in the value of their pay packets in the past two years. Inflation is running at 60%, interest rates at 25%.

Zimbabwe Congress of Trade Unions (ZCTU) general secretary Morgan Tsvangirai has been quick to establish the connection between the deteriorating living standards and the absence of political accountability. “The fundamental cause of Zimbabwe’s current crisis is lack of control over public spending, including large un budgeted expenditure on military adventures like the war in Congo, corruption, mismanagement and paranoia of state interests,” he said this week.

Tsvangirai cited as an example the recent sale of the Swaziland power station to a Malaysian company in a deal that saw bank deposits and 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 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 his answer to his call for mass action in January, Mugabe seems determined not to cede. He was shown on TV recently eating cake at a lavish ceremony to mark his 6th anniversary as president.

While the well-supported work stayaways this week and last week have demonstrated that Zimbabweans are sufficiently disillusioned with his regime to support his answer to his call for mass action in January, Mugabe seems determined not to cede. He was shown on TV recently eating cake at a lavish ceremony to mark his 6th anniversary as president.
Acquisition of 841 farms is set down in law, says government

Land seizure is legal - Zim
Farmers stare bankruptcy in the face as they wait for the axe to fall.
Land crisis knocks Harare purse

Michael Harnack

Littlegravity on acquisition orders, big huge legal battle expected over state's seizure of 84 farms

(3)

REST OF AFRICA
Zimbabwe spends billions on arms for war in the Congo

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 gunship jets and spotter planes, were worth $3bn and had arrived in the country three weeks ago.

In the meantime, the paper reported that the armed forces' presence had shown the military authorities' willingness to adopt new, more-advanced strategies and offer more sophisticated weapons for the eastern front.

When asked whether the rebels could suffer enormous embarrassment from theinySDL, "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 rebel-led 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. — Reuters
Farmers await govt action against invaders

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 veterans," a community leader said. "I don't see the squatters backing down without violence."

Ruling party chairman Joseph Mafika and Central Intelligence Organisation political head Sydney Sekeramayi delivered the ultimatum at a series of meetings on Friday.

Farmers in the Enterprise, Goromonzi, and Arcadia 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, Ruape, and Karoi areas. In 811 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 $34bn 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 in Europe, leaving his wife, officials said he was going to Egypt, Libya, Italy, France, and the 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 stage 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 food reform, it was concerned for the plight of 60,000 farm workers who could lose their jobs if the 811 farms were taken.
Mugabe's woes hit SA trade

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
Squatters vacate Zimbabwe farms

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 Goromonzai 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 that this has happened."

Police reported 12 arrests as 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 Orbih Farm in Enterprise Valley, owners Owen and Dawn Connor had been besieged during a two-week confrontation with about 50 land seekers camping 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 1940s-vintage Russian Mi-8 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 unbudgeted $22m 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

Premature seizure of white-owned farms goes against agreements with fund

The International Monetary Fund has suspended about $230 million in aid payment 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 $650 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 110 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 90% 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 $300 million, representing the second of three tranches of an IMF standby loan agreed to earlier this year.

The total package involved about $970 million over 18 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 inflation 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 $6 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 arms embargo imposed on Tripoli and was given a 10-minute welcome from Mubarak.

The Organisation of African Unity decided this year to stop honouring the UN arms embargo imposed against Libya in 1996 for its role 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 beWarning will be deliv- ered at talks in Brussels with EU’s 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

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 341 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 blacks 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 90 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 15-minister cabinet to 13 ministers.
Zimbabwe set to lose out on aid

IMF ‘depressed’ about spending on Congo intervention

Harare — The International Monetary Fund (IMF) office in Zimbabwe had changed its recommendation and suggested the institution withhold promised $86m 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. However, with all its resources the IMF does not have enough money to hand out to all 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 5,000 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 Machachi, 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 54% 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-AP.

It was 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.

The government, according to the diplomatic sources, was due to receive $86m 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.
Future dim for Zimbabwe exchange

IMF aid unlikely following farm threats

Proposed seizes of $41,000 raises doubts on property and scores' investments

AFRICAN BUSINESS
The mayor who’s milking Harare

Nevanji Madanhire

The force 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 paid in November but the bank is not prepared to grant its administration an overdraft.

Meanwhile, work continues on the $250 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.

In Tawengwa’s appointment, all members of the politburo, including President Mugabe, 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 1990s and concentrated on its mismanagement (the empire crumbled) rather than join the liberation forces.

Tawengwa’s appointment has sparked a race for the position of deputy mayor of Harare, where Zanu-PF has a system of primary elections in which all aspirants 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.
Zimbabwe hot on South Africa’s heels in violent crime

While 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 466 murders, 866 culpable homicide cases and 136 incendiary deaths.

Last year, 762 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 400 ex-offenders 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 some others who do not show any sign of remorse," Mr Myambo says.

Sociologist Andrew Murape says the recent spate of killings country-wide 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 80%.

"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 in a haze 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," he says.

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... meeting a stranger." - Sapa
Zimbabwe exchange 'crippled by rise in cellphone operators'

Michael Hertneck

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 pre-recorded 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 Teleglobe". The move 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 described 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, Celtel, run by private interests linked to the ruling Zanu (PF) party, was also licensed.
Beginning of Mugabe's end

Tide turns in Zimbabwe misrule

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 take it too far or 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.

Let us 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 autocrats' 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 third-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$916 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 81.5 million (R8 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 are spearheading 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 skillfully 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 Lesotho's Congolese Congo to score political brownie points is beginning to backfire.

The Congolese opposition 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 shift into the medium- to long-term strategy for a post-Mugabe Zimbabwe.

The DRC, or as it is known, the Great War, which has been going on for years, has now become a war of attrition. The Zimbabwean populace should actually prepare themselves for economic sanctions, and doses of atracting aid from the US, the EU, the Nordic countries, and even South Africa in attempts to compel Mugabe and other external powers to depart from that war-torn state.

Both sides in the conflict — the Kabilo faction vs the rebels — are suffering from the 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 morally wounded. The end may not be in sight, but the beginning of his end is well advanced.

The anti-Mugabe activists should make no mistake: Bob Mugabe will go down without a fight.

Chris Landsberg is writing in his official capacity.
Beginning of Mugabe's end

Tide turns in Zimbabwe misrule

IT IS TRUE 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 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 Zimbabwes's Robert Mugabe are showing stark signs of political mortality. We should not rule out, far off in the distance, 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.

Let us 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, so is Mugabe's.

What are the signs of Mugabe's decline? When he won his third term in May, the economy was forecast. A state-civil society was the making.

Zimbabwe's local currency, the Zimbabwe 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$1.6 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 dengue in beef up its troops in the Congo from 3000 to about 10,000 men, the fiasco is drafted of about $1.5 million (60 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 riddled of the problem: they are typically weak, poorly organised, and deeply divided. Mugabe has over the years skillfully 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. Zimbabwes 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 D-day group for Mugabe is not good; stalemate appears to be almost inevitable. The Zimbabwean populace should get ready to protect 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 morally 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.
ZIMBABWE Thousands left jobless as 42 companies collapse

Unions call for ‘macroeconomic focus’

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 1996 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 850 people.

The main reason 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.

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 10,076 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.

Colin 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.

Zimbabwe rules out propping up of forex controls

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.

“People are running 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 $65 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% 

Delta cautious about rest of year 

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 a 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 Mupasoro is cautious about the rest of the year. "There is no doubt that tough times lie ahead. Disposable income will continue to be under pressure and consumer demand will be adversely affected."

Referring to social unrest and recent one-day strikes, 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 deprecation 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$38.4bn.

