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Zimbabwe to make bold trade offer

Free trade agreement sought with SA in clothing, textiles and footwear

John Dladlu

In a surprising move, Zimbabwe is set to make far-reaching trade liberalisation proposals to its regional partners, including offering zero-tariff trade with SA.

The proposal, including an "immediate reciprocal free trade" agreement with SA in footwear, textiles and clothing, is to form part of Zimbabwe's opening offer to the free trade negotiations within the Southern African Development Community (SADC) this month.

Although other countries, including SA, have already tabled their opening positions for the SADC talks, Zimbabwe's position has yet to be formally unveiled.

However, draft government papers being circulated within Zimbabwe industry suggest that SA, which has a bilateral trade accord with Zimbabwe, will be asked to reciprocate a Zimbabwean free trade gesture in the three sectors. Clothing and textiles have a history of stiff tariff protection in SA, and have special restructuring plans.

The draft documents indicate that sensitive items such as sugar and vehicles will require longer liberalisation periods.

Eddie Cross, the chairman of the Confederation of Zimbabwe Industries' industrial associations, was quoted in Zimbabwe's Financial Gazette as saying wheat and milk would also be exempted from liberalisation because they were heavily subsidised in the European Union. Any agreement between the EU and SA could affect SA's neighbours.

A Zimbabwean business source said the free trade offer affected a broad range of sectors, and the proposals had been put to senior SA cabinet members, including Trade and Industry Minister Alec Erwin and Deputy President Thabo Mbeki.

The source said Erwin, who has met Zimbabwean private sector representatives twice in recent months, was amazed at "how progressive we have been".

Trade observers have expressed surprise at the Zimbabwean gesture, given the generally shaky state of its economy. They questioned whether Zimbabwe, which recently raised protectionist barriers, could afford to open its industries to such competition.

The Zimbabwean business leader, however, said the offer was inspired by the need to develop competitive regional industries underpinned by specialisation.

"Well-managed companies that have survived so far are ready (for free trade)," he said, describing the Zimbabwean gesture as an olive branch to SA.

"We want a regional market where efficient producers thrive."

The source said SA appeared less enthusiastic in matching the offer, and this could be a reflection of concerns about the competitive edge Zimbabwean industries could gain from a weaker currency.

News of the Zimbabwean offer follows a recent review of the implementation of fresh tariff concessions granted to Zimbabwe. A more thorough analysis is due later this month.

It is understood that Zimbabwe, which has previously accused SA of protectionism and which has experienced a growing deficit in its trade with SA, wants its quotas for goods enjoying preferential treatment in SA to be increased.

Mundo Nqulu, the chief director in charge of Africa trade relations at the SA trade and industry department, was not available for comment at the weekend. Neither were representatives of SA's clothing and textile federations.

Attempts to get comment from Cross and Zimbabwean government officials were also unsuccessful.

Thembisa Hlengani reports that a 14% value-added tax (VAT) will be levied on imports from SA's partners in the Southern African Customs Union from today.

The SA Revenue Service said the measures would exclude livestock imported by SA vendors registered with the service. However, the importation of livestock carcasses, meat, meat products and by-products would be levied.

The four countries to be affected by the levy, which forms part of Pretoria's policy to clamp down on fictitious imports and smuggling, are Botswana, Lesotho, Namibia and Swaziland.

According to the revenue service, SA loses about R100m each month due to tax evasion and smuggling.
HARARE — Zimbabwe’s punch-drunk currency could stabilise this year on improved prospects for the crucial tobacco crop and might appreciate if the authorities patch up a row with key donors, analysts say.

However, if the government failed to win World Bank and International Monetary Fund (IMF) support, the local currency, which slumped 50% last year, could be in for another battering, they said.

"If the International Monetary Fund (IMF) comes in with balance-of-payments support and tobacco exports take off, then the (local) dollar might actually appreciate given that the demand for foreign currency has been dampened by the high duties on luxury goods," said Zimbabwe Financial Holdings chief economist Joseph Muzula.

"A good tobacco crop and prices will help stabilise but will not make the dollar appreciate," said Charles Nyoka, chairman of Zimbabwe’s Financial Traders’ Association.

"I don’t think we have done enough to restore confidence in the economy," he said, citing deteriorating services such as telecommunications system and viability problems besetting the power utility.

Finance Minister Herbert Murerwa is expected to hold talks with IMF and World Bank officials in Washington this month.

The IMF has withheld $53m in aid since August because it is unhappy with President Robert Mugabe’s controversial land reform scheme and his involvement in the Congolese war in defence of President Laurent Kabila.

The local currency has been steading in the past two months by higher import duties slapped on most commodities by the government after the dollar hit record lows in August, September and October as the market worried about the impact of the Congo conflict on a struggling economy and the land reform moves.

Muzula forecasted that the Zimbabwe dollar would appreciate to around 28.0 against the US currency from current levels of 37.20 if tobacco receipts, which dropped 38% last year, improved and donors returned to Zimbabwe.

He saw a drop to 39.0 by the end of the third quarter if there was no donor support and a bigger depreciation in the last quarter of the year.

**Tobacco auctions**

Nyoka said the local currency was likely to rise to about 35.0 against the US unit in the period leading to the opening of the tobacco auction floors in April, and if trade also remained stable until the floors close in September.

Dealers said the Zimbabwe dollar, battered by high inflation, interest rates and a poor economy last year, was unlikely to repeat the drop this year but the thin market could see volatile trade.

Despite Zimbabwe’s high inflation — 45.1% in the year to November — Murerwa said the local currency was undervalued by more than half and wanted to see it appreciate. — Reuter.
Price-control fears haunt refineries

Michael Hartnack

HARARE - Zimbabwe Sugar Refineries, which leads the country's output, expects to earn more than Z$327.7m in vitally needed foreign currency after exporting 49,000 tons of sugar to the region, says its report for the 18-month period ended September 30.

However, it was fearful of the effects of reintroduced price controls in the wake of food riots.
Zimbabwe’s focus on the north puts SA on its toes

Harare has had enough of SA’s “bully attitude”, writes Ndana Nyoni, the deputy editor of Zimbabwe’s The Financial Gazette

ZIMBABWE government authorities get annoyed when they hear talk of scaling relations with SA, but as the Congo conflict rages on, it is increasingly clear that Harare has had enough of what it calls Pretoria’s “bully attitude” and has set its sights to the north.

A debate is raging about whether the recent developments, including high-profile visits to Zimbabwe by President Nelson Mandela and Deputy President Thabo Mbeki, are an indication that the South Africans are reading the signs and are reviewing their policy on Harare.

Some observers say that it would appear the South Africans, particularly the white industrialists, are worried about Zimbabwe’s new focus on the north and are using their government to adopt a new approach to trade negotiations with Harare.

SA observers say Mandela and Mbeki’s visits last month were more than friendly trips.

They were designed to cultivate the ground for a new era of relations.

One SA government official in Pretoria says: “Our understanding is that a series of meetings has been held between the government and commerce and industry and the government has been told in no uncertain terms that there is a need to make amends in Harare without delay because business is being threatened.

“So it is (Trade and Industry Minister Alec) Erwin, after meeting representatives of commerce and industry, who asked Mbeki to also go to Harare and meet President Robert Mugabe in order to create a supportive environment for trade negotiations which took place in Harare in December.

“However, the official adds that it will be difficult for SA to grant Zimbabwe most favoured nation status, for unrestricted trade, because of opposition from the powerful Congress of South African Trade Unions (Cosatu), which fears jobs will be lost.

“SA, Zimbabwe’s largest trading partner, has been playing hide-and-seek with Zimbabwe over negotiations about a trade agreement that will see the reduction of tariffs that have kept Harare’s exports out of the SA market.

“On the other hand, SA has been flooding the Zimbabwean market, exporting about R413bn worth of goods to Zimbabwe annually and importing goods worth only R33bn.

“Although Zimbabwe is SA’s largest trading partner in Africa and the seventh in the world, Pretoria has dragged its feet over the renewal of a 1964 trade agreement that expired in 1992, plunging Zimbabwe’s manufacturing sector into turmoil as exports fail to enter the lucrative market because of prohibitive tariffs.

“Zimbabwe, apparently taking retaliatory measures and also deeding its plummeting dollar, introduced import duties of up to 100% in November that have already resulted in a vast decline in the amount of goods entering the country from SA.

“SA exporters are unhappy with the development as their businesses are being threatened.

“SA says one Zimbabwean government official: “The South Africans have realised that our economies are interdependent and one cannot annihilate the other.

“Their is growing recognition on the part of the South Africans that the balance of trade in favour is not sustainable,” the official said.

“Some commentators say Zimbabwe’s unyielding commitment to the survival of the government of President Laurent Kabila in the Democratic Republic of Congo is a signal of the potential economic benefits that Zimbabwe can get from that country.

“Mugabe has indeed spoken glowingly about the huge markets in the Congo, which has a population of about 44 million and where some Zimbabweans, including military officers running private firms, have already made investments.

“Although statistics are unavailable, guesstimates show that Zimbabwe’s exports to Congo have increased significantly over the past year.

“Because of SA’s arrogance, we are looking at developing an economic power bloc with countries like Angola, Congo and Namibia, and the South Africans are worried. We cannot continue to just rely on SA,” the official said.

“However, some local economists dismiss such assertions, saying Pretoria has such a powerful economy that the smaller countries of the region cannot afford to ostracise it.

“While Angola and the Democratic Republic of Congo are potentially rich countries, there is no way Zimbabwe can avoid SA, otherwise it will just collapse,” says one economist.

“SA will continue calling the tune for quite some time to come.”

Economic commentator Edmore Tobawwa agrees.

He says that SA’s attitude has remained unchanged.

“SA has maintained a stance on the trade agreement with Zimbabwe and it has ensured that whatever Zimbabwe tries to do, it does not get the preferential treatment that it used to enjoy prior to 1992.

“The quota system that has been agreed upon on certain goods actually makes a mockery of Zimbabwe’s exports,” he said.

However, Alfred Nkemba of the University of Zimbabwe believes there is growing worldwide recognition, particularly with the establishment of European monetary union, that the only way forward is through regional integration.

“What we see here is an attempt by SA to try to lay the foundation for a concrete regional organisation in which probably the rand will be the common currency of trade.

“There has definitely been a realisation that whatever the personal differences that exist between leaders, economic interests supersede such personal interests,” he says.

While trade has continued to flow between Zimbabwe and SA, relations between Mugabe and Mandela have been strained over the past year.

Initially they were strained by decisions about how the powerful organ on politics, defence and security of the 14-nation Southern African Development Community (SADC) should operate and how by the conflict in the Democratic Republic of Congo.

The fight for control of the organ has died down since the SADC leaders, at their last summit in Mauritius, decided that the SADC chairmanship should rotate annually and not every three years.

But the question of whether the rebels in Congo should attend peace negotiations with SADC heads of state and government has resulted in a new clash between Mugabe and Mandela.

While Mandela wants the rebels to participate directly in the talks, Mugabe and a number of other leaders argue that it would be a bad precedent for a group of rebels that take up arms to remove a legitimate government to be recognised through participation at the meetings.

The prospect for future economic relations between the two southern African countries may not be all that dim, and it remains to be seen in the months ahead how the two will fare politically over the year.
Senior Zimbabwe officers held for bid to topple Mugabe

HARARE — About 23 Zimbabwean military officers have been arrested for inciting colleagues in the army to overthrow President Robert Mugabe, an independent Sunday paper reported.

The Standard quoted unnamed but highly placed military sources as saying that the senior army officers had been rounded up on December 17.

"Twenty-three members of the Zimbabwe National Army are believed to have been arrested last month for inciting their colleagues within the defence forces to overthrow the government of President Robert Mugabe," the paper said.

The paper said several commissioned officers including a colonel, a cabinet minister and a legislator, were behind the clandestine plot which resulted in more than 20,000 troops being put on standby to thwart any coup bid on December 16.

The suspected plotters were arrested during the early hours of December 17, last year. Those detained did not include the minister or the parliamentary deputy.

The paper said the harsh economic conditions in the country and Zimbabwe's involvement in the war in the Democratic Republic of Congo were the source of discontent that led to the alleged plot.

No immediate comment could be obtained from the defence ministry, but Information Minister Chen Chimutengwende denied the report labelling it as "completely false."

"It is certainly not true. There are people who are disciplined in the army from time and again," he said accusing the newspaper of being the most imaginative in crafting fake stories.

He also said that if any minister was involved, that minister would have been removed from office through some form of a reshuffle, but there had not been any cabinet changes made in the last six months.

Five senior Zimbabwe army officers were last month court-martialled for trying to incite mutiny among troops serving in Congo, the Zimbabwe Independent, a sister paper to the Standard reported in December.

The Independent said several other officers had been demoted for expressing discontent and attempting to sabotage an eastern offensive against rebel forces in Congo.

Zimbabwe has up to 10,000 soldiers in Congo in support of President Laurent Kabila. — AFP.
Zimbabwe dollar at record depths

Emma Jesse, John Dludlu
Röuter and Sapa

ZIMBABWE’s dollar crumpled to a historic low against the US dollar on Friday on rising demand by importers which dealers said stemmed from concern over delayed support from the International Monetary Fund (IMF).

The Zimbabwean currency, which lost 2.8% against the US dollar on Thursday, dropped a further 1.8% on Friday to end at Z$39,30. It weakened against the rand to Z$6,77 on Friday from Z$6.5610.

Zimbabwe’s dollar depreciated more than 50% against the US dollar last year on waning business confidence in the government and market concerns over the cost of the country’s military intervention in the Democratic Republic of the Congo.

Although it has been largely stable in the past two months, helped by high import duties, analysts warned that failure to win IMF funding would open the currency to more volatility.

Phillip Clayton, Standard Bank’s economist on Africa, said Zimbabwe’s recent currency depreciation would not necessarily affect the trade agreement with SA. But the falling Zimbabwe dollar would affect SA exporters negatively who would not be keen to agree to tariff reductions by SA, he said.

A weaker Zimbabwe dollar is understood to have been one of the factors that prompted the recent draft proposal by Zimbabwe to seek tariff-free trade with SA in a range of sectors, including clothing and textiles. The proposal is to form part of Zimbabwe’s opening offer to the Southern African Development Community (SADC) this month.

Observers have questioned the capability of Zimbabwe to withstand the competition that would result from free trade. When faced with economic problems last year it increased trade protection.

Zimbabwe, the second-most industrialized economy in the SADC after SA, has long endured a trade deficit with SA. It says this has grown to Z$10,2bn in 1997 from 1994’s Z$4,1bn.
Importer demand causes record slump in Zimbabwe dollar

Michael Hartnack and Reuters

HARARE — The Zimbabwe dollar closed at a new record low against the US dollar yesterday on rising importer demand as most companies re-opened after the Christmas break.

The unit, which dropped 5.1% against the US unit last week, closed at Z$39.40/50, a 0.78% loss on the day and a new historic low, after opening at Z$39.10/30, the previous record.

 Dealers said a bigger depreciation was averted only by an agreement among traders on Friday to limit spreads to 10c from 50c. “I think the narrower spreads helped to slow the depreciation,” said one dealer. “But we expect the currency to continue depreciating.”