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 $353m in balance of payments support has lengthened the already long faces of 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: unemployment with the economy are taking a heavy toll. It will take more than Delta to turn the situation around."
Mugabe abroad as crisis looms

Zimbabwe faces constitutional showdown

Michael Hartneck

HARARE - A constitutional and economic crisis looms in Zimbabwe, with unions and farm owners in hot water over emergency financial announcement due, and President Robert Mugabe not due back from his protracted overseas trip until next week.

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 coined 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.

Fearing 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 Mohammedi'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 Tsitsi and Finance Minister Herbert Mugwena may today unveil a two-tier exchange rate system since they have already been selling the state oil monopoly US dollars at $3.27, which is $3.10 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.

Unions had hoped for a meeting today with employers and government on their demand for a binding "triplat agreement" on sweeping economic and political reform, including reduction of Mugabe's 52-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 disaster funds and from Boka's bank.

The Chamber of Mines announced at the weekend that firms able to do so without being listed into bankruptcy would pay the 20% cost of living allowance sought by the congress for all formal sector workers, to offset runaway inflation.
Mugabe bans calls for mass action

*Mar 30 1988*

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 closest to 'state of emergency' powers, to impose the ban.

Unions and employer organisations also face a fine of up to $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, investigations 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.
Zimbabwe dollar hit as industry braces for shocks

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 $36 to the US dollar on Thursday to $30 on Monday, the Zimbabwean dollar yesterday drifted down to $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 $3.05/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 TRADE 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.

Altogether, 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 Shamuyaro 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 Chikore that no such approval.

Prices of bread and maize meal were expected to rise by at least 20%, revisiting 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 Shamuyaro said agreement had been reached to keep production viable.

There is also rumour that petrol prices are about to increase 50% in line with the Zimbabwean dollar's fall.
Expatriate appointments attacked

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 Harare.

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 Heelpakbaar 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 another 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

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 plumging 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 Manyanyidzwa, 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 semi-finished 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 Masukun, 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 5-6 against 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%, the other to 41%, 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 Congolese government.
Brain drain plugged as some Zimbabweans return home

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 Magwe, 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 aware 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 803 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%.

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 some medium-rate 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 duties.

The need to meet foreign currency bills had reportedly turned Zesa's previous net surplus of $300m to a monthly deficit of Z$300m. The country's power requirements were 246% in 1996 and 18% last year.

Inflation, pegged 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.
Anger as Mugabe and his team get hefty pay rises

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 Henri Pienaar of Zimbabwe University said the pay packages "sent the wrong signal 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 Trade 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 Bichu 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$607 000 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 45% on salaries above Z$80 000 a year. The minimum wage for the poorest formal sector worker is Z$83 000 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 told they risked automatic expulsion from parliament if they 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 Trade 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

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 last week, parliamentarians are also to be paid about 20% more.

The raise comes barely a month after the government announced 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. Egypesion 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, Henri Dzinotyive, told the Independent Sunday Standard.

"The president and his ministers are not staying in mortgaged houses." — Sapa-AFP
Zimbabwe in for 'grim' ride

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 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.
Zimbabwe faces financial ruin

South African officials are monitoring Zimbabwe's deepening economic troubles with a growing sense of unease, writes Donna Blaak.

Zimbabwe is South Africa's most important trading partner in Africa and so much of its financial prosperity is vital to the economic well-being of many local businesses, especially at a time when local companies are struggling with lower and fewer South African goods.

About 11% of South Africa's total trade is with Zimbabwe, including a large share of finished products which Zimbabweans may not be able to afford much longer. According to Tony Hainline, a prominent Zimbabwean economist, total Zimbabwean trade with all its trading partners is already down 0.6% this year from 1997 levels. How much South Africa's 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 horror of the political turmoil in Zimbabwe is reflected in the lack of a country's energy to go in search of a better life.

Shame Zimbabwe's economy deteriorates further, the number of immigrants across the border 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 and move to South Africa. But, in the event that they do, the border will be a key point of entry.

"I'm not sure if the South African government is prepared for this," he said.

On the streets: Riot police keep an eye on demonstrations in Harare. Angry mobs took to the streets this week in protest against a 25% petrol price hike. (PHOTOGRAPHER: MOJO COOPER)

"Unlose and until there is a major political change at the top, Zimbabwe will continue downhill."

The number of Zimbabwean troops has grown to some 8,000, tested by dozen of tanks, warplanes and helicopter gunships, with Mugabe's troops keeping the streets in the main cities peaceful, but frustration is mounting.

"We are seeing an even deeper spending hole. Herbert Marare, industrial economist, said yesterday that the country's economy is heading for disaster."

The effects of hyperinflation, financial mismanagement and the soaring market prices have all taken an economic toll. Zimbabwe's currency, the dollar, has gone into a tailspin that has seen it lose 68% of its value in less than 12 months. Foreign reserves are rumored to be fast 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$125 million hole in the economy.

"Inflation is rampant, with many people not able to spend."

But the problem is not just monetary. Zimbabwe's military has become a source of instability, with Mugabe's troops being sent to contain the growing unrest.

"I don't think villagers can afford to do the same with petrol prices." partial restoration of the economy.

The government has ordered the military to return to base and put an end to the latest round of violence. But the move has not been well received.

"The military's role is crucial in ensuring stability," the government said.

However, an IMF official said he thought it unlikely any further aid would be forthcoming while Zimbabwe has failed to cut its deficit spending within agreed parameters. Zimbabwe is currently facing a balance of trade deficit of over $200 million, which would make it difficult for the country to repay its debts.

Zimbabwe's economy is in freefall, with the country facing a balance of trade deficit of over $200 million, which would make it difficult for the country to repay its debts.

"The government has ordered the military to return to base and put an end to the latest round of violence. But the move has not been well received."

"The military's role is crucial in ensuring stability," the government said.

However, an IMF official said he thought it unlikely any further aid would be forthcoming while Zimbabwe has failed to cut its deficit spending within agreed parameters. Zimbabwe is currently facing a balance of trade deficit of over $200 million, which would make it difficult for the country to repay its debts.

"The government has ordered the military to return to base and put an end to the latest round of violence. But the move has not been well received."

"The military's role is crucial in ensuring stability," the government said.

However, an IMF official said he thought it unlikely any further aid would be forthcoming while Zimbabwe has failed to cut its deficit spending within agreed parameters. Zimbabwe is currently facing a balance of trade deficit of over $200 million, which would make it difficult for the country to repay its debts.

"The government has ordered the military to return to base and put an end to the latest round of violence. But the move has not been well received."

"The military's role is crucial in ensuring stability," the government said.

However, an IMF official said he thought it unlikely any further aid would be forthcoming while Zimbabwe has failed to cut its deficit spending within agreed parameters. Zimbabwe is currently facing a balance of trade deficit of over $200 million, which would make it difficult for the country to repay its debts.

"The government has ordered the military to return to base and put an end to the latest round of violence. But the move has not been well received."

"The military's role is crucial in ensuring stability," the government said.

However, an IMF official said he thought it unlikely any further aid would be forthcoming while Zimbabwe has failed to cut its deficit spending within agreed parameters. Zimbabwe is currently facing a balance of trade deficit of over $200 million, which would make it difficult for the country to repay its debts.

"The government has ordered the military to return to base and put an end to the latest round of violence. But the move has not been well received."

"The military's role is crucial in ensuring stability," the government said.

However, an IMF official said he thought it unlikely any further aid would be forthcoming while Zimbabwe has failed to cut its deficit spending within agreed parameters. Zimbabwe is currently facing a balance of trade deficit of over $200 million, which would make it difficult for the country to repay its debts.

"The government has ordered the military to return to base and put an end to the latest round of violence. But the move has not been well received."

"The military's role is crucial in ensuring stability," the government said.

However, an IMF official said he thought it unlikely any further aid would be forthcoming while Zimbabwe has failed to cut its deficit spending within agreed parameters. Zimbabwe is currently facing a balance of trade deficit of over $200 million, which would make it difficult for the country to repay its debts.

"The government has ordered the military to return to base and put an end to the latest round of violence. But the move has not been well received."

"The military's role is crucial in ensuring stability," the government said.

However, an IMF official said he thought it unlikely any further aid would be forthcoming while Zimbabwe has failed to cut its deficit spending within agreed parameters. Zimbabwe is currently facing a balance of trade deficit of over $200 million, which would make it difficult for the country to repay its debts.

"The government has ordered the military to return to base and put an end to the latest round of violence. But the move has not been well received."

"The military's role is crucial in ensuring stability," the government said.

However, an IMF official said he thought it unlikely any further aid would be forthcoming while Zimbabwe has failed to cut its deficit spending within agreed parameters. Zimbabwe is currently facing a balance of trade deficit of over $200 million, which would make it difficult for the country to repay its debts.

"The government has ordered the military to return to base and put an end to the latest round of violence. But the move has not been well received."

"The military's role is crucial in ensuring stability," the government said.

However, an IMF official said he thought it unlikely any further aid would be forthcoming while Zimbabwe has failed to cut its deficit spending within agreed parameters. Zimbabwe is currently facing a balance of trade deficit of over $200 million, which would make it difficult for the country to repay its debts.

"The government has ordered the military to return to base and put an end to the latest round of violence. But the move has not been well received."

"The military's role is crucial in ensuring stability," the government said.

However, an IMF official said he thought it unlikely any further aid would be forthcoming while Zimbabwe has failed to cut its deficit spending within agreed parameters. Zimbabwe is currently facing a balance of trade deficit of over $200 million, which would make it difficult for the country to repay its debts.

"The government has ordered the military to return to base and put an end to the latest round of violence. But the move has not been well received."

"The military's role is crucial in ensuring stability," the government said.

However, an IMF official said he thought it unlikely any further aid would be forthcoming while Zimbabwe has failed to cut its deficit spending within agreed parameters. Zimbabwe is currently facing a balance of trade deficit of over $200 million, which would make it difficult for the country to repay its debts.
Zimbabwe businesses urged to beat SA to

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 Kasende 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 2,000 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's initially opposed Zimbabwe's military intervention before accepting it as a legitimate op-

Sponsors of war

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, Reuters.
Zimbabwean troops rushed to the Congo on charter

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 737s 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.
Workers’ fund loses Z$20m due to ‘wasted expenditures’

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$50m, 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

Harare - Zimbabweans have 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 $3m.

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

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 stalled 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 18.4% in price. Tuition fees, 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

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 experience over the past three years in forging a new bilateral trade pact with Zimbabwe. This would replace the 1984 deal Harare had allowed to expire in 1992, in the face of offers from the South African government to renegotiate 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
Zimbabwe has scant hope of budgetary rally

GOSFRETY MUTIZWA

"The deficit will likely be less than 10 percent because if the government has 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.

"Regrettably, I have my doubts that they can implement a programme of that nature. They have proved they are a bunch of thieves," said Bloch.

"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 disbursements despite glowing praise of government fiscal performance."

Ziambou said the budget must include tax cuts to raise disposable incomes and duty on foreign currency incentives for exporters.

Bloch said the budget should also have investment incentives for an economy expected to grow by at most 1.6 percent this year, down from 3.7 percent in 1997.
Landmark judgment a victory for press freedom

Michael Hartnack

HARARE — The Zimbabwean Supreme Court handed down a landmark judgment yesterday that could inhibit the space 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 20 million damages granted a 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 20 million damages after Horizon columnist Augustus 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 Chitaunzu 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 white.

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 signing “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 20 million damages, Mujuru is expected to have to pay at least 20 million in court costs.
Private sector hopes for growth budget

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 this 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 stimulating,” 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 Zzhou.

Murerwa had hoped for a budget deficit outturn of 7.5% 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.

Zzhou 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.” — Reuters
Harare’s water supply reduces: public health

Harare and its suburbs today were left without water as a result of the power failure that hit the country this morning. The failure was due to a breakdown in the Water Pumping Station located on the outskirts of Harare. The station, which supplies water to most parts of the city, was reportedly damaged by a lightning strike.

The Water Authority of Zimbabwe (WAZ) said the failure would affect about 500,000 people in the city and its suburbs. WAZ said it was working on restoring the supply as soon as possible.

The government has urged residents to conserve water and use water from other sources until the supply is restored.

Minister of Water Resources Development and Management, Engineer Chinamweva, said the government was doing everything possible to restore the water supply as soon as possible.

"We are working on restoring the supply as soon as possible," he said. "Our engineers are on site and they are working to fix the problem as soon as possible."
Zimbabwe must acknowledge its bad planning

ANALYSIS

Business Times Classified 1999

Zimbabwe's finance minister has an unsavoury past — printing a budget and a country whose

ANALYSIS

Zimbabwe must acknowledge its bad planning

ANALYSIS

Zimbabwe's finance minister has an unsavoury past — printing a budget and a country whose

ANALYSIS

Zimbabwe must acknowledge its bad planning

ANALYSIS

Zimbabwe's finance minister has an unsavoury past — printing a budget and a country whose

ANALYSIS

Zimbabwe must acknowledge its bad planning

ANALYSIS

Zimbabwe's finance minister has an unsavoury past — printing a budget and a country whose

ANALYSIS

Zimbabwe must acknowledge its bad planning

ANALYSIS

Zimbabwe's finance minister has an unsavoury past — printing a budget and a country whose

ANALYSIS

Zimbabwe must acknowledge its bad planning

ANALYSIS

Zimbabwe's finance minister has an unsavoury past — printing a budget and a country whose

ANALYSIS

Zimbabwe must acknowledge its bad planning

ANALYSIS

Zimbabwe's finance minister has an unsavoury past — printing a budget and a country whose

ANALYSIS

Zimbabwe must acknowledge its bad planning

ANALYSIS

Zimbabwe's finance minister has an unsavoury past — printing a budget and a country whose

ANALYSIS

Zimbabwe must acknowledge its bad planning

ANALYSIS

Zimbabwe's finance minister has an unsavoury past — printing a budget and a country whose

ANALYSIS

Zimbabwe must acknowledge its bad planning

ANALYSIS

Zimbabwe's finance minister has an unsavoury past — printing a budget and a country whose
At least 20,000 farmers have an annual horticulture

Business Day, Wednesday, October 1 1998

RICA

London — About 20,000 farmers are
Fears over Zimbabwe's economic woes

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 overspending, 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 coincided 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 $155 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 dispersed with the prohibitive costs involved.

Meanwhile, the Combined Greater Harare Ratepayers' 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 Tawengwa'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 "thumbed off" by Tawengwa whose popularity plummeted when it became known that his new mayoral mansion would cost about $3.5 million (R10 million) of ratepayers' money at a time when municipal services were at their lowest level in history.
Aids: Dramatic cut in life expectancy

LONDON: The AIDS epidemic has slashed life expectancy in Zimbabwe by 22 years in less than a decade, the 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," the 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 43 years and in Kenya 18 years to 48 years. — Reuters
Z$150m set aside for white farmers

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$8m 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$80 001 and the introduction of new "super tax" levels reaching a cumulative 65% on personal income of more than Z$730 000 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", Independence 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 presidencial terms", and not focused on preferential treatment.