Trade had slackened earlier in the afternoon when the unit dropped to Z$39.30/40. One dealer had forecast more stable trade at current levels as buyers had taken fright. “I think we will remain where we are for the rest of the week. The 40 area is proving a big psychological barrier,” he said.

At their meeting, the dealers also urged the Reserve Bank to be more proactive and called on customers to spread their payments.

Meanwhile, talks with the International Monetary Fund continued yesterday on the possible restoration of the IMF’s budget support for Zimbabwe.

No statement was issued at the start of a second week of discussions.

The Zimbabwe dollar has shed more than 100% in value since President Robert Mugabe designated white farms for seizure and ordered Z$3.5bn in gratuity payments to former guerrillas in 1997. It lost a further 5% last Friday. In November, the IMF shelved Zimbabwe’s application for further aid tranches, when the country appeared unlikely to meet agreed spending reform targets.

A spokesman for the French embassy in Harare, Sebastian Surum, issued a formal denial yesterday of reports that Paris was funding the deployment of 8,000 Zimbabwean troops in the Democratic Republic of Congo, along with President Laurent Kabila’s Kinshasa regime. Angola’s MPLA government and Col Muammar Gadhafi in Libya.
Zimbabwe’s economy ‘to grow 2% despite odds’

Howard Sithole, an economist at Kingdom Securities, said: “The picture is a bit cloudy at the moment, because of agriculture, but with a good season I am looking at 3 percent.”

But the political arena remains a concern to investors. President Robert Mugabe faced a series of sometimes violent demonstrations last year as students and the unemployed took to the streets over price rises.

An International Monetary Fund (IMF) decision to suspend aid because of Zimbabwe’s involvement in the Democratic Republic of the Congo’s civil war and a contentious land reform programme continue to nag at confidence.

Other economists backed Sithole’s view, but sounded notes of warning over high interest rates and the country’s worrying level of inflation.

Joseph Muzulu, an economist at Zimbabwe Financial, forecast gross domestic product would rise by more than 2 percent, while independent economist John Robertson said 3 percent was possible if inflation and interest rates were capped at current levels.

Consumer inflation in the year to November turned out at 45.1 percent, the highest since January 1993. Borrowing rates are fixed at above 45 percent and are seen as holding these levels at least until the end of the first half.

Furthermore, the country’s incessant rainfall since the start of the 1998-99 crop year might wind up blunting harvest yields, economists warned.

Zimbabwe’s economy is officially estimated to have grown 2.4 percent last year, hobbled by an inflation rate that averaged above 30 percent for the 12 months and a fall in tobacco prices — the country’s main cash crop — of more than a third.

Worldwide weakness in commodity prices and interest rates persistently above 40 percent were also a brake on growth, with 1997 growth figures revised downwards from 3.7 percent to 2 percent.

Robertson said another cloud on growth was the uncompleted talks with the IMF, which has demanded Mugabe clearly state his intentions on his land reforms.

The IMF has held up $83 million in aid since November; heaping pressure on the country’s fragile currency. — Reuters
IMF softens stance on Zimbabwe

Mar 13 1999

Harare. The International Monetary Fund is to end its freeze on lending to Zimbabwe after assurances by President Robert Mugabe's government that it would not break agreements for a gradual land reform programme.

The bank also announced yesterday that it had accepted the government's explanation that the war in the Democratic Republic of Congo was receiving major external funding and was not draining the national budget.

Godfrey Gondwe, chief of the IMF's Africa division, said at a press conference in Harare that outside sponsors were carrying the cost of munitions, transport and fuel while the government paid for salaries and bonuses due to soldiers.

He also suggested that Mugabe's rhetoric should be ignored.

"The president has said a number of things to different audiences. What matters is what takes place, rather than what he said. The basis for moving ahead has been reached," Gondwe said.

"We will recommend to the board (of the IMF) at its next meeting in the first week of March that we go ahead with a US$75 million loan."

This would appear to mark the end of a long dispute between the IMF and Mugabe.
Assurances gain IMF support for Zimbabwe

HARARE — An International Monetary Fund (IMF) delegation announced yesterday it would recommend that the Washington board approve renewed Z$3bn budget support for Zimbabwe's government.

IMF Africa regional director, Goodall. Goodwe said the team had received satisfactory assurances over Mugabe's plan to redistribute white farms to blacks Zimbabweans, the cost of Zimbabwean intervention in the Congo war, and an intended $327m Zimbabwean soft loan to the Malaysian power utility YTL, which Goodwe suggested would now be scrapped.

The team made clear that to gain its favour, the plan to seize 841 farms and give the owners 'JUS', as stated by Mugabe on New Year's Eve, had also been scrapped.

Africa desk head Michael Nowak said the IMF had been assured Zimbabwe would return to the two-year 'inception period' of land redistribution agreed to at the September donors' conference, utilising 120 farms already in state hands, and paying 'full and fair' compensation for any more farms that might have to be acquired soon. A 'comprehensive statement' would be issued by the Zimbabwean government with the aim of resolving farmers' and IMF board fears.

Owners of the 841 farms would be able to continue production until their land was acquired in future phases of reform, when they would be paid 'upfront and as required by the law', said Nowak.

However, Finance Minister Herbert Murerwa continued to insist that farmers would be paid only for 'enhanced value', which would constitute 'fair compensation'. He said the team's announcement would 'restore macroeconomic stability and enhance confidence'.

Nowak said its real significance lay in the likelihood it would trigger further $800m aid from the European Union and other donors this year.

The delegation's announcement, although it has still to be ratified by the board, probably at its February meeting, is likely to cause the country's currency to recover, strongly from yesterday's midrates of Z$459.2 against the US dollar and Z$65.6 against the rand. The Zimbabwean dollar crashed 5% to record lows on Friday after premature reporting that the delegation had shelved the application for standby credits totalling US$550m to 888m.

Goodwe disclosed that helicopter gunships were being bought for the Congo battle fronts 'but they are not imported by Zimbabwe', which provided only the crews.
Zimbabwean journalists under attack

Michael Hartnack and Reuters

HARARE — Military police detained a Zimbabwean newspaper editor yesterday over a report on a coup attempt, and Zimbabwe's Defence Minister Movinh Mahachi threatened to jail "treasonous" journalists damaging the country's image and that of its forces fighting rebels in the Democratic Republic of Congo.

Mark Chavunduka, 34, editor of the independent weekly Sunday Standard, was reported to have been taken by police to army barracks in Harare. Military and state intelligence officers were also reported to have threatened another journalist on the newspaper after he declined their invitation to go to the barracks for an "interview" on the attempted coup story.

Mahachi made his threat at a news conference called in response to reports by the newspaper that 23 senior army officers had been arrested in Zimbabwe on December 17 on suspicion of plotting a coup to overthrow President Robert Mugabe.

Mahachi, who threatened to have questioners flown to the Congo front line and abandoned there, denied the coup report, which he said was written by "enemies of the state".

He denied Zimbabwe was funded to deploy its estimated 8,000 troops in Congo, but said Namibia, Angola and the Congo itself were giving assistance "in kind" in the form of cash, transport and fuel. He also denied Zimbabwe had concluded any weapons deals with Russia or China.

Mahachi said Zimbabwe had told "only 31" servicemen in the Congo since the start of the war, and 40 Rwandans were being detained in Zimbabwe as a bargaining chip for 46 Zimbabweans held by the rebels.

He denied Zimbabwe was involved in the reported bombing of the rebel-held city of Kisangani, or that it had dispatched troops to the re-escalating Angolan civil war...
Farmers will be paid out, Harare assures funders

HARARE: Under pressure from foreign aid donors, Zimbabwean authorities have agreed to reduce planned land confiscations from white farmers, International Monetary Fund officials said yesterday.

Winding up a week of talks with the government over obstacles to aid, IMF officials said they will now recommend the release of a $53 million (R318m) loan to Zimbabwe, frozen in November.

The IMF acknowledges the need for land reform in a nation where about 4,000 farmers, most of them white, own nearly a third of the land, but had been worried that a plan announced by President Robert Mugabe in November to seize 841 farms this year would harm food production.

Finance Minister Herbert Murewa, Agriculture Minister Kumbirai Kangai, Defence Minister Moyen Mahachi and seven other Zimbabwean ministers alleviated the IMF's fears over the land issue, Zimbabwe's costly military involvement in the Congo war and its wavering market reforms, said Goodall Gondwe, the IMF director for Africa.

Gondwe told reporters that IMF officials believe the Zimbabwean government was now "firmly behind" an earlier agreement to nationalize only 118 farms during a two-year "inception period"; charting the way ahead for the handling over of further farms to landless blacks.

IMF officials said they also received guarantees white farmers would be paid compensation based on the full market value of their properties.

Murewa said the outcome of the talks with Gondwe's team would secure the release of another $800 million (R488m) in aid from the World Bank and other donors over the next three years.

IMF Zimbabwe desk officer Michael Nowak said official's were shown accounts of Zimbabwe's spending in the Congo.

Nowak said IMF officials were assured the war effort would not jeopardise social and fiscal programmes at home.

Sapa-AP
Zimbabwean editor held for coup report

HARARE: Military intelligence agents raided the offices of the Zimbabwe Standard newspaper yesterday and detained editor Mark Chavunduka for questioning over last Sunday's front page story claiming that 23 Zimbabwean army officers had been arrested for plotting a coup.

Chavunduka was arrested as Defence Minister Moyen Mahachi was angrily denying the report at a news conference, asserting "appropriate action" would be taken against the newspaper and its reporters. He said the reporters were "corrupt, greedy to make money at all costs."

"These reporters are trying to bring down the government and the economy and prevent investment coming into this country," he said.

He added that the newspaper had not checked the story with him or any of his military spokespersons. It was not immediately known if Chavunduka faced specific charges or whether the unnamed staff reporter who wrote the story had also been detained.

Mahachi confirmed that five Zimbabwean airmen were killed early this week when their Casa transporter crashed while landing in bad weather at Kilindini Airport in the Democratic Republic of Congo (DRC).

"Mahachi said it was the only transporter the Zimbabwe Air Force has lost so far in the conflict."

He went on to counter foreign press reports and rebel claims saying that only 26 Zimbabwean soldiers had been killed since the campaign started in August.

Asked whether the Congo rebels would sit at the same table as regional leaders this week to discuss a ceasefire, Mahachi retorted: "The rebels are of no consequence. They run away when the shooting starts."

"The war would end immediately if Uganda and Rwanda pulled out their forces."

"We are fighting Rwandans and Ugandans, not Congo rebels. And as long as they are there Zimbabwe will not be found wanting. We have a moral responsibility to our brothers in the Congo."
Mugabe needs to refine governance

GDENBY MUFITWA

HARARE - Zimbabwe's economy would be condemned to another year of slack growth unless President Robert Mugabe's government improves key foreign donor relations with the country's governance, analysts said yesterday.

Meryn Ellis, an independent economic consultant, said: "The economy will continue to underperform this year because of the numerous political hazards that lie ahead. Because of this, there will be no substantial improvement in confidence."

Economists said Zimbabwe's gross domestic product (GDP) would expand by more than 3 percent this year despite a weak currency, high inflation and interest rates of over 45 percent.

Official estimates put GDP growth at 2.4 percent, compared with the 2 percent registered the previous year.

"This economy would have grown 6 to 8 percent - not the 2 to 3 percent that we are talking about. The real challenge will be to improve governance," Ellis said.

The outlook has been clouded by souring relations with donors, particularly the International Monetary Fund (IMF), over Zimbabwe's controversial land reforms, and a costly military venture into the former Zaire.

The IMF held up a cash handout in November and told Mugabe's government to stop seizing land from white farmers and Zimbabwe's dispatch of 6,000 troops to the Democratic Republic of the Congo to back President Laurent Kabila in a civil war.

This week an IMF team recommended the release of funds, totalling US $50 million, when the fund's board sits in March.

But Ellis said further delays in releasing the IMF funds would in turn delay a repatriation of the Zimbabwe dollar, which the central bank says is 50 percent undervalued against the US unit.

Herbert Murerwa, the finance minister, said the return of the IMF could unlock about US $800 million in aid from other donors. - Reuters
Mugabe tightens his grip on the media
The Zimbabwean government continues to be less than frank about how it is funding its forces in Democratic Republic of Congo. Ministers at first suggested it cost no more to keep troops in Congo than it did at home. When that argument failed to fly, conflicting statements followed. Zimbabwe's finance minister said the war had been accommodated within the defence budget, while other ministers suggested well-wishers in the international community were helping out.

Pressed to identify who these well-wishers were, acting minister of defence Sydney Sekeramayi last month confined the donors to "the allies fighting in Congo". This story was repeated last week to the International Monetary Fund (IMF), with the government telling a visiting audit team that Angola and Congo itself were paying for Zimbabwe's contribution. But no sooner had the IMF swallowed this line than Minister of Defence Movem Mahachi sought to revise it.

Angola and Congo were indeed providing material support such as fuel, transport and equipment, he said this week, but Zimbabwe was also contributing part of the costs from within its own budgetary resources.

There has been speculation that Libya is contributing to Zimbabwe's war effort. Libyan leader Moammar Gaddafi, while appointing himself mediator in the conflict, has only agreed to provide a line of credit for oil purchases worth $100-million.

France has been mentioned as a possible funder, as well, but the French embassy in Harare last week denied any involvement. "France is no way involved in the events currently taking place in Congo and the Great Lakes region," first secretary Sebastien Surun said. "France does not help [in] financing the war effort of any of the countries involved in the conflict in Congo."

The Zimbabwean government is very sensitive about its presence in Congo, given protests at home over its spending priorities. The war is estimated to be costing the country more than $1-million a day at a time when social services have collapsed and infrastructure is crumbling.

While the IMF might have received an explanation of sorts, the Zimbabwean public still hasn't been told where the money is coming from.

The air force recently took delivery of 12 Chinese-made F-5 fighter planes estimated to cost $100-million to augment its firepower in Congo and counter South Africa's re-equipment programme.
The International Monetary Fund’s director for Africa, Goodall Gondwe, looked highly pleased with himself, and the outcome of his week-long visit to Harare, when he spoke at his final news conference this week.

After all, had he not succeeded where so many others in much higher positions of power and authority had failed? The reporters, crammed into a briefing room far too small to cope, learned that Gondwe’s endorsement stemmed from the fact he was returning to Washington to urge the IMF board to hand over the US$35-million (about R35-million) “standby” loan it had been promising Zimbabwe.

The IMF’s seemingly dilatory behaviour in keeping Zimbabwe waiting for the desperately needed cash was linked to President Robert Mugabe’s ambitious and hugely expensive land reform programme. The donor agency needed answers to a few questions and was not at all happy with some of Mugabe’s pronouncements, particularly those where he affirmed that 841 mainly white-owned farms were to be seized for peasant resettlement without payment or the issue of a government IOU.

But after a week talking to 10 government ministers — but not Mugabe, who is on vacation — the IMF team was able to elicit “satisfactory” responses to their queries over the land issue, particularly those on financial compensation. For the past 18 months Mugabe has insisted he would never agree to pay the farmers for the land itself (amounting to 2.2 million hectares), only the improvements on it.

Gondwe, a former Malawian bureaucrat with the former Hastings Banda government, smilingly coped with this hurdle by noting simply that “Mr Mugabe is a politician who speaks to various audiences in different places”, going on to advise that it was more a matter of what actually happened rather than what had been said.

Gondwe’s assistant, the head of the IMF’s Zimbabwe desk Michael Nowak, concurred. “The president has said a number of things to different audiences. We are proceeding on the expectation that that particular avenue (not paying for the land) will not be explored much further.”

When it came to compensation for farm properties, Nowak was specific: “We are proceeding on the firm understanding that the compensation when paid will be up-front, in cash, and will, as required by law, reflect the fair market value of the land and the improvements to it.”

But a huge question, one that Gondwe and Nowak were unable to answer, is actually when a farmer whose property has been “acquired” will actually be paid. According to Nowak compensation for farm properties is to be paid “once title is actually transferred to the government and will therefore come much later in the process”.

This has brought howls of outrage from farmers whose properties are among the 841 farms the government has already legally acquired under formal notices which are currently being lodged with the courts by the Attorney-General’s office.

Zimbabwean economic commentator John Robertson said the idea of waiting for title was essentially flawed. “Title does not come into the equation. The government already owns the farms as a result of the issue of the acquisition orders. This means that the farms have already become state land and title does not exist with state land.”

“This is the sort of thing the government has said to the IMF — there will be this simple procedure and when title is changed, it will all fall into place. But the IMF has been fooled, off with false representations of what is actually involved. The IMF believes something that is not true about the process.”

“The minute these farms become state land they have no market value for the simple reason that there is no title involved. In fact, one way to give this land value and turn it productive is to allow those farmers to own it and to make the productive part of the cash economy would be to give the people in the communal (tribal) areas title to the land they occupy. Ownership brings responsibility and development. People look after the things they own.”

He added the IMF exercise appeared to have ignored an aspect of the land reform situation, namely whether the government’s plans were constitutional in appearing to ignore the question of property rights.

The question now is why should, or how can, the IMF believe Mugabe’s assurances that he will stick to responsible reform when he has failed to do so in the past. — Star Foreign Service
HARARE — The International Monetary Fund’s disclosure that the government has pledged to drop price controls in June has been welcomed by Zimbabwean industrialists who warn of an impending wave of bankruptcies.

“IMF delegation chief Goodall Gondwe said this week, announcing he would recommend renewed financial support.

We were not allowed to increase the price of various commodities most of our companies will fold.”

Curbs have been placed on all staples since food riots a year ago, sparked by a 30% increase in the price of maize meal.

Private sector leaders were first warned their business licenses would be revoked if they ignored informal guidelines, after which prices were gazetted.

John Dickens, one of the directors of the Commercial Farmers Union, warned this week: “The cost of agricultural products is likely to go up significantly during the year as a result of increased input cost. As such, consumers may get shocking increases.”

Many smaller bakeries are already reported to be either closing or switching production of standard bread loaves to uncontrolled luxury sidelines such as rolls and buns, which consumers buy from informal sector vendors.

Inflation is running at more than 41%, on conservative official figures, following a 100% slump in the value of the Zimbabwean dollar over the past year.
Army defies Zimbabwean court

Lawyers will seek a contempt of court order this morning against Whabira and against commanders at King George VI Barracks’ army headquarters who also refused service of the orders made by Judge George Smith.

The crisis for the judiciary’s authority is the most serious since President Robert Mugabe’s ruling party chief, former parliamentary speaker Didymas Mutasa, tried to defy a Supreme Court ruling in favour of Rhodesia’s last prime minister, Ian Smith, in 1988. It also preempts a brewing judicial crisis over expropriation of white-owned farms.

An economist said it cast doubt on the credibility of pledges given to the International Monetary Fund this week by treasury heads over the land issue, the funding of the Congo war, and amendment of the untransparent Z$20bn deal with Malaysia’s YTLover Hwange power station.

Judge Smith issued the orders late yesterday after giving attorney-general Patrick Chinamasa 30 minutes to respond to the application made in chambers by Chavhunduka’s lawyer, Simon Bull.

Chinamasa, a member of President Robert Mugabe’s cabinet, sent a message that “he will not be held responsible as the matter is not within his jurisdiction”.

Judge Smith ordered that Chavhunduka, editor of the independently owned Sunday Standard, be released by 4.15pm, that military police must stay away from the offices of Zimbabwe Independent Newspapers, and he must be spared further harassment.
Zimbabwe's dollar pummelled 5.5% after opening at 36,68/92.

The Zimbabwe dollar lost 4.62 percent against the US dollar on Wednesday as importers continued their week-old onslaught on the currency despite assurances by a visiting International Monetary Fund (IMF) team on a long-delayed tranche of key funding.

A statement by the IMF last week ruled out early release of the $50 million facility until the government clarified its land reform scheme triggered panic buying in what dealers said was an already thin market.

— Reuters
Zim in crisis as army flouts law

HARARE: Zimbabwe appeared to be on the brink of a constitutional crisis yesterday after military authorities scotched a judge's orders to free the editor of an independent newspaper who has been in illegal custody in an army barracks for three days.

Lawyers for the weekly Standard newspaper won an order from High Court judge George Smith for the immediate and unconditional release of its editor, Mark Chavunduka, 34, who was arrested on Tuesday after his newspaper reported that 23 soldiers had been in prison since mid-December for enticing other troops to overthrow President Robert Mugabe.

They were told, according to Standard proprietor Clive Wilson, 'The judge cannot direct us. We are moving at our own pace.'

Told that the judge had ruled that the military had no powers of arrest over civilians, Wilson said permanent secretary Job Whabira replied: 'Any civilian who meddles in military matters is subject to military law.'

Lawyers are to apply today for an order of contempt against Whabira and Defence Minister Movem Maitai.

The affair has already drawn international attention to the sudden rise in influence of the military in Zimbabwe, beset by its worst economic crisis, war in a foreign country, corruption and incompetent government.

'The Standard story has been self-fulfilling,' remarked a veteran Harare journalist. 'The military is in control. There has already been a coup.'

Chavunduka has not been given access to lawyers or to his family. 'This is kidnapping,' Wilson said. — Sapa.
Tax row threatens trade on Zimbabwe exchange

Martin Rushmore

HARARE — Trading on the Zimbabwe Stock Exchange will stop indefinitely on Monday if the government does not clarify issues surrounding a 5% turnover levy on all share dealings.

The Zimbabwe dollar fell a further 5% yesterday to end at Z$44 to the US dollar. The currency has fallen more than 80% over the past week on strong importer demand for foreign currency and fears that promised International Monetary Fund (IMF) budget support may not materialise.

An exchange spokesman said an emergency meeting would be held with government finance and tax officials today in a bid to find out who was liable for the levy and how it would be administered.

However, a member of the exchange’s governing committee said it had been decided that if no satisfactory answers were forthcoming trading would be suspended. “This is not to force a confrontation with the government, but because some brokers do not have the staff to comply with the stipulation that they must collect the money, which runs into tens of thousands of dollars each day. It would be unfair to allow some brokers to trade and not others. At the moment no one knows who will have to pay the levy — it seems that pension funds and insurance companies will be exempt. But if foreign investors are not included then it is unfair,” one source said.

The government this week also imposed a levy on property owners of 10% of the gross value of the sale. Like the levy on share transactions, this comes on top of existing capital gains taxes, commissions and assorted duties.

Brokers are outraged at the levy on share transactions. “It is a sign of the panic and desperation of this government,” one said. “It is called a capital gains withholding tax, but it is also payable on losses.” A trader said this would increase the cost of capital by an effective 5%. Another feared the closure would give rise to an unofficial over-the-counter market.

The government is increasingly cash-strapped and is imposing turnover taxes where there is little chance of evasion. Buyers and sellers of tobacco, for example, each have to pay 5% on sales.

Tokyo Stock Exchange traders watch share prices during morning trading yesterday as Tokyo’s stock posts gains, shrugging off the news of a dramatic currency devaluation in Brazil.

Govt cracks down on paramilitaries

Taryn Lamberti

A NEW law prohibiting paramilitary training and the unauthorised production of weapons would come into force today in an attempt to curb the growing threat of urban terrorism on the Cape Flats, Bennie Bunsee, a spokesman for Justice Minister Dullah Omar, said yesterday.

The hurried implementation of the law, contained in the Judicial Matters Amendment Act, is an apparent response to last weekend’s criticism of the criminal justice system by Deputy President Thabo Mbeki for failure to come to grips with rising violence in the Western Cape.

A senior African National Congress source said although the new law was originally conceived with right-wing and mercenary groups in mind, the focus had shifted to the growing threat of terrorism linked to vigilante groups People Against Gangsterism and Drugs (Pagad).

A memorandum accompanying the act detailing its objectives said it appeared that the existing legislation had not had “the desired effect.”

Bunsee said the law was “obviously” related to the violence on the Cape Flats. “It was definitely fast-tracked through Parliament with the elections coming up next year. There are a number of forces which are a danger to the state,” he said.

The new law prohibits military and paramilitary training as well as the manufacture of weapons, ammunition or explosive devices unless they are specifically authorised.

Anyone convicted of contravening the act could spend up to five years in prison or pay an unspecified fine.

Groups exempted under the act include the national defence force, correctional services, the police, employees of recognised arms manufacturers such as Denel, traffic officers and registered security officers.

The act also makes provision for companies which employ their own security personnel to apply for exemption from the legislation before April 1.

Justice portfolio committee member Willie Holmeyer said the act provided for much harsher penalties for people convicted of unauthorised paramilitary training. The law also sought to fill loopholes in existing legislation.

Fip Jacobs, the chief legal adviser to the police’s detective services, said the law was intended to give effect to the constitution which prohibited groups other than the defence force from conducting military training.

Jacobs said security companies would be excluded from the act because they were properly regulated by the Security Officers’ Board.

He said there were other general exclusions where the manufacture of explosives and training was lawful and well regulated for industrial purposes, such as in the mining sector.
Minister's arrest

Minister's detention or editor is absolute bloody nonsense, says

Zim paper calls for
Nab minister, court urged in detained editor case

Zimbabwe faces constitutional crisis

Lawyers acting for Mark Chavunduka, the editor of Zimbabwe's Standard newspapers, who was detained by the military this week, applied to the High Court yesterday for the arrest of Defence Minister Movens Mahachi if Chavunduka was not freed immediately.

The ministry on Thursday defied a court order for the release of Chavunduka, detained this week after running a story about an alleged military coup plot.

The managing director of the Standard, Clive Wilson, said yesterday that the paper was making an urgent application to the High Court to jail Mahachi, Secretary of Defence Job Whabira and a military police major involved in the arrest of Chavunduka, was not released.

The military's refusal was a gross contempt of court.

Whabira refused to carry out the order, saying: 'The judge cannot direct us. We will move at our own pace. Any civilian who meddles in military matters is subject to military laws'.

Wilson said, however, this was 'absolute, bloody nonsense'. "The Defence Act says that military personnel may not arrest, detain or question civilians."

Wilson said Chavunduka's arrest was "a very dangerous assertion of extra-legal rights by the ministry of defence at a time when they are cock-a-hoop at having persuaded the president and everybody else to take on board this ridiculous war in the Democratic Republic of Congo."

The Standard reported on Sunday that 23 Zimbabwean military officers had been arrested for inciting colleagues to topple President Robert Mugabe.

The paper said the harsh economic conditions in the country, and Zimbabwe's intervention in the DRC's civil war in support of President Laurent Kabila were the source of discontent.

Mahachi labelled the story as completely false. Chavunduka is being held at a military barracks and has been denied access to lawyers and family.

"Lawyers say Chavunduka's arrest has sparked a constitutional crisis, with the military pitting its power against the judiciary."

The British-based human rights body Amnesty International said: "Mark Chavunduka's detention in a military barracks, without access to his lawyer or family members, could increase the risk of his being ill treated."

People who saw him on Wednesday said he appeared to have been deprived of sleep.

"If true, this could amount to torture or cruel, inhuman and degrading treatment under international human rights standards," the rights watchdog said.

Amnesty added that Chavunduka's arrest and detention without charge or warrant appeared to be illegal under both Zimbabwean and international law. - Sapa-APP.
Hundreds in protest march in Zimbabwe

HUNDREDS of demonstrators marched through Zimbabwe's capital yesterday, protesting against the detention of a newspaper editor and the country's military involvement in the Democratic Republic of Congo, reports Sapa-APP.

The march was organized by a pressure group calling for the reform of Zimbabwe's constitution, but the Congo conflict and the detention of Standard editor Mark Chavunduka dominated speeches and protest songs.

Chavunduka was detained by military police on Tuesday after his newspaper ran a story that 23 army officers had been arrested for involvement in a coup plot against President Robert Mugabe. His detention has sparked a constitutional crisis, with the Ministry of Defence defying a High Court order to release the editor, issued on the grounds that the military has no right to detain civilians.

Lawyers representing Chavunduka's newspaper group made an urgent application to the High Court on Friday for the arrest of Defence Minister Moven Mahachi. Should the ministry continue to refuse to release him, the hearing has been scheduled for tomorrow.

Zimbabwe Congress of Trade Unions leader Morgan Tsvangirai told the marchers that if the military gets involved with civilians, it shows that it is the military itself, which is now ruling Zimbabwe.

Meanwhile, SUE MA-TETAKUFA reports, that Mahachi has lashed out at journalists working for the independent media, labeling them "corrupt thieves", and "mercenaries", with "ulterior motives".

Said Mahachi: "The independent press has a well-calculated programme to destroy this country, to destroy this government, to destroy ZANU-PF. We have concluded that you are working for a third force."

He added that independent media reports appeared to be getting sensational to undermine the armed forces and to try to "lower the morale of our forces on the front", an apparent reference to the Zimbabwean forces fighting on the side of Laurent Kabila in the Congo.
Trade stops on Harare bourse

**From Sapa-DPA**

Harare—Zimbabwe’s crumbling economy suffered two heavy blows on Friday when confusion over new tax laws halted trading in its usually busy stock market and official figures showed inflation for 1998 hit a historic high of 46.8 percent.

Peter Marriott, a director of HSBC Securities, a broking firm, said: “There was no trade on the exchange at all.”

Brokers boycotted the exchange, the biggest in Africa after the JSE, after the government brought in new laws to force them to deduct 6 percent from all share transactions and 10 percent from unlisted security dealings.

Marriott pointed out that the deductions, called withholding tax, were on all transactions, whether or not they made a profit.

The new laws say investors can claim back refunds on tax they have paid on loss-making business at the end of each tax year. The moves were brought in without warning.

Observers say it is a sign of government desperation to raise finance for a budget devastated by economic collapse and a currency that has crashed by about 50 percent in the last year.

On Friday the state Central Statistical Office announced that year-on-year inflation to December 31 had reached 46.6 percent, overtaking the previous high of 45.1 percent recorded in 1993.

Last week the currency, sank over 15 percent. It fell to 45 to the US dollar on Thursday but recovered on Friday at 42.50.
Zimbabwe pegs dollar to US unit

Martin Rushmore (AP) 18/1/99

HARARE — In an apparent attempt to show the International Monetary Fund that Zimbabwe's economy is sound, the reserve bank has ordered currency dealers to hold the value of the Zimbabwe dollar at a maximum of ZS39.5 to the US dollar.