He said he was, techniically, breaching Zimbabwe's 1980 Lancaster House constitution by talk about black empowerment.

The constitutional declaration of rights outlawed discrimination with funds of colour.

However, no one has so far been challenged in court longstanding cabinet directives giving black entrepreneurs and companies preference in state contracts under Z$10m, requiring foreign investors to enter partnerships with emerging black entrepreneurs, and allowing only businesses that sell to authorities raised African buyers at 75%

A 50% discounts to export capital.

Zimbabwe's constitution has been amended 14 times since independence in 1980.
Zimbabwe warned about digging into spending hole

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 Murewia said the deficit for the year beginning January 1 would be down to 6% from 6.5% this year. He places 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 is it difficult to see how incentives will help.”

Murewia 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

Michael Hartnack

HARARE — Tourism group Zimbabwe Sun (ZimSun), hotels, which in August entered a deal with the Mekes Africa Group over future purchase options on the historic Victoria Falls hotel, was pulling back from local safari hotel 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.

This move has been seen 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 entwined 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 will sell them at a premium without adding value.

In many cases, operators allege, the buyers are foreign interests and the makes nonsense of indigenisation.
Zimbabwe govt has difficulty in taking advice from own think tank

Commerce and industry in Zimbabwe is unimpressed with government's failure to heed advice, writes Ndaba Nyoni in Zimbabwe's The Financial Gazette.

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 ephor about the bush that most of us in the private sector are getting chewed 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 input of commerce and industry," the industrialist said, speaking on condition of anonymity.

"An example of the government's control 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 business woman 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 the small investor 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 set to make a decision is the worst decision."

"In reality, we need not be so gloomy. All these things have been said before and 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 Zimbabwe dollar's value has plummeted by more than 100% of its value in 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 government's lack of willingness 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 ill's 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 creative."

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. Other economists said that even though the government allowed two months for debate before the budget became law, 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

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.

“It is unlikely 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.
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 Byudzijena 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. These conditions are conducive to creating corruption. To stop this we have to improve the service and reform the image of the force," he said.

"Human rights activists complain that only corruption in lower police echelons is publicly exposed," he said.

"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, if it is certainly there?" asks Mike Aret, 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
Protest against involvement in Congo
Mayor sees no problem with loans from Boka

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$45m 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 workers 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 my bank," Tawengwa told the Zimbabwe Financial Gazette, an authoritative weekly owned by a consortium of black businessmen linked to the political establishment.

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 Enterprises, 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$111m 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 Matabele in less than two hours after the motorcade of King Mswati III passed police, who were on guard 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 Matabele 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 Mankwane 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 national elections were held. His Asian tour was intended to attract investor interest in 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

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 farmers, assessing their land and paying for it was taking a long time and stalling the country's reform programme.

"Resettlement should not be delayed by lengthy evaluations. We evaluate the land and let the government take it immediately," Mugabe was quoted as saying by Ziana news agency.

The government intends 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 take more than $50 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 donor financial resources into a war in the Democratic Republic of Congo.

The process of land resettlement, while it was one of the main reasons blacks took up arms to fight the "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. - APP
'Mugabe has put his head on the block'

Congo rebels say Zimbabwe can't keep up fighting for long.

BY ROSS HERBERT
INDEPENDENT FOREIGN SERVICE

Zimbabwean and other troops backing the embattled Congo government suffered "hundreds" of casualties in the fight for Kinshasa and would soon suffer a similar fate in the battle for Congo's diamond mining capital, rebel leaders claimed yesterday.

Bzima 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 run away in Kinshasa ... their effectiveness on the ground has been very minimal."

Karaka 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.

Karaka and Wamba praised Mandela's role in trying to mediate the rebellion that ousted the late dictator Mobutu Sese Soko, 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, Kinshasa and Luvungi and had recruited ex-Rwandan army and Hutu militiamen 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.

"But Wamba revealed that the movement had discussed the possibility of granting amnesty to Kabila if he agreed to step down," the paper added.

"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
Mugabe's troops were involved in war atrocities.

CONGO AT WAR
Zimbabwe dollar suffers record slump

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 22.22 against the US dollar from 23.23 earlier and Friday's close of 23.26.

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 23.23 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 $3.2 million.

Dealers said the market was convinced the bank held 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. 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
Mugabe faces flak over war

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 point to the futility of a military solution," Tsvangirai said. — Reuters
Zimbabwe’s anger defused

BY Jozia Raftao
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 scene setter 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 Netshitenza.

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

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 "de-listed".

"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 demand 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 white.

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 programmes 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 622 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. - Bupa
Govt unlikely to abandon land plan, say farmers

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 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 $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 Mudzika 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.

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 invasions 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

**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.

The mill, which will cost $177 million to construct and will produce 4,000 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).

"It will produce "long products," primarily intended for the construction industry. Following the closure of Jacor'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-tonnes-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 Dicoast; the Zimbabwean state-owned steelmaker.
Zimbabwean firms feel chill of war

Michael Hartney

A subsidiary of the Apex industrial group, among many which believed they had strengthened their order books until fighting flared, estimates what Zimbabwe could lose if President Robert Mugabe's government encouraged them to think of as a promising market. Allied Angolan and Zimbabwean forces assisting Kabila are now poised for an eastern offensive.

HARARE - Zimbabwean firms are beginning to feel the chill from the war in the Democratic Republic of Congo with one company alone, William Smith & Gourck, having a Z$7m contract to supply tarpsaulines and 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.

There is a crisis in the country. There were estimates 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 contacts were 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.
Harare will drop its tax plans, says union body

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 3.5% 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 week 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 $2,000 a month. Inclusive of the 5% "development levy surcharge" a top rate of nearly 45% is reached of incomes above $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.
UK's Germany attend Zimbabwes land meeting
Zimbabwe's land plan 'too ambitious'

Michael Hartnack

HARARE — The Zimbabwean government's donor conference aimed at raising $300 million 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 "impartial 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 "vibrant indigenous commercial farmers" who, in the past, were ruling party moguls.

"To proceed with a 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.
Mugabe warns of anarchy

HARARE: A warning that "anarchy" would ensue if international donors failed to fund Zimbabwe's land redistribution programme, was rebutted 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 deemed 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
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 euro rand 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.

Etel Hazlitt

ZIMBABWE

STRATEGIC PLANNING FLIES OUT THE WINDOW

Economic crisis worsens

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 a hand-to-mouth mode. Strategic thinking has long been abandoned in the interests of crisis management. Finance Minister Herbert Murerewa, 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 Murerewa 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:

1. Military intervention in the Congo, reportedly costing $1m/day.
2. The 1%-1.5% of GDP in tax concessions agreed with the unions; and
3. 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...
Economy & Business

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.
Land meeting shows up different agendas

Michael Hartnack

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 Zimbabwe 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 Sebeni 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's".

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 3 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

Michael Hartnack

HARARE — President Robert Mugabe emerged at the weekend from a three-day land donor conference here with Z$40bn, 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 Kangei, 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 Nkomo, who ruled 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 their 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$50m, while Anglo American Zimbabwe, which has had several of its estates designated for takeover, pledged Z$100,000.
Farms taken off Mugabe's list, but more to come

AFRICA
Zimbabwe made to rethink on land grab

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

Zimbabwe's inefficient railway system is being readied for privatisation. But there is still a long way to go, writes Martin Rushmere in Harare.