This comes amid expectations of a second day of no trading on the Zimbabwe Stock Exchange today as brokers refuse to deal because of a new government-imposed 5% levy on the gross value of all transactions.

At a meeting with dealers on Friday, reserve bank governor Leonard Tsamba accused banks of forcing up exchange rates unnecessarily. At one stage last week the rate reached ZS45 to the US dollar.

A banker who was at the meeting said: "The reserve bank is now taking much greater control of the foreign exchange market, and dealers now have to give the bank much more detailed information on what they are doing and why." Public confirmation is expected to be made at a reserve bank news conference today.

The new strategy is seen as a holding operation to prop up the currency amid expectations that the IMF will release $33m in standby support in March. It is hoped that this will be followed by much more in the form of an enhanced structural adjustment facility, plus $300m from the World Bank and donors.

Economists said it would be possible for the reserve bank to hold the exchange rate steady for a short while. They noted that large sums in offshore borrowings in the past six months had not been released into the market.

Gold exports had also dropped appreciably.

The reserve bank has been building up its foreign reserves and will be able to intervene in the market — which has not been done for three months," said a commercial bank economist. "The thinking is that exporters will hurry to bring in receipts to make as much as they can in local currency in the expectation that the rate will get even stronger against the US dollar. This will automatically strengthen the currency.

On Friday, the currency strengthened to about ZS40 from 14.6 against the rate fixing spread among banks.

Observers say Zimbabwe's future is now more than ever a function of the IMF and other World Institute support. The bank spokesman said: "We are now tied to these policies, which can be rebound on both sides. If we lose our policy, we will lose our support, and the IMF will abandon us. If we are not strong, the government will lose its support."

No trading expected: Page 11...
Editor now held by police

Harare - Zimbabwe’s military have backed down in the face of the threatened arrest of the Minister of Defence, and transferred a detained editor to civilian police custody, legal sources said.

A High Court judge had ordered that the editor, Mark Chavunduka, be tried before 10pm local time or he would issue a warrant of arrest for the minister and two other officials.

As the deadline passed yesterday, Mr Chavunduka’s lawyers told the judge they had been informed the editor was now in the hands of the police criminal investigations department.

Lawyers acting for Mr Chavunduka, who had been held in a military barracks without access to family members or legal advice for a week, said they had been assured they would be allowed to see him today.

They said it was understood the editor would be charged under the Law and Order Maintenance Act for reporting that 28 army officers had been detained for inciting a coup against President Robert Mugabe.

The report said discontent over Zimbabwe’s military involvement in the conflict in the Democratic Republic of Congo was behind the incident.

The defence ministry ignored an earlier High Court order for Mr Chavunduka’s release. — Sapa-AFP
Currency peg stunts
Harare banking sector

Martin Rushmore

HARARE — Zimbabwe's interbank currency market was largely dead yesterday as banks tried to grapple with the confusion created by the Reserve Bank's decision to peg the exchange rate at $30.40 to the US dollar.

No help was given by the central bank, which made no public announcement and abruptly cancelled a scheduled morning news conference.

Banks said customers with foreign exchange were doing business as usual, but the interbank market — around which all other rates are set — was nonexistent.

"The rate was largely for indication purposes," said the manager of a foreign currency dealing department.

"No one is prepared to commit themselves as they don't know how much foreign currency is out there. The next few days will tell us which way it is going."

Reserve Bank officials denied that the bank had forced the commercial banks to peg the rate. They said a "suggestion" was made that the rate should be below 40.

On the Zimbabwe Stock Exchange, it was a day of no activity at all, with no trades taking place following government's decision to impose a 5% levy on the gross value of all transactions. There is a possibility that some progress could be made today, but nothing was certain.

Brokers said customers were applying pressure for some trading to take place. A senior partner of a Harare firm said: "There are people who are telling brokers to sell stock, no matter that a 5% levy is payable, because of exceptional circumstances such as deceased estates, where parcels of shares need to be sold."

It is believed that the central bank's move is an attempt to show the International Monetary Fund that Zimbabwe's economy is sound.
No more bale-outs, Zimbabwe banks are told

HARARE — In line with recent International Monetary Fund (IMF) directives, Zimbabwean Reserve Bank governor Leonard Tsamba has issued a confidential circular warning the country’s financial institutions to expect no further bale-outs like last month’s $340m rescue of the Zimbabwe Building Society.

Banking sources confirmed yesterday that Tsamba had warned: “An exception was made last month on the ZBS in order to prevent systemic risk.”

Encouraged by government and the black empowerment lobby, ZBS had given extensive loans to home builders who lacked title deeds, and when mortgage payments were not sustained it was unable to recoup anything.

Following a warning from IMF MD Michael Camdessus that troubled banks should not receive support, Tsamba warned local institutions that the malaise in their sector seemed “misunderstood by the bankers themselves”.

This was scornfully rejected yesterday by bankers who noted Tsamba’s attempt to blame them for pressure on the currency.

Tsamba’s circular warned that bank owners must expect to lose their investment if their enterprises suffered through operation losses or “poor lending policies”.

Tsamba said last year that the collapse of Roger Boka’s United Merchant Bank was due to “poor quality and unrecoverable loans”.

Tsamba said the Reserve Bank would in future “facilitate the release of adequate information to the public by banks” insuring “professionalism and transparency”. This would “prevent problems from growing and contaminating other banks”.

The Reserve Bank “cannot be expected to rescue banks which fail because of poor management and/or lack of capital ... overly generous official safety nets in the form of depositor guarantees and lender-of-last-resort facilities led to moral hazard and adverse selection, and provide incentives for poor internal governance and excessive risk taking at the expense of the taxpayer”, he said.

One of Zimbabwe’s discount houses was reported yesterday to be in trouble due to loans to the government-controlled Mhangura copper mine, which is now no longer viable.

Bankers criticised the government for encouraging “indigenous businessmen to take over insolvent companies, to sustain employment, and appearing now to wish to renge on state underwriting of loans encouraged for political reasons”.

Seeking an end to senseless battle: Page 9
The conflict between the Zimbabwe government and non-state media underlines the view that a number of prominent government figures believe they are above the law. Writer Michael Hathbal in Harare, on page 62/11/99, writes:

A TIME FOR TRUTH AND THE END OF
Zimbabwe may soon see end to 5% levy

FOREIGN CURRENCY TRADING REMAINS A STANDSTILL AFTER THE LOCAL UNIT WAS EFFECTIVELY PEGGED AT Z$39.50 TO THE DOLLAR.
Zimbabwe moves to stabilise dollar

FROM AFP

Harare—Zimbabwe’s central bank moved yesterday to stabilise the foreign exchange rate after yet another tumble of the Zimbabwe dollar to a record low last week. Leonard Tsumba, the Reserve Bank governor, said necessary measures would be taken to address the uncertainty in the market that had led to the artificial depreciation of the Zimbabwe dollar.

Last week the local unit was quoted at 44 to the US dollar, a rate which Tsumba said left the Zimbabwe dollar undervalued by 51 percent. The currency’s latest crash was triggered when the IMF indicated that it would not immediately disburse the much-awaited $63 million balance of payment support package, unless the government of the Democratic Republic of Congo conflict, the land issue and the initial indication that the IMF was frozen last year mainly in protest at the land reforms programme. Tsumba said.
New strategy set to stop SAA’s free fall

Robin Challen

SA AIRWAYS strategy, unveiled by CE

Kolisi to save airline from bankruptcy

SAA’s problems, particularly its inability to service international and domestic routes, have been well documented. The airline’s debt, estimated at R15 billion, has been a major concern for the government and its creditors. The airline has struggled to make ends meet, and its financial situation has worsened in recent years.

Government officials have been discussing various options to挽救 SAA, including selling off assets, reorganizing the airline, and seeking new investors.

However, these efforts have not been successful, and SAA is still facing significant challenges. The airline has been gościę to service flights, and it has been forced to cancel and delay flights.

The government has been working with SAA to find a solution, and it has announced a new strategy to help the airline.

New strategy

The new strategy includes the following measures:

1. Involving stakeholders: The government will work with stakeholders, including unions, pilots, and management, to develop a plan for the airline.
2. Cost-cutting measures: SAA will implement cost-cutting measures to reduce its expenses. This includes layoffs, downsizing, and closing unprofitable routes.
3. Productivity improvements: The airline will focus on improving productivity by increasing efficiency and reducing waste.
4. Revenue enhancement: SAA will seek to increase revenue by expanding its destinations, introducing new services, and increasing ticket prices.
5. Financial support: The government will provide financial support to SAA to help it survive until a long-term solution can be found.

The government hopes that this new strategy will help SAA become more financially stable and sustainable in the long term.

Conclusion

SAA is facing serious financial challenges, but the government is committed to finding a solution. The new strategy is a step in the right direction, but it will take time to see if it is effective.

It is important for South Africans to support their local airlines and to continue to fly with SAA, even if it means paying higher prices.

We hope that SAA will be able to overcome its challenges and continue to provide a reliable service to passengers.
SA Airway's stock is set to stop its free fall

Reynold Chelumaa

The carrier's woes are not just financial. A number of its flights have been affected by a pilots' strike, and the company's stock has hit an all-time low. The government has stepped in to try and stabilize the company, but it remains to be seen whether these efforts will be successful.
ZIMBABWE

MUGABE RUNNING OUT

Litany of broken promises and misrule have undermined his stature

President Robert Mugabe's stature as an international statesman and a progressive leader has been dented in recent years by policy flip-flops and his failure to fulfill promises of social upliftment for most ordinary Zimbabweans.

Many people who held Mugabe in high esteem for his stand against apartheid are having second thoughts as evidence of misrule grows. Once considered the leading champion of democracy in southern Africa, he now appears more concerned with power than with progress.

The succession issue at home has been mismanagement of the economy. Standards of living have declined by more than 20% since independence in 1980. Political intolerance and charges of corruption against those around Mugabe have also tarnished his image. Many Zimbabweans regard him as insensitive to their plight.

To many of them, the post-colonial promise of a land of milk and honey has turned sour. Almost 19 years of Mugabe's rule have done little to distribute land to landless black Zimbabweans. Impatient peasant farmers have resorted to illegal farm invasions.

The President's incendiary rhetoric has scared off investors and undermined productivity in one of Africa's few remaining agriculturally self-sufficient economies.

Donors have been implored to Mugabe to proceed cautiously in consultation with all involved and in accordance with Zimbabwe's own laws. But having forfeited his urban support base, Mugabe is anxious to pose as the agent of revolutionary redistribution in his rural fiefdom.

The donors have said they will now proceed on the basis of assurances they have received in writing from Ministers on land and fiscal targets. But mixed signals are unlikely to boost investor confidence.

On human rights, the record is equally opaque. Last week's illegal detention of The Zimbabwe Standard editor Mark Chavunduka by the military police has confirmed Mugabe's government has no respect for press freedom. The Defence Ministry's refusal to abide by a High Court order to release Chavunduka unconditionally shows the rule of law is under threat in Zimbabwe. The editor's detention, after his newspaper carried an article alleging a military coup plot, is a drastic measure by an insecure government.

Mugabe has ignored calls from human rights organisations to acknowledge wrongdoing in the bloody Matabeleland counter-insurgency campaign of the Eighties. His refusal to apologise has only alienated Matabeleland. Political activists in Bulawayo have threatened to revive the old Zimbabwe African People's Union (Zapu) which Joshua Nkomo headed until his 1987 power-sharing deal with Mugabe.

Liberation-war veterans who were promised compensation and integration into civilian life ran out of patience in 1997. Incensed by the looting of a war veterans' fund by political friends and relatives of Mugabe, they wreaked massive concessions from him which set taxpayers back by $24,6bn.

Mugabe's surrender to the ex-combatants and the scramble for funds to pay them inspired a trade union revolt last year, the first mass mobilisation against his regime. While the country was con- vulsed by popular protests, government's unwillingness to adhere to fiscal targets and Mugabe's refusal to follow due process on land redistribution led to an exodus of investors from the Harare bourse — previously a star performer — and the World Bank have in the past allowed Mugabe to get away with dropping his side of the bargain. However, over the past two years they have demanded more transparency and accountability before dishing out further financial support.

The IMF has demanded assurances on the disposal of the Hwange power station to a Malaysian company, a deal sealed by Mugabe and Malaysia's premier Mahathir Mohamad. A visiting IMF mission has accepted given explanations, but the Fund's board is unlikely to be so indulgent.

They will almost certainly want written undertakings that the Malaysian deal will be suspended and that full compensation will be offered to those whose land is expropriated by the State. It is also doubtful they will fall for Mugabe's story that the Congo and Angola are bankrolling Zimbabwe's involvement in the Congo.

If the past two years have eroded Mugabe's reputation, this year could bring more political turbulence as the consequences of resources diverted from economic development to the upkeep of a political elite are felt by ordinary people.

Mugabe is learning that his authoritarian rule has a price that people are no longer willing to pay.

Trevor Ncube, Harare

OF DANCE PARTNERS

as a champion of democracy

A collapse of the national currency.

His intervention in the Democratic Republic of Congo to save the embattled despot Laurent Kabila was a costly ego trip intended to marginalise President Nelson Mandela's activism in the region and to remind the world of the role Mugabe occupied as leader of the Frontline States until 1994. Though the episode showed SA to be a novice in foreign policy, it failed to deliver the quick victory Mugabe needed to confront domestic opposition.

Heavy casualties and growing local opposition to Zimbabwe's presence in the Congo have now forced Mugabe to make compromises such as the inclusion of the rebels in peace talks. The war may have strengthened the more odious elements surrounding Mugabe in their resistance to reform, but it has also reinforced civil society's campaign for constitutional reform and accountable government.

In retreat on every other front, Mugabe enjoys considerable public support on trade policy. Government and industri-
SA curio demand leads to fears for Zim trees

MUTARE: Several species of hardwood in the forests surrounding Zimbabwe’s eastern border city of Mutare are threatened with extinction because of excessive curio carving to supply potential buyers in South Africa.

Carvers are very selective and are targeting red mahogany trees such as the Afzelia Quanzensis and the Petrocarpus, which environmentalists predict will be wiped out by the turn of the century if the wanton cutting is not controlled.

“This is the type of wood that is good for carving plates,” says David Moyana, a carver who has been supplying cross-border traders for two years.

Although Moyana agrees that some trees could become extinct, he says he was driven into carving by poverty and through having no prospects of finding a job.

In June last year it was reported that some hardwood trees favoured by the carvers in the resort town of Hwange, in the west of the country, had been wiped out and that carvers had turned to other species. In Mutare the effects of excessive tree felling are already being felt.

“Not very far from my homestead, but now the nearest place where it is available is 50km away,” says carver Albert Dube. Villagers do the felling for the carvers, being offered up to $10 for a tree.

Informal — and often illegal — cross-border trading with countries such as South Africa and Botswana has been on the increase since 1991 when the government introduced economic reforms which brought about widespread retrenchments.

Laws exist to protect the forests but environmentalists feel these are not being enforced as the powers to do so have been left to land-users and traditional leaders in most areas.

It is only estates owned by the parastatal Forestry Commission which are not targeted by the carvers because “you can get arrested”, as one carver put it.