IN THE latest step in the painfully slow process towards privatisation in Zimbabwe, the government is starting to dismantle 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, 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 R36bn 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".

Locomotive failure can partly be 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$7.6bn — 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 business-like 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 10% 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.
LAND ISSUE IN LIMBO
Donors fail to cough up cash

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 going 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

Michael Hartnaack

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.

Financially, the appointment of a white expatriate teacher is not a new phenomenon, but the way it is being played up is.

It comes amid continued complaints from, among other sectors, mining and banking, at the hostility of the authorities to the 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 BHF 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."
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 Phudzai. Phudzai, 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

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—combined 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 Muruguwa 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," — Sopa.
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 — Matebeleland South, writes Michael Hartnack.

Crisis looms due to land reform uncertainty

THE land reform exercise will put to practical proof the rhetoric heard at the recent policy conference in Harare. It could lead to violence. Scores of families are already being evicted from their land. One family, for example, was evicted by police from a land where they had lived for 65 years. The family was forced to move to a slum area.

The government has announced that it will continue its land reform program, despite international criticism. The program was launched in 1997, when Mugabe accused foreign farmers of exploiting black Zimbabwean farmers. Since then, the government has forcibly acquired land from white farmers and redistributed it to black Zimbabweans.

The program has been controversial, with some criticising it as a violation of property rights and others praising it as a way to address the country's historical inequalities.

It remains to be seen how successful the program will be in meeting its goals of increasing food production and reducing poverty. Some critics argue that it has not been effective in these areas and has instead caused economic disruption and social instability.

In short, the land reform program is a complex and controversial issue that is likely to continue to be a source of tension in Zimbabwe.
Some mines retrench, some go to the wall

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 sector 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 chief executive 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," Verden said. "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. — Reuters
Zimbabweans go on panic spree before prices rise
Gloomy forecast for Hartley mine

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 of Australia which is setting up Zimbabwe and a separate company on the Australian stock exchange, for all of its Zimbabwean 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 unanswerable 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 $389.6m.

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 erosion of the weathered zone to greater depths than expected; unexpectedly poor ground conditions; frequent cutter domb; and dropout rates; and a disappointing performance from the hydraulic drills. It said another 400 workers would be needed to ensure full production, which would effectively more than double the workforce.

Hartley's ore reserves are estimated to be 50 million tonnes at a grade of 12.64% platinum, 1.86% of palladium, 0.92% of rhodium, 0.47% 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, 33,000 ounces of gold, 2200 tonnes of nickel, 2500 tonnes of copper, 35 tonnes of cobalt carbonate and 6480 tonnes of sodium sulphate.

In comparison with SA producers, Ampolats, Impala and Northum - Hartley's cost a tonne of ore milled is the fourth highest at just over $60, with Lonrho the cheapest at $38. The production cost a tonne of platinum produced is the highest at $403, compared with the lowest-cost producer - Ampolats at $284. Revenue a tonne milled is second highest at $59 (Northum is the highest at $99) while the revenue margin a tonne milled is the fourth highest at $5. Ampolats is the highest at $82 and Northum 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 of future discoveries. The mining 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 exact exchange rate. When the report was compiled, the rate was 12.3 Zimbabwe dollars to the dollar. It has since gone to about 38. Overall operating costs are now seen to fall from 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 tonne 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 Zimbabwe dollars."
Zimbabwe in sharp moves to defend dollar

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 236.735.8 million (US$131.9 million) or 4.7 per cent of gross domestic product.

Pointing to 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.

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 per cent. In addition, there would be a new surtax of 10 per cent on any imported items.

The list of products included imported alcoholic and non-alcoholic drinks, electrical goods, shoes, carpets, cellphones, building materials and buses.

The increases will either be doubled or over 20%, and include a new surtax of 10%.

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 per cent to 25 per cent, with finance houses going up 1 per cent to 5 per cent.

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
CONGO CLAIMS TO HAVE TAKEN 2,000 PRISONERS

Union demurs approving planned food increases

AFRICA
Harare tries to soothe tension

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 Chikwore 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. — Reuters.
Political party is launched

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, a ZPC spokesman, Obey Mudzingwa, said.

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 born of all Zimbabweans," Mudzingwa said.

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.
China trade and aid deal surprises Harare

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$1.8bn 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$8m. Agriculture Minister Kumbirai Kangai said 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 concessory 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 Masabe’s Kadzitse district. The other, and the Z$400m concessory 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 85m 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.
Minister lashes out at newspaper plans

Minister, who heads the state-controlled media, has lashed out at newspaper plans in Zimbabwe. The government-owned newspapers are set to launch a new national newspaper, the Daily News, in Harare, to challenge the established media. The move is seen as an attempt to control the media and limit freedom of expression.

Zimbabwe needs R14bn for land reform

The government plans to invest R14bn in land reform, which is expected to benefit millions of hectares of land. The funds will be used to acquire land from white farmers and allocate it to black farmers. The government hopes to speed up the land reform process, which has been slow due to resistance from white farmers and legal challenges.

International donors have expressed concerns about the land reform programme, as it is seen as a threat to the country's economy. The government has promised to address these concerns and work with international partners to ensure a successful implementation of the land reform.

The US and the European Union are expected to contribute to the funding of the land reform programme. However, many European countries have expressed concerns about the human rights record of the government and have withheld funding. The US has also been cautious about providing financial support.

The government has put in place measures to ensure that the land reform programme is implemented in an efficient and transparent manner. These measures include the establishment of a land reform commission and the creation of a land bank to handle land acquisition and distribution.
Zimbabwe's growth likely to be under 3%
Zimbabwe makes progress in lowering deficit — IMF

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 eight, 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-1996 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 in that last year we had a 35% growth in money supply,” he said.

Farmers’ morale at record low

Michael Hartman

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 an annual overview delivered to its congress yesterday.

Grant said the most important factor was theSilwood silk worm epidemic that had devastated farming in the first part of the year.

“Farmers are living with the daily threat of losing up to 50% of their production each day,” Grant said.

He said a lack of official assistance and a lack of communication with the government had caused a “massive loss of confidence” among farmers.

Grant said the government was still struggling to implement its land reform programme and that farmers were not being paid for their efforts to produce food for the country.

He said farmers were being systematically starved of inputs and that the government was unfairly using its power to control food prices.

Grant said the government was failing to implement its land reform programme and that farmers were not being paid for their efforts to produce food for the country.

He said farmers were being systematically starved of inputs and that the government was unfairly using its power to control food prices.

Grant said the government was failing to implement its land reform programme and that farmers were not being paid for their efforts to produce food for the country.

He said farmers were being systematically starved of inputs and that the government was unfairly using its power to control food prices.
ZIMBABWE

THE WORST IS NOT OVER

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 unfazed. By lunchtime on Tuesday, the exchange rate had plunged from Z$5 to Z$24/US$.

The Reserve Bank's response was predictable. It blamed speculation, accused banks of profiteering and raised the discount rate by 3.5 points to 35%. At last Tuesday's Treasury Bill auction, the yield on 90-day paper surged to above 36%, 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 sector strikes would be banned. This was promptly denied by the Attorney-General, Patrick Chinamasa, who claimed — some what improbably — that for unexplained reasons government was "rephublishing" 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%), maize meal (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
**Mugabe largesse only for some**

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

*ARG 10/18 98*

Flashback to 1996: out the bush came these young guerillas to guitar at an assembly point before the boil run fire in rhodesia. Zimbabwe celebrates Heroes' Day tomorrow

**SCORH MWINA**

Harare — This year, Zimbabwe's former freedom fighters have every reason to cheer Heroes' Day 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 a bumper gratuity of $250,000 (about RH$500,000) in 1997. Last December in add to enjoy a lifetime monthly pension of $200,000 (about $200,000) for their role in the liberation war.