Traditional leaders have become alarmed by the situation and are working with the natural resources department and non-government organisations to come up with a solution.

“We tell them to try using dead wood for their wares but they will tell you they buy their wood from peddlers,’” says Cephas Zinhumwe of the Southern Alliance for Indigenous Resources, a non-government organisation which deals with conservation of local resources, says the organisation has tried to tell the carvers about the environmental problems they are causing.

“‘We tell them to try using dead wood for their wares but they will tell you that they buy their wood from wood-peddlers who are the ones who do the actual harvesting. ‘They won’t say who the wood-peddlers are,’” Zinhumwe says.

The organisation is encouraging villagers to plant indigenous trees such as the bakubuku which have seeds. Zinhumwe acknowledges that these trees take a long time to grow.

Chief Marange, a local leader, is levyving fines. “I am lucky that in my chieftaincy I command a lot of respect,” says Marange.

“So I have no problem convincing the people that we need to protect our natural resources.”

The department of natural resources suggests taxing cross-border traders. It also recommends that the carvers should be registered so that their activities can be monitored.

The department says this would help protect the environment. — Independent Foreign Service
Zimbabwean journalists on bail after ordeal

HARARE — Zimbabwean Sunday Standard editor Mark Chavunduka and reporter Ray Choto were each released on bail of $10 000 yesterday after what they say was an ordeal of torture and beatings.

The two, who had difficulty walking, said after a court appearance that their torturers — believed to be from military security and the Central Intelligence Organisation (CIO) — wanted to know who leaked news of a failed coup plot.

They were told: "President (Robert) Mugabe has signed your death sentence and you are going to be tortured to death."

Choto said that he had been stripped and tortured with electric shocks and had his head submerged in water until he nearly lost consciousness. Interrogators demanding his sources for the story beat him for five hours with clubs, rubber truncheons and fists.

Chavunduka, who suffered repeated beatings over the previous week, was also assaulted. They were then made to roll naked in wet grass to remove blood.

After being returned to Harare Central Police Station late on Wednesday, they demanded to see a doctor. Each was made to pay $52 for examination by an army medic.

Simon Bull, a lawyer representing the two journalists, said he had found Choto and Chavunduka handcuffed to each other on Thursday morning with blood on their shirts.

Reuters reports military police refused to comment on the allegations.

Chavunduka and Choto are to appear in court on February 22 on charges of publishing "a false report likely to cause alarm and despondency". The story, on January 10, said 23 soldiers were arrested for plotting Mugabe's overthrow amid army discontent with the war in Congo.

They have been charged under the 1960 Law and Order Maintenance Act, the repeal of which has been ratified by Parliament and needs only Mugabe's signature to become law.

Delegates to a British-sponsored Commonwealth Human Rights Conference are being asked to adjourn in protest at the treatment of Chavunduka and Choto.

Trevor Ncube, editor of the Sunday Standard's sister paper, the Zimbabwe Independent, urged the Zimbabwe Congress of Trades Unions to consider a protest work stoppage.

Repeated court orders for Chavunduka's release have been defied, pushing Zimbabwe towards a constitutional crisis over the judiciary's authority.

Sapa reports that the SA Union of Journalists called yesterday for international bodies to protest against the intimidation of journalists in Zimbabwe.

It said that the situation for journalists in Zimbabwe was "reprehensible and intolerable".
Newspaper head arrested; Zimbabwe probes SA link

IAN MILLS
FOREIGN SERVICE

Harare - Independent newspaper managing director Clive Wilson was arrested yesterday and is to be charged under the Law and Order (Maintenance) Act with publishing “false news likely to cause alarm, fear or dependency to the public or a section of it”.

Mr Wilson, whose company publishes the weekly Independent and Sunday Standard newspapers, was taken to Harare’s Central Police Station, where he is expected to be held until early next week to appear in court.

His arrest follows the release on bail yesterday of two Standard journalists, editor Mark Chavunduka and reporter Ray Choto, who have been charged with the same offence following publication of a report that 23 Zimbabwe army officers had been arrested in connection with a coup plot.

Chavunduka and Choto have revealed that during their detention by the military they were tortured for 15 hours in an attempt to make them reveal their sources.

Welsh-born Mr Wilson, 65, was arrested a few hours after Chavunduka had detailed his torture experiences at a press conference. He is reported to have asked the police officer in charge of the case whether he faced the same treatment. When asked by the officer what treatment he was referring to, Mr Wilson replied: “Torture”.

Detective Inspector Matema responded with: “Not while you are in my hands.”

Both the Independent and the Standard have become sharp and determined critics of President Robert Mugabe and his government. The Independent’s front-page editorial yesterday on the detention and torture of Chavunduka and Choto was headed: “State criminals must be held to account.”

Chavunduka told his news conference that those who interrogated him and Choto for 15 hours non-stop over a failed coup plot story were “desperate” to prove the two journalists had links with South African military intelligence.

He said he and Choto were subjected to different kinds of torture including electric shock and beatings, saying the interrogators wanted them to reveal links with the South African military when none existed.

It appeared, he said, that the Zimbabwean military had obtained information that reports were circulating within the South African military that a military coup was imminent in Zimbabwe.

“They obtained this information basically 24 hours before our report (on 23 army officers being arrested in connection with a coup plot) hit the streets. So they were trying to establish how it was that reports were circulating within the South African military and we hit the streets 24 hours later."

“They said it could not be mere coincidence and that there must be a link between us and the South African military. I said that I did not know about the reports circulating within the South African military.”

Chavunduka said the interrogators claimed that everything they were doing had the blessing of the Zimbabwe head of state: “They even mentioned President Mugabe by name and went on to say that he had actually signed our death warrants.”
IMF ‘deal’ fails to restore confidence in Zimbabwe

ZIMBABWE’s economy, troubled by government policy blunders and continuing weak fundamentals, looks set to accelerate downhill in the short to medium term, despite last week’s cautious statement by the IMF that it might resume crucial financial aid.

A team from the IMF, which suspended support for Zimbabwe’s economic reforms because of policy differences with the government, said it would recommend that its board release the $53-million balance of payments package which it had frozen.

But the news failed to excite capital and equity markets. Economists interpret this as evidence that more is needed to stop the economic rot than an external financing package like an IMF aid deal that usually comes with strings attached.

The Zimbabwe Stock Exchange, which has yet to pick up after being depressed all of last year, closed for trading for part of last week and this week because of a protest by stockbrokers against a state-imposed 5% capital gains withholding tax. This has hammered investor confidence in a market that has declined to half of its 1997 level.

Even though the government backed down on the new tax, and trading resumed, the equity market remains starved of positive news. The market was not as buoyed as expected by the IMF deal, the government clinched with the IMF, raising doubts about whether the IMF really will resume aid to Harare.

Zimbabwe’s dollar, which has declined by more than half in the past few months, failed to gain ground against major currencies in response to cautious hopes that the IMF funding would release the $53-million tranche and so unblock further bilateral and multinational financial support of some $800-million.

Zimbabwe’s currency tumbled to record lows last week on concerns about the huge size of government, the cost of the war in the Congo, stalled privatisation and the politically charged programme to acquire white-owned farms.

"If you take the positive news from the IMF and assess it in confidence terms against the negative aspects of politics here and our economic management, you remain at square one," said a bank economist.

Although government is trumpeting the IMF financial deal as the dawn of economic stability, many economists and commentators doubt that the two sides have patched up their differences. The IMF, in line with major donors, has presented a long list of difficult aid conditions, insisting that Harare go soft on the land issue and trim the size of government.

Many expect President Robert Mugabe to resist these ‘demands’ ahead of next year’s elections. The government has re-introduced limited price controls on basic foodstuffs, despite haggles with the IMF. As elections draw closer, observers expect similar populist moves to win political support.
Rights groups express shock at crackdown in Zimbabwe

Harare - International and local rights groups have expressed shock at the deterioration of human rights in Zimbabwe, saying the rule of law is under threat following the arrest and alleged torture of journalists.

Commonwealth human rights lawyers who were denied access to a detained managing director of a Zimbabwean independent newspaper said they were concerned for his safety, especially after the "terrifying accounts of torture" alleged by the Sunday Standard's editor and reporter, arrested earlier.


Wilson, the Sunday Standard's managing director, was picked up by detectives on Friday and faces charges under the Law and Order (Maintenance) Act.

An office colleague said the charges arose from an interview he gave to the SABC on Thursday.

Wilson's wife Rosalie said she had visited him on Saturday morning and that "he is quite well".

Zimbabwe's largest human rights group, Zimrights, expressed shock at "the current deterioration of human rights in Zimbabwe" and "the erosion of the rule of law".

All three journalists were arrested over an article about an alleged coup plot.

Rights activists said the refusal by the defense ministry to obey a court order to release editor Mark Chavunduka last week was in contempt of court.

Defense Secretary Job Whabira responded that the army was above the law.

Amani Trust, a local rights group, reacted: "This statement and the ensuing silence by the president (Robert Mugabe) can only be taken as ... a flagrant disregard for the rule of law."

- Sapa AFP
Press won’t be cowed – Wilson

HARARE — Newspaper executive Clive Wilson, who was freed yesterday after being detained over a report of an alleged coup plot, vowed that Zimbabwe’s independent press would not be cowed.

"Not for a moment," said the British-born former editor in response to a question at a news conference at his home when he was released after three nights in detention.

Two journalists from the Standard, newspaper of which Wilson is managing director, say they were tortured with electric shocks and beatings when they were detained last week in connection with the report.

Wilson, 62, said he feared at times that he would face similar treatment, but that while his detention was "humiliating and uncomfortable" and he was "desperately tired", he was not threatened.

He said he was interrogated for more than three hours as police pressed him for the sources of the Standard’s report that 23 army officers had been arrested for inciting a coup against President Robert Mugabe.

He was released when prosecutors declined to press charges against him, because they lacked a case, but police told his lawyers they would continue their investigations in the hope of making some charges stick.

The two Standard journalists, editor Mark Chavunduka and reporter, Ray Choto, have been charged under the draconian Law and Order Maintenance Act with causing "alarm and despondency".

Wilson said that although he had not been briefed by lawyers since his release, he believed the newspaper "intended to take action against the authorities for the illegal detention and torture of Chavunduka and Choto by the military." — Sapa-AFP.
Commercial farmers in Zimbabwe losing heart

BY ALFRED CHICHONZI
Jan 26, 1997

Some of Zimbabwe's 4,000 white commercial farmers have this season scaled down their farming operations or stopped planting altogether because of the uncertainty of the future, as government moves swiftly to acquire land for resettlement.

Government last November served 941 acquisition orders on farmers and so far have filed 800 applications with the administrative court for authority to take the properties.

Farmers receiving copies of these court applications had only 10 days to reply and must file opposing papers with the administrative court.

Andy Lendberg, a commercial farmer, says this year he only planted 50% of his 60ha farm in Beitbridge, about 10km south of Harare, the Ziana news service reported.

"I am not boycotting farming but the future is not certain," he says.

The government might decide to forcibly chuck me off my land and I want to know what is the point of using expensive fertilisers and chemicals on the whole crop when you could be told to leave any time." 

Lendberg, who is appealing against the acquisition order, says he has not made any improvements to the farm bought by his father in the early 1960s since 1976.

Government presently requires a total of five million hectares of land to resettle about 500,000 black families at an estimated cost of Z$40 billion (about R246 billion).
Zimbabwe sets newspaper executive free, for the moment

Police say they will find something else to charge Wilson with, although the case against him is ‘insufficient at this stage’.

By IAN MILLS

Harare

Newspaper executive Clive Wilson (63) was released by police yesterday after being held since Friday on charges of publishing “false reports” in his Standard weekly newspaper. He had claimed that 23 Zimbabwean army officers were arrested for being involved in a coup plot against the government of President Robert Mugabe.

Wilson was expected to appear in the Magistrate’s Court today for remand on charges under the Law and Order (Maintenance) Act.

His lawyers told reporters that he had suddenly been released after a visit to the attorney-general’s office, where it was found that the police case against him was insufficient at this stage to warrant his being formally charged in court.

At the same time, the police warned that their investigations would continue with the idea of finding a “more suitable charge” against Wilson.

Editor Mark Chavunduka and reporter Ray Choto, both from Wilson’s Standard weekly, have been charged under the draconian Law and Order (Maintenance) Act with causing “alarm and despondency”. They are expected to appear in court late next month.

Lawyers for the two journalists last week told the remand court they had been illegally detained and tortured by military intelligence.

At a news conference at his Harare home, Wilson told reporters he had been treated courteously by the police. He related how he was forced to spend nights in a cell with several others, “mostly wife-beaters who couldn’t pay the fine”.

He said he was worried that the case against him had not been finalised. “It is an axe they can drop whenever they feel like it,” Wilson said.

His arrest and that of Chavunduka and Choto would not have any effect on the content and investigative thrust of his group’s two newspapers, the Standard and the Independent, Wilson added.

He said he found Mugabe’s silence throughout to be strange.

“One would have hoped that there would have been a word from President Mugabe to let everyone know where he stood on this, and the people would like to know this,” he said.

Wilson vowed that Zimbabwe’s independent press would not be cowed by the arrests.

“Not for a moment,” said the British-born former editor in response to a question at the news conference.

Chavunduka and Choto say they were tortured with electric shocks and beatings when they were detained last week in connection with the coup-plot report.

Wilson said he feared at times that he would face similar treatment, but that while his detention was “humiliating and uncomfortable”, he had not been threatened.

He said he was interrogated for more than three hours as police pressed him for the sources of the report.

Wilson said he believed the newspaper intended to take action against the authorities for the illegal detention and torture of Chavunduka and Choto.

In Washington the United States yesterday strongly condemned the detention and torture of the journalists and called on Harare to investigate the matter and ensure the freedom and safety of the press.

State Department spokesperson James Foley said: “We call on the government of Zimbabwe to promptly investigate the circumstances of their detention and torture and bring to justice those responsible. Zimbabwe has institutions to safeguard the rule of law including civilian control of military and freedom of the press.”

Star Foreign Service and Sapa-AFP.
Zimbabwe riot police all set for torture protest at parliament

Harare — Riot police were deployed in Zimbabwe's capital today ahead of a demonstration against alleged state torture of two journalists for reporting a coup plot.

About 200 police, armed with rifles, shotguns, teargas, shields and batons ringed parliament and closed the adjacent Africa Unity Square to the public.

Their presence followed reports that churchmen, unions and human rights watchdogs planned a picket around parliament to protest against the alleged torture of Mark Chavunduka, editor of the Standard newspaper, and senior reporter Ray Choto.

They said last week they were tortured by military police and intelligence agents to try to make them reveal their sources for a report that soldiers had planned a coup. The government says the coup story was the work of enemies of the state. — Reuters

Paper executive Clive Wilson, freed after being detained over the report, has vowed Zimbabwe's independent press will not be cowed. Sapa-AFP
Allegations made against Clive Wilson not sufficient to keep him locked up

Is not Covered by Police

Freed newspaper owner
Spread of silence on bourse floor not

A series of depressing controversies and bad moves have left their mark on the Zimbabwe Stock Exchange, writes Martin

January 26, 1999

The noise has become noticeably less as the level of prices marked up by clerks on a board covering one wall of the dealing room has dropped steadily during the past year.