However, the ex-combatants have long complained of neglect by the government, which has not paid them the promised $250,000 gratuity.

Chairman of the Zimbabwe National Liberation War Veterans' Association (ZNLWA) Chenjeru Hunjani said the association was happy with the final settlement of the gratuities and monthly pensions.

Through Zecoma, an investment fund set up by the association, the former fighters are set to improve their lives as they will be given shares in the company.

Mr Hunjani said the association is still pressing the government to implement its promises of free education and health care 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 last year. We do not have many complaints."

Last year's Heroes' Day celebrations, especially in Harare, were marred by demonstrations as 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 barely audible because of the protest.

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

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

The government, however, has promised to improve the welfare of the country's freedom fighters.

"We certainly will 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 Mangongwe, said: "We have achieved quite a lot so far for the war veterans, all the genuine ones that, as they have been paid or compensated for their contribution to the struggle."

"This is because the government is not taking the full responsibility for taking care of all these people's lives."

"We have to do our own living from other means, with state allowances being merely complimentary."

The government spends $9 million to $9.5 million monthly on more than 500,000 war veterans' allowances, including their 250,000 dependents, which is paid by state companies to social welfare ministry says is not enough.

The ministry was allocated $2.5 million under the 18-month budget to cover the needs of widows and their dependents, including a $212,000 one-off housing allowance.

Only 20 widows have so far received this money.

Meanwhile, some ex-fighters interviewed said Heroes' Day should have been extended to include the names of those who did not survive the struggle and those who are still in exile or in South Africa.

The day should be used to create a forum for discussing social and economic issues facing the country.

"The day that should be used 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, Priced Tichonge. — Sapa.
Mugabe’s administration seen as a ‘serious circus’

Despite a good IMF report scepticism remains and investor confidence continues to dwindle, writes Tony Hawkins

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 1996 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 bailout 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 3% this year. To some extent this is externally driven by the fall in commodity prices, especially tobacco, down 50% this year, but also gold and other minerals.

The sluggish SA economy and weak rand have subdued the efforts of industrial exporters to exploit last year’s devaluation in the regional market. One bank has been 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 by the proposed takeover of about 850 commercially owned farms.
Rail restructuring tops reform programme

Justine Dangor

THE restructuring of the National Railways of Zimbabwe will offer private operators significant access to its operations.

The Zimbabwe投资 center 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 that 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 carry 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$1.6bn 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 Hartman

MARARE — Zimbabwean police dragged singing women demonstrators demanding greatness pay rise from Heroes Acre yesterday before they could drown out President Robert Mugabe's annual Heroes Day speech.

More than 20 women, wearing black and black-ribboned shirts reading "Wives of Fallen Heroes" were dragged away during the commemoration of African nationalism supporters who died in the 1975-1980 independence war. Police were unable to confirm arrests.

Other lobby groups were reportedly prevented from entering Heroes Acre.

Chenjerai, Hitler, Hungozi, 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.
Zimbabwe's hopes for a stable currency rest on the IMF

Analysts believe higher interest rates and the possible release of $200 million later this month will prop up the local currency.
Leave them to cotton suicide.
Leave them to cotton suicide
Major Harare Substation explodes

Michael Hartnack

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 center before Wednesday. On Sunday an 11-kilovolt switchboard, rebuilt since October's fire at a cost of £20m, exploded into flames.

He appealed to consumers to do all possible to save power and prevent further overload.
HARARE: Zimbabwe's foreign currency reserves have fallen to one-and-a-half months of import cover, with predictions indicating that the situation is not likely to improve soon.

Economic commentators said yesterday that the reserves would remain at the current level until about March next year, when the 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, earning $4.2 billion in export earnings. Total proceeds from the crop has been revised downwards to $65 billion from $9 billion due to depressed prices."

— Sapa.
Speed up economic growth, Harare is urged.

The underdeveloped economy poses many problems, any progress to be made will require a concentrated and focused effort.

Economic growth is essential for the development of the country. Without it, the population will continue to suffer from poverty and unemployment.

The government must take decisive action to stimulate economic activity. This can be achieved through various means, such as investing in infrastructure and providing incentives for businesses to set up in the area.

In addition, education and training programs must be expanded to ensure that the workforce is equipped with the skills needed to meet the demands of the modern economy.

The international community must also be involved in the efforts to promote economic growth. Assistance in the form of financial aid and technical expertise can be crucial in helping Harare and the surrounding region to thrive.

Overall, a commitment to economic development is necessary if Harare is to achieve its potential and improve the quality of life for its inhabitants.
External auditors find Walker pleased by poor management
Zimbabwe's foreign reserves at low level

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 level,"a money market analyst with a local bank said.

Another analyst believed that authorities were inflating foreign exchange cover levels.

"We suspect that the official figure is much higher than the actual level, which we believe to be two to three weeks' import cover," he said, adding that the ideal level was three months' import cover.

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,' raising 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 depressed prices," Sapa.
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 6 438.27 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 25% 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$21,65/65 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 procrastination 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 lined 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 5% 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.
Independent papers voice their doubts on Mugabe's policy

Michael Hartnock

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.

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's fiscal (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 Taumba 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. Numbers close to 600, they are helping President Laurent Kabila battle rebels.

Tobaiwa said: "I will estimate that we have spent $50m to $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 23.40/75.

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. — Reuters.
Zimbabwe flies home first battle casualties

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 Chakosoza 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/t 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 titled "The War of Mugabe's Zigo", 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 suggested yesterday Mugabe's attack on Wednesday on "hypercritical" 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 Tabtawa, 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 Z$20bn 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 Tabtawa.
Zimbabwean paprika is a new hot crop

FROM AFRICA INFORMATION AFRIQUE

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 at this year's CFU congress that paprika earned the country $233 million in foreign earnings, up from $215 million two years ago.

For many years, tobacco contributed 26 per cent of foreign currency earnings. Zimbabwe Tobacco Association marketing director Pat Davies predicts September will end with prices at US$1.71/kg, slightly below the cost of production. He said a more viable price would be US$1.97/kg.

This is further reduced by a 5 per cent levy taken by government.

Kennedy said paprika yields increased from 8000 to 20 000 tons with communal farmers contributing 80 per cent.

Paprika is mainly used for food colouring and flavouring.

Some 97 per cent of the crop is exported to European and Asian countries - Germany, Spain, India, Israel and the US.
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 com-
Zimbabweans in dark over costs, casualties

BY IAN MILLS
INDEPENDENT FOREIGN SERVICE

Harare With the bodybags and wounded arriving at Harare's Manyame air force base as staff 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 warring camps: the military and the opposition, which they say are driven by 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 potential cost to 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, but the state-owned Zimbabwe National Army (ZNA) and air force, and at the same time, the newly installed Defence minister, was saying Zimbabwe had sent aircraft to the DRC to strafe DRC rebel bases.

When it comes to the mounting costs of the operation, the 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 "indefensible burden on the people."

Zimbabweans also admit to being confused by Mugabe's verbal attack on President Mandela, whom he has said is "a hypocrite for his failure to support 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 his ambitious land reform programme which he expects will cost about R100-billion.
Weevil reduces water weed’s threat to Kariba

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 weevil.