The industrial index has halved from its record high of more than 12,000. Where once there was an eager chorus offering ever higher prices, now even a broker with a laryngitis would have no difficulty being heard.

No single event triggered this. Rather it was a series of depressing controversies and political stupidity.

These included the government's plans to appropriate white-owned farm land, the suspension of International Monetary Fund support, Zimbabwe's military involvement in the Democratic Republic of the Congo, evidence of a banking crisis following the collapse of United Merchant Bank, corruption within the ruling party and a bankrupt government which does not control spending.

The latest debacle was the abrupt imposition and equally rapid removal of a 5% levy on all stock exchange transactions, irrespective of gains or losses.

As the index slid during the past year, attention focused more closely on foreign investors. Since outsiders were first allowed to trade in July 1993 their status has gone from being just another group propelling prices up to something approaching savagery.

The $200m that they have brought in since then is between one-fifth and a half of the total volume of business — depending on which exchange rate is used. Yet in the past year their worth has been appreciated because they have stopped prices going into freefall when local investors headed for the exits at any price they could get.

Says a dealer with Tetrad Securities: "Most of them are from emerging market funds. Although some of them are in for a quick kill, most take a long-term view. This has generally been optimistic, as the local currency's value has dropped so much that share have become amazingly cheap in US dollar terms."

That worked fine as long as prices rose to match the fall of the currency. The trouble is that share prices have been tumbling down as well and a foreigner who bought 18 months ago into the undoubted market leader — brewer, hotel and retail group Delta (23% owned by SA Breweries) — has lost more than half on the shares which takes up one-third of the total market capitalisation of $1.3bn.

Recently there have been signs that foreigners have been putting on the brakes and are starting to slip away. The trend towards a U-turn from Zimbabwe is likely to accelerate following the furore over the now recinded 5% levy on transactions.

It was withdrawn after a flurry of representations from business and an unprecedented and effective show of unity from brokers. All 10 brokers agreed to stop trading for three days not four that was recorded.

Even stock exchange CEO Tony Barfoot, not given to making any bold statements, said he was worried about the levy's effects on foreign investors.

As one broker said: "The foreign investors have had their eyes opened as to just how random and senseless the government can be. Now they are asking what is the next piece of bad news from the government."

Coupled with this has been the unofficial pegging of the currency at Z$39.5 to the US dollar at a time when inflation is at 46%.

Even the exchange rate has gone against the foreign investors.

Surprisingly, company performances have held up well, against a background of pessimism nationwide. Delta's latest results showed a 85% improvement in the bottom line, but did not raise the price. Its price earnings ratio has moved down from a high of more than 20 times to a little more than 10. This is attributable in part to business perceptions of the country's stability.

Trading volumes have also stayed surprisingly strong, with 1.2 billion shares changing hands in the year to the end of December at a value of Z$33.8bn, up on the trends of previous years. The explanation for this was the continued interest by foreigners.
City demo backs held journalists

Zimbabweans and their supporters have protested outside the Zimbabwean Consulate in Cape Town to demand the withdrawal of the warrant for the re-arrest of journalists Mark Chavunduka and Ray Choto.

"Yesterday's demonstration coincided with a nationwide vigil being held in Zimbabwe. Mr Chavunduka and Mr Choto were arrested on January 12 by military police after their newspaper, the Standard, reported that 23 army officers had been arrested for involvement in a coup plot against President Robert Mugabe.

After their release from a week in custody, they claimed they had both been severely tortured.

The Standard publisher, Clive Wilson, was arrested immediately after his employees had been released, but was himself released yesterday.

The protesters handed in a letter to the consulate demanding that Zimbabwe demonstrate respect for courts and rule of law, withdraw from the Congo war and halt the militarisation of Zimbabwe."

Zimbabwe cops tear gas protesters

Harare - Riot police have fired tear gas in Zimbabwe's capital to break up a protest against the alleged torture of two journalists for reporting a coup plot.

Around 200 police armed with rifles, shotguns and tear gas, rinsed parliament and closed the city's Africa Unity Square.

As protesters including journalists and lawyers approached a government complex, they moved in, firing tear gas and chasing marchers into nearby buildings.

A spokesman for the organisers, Kevin Laue, slated the attack as unreasonable and heavy-handed.

"It was a peaceful demonstration and there was absolutely no need to resort to the use of force," Mr Laue said.

But police officials, who refused the protest leaders entry into parliament, said the march was illegal and that the police had used force to clear the road. --Reuters
Zim riot police break up protest by rights lawyers

HARARE: Riot police, some armed with automatic weapons, broke up a demonstration by human rights activists and lawyers outside Parliament yesterday.

After slowly herding about 150 demonstrators, reporters and camera crews for about three city blocks away from the building, police appeared to lose patience and fired several teargas canisters into the crowd.

The lawyers' delegation had planned to meet Attorney General Patrick Chinamasa to demand an inquiry into the alleged abduction and torture of journalists Mark Chavundu and Ray Choto by the military and the "blatant contempt of the High Court by various state officials in refusing to respond to court orders.

Soon after the demonstrators arrived they were ordered to disperse. Several lawyers, wearing their gowns, responded by sitting down in the roadway. This action prompted the police to bring out the dogs.

The demonstration was one of several planned by human rights groups to focus international attention on "the government's systematic disregard and disrespect for the rule of law and the authority of the courts."
Police fire tear gas at lawyers

Zimbabwean demonstrators come face to face with rifles, gas, shields and batons

Reuter and
Michael Hartnack

HARARE — Riot police fired tear gas in the streets of Zimbabwe’s capital yesterday to break up a protest against the alleged torture of two journalists for reporting a coup plot.

About 200 police, armed with rifles, shotguns, tear gas, shields and batons, ringed parliament and closed the city’s Africa Unity Square to the public before the march.

They broke up the march as the crowd of journalists and lawyers approached a government complex, firing gas and chasing demonstrators into nearby shops.

Earlier, Zimbabwean paramilitary police with shields, batons, riot guns and dogs barred a demonstration led by some of the country’s top lawyers from lobbying parliamentarians for respect for the rule of law. “Under what law are you acting?” former leader of the bar Adrian de Bourbon demanded.

Officers wearing insignia of a chief superintendent and an inspector ordered the 80-gowned protesters to move on, along with about 300 members of civic organisations.

“I am the protecting authority. You must do what I say,” the chief superintendent told Kevin Laue, chairman of Zimbabwe Lawyers for Human Rights, who organised the march.

Journalists — some carrying banners protesting against last week’s torture of Sunday Standard editor Mark Chavunduka and reporter Ray Choto — were prodded in the back with riot batons and told to move off pavements outside parliament, then told to move back onto the pavement.

One placard read: “Down with Gestapo.”

Laue said a legal delegation had an appointment today to see attorney general Patrick Chinamasa to demand an investigation and prosecution of those responsible for the abduction and illegal detention of Chavunduka on January 12, and the torture of him and Choto over reports of an abortive military coup plot.
Survivors of massacre took years to deal with trauma

Nomavenda Mathiane

A ZIMBABWEAN councilor yesterday told a Johannesburg conference on the treatment of traumatic stress in SA that it had taken years for survivors of a massacre carried out by the Zimbabwean army's 'Fifth Brigade in Mashonaland in 1983, to deal with their trauma.

Sharr Eppel, director of the 'Amani Trust' in Bulawayo, said the survivors were still coming to terms with the effects of the massacre and the brief post-liberation civil war which threatened to destroy Zimbabwe's independence.

The conference, looking at how victims and communities deal with traumatic stress, was organised by the Johannesburg-based Centre for the Study of Violence and Reconciliation.

Eppel said the topic of what happened during the three years of terror perpetuated by the North Korean-trained 'brigade against Zimbabwe's Ndebele community was something not openly discussed in Zimbabwe for fear of angering Robert Mugabe's government.

She said survivors — orphans, widows and relatives — had suffered psychological and traditional wounds because of the failure to 'properly' mourn their dead.

During the terror campaign, families could not perform certain traditional rituals because those killed by the brigade were buried in mass graves.

In some instances, mothers would be traumatised by seeing children playing on the ground where the bones of their sons lay buried.

'The landscape is littered with memorials and mothers want to give the bones of their dead children proper burials but they have no means of doing so,' said Eppel.

Dr Caroline Nyamai, of the Kenya Medical Association, said the association was still dealing with victims of last year's bombing of the American embassy in Nairobi.
Surge in Zimbabweans preparing to emigrate

Michael Hartnack

HARARE — The British and SA high commissions and skilled manpower organisations in Harare have confirmed a major upsurge in the numbers of Zimbabweans seeking to emigrate as economic and other woes beset the 18-year-old government.

British High Commission spokesman William Robertson said: "It is not so much people definitely going but people re-establishing their British links. People who after independence made a decision to take a Zimbabwean passport (when dual citizenship was outlawed in 1964) are now coming back, claiming their British passport. If you come any day you will see the queue is out of control."

A spokesman for the SA High Commission reported that 480 applications and inquiries about emigration had been received since January 4 compared with 148 for the entire final three months of last year, while there had been a similar upsurge in the number of inquiries and applications for assistance of SA citizenship.

"This means it is people who either have a mum or dad born in SA, that would allow them to claim an SA passport," she said. Consular officials had told her: "Yes, there had been an incredible increase."

Zimbabwe's white population, 290,000 at its peak in 1974 (among 15 million Africans), has fallen to 70,000 today in a country of 12.7 million total population. The 100,000 white Rhodesians who emigrated to SA at independence have been followed by more than 1 million black Zimbabweans, including an estimated 20,000 qualified doctors, accountants, mining engineers and other skilled personnel who may earn six times equivalent salaries there.

Arthur Sithole, chairman of the National Manpower Advisory Council, said: "A lot of people with technical skills like those in the computer and engineering fields are leaving for lucrative markets, going to neighbouring countries or to Europe."

Sithole said the brain drain was causing acute shortages of skills. This trend would continue unless "a conducive economic environment is created."

The Zimbabwe dollar has halved in value over the past year while tax levels remain among the highest in the world.

Robertson said large numbers of Zimbabweans were applying to visit Britain but were not permitted to stay longer than six months or seek employment. The Zimbabwe Mirror reported last week that 15-20 black Zimbabweans were being sent home from Europe each day after failing to convince immigration officials they had satisfactory entry requirements. "Some of them say they have been returned by white British immigration officials revenging against what they say was President Mugabe's ill treatment of whites in Zimbabwe," said the newspaper. It said 12 families from Zimbabwe's estimated 80,000 mixed race group recently claimed British ancestry and emigrated to the UK.

Last week 80 Zimbabweans went to a local hotel to hear an immigration consultant speak on settling in Australia. Others are seeking to enter the US "green card lottery."
Western nations protest over detention of Zim journalists

Harare—Western nations have protested over the Zimbabwean government's decision to imprison and detain journalists. The European Union called for the release of the journalists, including those who had covered the country's elections.

The journalists were arrested and detained by police after they published articles critical of the government. The government denied the reports and described them as false. The European Union has expressed concern over the situation and has urged Zimbabwe to respect freedom of the press and human rights.

The journalists were detained and interrogated before being released on bail. They have been ordered to appear in court on charges of sedition and incitement to violence.

The European Union and other international organizations have condemned the Zimbabwean government's actions and have called for the release of the journalists. The Western nations have also expressed their concern over the situation and have called for an end to the use of violence and intimidation against media workers.

The Zimbabwean government has denied the reports and has described the journalists as enemies of the state. The government has also threatened to take legal action against those who publish articles critical of the government.

The detention of the journalists has sparked widespread condemnation and has raised concerns over the state of freedom of the press in Zimbabwe. The Western nations have called for an end to the use of violence and intimidation against media workers and have expressed their support for the journalists.

The European Union has called on the Zimbabwean government to respect freedom of the press and human rights and to ensure that journalists are able to carry out their work without fear of intimidation or violence.

The Western nations have also called for the release of all political prisoners and have expressed their concern over the situation in Zimbabwe.
Zimbabwe cries, but the president is deaf and blind

As the economic situation in Zimbabwe becomes more critical, the question being asked by many observers is how long President Robert Mugabe will manage to keep the lid on the escalating costs.

Those hoping that the deteriorating situation in Zimbabwe could force Mugabe out of office are likely to be disappointed.

Political observers in Zimbabwe believe that he is likely to stay in power until he voluntarily decides to step down.

But at 75, that cannot be for ever, and another disappointment is that the ruling Zanu-PF (an acronym of the Zimbabwe African National Union) and the Zimbabwe African People's Union, which must take the blame for the current economic woes, look set to remain the country's leading political party for a long time into the future.

For many political observers, all the ingredients are there for the country to implode.

Poverty is biffing deep in Zimbabwe and the price of goods, including the staple maize, has doubled in the past 12 months.

Corruption and nepotism are becoming institutionalised, while the political elite, and those close to them, are growing richer.

Poverty is largely affecting rural voters, the growing army of unemployed, who are often employed in the urban areas, and the civil servants whose salaries are purchasing fewer goods.

These have traditionally been the bases of the ruling Zanu-PF, a party made up of the country's two major tribes, the Shona (Ndebele) and the Ndebele (Ndebele), a leading Zimbabwean journalist and political analyst, who asked not to be identified, said.

In spite of the increasing hardship for the majority of Zimbabweans, the ruling party would comfortably win next year's general election and was likely to stay in power for the foreseeable future.

The general scepticism among most voters is expressed by a poor turnout in a number of by-elections - favouring the ruling party.

Such is the apathy that only 5,000 voters bothered to take part in a recent by-election in a constituency with 40,000 registered voters.

The opposition is weak and fragmented and unable to present a viable alternative.

Zanu-PF's machinery, the opposition is also led by many of Mugabe's contemporaries, who are perceived by the cynical electorate as being caught up in the president's time warp and are said to be out of touch with any new ideas.

The recent detention of two journalists by the military, and the decision by the military to ignore a court ruling that they be released, is said to reflect the increasing rule of law in Zimbabwe.

The rule of law is no longer respected and that governance now revolves around the personalities of Mugabe and his cronies.

Instead of showing fiscal discipline, as proposed by the International Monetary Fund (IMF), the country is embarking on an orgy of indulgence.

One example was when war veterans protested last year and demanded monetisation compensation, which they eventually got.

While most Zimbabweans sympathise with the veterans and recognised that they needed help, economists were appalled with the manner in which the government raised the four million Zimbabwe dollars for the veterans.

These economists said there were several creative ways in which this money could have been raised without adding further pressure on the treasury.

One proposal that was mooted was to cut down drastically on the ever-increasing subsidies that government officials provide. Cuts in expenditure in other government departments could also have been considered.

The economy took another battering recently when the local stock exchange suspended operations for three days.

This had an adverse effect on investor confidence, which is already low anyway.

The government wanted to introduce a 'capital gains tax' but stock brokers refused to play ball because the capital gains tax applied even to those stocks which did not make profits.

For three days there was a statement, then the government simply backed down.

Of course, the biggest expenditure has been financing the war in the Democratic Republic of Congo (DRC), where Zimbabwean soldiers are fighting in support of President Laurent Kabila.

This, it is believed, is costing the battered Zimbabwean economy an estimated $10 million a day.

Ongoing controversy between the government and the predominantly white Commercial Farmers Union over land reform policies is adding to the country's economic woes.

The perception that Mugabe is embarking on a land-grab policy without compensation has alienated potential investors. The reality is that so far no farms are under threat of imminent expropriation.

The listing of farms earmarked for expropriation is only the start of a long process which, most CFU members are aware of, and they also know that many of those farms end up being taken off the list.

It is a sort of political/economic game that is being played by the CFU, one observer said.

The government is also using the land issue for its own political objectives.

By registering the list every 12 months, land-hungry peasants are made to believe that their hopes and dreams are about to be realised.

The fact is that the government does not see how any immediate plans for satisfying the land hunger of the peasants.

The question often asked is why the government has not resettled these peasants on the 136 farms it has already purchased.
INVITING ANARCHY

Judges warn Mugabe about ignoring courts

HARARE: The Supreme Court has asked President Robert Mugabe to make a statement over the illegal detention and alleged torture of two journalists by military personnel.

Three of Zimbabwe's top judges warned the president in a letter that the government was inviting anarchy by ignoring the judiciary over the issue of two tortured journalists.

"If the judiciary is ignored or seen to be ineffective, then anarchy prevails," the judges said.

Supreme Court judges Nicholas Mavuley, Simbarashe Muchechete and Wilson Sandura sent the letter after police and military officials released the two journalists the previous week. The letter was printed in yesterday's independent Standard newspaper.

The military twice ignored a High Court order to release Mark Chavanuka, 34, editor of the Standard, who was detained by military police for reporting on the December arrest of 23 soldiers on charges of plotting a coup.

Author of the report, Ray Choto, 37, was also detained. Both men described how they were tortured with electric shocks and near drowning. Medical experts corroborated the testimony.

"Their torture has drawn condemnation from western diplomats, who on Friday demanded that Mugabe's government uphold international standards of human rights, investigate the torture charges and punish the torturers," the letter said.

In the letter, the three judges demanded the government curb the military's abuse of human rights, restore the authority of civilian courts and pursue those responsible for the torture.

"What is of great consequence is the public perception that the army and the Central Intelligence Organisation (CIO) can operate with impunity in breach of the law," the letter said.

It demanded that Mugabe "state unequivocally" that he cannot and will not tolerate the torture of any persons by any authority in any circumstances.

Before they were freed on bail on January 21, Defence Minister Movsan Mahachi, army officers and other state officials ignored High Court orders to release them.

The Sunday Standard's managing director Clive Wilson was also arrested on January 22, but released last Monday after the state prosecutor said there was no substantive case against him.

The letter said the army and CIO had no jurisdiction to arrest civilians and there was no place for torture in Zimbabwe's law.

"It is for this reason that we have approached you today. If the judiciary is ignored or seen to be ineffective, then anarchy prevails. We ask therefore that Your Excellency make a public statement in relation to the events of the past fortnight," the judges wrote in the published letter, dated January 25.

Government officials said yesterday that the letter had been received by Mugabe's office but declined further comment.

Sapa-AP, Reuters
Harare: Zimbabwe's Supreme Court judges have urged President Robert Mugabe to make a public statement over the illegal detention and torture of two journalists, The Standard reported yesterday.

The weekly paper, which reported an alleged coup plot against Mugabe, had its editors and reporter arrested by the country's army and tortured.

The military initially ignored a High Court order to release the first journalist detained, Standard newspaper editor Mark Chavundula.

The order was issued on the grounds that the military has no right to arrest civilians, but Secretary for Defence, Admiral Mabutho Whatira, said the courts could not tell the military what to do.

"We ask our Excellency to make a public statement in relation to the events of the past fortnight," the judges said in a letter to Mugabe last week.

A copy of the letter was obtained by the Standard.

"We ask that you recognize the serious damage to the rule of law," said the letter, signed by three of the five judges of the country's highest court of appeal.

The other two judges are away in Australia.

In the letter, the judges said they were concerned at the actions and alleged utterances of state officials in connection with the arrest and treatment of the journalist.

"What is of great consequence is the public perception that the army, and/or the CSO (Central Intelligence Organisation) can operate with impunity in breach of the law," they wrote.

"The judges asked the government to uphold the rule of law and prohibit any breaches by either the military or state security agents," Sana APP.
Zimbabwe abuse anger HRC

Cape Town - The SA Human Rights Commission has called on the SA Government to play an active role in ending Zimbabwe's human rights abuses.

The commission, said yesterday it had appealed to Foreign Affairs Minister Alfred Nzo for the SA Government to end its silence on human rights violations in Zimbabwe.

Chairperson, Barney Pitman said while he understood the need for cooperation between SA and Zimbabwe, it was important that such a relationship be based on international human rights standards.

"SA's foreign policy and national interest require that we conduct our relationship with other states with due regard to our constitution and in fidelity to our international obligations."

Pitman added: "There have been reports of police brutality against peaceful demonstrators, assaults on union leaders responsible for organising public protests against government policy, arbitrary restrictions and banning of public protests.

"Add to that the rhetoric against gay rights activists and the picture becomes more alarming as it signals social, political and, inevitably, economic instability." - Sapa
Govt allays maize shortage fear

HARARE. — Zimbabwean riot police were out in force yesterday as dwindling quantities of maize meal, the staple diet of the nation’s 12.7-million people, rapidly vanished from supermarket shelves.

Police also attempted to clamp down on a protest against a 20-40% fare increase announced by commuter minibus drivers at the weekend but declared illegal by the transport ministry.

At Epworth, on Harare’s southern outskirts, sporadic incidents of stone throwing were reported as commuters resisted the fare hikes.

The unrest and maize meal shortages raised the spectre of last year’s food riots, in which at least eight people died after President Robert Mugabe deployed troops and tanks in townships.

Agriculture Minister Kumbirai Kangal issued a statement to the government-controlled media yesterday denying the country would run out of maize before the harvest became available.

The parastatal Grain Marketing Board appealed to producers to hasten deliveries, promising same-day payment under a new computerised accounting system.

Kangal said 200,000 tons was stockpiled, but also repeated accusations that millers were hoarding grain in a bid to force the controlled price of maize up from the current Z$6/kg.

Vanessa McKay, administrator of the Commercial Grain Producers’ Association, said Zimbabwe needed a 1.8-million ton harvest to meet a 1.4-million-ton livestock demand and 400-500,000 tons livestock demand.

The grain producers’ association estimated this year’s harvest at 1.3 million tons while the Government Central Statistics Office forecast 1.47 million tons.
IMF under political pressure not to give Zimbabwe a loan

Martin Rushmere

HARARE — A Zimbabwe government delegation is preparing to meet the International Monetary Fund (IMF) in Washington soon, but problems have arisen since a fund audit team recommended the release of a $53m standby facility.

International uproar over the detention and alleged torture of journalists has resulted in international pressure for the money to be refused, while new evidence that the Reserve Bank is effectively pegging the exchange rate breaks a strong taboo in the fund's code of conduct.

Western diplomats in Harare say senior US officials in the IMF want the money to be refused as a lever to stop President Robert Mugabe undermining human rights and to encourage a clean up of corruption in government.

The diplomats say the fund's governing board is worried that the refusal of the money, along with more than $300m from the World Bank and other agencies, could tip the economy into collapse.

At the same time the US position is that human rights issues are important throughout the world.

The treatment of the journalists is a severe embarrassment to the fund, which had declared its faith that the government would "abide by the rule of law" over payment for farmers whose land is taken over for peasant resettlement.

While it is possible that the fund will ignore the political pressure, exchange rate fixing is serious.

Commercial bank executives say they are now summoned each Monday by Reserve Bank governor Leonard Tsumba to determine the exchange rate for the week.

"We are allowed to trade within a very narrow range, but that is all," said one banker. "This is supposed to be secret and we are not allowed to discuss it. If we are found to be talking about it to outsiders, we face instant dismissal."

It also appears that the Reserve Bank is trying to force up the value of the Zimbabwe dollar against the US dollar. The rate this week was set at about 38.9 compared with 39.5 last week.

"The government has made it clear that he wants the currency to strengthen, possibly to pretend to the IMF that the economy is sound," said the banker. Tsumba has repeatedly said that the rate should be 27 to the US dollar.

The government delegation led by Finance Minister Herbert Murerwa, will also have to explain why no public statement was made, reaffirming that full compensation will be paid to farmers.
AIDS will kill 70 000 in Zimbabwe

HARARE—AIDS is expected to kill about 70 000 Zimbabweans this year, nearly 200 a day. Dr Evaristo Marowa, head of Zimbabwe’s AIDS prevention programme, blamed this on young sexually active adults refusing to use protective measures.

By this end of the year, Zimbabwe’s death toll from AIDS-related illnesses is expected to tip 400 000 since AIDS was first reported in the country in 1985, Marowa said. An estimated 1.6-million of the country’s 12-million citizens are infected. Last year, the disease killed about 100 people a day, Marowa said.

Health officials estimated that 25% of sexually active urban dwellers are infected. The rate is lower in rural areas. Harare maternity services said more than 30% of pregnant mothers tested positive for AIDS. Many babies, infected in the womb, would die before reaching four years of age.

BD 5/2/99 (34)

REPORTS: Reuter, Sipa-AP.
Zimbabwe faces food crisis within weeks

Heavy rains hit maize crops amid supply chaos

Ian Mills
FOREIGN SERVICE

Harare — The prospect of serious food shortages looms large in Zimbabwe, where incessant rains have damaged the current crop of the staple maize at a time when reserves are dangerously low.

Experts are warning that maize imports should be ordered immediately, even at high cost, to avert a crisis. And labour leaders say the maize shortage, among other things, points to an economic and political crisis that will be the worst since independence in 1980.

Experts say that the current shortages of maize meal are an indication of more serious shortages to come within the next six to eight weeks.

Private sector sources, who declined to be identified, said the maize stock situation had been erratic over the past year, which began with a reserve of about 500,000 tons.

But the semi-official Grain Marketing Board (GMB) had sold most of this and been forced to import 460,000 tons of white maize and 700,000 tons of yellow maize from South Africa.

Meanwhile unusually heavy seasonal rains have badly blighted the current maize crop, particularly in the peasant farming areas, which remain heavily waterlogged.

The usual stockpile of four months' consumption has, the experts say, been allowed to fall to record lows.

They believe maize imports should be ordered immediately, but sources within the industry point out that supplies might not be readily available. South Africa is at the end of its season and may not have exportable stocks.

"If this proves to be the case," said one source, "Zimbabwe will have to look much farther afield, no doubt at much higher cost and longer delivery times."

The sources claimed that the current erratic maize supply situation amounted to a catalogue of administrative problems involving the GMB and the National Railways of Zimbabwe, which is already struggling to cope with maize shipments to neighbouring states and with urgently needed fertiliser and coal — of which farmers in the northern breadbasket areas of the country are already short by 100,000 tons.

Its problems have been compounded by a go-slow by a disgruntled workforce, and a row with Spoornet over rolling stock.

"We apparently have thousands of SAR wagons that should have been sent back," a source said.
Major food shortage looms in Zimbabwe

Heavy rains hit crops when reserves of maize are dangerously below the standard stockpile of four months’ consumption

BY IAN MILLS
Harare

Although a desperate government is not enough, the prospect of serious food shortages looms large in Zimbabwe, where incessant rains have damaged the current crop at a time when reserves of the staple maize are at dangerously low levels.

Experts are warning that maize imports should be ordered immediately even at high cost, to avert a crisis.

And labour leaders say the maize shortage, among other things, points to an economic and political crisis that will be the worst since independence in 1980.

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But the semi-official Grain Marketing Board sold most of this and was then forced to import 460,000 tons of white maize and 700,000 tons of yellow maize from SA.

Unusually heavy seasonal rains have badly hit the current maize crop, particularly in the peasant farming areas, which remain heavily waterlogged.

The usual stockpile of four months’ consumption has been allowed to fail to record lows, the experts say. They believe there will be less than a month’s supply available by the middle of March.

They advise that new maize imports should be ordered immediately if a crisis is to be averted. But sources within the industry point out that supplies might not be readily available.

The government’s position is that the country is not short of maize, with a stockpile of one million tons to be reaped by the end of the season and another of 1.6 million tons from surplus countries like SA.

The sources claim that the current erratic maize supply situation amounts to a catalogue of administrative problems involving the marketing board and the national railways.

The railways is already struggling to cope with maize shipments to neighbouring states and also with urgently needed deliveries of fertiliser and coal.

Its problems have been compounded by a go-slow by a disgruntled workforce and the demand by SA’s Transnet for a one-for-one wagon exchange, forced by Zimbabwe’s tardy wagon turnaround rate.

We apparently have thousands of Transnet’s wagons in the country which should have been sent back,” a source said.

Some experts suggest the maize shortage gap could be filled by artificially drying the early planted maize that has already been reaped.

But in the same breath they warn that farmers in the northern breadbasket areas of the country are already short of 100,000 tons of coal and that they will prefer to use whatever fuel they have to dry their tobacco crop.

Said one farmer: “All this raises the prospect of serious maize shortages, particularly if the country is unable to obtain imports quickly or early deliveries from local farmers.”

Labour leaders say the maize shortage and its ominous implications in terms of public disorder is symptomatic of government mismanagement and priority assessment.

Concern over such issues is the reason behind the decision of the powerful and influential Zimbabwe Congress of Trade Unions (ZCTU) to stage an inaugural three-day National Working People’s Convention from February 26.

The organisation says in a statement announcing the event, which will be attended by 350 delegates from within the ZCTU, that the country is facing an economic and social crisis unprecedented since independence in 1980.

“The underprivileged majority view all these economic and social machinations with increasing dismay and anger,” the statement says, going on to assert that the country now needs an urgent national recovery programme.

- Star Foreign Service
SO WHAT? LET THEM EAT CAKE

When Zimbabwe’s tripartite negotiating forum — of government, labour and business — meets this week, it will have a new item on its agenda: Food security.

The reason is that the long-predicted shortage of maize meal, the national staple, finally came last week. Hundreds of thousands of Zimbabweans were unable to find supplies.

Officials at the State-owned Grain Marketing Board (GMB) insist there was no shortage — merely a transport bottleneck for which another parastatal, the National Railways of Zimbabwe, was responsible. Government spin doctors also blamed “profiteering” by millers who were accused of holding onto stocks pending the inevitable price increase.

Millers say their borrowings exceed Z$750m because they have been forced by government’s “informal” price controls to operate at a loss. On Monday they lost patience, increasing the price of flour unilaterally.

Despite demands by Industry Minister Nathan Shamuyarira that they await government approval.

If the millers are right, the country faces a food crisis. Official estimates that Zimbabwe would end the season (April 1998 to March 1999) with about 250,000 t of maize in stock are rejected as unrealistic by the private sector. It says that because the offtake has been far higher in recent months than officially predicted, and because the GMB has sold more of its stocks in the export market (partly to offset operating losses at home), the country could be down to a week’s supply of maize by March or April. Commercial maize plantings are up about 40%, but excessive rains have hit yields and deliveries in 1999-2000 will probably be no higher than last season’s.