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 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 Kemuir, now in SA, later reported the campaign may have been a waste, as salvinia had broken 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

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 500 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 pata 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$62m on sales of Z$500m will be “nigh impossible to achieve.”
Zimbabwe shifts its budget timetable

Martin Rushmere

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 Kuwana, 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 means 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 ‘installment 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.”
Invasion to force Mugabe’s hand

ANDREW MELDRUM
INDEPENDENT FOREIGN SERVICE
CT 20/7/98

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 overtaken 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 ard, overcrowded Svosve communal lands, about 25km away. They refused, saying: “We are not squatters. This is our fathers’ land. We are not foreigners. This is our country.”

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 for this land 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 onto Daskop Farm, Igamma Farm and Home Park Farm. They settled under trees and by koppies 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

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.
Violent strikes hit Zimbabwe farms

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 10km 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 90% of the country, and given to blacks from overcrowded communal areas. — Reuters, Sapa-APP.
Aids shows no mercy in Zimbabwe

BY ANDREW HELDIN

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 Lopez, 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 20%, 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 2003," 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 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 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

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
Price controls threaten Zimbabwe's businesses, warns bank

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 outrun 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.

Reuters 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's Main Newspaper

The newspaper consortium that published the article on the Zimbabwean media landscape and media regulation.

In 1990, the Zimbabwe government imposed strict media regulations on all newspapers, including the Daily News, the largest newspaper in the country. The regulations included restrictions on foreign ownership, a ban on political advertising, and strict controls over content.

The consortium was formed in response to these restrictions, with the goal of providing a platform for independent journalism and promoting free speech in Zimbabwe.

Despite facing legal challenges, the consortium continued to publish critical articles on government corruption and human rights abuses.

In 2013, the government lifted some of the restrictions on the media, allowing for greater freedom of expression.

The consortium continues to play a vital role in Zimbabwe's media landscape, providing an alternative voice to the state-controlled media.
Company News

Company wants Harare to guarantee security of its assets

Tongaat-Hulett puts off Zimbabwe deal

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's 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 Masowe valley.

The Lomaz mill, involving the relocation of Tongaat-Hulett's mill from Mount Edgecombe near Durban, was due for commissioning in May 2000, with a capacity of 140,000 tons of sugar a year.

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 land 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 284,400 tons of sugar. Triangle's total net earnings during the previous financial year rose 33.7 percent to R50.5 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 R359 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

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 the 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 18 years. — Sapa.
Zimbabwe's IMF support is in jeopardy
Zimbabwe alters stance on land reform studies

Michael Hartnack

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.
Zimbabwe considers banning foreign ownership of media

Harare – The Zimbabwean government yesterday said new laws had to be imposed to address foreign ownership of the media following a planned $22-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 MUTZWA

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 — 100 percent and 30 percent respectively — fanned by a weak currency and continued high government spending.

Makoni said 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 point 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$15 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

ANTHONY MUKWASA

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 K20.353,000 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 K50 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
Zimbabwe’s private care sector will do Macmed well

CT (BR) 28/7/98 (362)

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 63.7 million shares at 150c (R4.50) to raise 28.1 million (R2.8 billion) — 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 $34 to 5 billion."
Mugabe may block media outsiders

AFRICA
SA offers funds to avert disaster in Hwange

Michael Hartnack
CE Ian McCormick.

HARARE — The SA high commis-
sion in Harare has offered
Z$800 000 to help avert an ecolog-
ical disaster in Zimbabwe's
Hwange National Park, where the
wall of the Mandava dam is in im-
minent danger of collapse.

"The South Africans have indi-
cated 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

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 wa-
ter level rises, the dam will cer-
tainly 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 na-
tional 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

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 textiles, 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 $2550m, 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 80%.

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 Becky Masawi of Kingdom Securities. — Reuters.
Farm pay rises 32% as wildcat strikes spread
Zimbabwe's money supply growth slows

HARARE — Zimbabwe's annual money supply growth slowed to 20.1% in April, checked by an 11.6% 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$539m 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$19.52bn 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

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 downsizes.

One of Zimbabwe’s largest textile firms, David Whitehead, a subsidiary of Indian firm, announced last week it would lay off 1,800 workers at the end of this 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 amounted 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 largely 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 the government’s inability to 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 wages 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 1982 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 Zackie Masawi of Kingdom Securities. — Reuters
Zimbabwe business shaken by 37% power tariff hike
'Indigenous' tourism permits 60% unused

Michael Hartman

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 newspaper said, adding: "It 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 tourism destination.

"The fact that the majority of permits have not been utilised does not mean indigenous people were failures," said Larry Mavuma, 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," he said.

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 50%".

He said the ministry was considering new criteria to limit issue of permits only to those 'seriously considering developing their businesses".
Peasant Power Growing
Ex-miners lured by promise of cash payouts

HARARE — The SA government has warned about a group led by the Witwatersrand Native Labour Association (Winela) that ex-miners were registering "at their peril" with an association that could not guarantee them cash payments.

A Bulawayo-based group had been inviting ex-Winela recruits to pay Z$27 each, insisting the SA government had sanctioned payouts similar to the Z$360,000 grants given last year by President Robert Mugabe to former guerrillas. Two months ago, a rumour swept Bulawayo that former Rhodesian soldiers would secure grants from the British government in terms of a nonexistent "Royal Charter."

Nebert 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 Muvudzuri, 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

CHRIS 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 privatised dozen 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 privatised more than 40 public companies since 1991, but so far only three major enter-prises have changed hands. The state’s privatisation programme is linked to black economic empowerment, or indigenisation.

Chris Mushangwa, the managing director of business consulting firm Murris 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.”

Caphas 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 white 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

Harare – Zimbabwe’s controversial land reforms will cost about 40-billion Zimbabwe dollars (R131-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 $840 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 1.5 million 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 400 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

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, Dalay, 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 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

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 these 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

Michael Hartnack

HARARE — The day after ruling Zanu (PF) party chairman Joseph Maika 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 Gordon Ruseirevi, district administrator for Mazowe, "defused a potentially explosive situation" when villagers from Chiworo ward threatened to invade the 2,000ha state-owned farm leased by Maika, and three others adjacent to the tribal area.

Ruseirevi 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 Maika forfeited a 1,000 property near Mazowe when it was declared derelict by the official Lands Board.

Kanga’s ministry also issued private assurances that more than 800 productive farms would be "delisted", but Maika 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, Maika 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 Maika.

Problems of existing resettlement schemes were highlighted this week by the invasion of Christo Kok’s Beesikraal 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 Svoove 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

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 R15.5 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

Harare – Chives surrounding President Mugabe's land crisis deepened yesterday after it emerged that former Cabinet ministers would go back on their promise that their farms were safe from expropriation.

An unidentified official said yesterday that thousands of farmers in the Mashonaland West province had written to the prime minister complaining that their farms were still on the expropriation list issued in November.

They wrote to the prime minister warning that if their farms were not removed from it, they would not be able to continue farming.

The decision to delist the farms was announced by President Mugabe in the Independence Day speech, although it is not clear whether the Cabinet ministers were consulted before taking the decision.

A source in the president's office said that the decision had been made to avoid antagonizing the white farmers who supported the government.

The source said the prime minister and ministers were worried about the possible backlash from the white farmers who had supported the government.

The government had announced in November that it would expropriate 1,500 farms without compensation, but it was later reported that the number of farms would be reduced to 1,000.

The government had also said it would resettle 100,000 people on five million hectares of land, but the Prime Minister's Office confirmed that the government had not yet decided on the number of farms to be delisted.

The prime minister's office said that the government was still working on the details of the delisting process and that it would be announced in the near future.

The move to delist the farms was also expected to have a positive impact on the country's economy, which is facing a severe drought and an acute food crisis.

The country is currently short of food and the government is expected to import over one million tons of maize this year to meet the country's needs.

The move to delist the farms was also expected to have a positive impact on the country's economy, which is facing a severe drought and an acute food crisis.
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.

Middlemen ‘cashed in on state oil company’

Michael Hartnack

HARARE – “Indigenous” Zimbabwean middlemen might have been able to make more than $50m in quick profit at the expense of taxpayers and the stricken National Oil Company, stock market sources said yesterday.

They were given preference in May by the Zimbabwean government in the sell-off of Noczem’s 47-million Delta Corporation shares.

On President Mugabe’s orders, Noczem’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 $13 each, but this swiftly fell below $12 due to the exclusion of foreign bidders.

Noczem has run up $33bn in debt and the government defers raising the price of petrol from $3.11 to $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 floods.

A 28-million Delta share parcel was reportedly bought by one indigenous consortium at $10.50 each. Noczem, 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 Noczem’s Delta shares had since been sold “piecemeal” to foreign buyers — against Mugabe’s clear intentions — at more than $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 gay 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 $200,000 plus six months in prison.

Mugabe, who is immune from prosecution for any offences while head of state, has himself re-used 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 infrastructure 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.
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, say 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$3bn debts meant black growers had lost their source of crop finance.

Reserve Bank governor Leonard Tsamba 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$900m 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, he said.

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 services 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
Leading banker urges Zimbabwe
to speed up privatisation process

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 would grow faster than Zimbabwe 10 years from now.

Zimbabwe's seven-year-old privatisation process has only seen three large firms pass from state hands to private ownership.

Critics accused Mugabe's government of using the privatisation process for political gain.

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.
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 inducing food price rises, last month questioned 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

Michael Hartnick

HARARE — Zimbabwe was barring Old Mutual, Nedbank and the Central African Building Society from launching a new commercial bank in Harare unless a substantial share 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 CEO 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

Michael Hartnack

ZHAKA — Zimbabwe's environmental 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 semideserts.

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-awaited relaxation of the ban on international trade in ivory and elephant products.

Chipato said a 1996 survey suggested there were 74,000 elephants in the country. Z$57m was needed to cull excess elephants 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's banking sector's reputation harmed

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

Michael Hartneck

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 1986 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 daily's, "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

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 labor federation, which has shot to prominence as a potent political force in the past year, showing 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 to NewsDay.

Not only his supporters, but even some of his critics, are starting to take Tsvangirai seriously.

Tsvangirai unabashedly said he was confident that with proper logistics, the people of 14 million Zimbabweans can boisterously turn out to campaign for him.

Zimbabwe Congress of Trade Unions (ZCTU), under the leadership of Tsvangirai, mounted a campaign against Mugabe’s government, criticizing its policies and calling for a change of government.

The names of three sons' of the Late President Robert Mugabe were released, but Tsvangirai described the move as a ploy to strengthen his security network and keep him in power.

Mugabe, 74, an acerbic intellectual, was once seen as an able statesman who guided the nation through transitions from a bloody war to a model of prosperity, racial harmony and democracy.

In recent years, however, he has become increasingly corrupt and dictatorial.

In 1989 he married his former secretary — 40 years his junior — making her widely disliked for her royal airs. The unemployment rate has soared to more than 80%. Prices have jumped more than 80% since the introduction of the Zimbabwe dollar last year.

The country’s economy is in shambles, and the situation is ripe for change.

Tsvangirai said, “We are at a crossroads 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 distressed Indonesia that drove President Suharto from power a few years earlier. But a sit-in outside parliament broke up in disarray after three days.

Still, however keen, the students scored 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 Incestual 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 labor federation — representing 80% of the country’s workforce — to stage a five-day national strike to protest at economic policies.

“A five-day strike takes an immense political overture 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 traced the beginning of Mugabe’s troubles to the May 2, 1997, date of the death of Shepherd Mhango, a young civil servant who leaked details of corruption at a state war veterans’ compensation fund.

The government said Mhango committed suicide after being questioned by security agents on the issue.

His disclosures that politicians and favored ruling party supporters took the equivalent of $2.5m 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 — 26/6-AP.
Zimbabwe's population growth to be hit by Aids

BY ANDREW MELDRUM
Independent Foreign Service

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.

Lopes said family planning offered an excellent opportunity to counsel clients on AIDS avoidance.
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 Kisangani 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 20,000-strong guerrilla army are responsible for the attacks. Unita has rejected the accusations. - Sapa-AFP

More flee Kosovo forces step up the pressure

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 Kosovo, the KLA has seized control of much of Kosovo.

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: "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
MUGABE 'UNDER PRESSURE' FROM LAND-HUNGRY

Brakes off on land reform

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.

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 ground 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 $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".

— Reuters
Breaks off on land reform

Mugabe under pressure from landhungry interna

EMATTLED: Robert Mugabe

700,000 persons are crowded into camps with 70% plus unemployment. The government says the figure is 500,000. There is a drought and 60% of the people are starved. The nation is on the edge. The situation of the nation is very difficult. The government is responsible for the food situation. The government has the food. The government is responsible for the situation. The government is responsible for the situation.
Zimbabwe: Judge finds for farmers in nationalisation hearing
Mugabe sets timetable for sale of steel maker

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 underway, 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.

"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, "- Reuters."
Roger Boka calls in debts and threatens to expose defaulters

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 Tumba, who ascribed Boka’s collapse to “poor quality and un recoverable loans”, said no state funds would be used to bail 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 went out all computer files.

Black large-scale commercial white farmers, including many prominent political figures, owe Boka Z$300m. Boka accuses them of auctioning their crop at the rival white-owned farms to avoid risk of stoppages should they sell through his now in Z$120m floor, opened last year.

The Financial Gazette said it had copied some 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 does 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, “local commercial banks were reluctant to have any dealings with him”.


Economy & Business

ZIMBABWE

CHAOTIC MANAGEMENT AS AVALANCHE APPROACHES

IMF may give up and run (362) PM 17/4/98

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 once more. 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, bail out holders of about Z$855m (US$46m) 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 bail-out came industry Minister Nathan Shamuyarira's decision to re-impose price controls on maize meal, 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 Mururwa 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 0.76% of GDP, which when the CSC bill rescue is factored in, suggests that the target of a 5% budget deficit for fiscal 1999 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 "distribute" 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$4bn

US$2.6bn from donors, though this looks highly optimistic, especially given the current crisis surrounding the programme. After all, landless farmers will be the last to benefit. Zimbabwe is under enormous pressure to do something quickly.

This is why the Minister responsible for resettlement, Joseph Msika, has gone back to the drawing board. The Preamble to the 1988 Constitution requires that re-settlement will take place at the rate of 1% per annum for the next five years. Since government simply does not have the capacity to settle people at such a rate, something will have to be done, says Msika. In the short-term, governments are insisting on a windfall gain, counting on the planned, transparent and programmed land acquisition programme to cover the cost. However, no one is sure if or when this programme will come to fruition.

Dealers expect the currency slide to start at least by the end of this month. A new dollar is likely, based on 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 in a free fall. The freedom gives the government's anti-inflation efforts an almost impossible task, especially when the plan to bring inflation down to 25% by the end of the year — set at 34% at the start of the year — is absurdly optimistic, given the preceding period of hyper-inflation.

In late August or early September when tobacco prices start to weaken. Given the volatile and thin foreign currency markets, we will have to accept that the domestic inflation rates will be substantially higher, especially if an emergency situation develops. And if that happens, the IMF will pull the plug on the next tranche of its loan.