In April last year, Zimbabwe had a strategic stockpile of about 500,000 t. By April this year, this will have gone and the country will have to import at least 600,000t-700,000t of maize over the next year, according to millers. This will intensify downward pressure on the Zimbabwe dollar, and imported maize will be far more expensive than the locally grown product. Both maize and wheat prices will increase even faster in 1999 than last year, when food prices surged 39%.

All this means government will have to abandon its efforts to control food prices, knowing that food shortages are a far greater threat to social stability than price hikes. Rapid food-price inflation will also mean a new round of substantial wage awards before midyear and even faster inflation than last year’s 31.6%.

It is no surprise, therefore, that central bank governor Leonard Tsumba should be insisting that food prices be excluded from inflation calculations. Having thus far cajoled the banks not only into pegging the Zimbabwe dollar exchange rate, but also into appreciating it to Z$38.9 against the US dollar from a low of around Z$45 in mid-January, he needs to prove that inflation is slowing.

Along with the State-owned media, Defence Minister Moven Mahachi, Shamuyarira and other official spin doctors, Tsamba is increasingly preoccupied with putting the best possible gloss on an untenable situation. Economists believe that like Shamuyarira’s efforts to control the maize price, resulting in maize shortages, Tsamba’s efforts to stabilise the Zimbabwe dollar will end in tears.

Special Correspondent

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CANLING COST OF FOOD

[Graph showing costs of food over several years]

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Mugabe rails against judges

Michael Hartnack

HARARE - Zimbabwean President Robert Mugabe, in an emergency address to the nation on Saturday, demanded that judges who criticised government transgressions of court orders should quit. The move exacerbates the constitutional and diplomatic crisis triggered by the government's decision to ignore court orders for the release of a detained newspaper editor.

Mugabe also claimed the country had been infiltrated by "British agents".

European Union countries are seeking the full text of Mugabe's address.

Mugabe, in his televised speech which interrupted normal programmes, said: "If the journalists had not acted in such a blatantly dishonest manner the army would not have proceeded in the manner it did." They had forfeited the right to legal protection, he said, referring to Sunday Standard editor Mark Chavunduka and reporter Ray Choto, who reported a suspected army coup plot.

Naming independent Sunday Standard newspaper proprietors Clive Wilson and Clive Murphy, Bulawayo human rights lawyer David Collins and Michael Auret of the Roman Catholic Justice and Peace Commission, Mugabe accused Zimbabwe's 70,000 remaining white community of plotting unrest, telling them to "search their consciences and ask themselves if they belong in Zimbabwe".

"The whites of our community must play an even greater part in order to wipe for the sins of their evil past... Unless their insidious acts suddenly cease my government will not hesitate in taking very stern measures against them and their puppets," Mugabe said.

"We abhor... insidious attempts by British agents planted or recruited in Zimbabwe to bring about disaffection amongst us, among our armed government, with the object of undermining our legitimate government of the country."

Mugabe said he had been shocked at the letters of protest addressed to him by Supreme Court judges Nicholas McNally, Wilson Sandura and Simbarashe Muchemhure, and by Judge Shaihen Adam, who said he was speaking on behalf of the High Court.

Warning of a descent into anarchy, the judges called for assurances that the government would observe the rule of law following four contempt of court orders for the release by military police and security agents of Chavunduka and Choto.

Mugabe said this was an attempt to "go into the political forum" and give instructions to him in breach of Zimbabwe's constitution. He said it had brought about a confrontation between the judiciary and the executive, destroying the judges' claim to impartiality.

"One cannot expect them to pass fair judgment on matters referring to the Standard and perhaps also matters which may arise and which may involve the executive," said Mugabe, in a clear reference to pending appeals by 841 whites who have received notices their farms will be taken over. The judges had forgotten their profession role and "overreacted", he said.

Claiming it was his constitutional right to appoint judges and citing the listed grounds under which he could dismiss them, he said: "We may interpret their act perhaps as an act of judicial impertinence, or as I tend to do, as an outrageous and deliberate act of judicial impudence."

Information Minister Chen Chimutengwende announced on Friday that his officials were working "that out" to introduce strict controls on "unpatriotic" independent news media which were funded by right-wing Rhodesians and other fascists internationally. Foreign media funding would be outlawed.

The Sunday Standard's sister newspaper, the Zimbabwe Independent, reported that Irish magnate Tony O'Reilly, a personal friend of Mugabe, had withdrawn from a group of investors backing the newly launched Associated Newspapers Zimbabwe, in which O'Reilly planned a 14% holding. This was confirmed by ANZ editor-in-chief Geoffrey Nyarota.
Zimbabwe’s foreign reserves running low 8/21/99

Martin Rushmere

HARARE — Zimbabwe’s Reserve Bank says there is less than two weeks’ worth of foreign reserves for the use of the private sector.

Official acknowledgment that there is only $800 000 available contradicts statements by bank governor Leonard Tsumba that there has always been plenty of money available and the plummeting exchange rate is due to speculators.

To underline the seriousness of the situation the Reserve Bank has also publicly warned exporters that they can only give foreign customers a maximum of 90 days’ credit.

A deadline of February 28 has been set for exporters to comply with this limit, otherwise they can be fined and imprisoned as well as banned from buying foreign exchange.

Economists point out that the $800 000 does not constitute Zimbabwe’s total reserves, as it excludes the central bank’s own reserves, which are unknown.

These are thought to be only slightly better. Observers say that if the bank was flush with money, as it claims, some of it would have been released onto the market. However, it does seem that the bank has been building up reserves partly by holding onto locally mined gold.

Gold sales

The bank is the country’s sole gold trader. According to its latest figures, those for last year, it had sold only $147m by end-November compared with $310m at the same time the year before.

Even taking into account the depressed gold international price, it is thought that at least $260m would have been sold under normal circumstances.

A consultant economist in Harare said: “That gold will have been used as collateral for the government to raise foreign loans, and in that sense is technically not ours but is pledged to some lender abroad. The amount of actual foreign exchange available to the Reserve Bank is probably not more than $2m — about two-thirds of a month’s imports.”

Many of the loans raised abroad are for loss-making parastatals.

One of the worst off of these is the national electricity authority, which last week revealed that foreign debt consisted of 80% of its total debts of $300m.
Zambia's central bank gets more supervisory powers

By Charles Mubambe

LUSAKA—Zambia's central bank is about to get more teeth with the strengthening of its supervisory capacity of the sector, a capacity which will also be extended to nonbanking financial institutions.

"Finance Minister Edith Nawakwi says the measures, through planned amendments to the Banking and Financial Services Act of 1994, will also provide for the introduction of a deposit scheme to protect depositors.

She says the measures, to be presented to parliament this year, are necessary to ensure the country retains public confidence in the banking system which has in the past four years seen the collapse of Meridian Bank, Credit Africa Bank, First Merchant Bank, Manifold Bank, Co-operative Bank and Prudence Bank.

Nawakwi says that public confidence in the banking sector is a precondition for credit expansion and mobilisation of savings and investment. Commercial banks will be expected to continue to improve their management and performance, and to restructure their asset portfolios to ensure that their operations are not in danger.

The downturn in Zambia's economy in 1996 led to an increase in the number of nonperforming loans and created difficult conditions. On several occasions, the Bank of Zambia was required to intervene and facilitate loan recovery by distressed commercial banks. In some cases, management changes were necessary," she says, referring to the drastic changes at Finance Bank which saw the ousting of majority shareholder Rajan Mahatani.

Mahatani's problems were the result of a botched maize deal with the Zambian government. The state closed its accounts, a move that nearly led to a run on Zambias largest, indigenously owned commercial bank, ranked fifth in the country. Tom Minne, a prominent local businessman, has since replaced Mahatani in managing the bank.
Constitutional crisis

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Mugabe sparks new crisis in Zimbabwe

Harare - President Robert Mugabe has plunged Zimbabwe into a constitutional and diplomatic crisis, demanding that judges who denounced contempt of court by security police should quit, and claiming the country had been infiltrated by "British agents" seeking to foment an army coup.

Sources said acts of the European Union sought a full transcript of Mr Mugabe's sudden late night address to the nation which was delivered in an emotional and rambling manner.

Diplomatic observers believe chances of Zimbabwe receiving urgent International Monetary Fund budget support worth $88 million have been further reduced by Mugabe's actions. The aid hinged on pledges he gave the IMF on radical governmental reform. Mr Mugabe was giving his first public comments on last month's illegal detention and alleged torture of Sunday Standard editor Mark Chavunduka and reporter Ray Choto.

They had reported suppression of army unrest over Zimbabwe's involvement in the Congo War. Mr Mugabe blamed "disaffection" among Zimbabwe's 12.7 million blacks on machinations by the 70,000 remaining whites, who, he said, had "pushed our sense of racial tolerance to the limit".

Repeated corruption scandals have played a major part in causing the Zimbabwe dollar to crash 60% in value in the past two years.

Mr Mugabe, 75 next week, made frequent, apparently unscripted, digressions as he spoke for 25 minutes in an often vague and distracted manner.

He appeared to justify the use of torture and claimed: "The journalists had not acted in such a blatantly dishonest manner the army would not have proceeded in the manner it did."

"Their false report had forfeited them the right to protection of the state," he said.


The European Union, currently under Germany's presidency, was expected to lead diplomatic response to Mr Mugabe's speech.

Mr Mugabe claimed he had been "shocked" by a written appeal he had received from Supreme Court judges Nicholas McNally, Wilson Sandura and Simbarashe Muchetsere, and by Mr Justice Ishmael Adam, who said he was speaking on behalf of the 27-member High Court bench.

The judges warned of "a descent into anarchy" and demanded assurances the government would observe the rule of law following the four repeated contempt of court orders. -Sapa-DPA
Harare - Zimbabwe was plunged into a constitutional crisis at the weekend when President Robert Mugabe sided with the military's illegal detention of two journalists and challenged Supreme Court judges to resign.

"The facade of democracy is down and we have a full-blown constitutional crisis - a crisis of proportions this country has never seen before. To all intents and purposes this is now a military regime," said prominent lawyer and human rights activist David Coltart.

In a nationally televised address run on Saturday night and repeated yesterday morning, Mugabe lashed out at the country's top judges, white human rights activists and the former colonial power, Britain.

The Supreme Court judges had petitioned Mugabe to pledge his commitment to the rule of law after the illegal detention and alleged torture of two journalists, and the military's rejection of a court order to free them.

Instead, the president charged that the judges were meddling in politics and "in those circumstances the one and only honourable course open to them is that of quitting the Bench and joining the political forum".

He said the army had been shocked and horrified by a story in the Sunday Standard last month which claimed 23 officers had been arrested over a plot to oust the government.

Mugabe attacked some journalists and human rights activists among the country's white minority population, saying "they have pushed our sense of racial tolerance to the limit".

The journalists detained over the report - editor Mark Chavunduka and reporter Ray Choto - are black, but Mugabe accused the paper's white publishers, Clive Wilson and Clive Murphy, of deliberately running a story they knew to be "blatantly untrue".

Mugabe also accused Britain of trying to topple his government. - Sapa-AFP
Govt expected to allocate millions to job creation

Reneé Grawitzky

GOVERNMENT is expected to announce substantial budget allocations running into hundreds of millions of rands next week to implement job creation projects agreed to at last year's job summit.

Labour Minister Shepherd Mdladlana said yesterday he was expecting additional funding to be made available in the budget for job creation projects.

Mdladlana, who took over from Trade and Industry Minister Alec Erwin as lead minister in charge of implementing the job summit agreements, said if additional funding was made available it would be phased in over a number of years.

Sources said the additional allocation for the next financial year would be about R500m. This was in addition to the R800m set aside during the 1998/99 fiscal year that was not used.

Foreign funding for job creation programmes is expected to complement the budget allocation and contributions from business and labour.

Zimbabwean journalists arrested

Michael Hartnack

HARARE — Zimbabwean police arrested four journalists yesterday as they continued a crackdown on the independent media apparently ordered by President Robert Mugabe.

The four are due to appear in court today charged with publishing a false report to create alarm and despondency.

Ibbo Mandaza, publisher and editor of the Zimbabwe Mirror, and reporter Grace Kwinjeh were detained overnight. Last October, Kwinjeh quoted relatives of a serviceman who died in the Democratic Republic of Congo war saying they had received only his head for burial. The government says the body was exhumed and found to be intact.

Mirror news editor Fernando Goncalves, a Mozambican, was released yesterday after being charged, although he was not employed by the paper at the time of the report. Also released after being charged was his predecessor, Fares Mungazi, now a BBC sports reporter.

Publisher and editor, Ibbo Mandaza, a former close political associate of Mugabe, said yesterday: "This is designed to intimidate the media from doing its work... The media should not be afraid and should confront and resist this intimidation." Several media and human rights figures have gone into hiding.

The latest detentions follow Mugabe’s claim in a national broadcast that news media defaming his government forfeited the protection of the law.

Meanwhile, all five Zimbabwean Supreme Court judges were understood to be meeting behind closed doors yesterday to consider Mugabe’s demand that those opposed to his human rights record resign. Western diplomats were considering strong reaction to his claim that “British agents” had tried to foment a military coup.

In the midst of the crisis, Mugabe and some of his top ministers jetted out to Jamaica for a G-15 summit.

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Not our business
More held in Zimbabwe press clamp

Harare - Police in Zimbabwe have arrested four journalists over a story published last October by the weekly Zimbabwe Mirror, the government says is false, the newspaper's publisher said.

It was the second arrest this year of journalists critical of President Robert Mugabe's government.

Police yesterday arrested Zimbabwe Mirror reporter Grace Kwinjeh, former managing editor Farai Mungazi and his successor, Fernando Goncalves, publisher and editor. Bibo Mandaza said.

Mr Mandaza was later arrested while Mr Mungazi and Mr Goncalves were released, colleagues at the newspaper said.

They just said they were coming in connection with a dead soldier's story and they wanted to interview her (Kwinjeh), Mr Mucanza said earlier, adding that company lawyers were trying to secure her release.

Human rights activists denounced the arrests and urged the Harare authorities to ensure the journalists were not tortured.

The Zimbabwe Mirror, one of the country's few independent newspapers, reported that the family of Douglas Mafaro, who died while serving in the Democratic Republic of the Congo, had been forced to bury only Mr Mafaro's decomposing head.

The Zimbabwean army has denied the report and members of Mr Mafaro's family have said they buried a complete body.

The army has said it exhumed the body and confirmed it was complete, but the Mirror reported that it was not invited to the exhumation.

South African Foreign Affairs Minister Alfred Nzo said he would not lecture the Harare government on what he described as "purely a domestic affair." - Cape Town.
Zimbabwean towns fall into disrepair

Julius Zava

HARARE: Zimbabwe's town and city councils are on the verge of collapse, burdened by huge debts resulting from mismanagement, corruption, nepotism and non-payment for services.

Infrastructure has broken down with potholed roads, broken streetlights and the underground drainage having collapsed in most areas. The situation is worst in the townships where effluent and sewage run in the streets.

Most urban councils are operating in violation of the Urban Councils Act which stipulates that salaries and allowances should consume about 28% of the budget. All councils have salary bills of 60 to 80% of their budgets.

World Bank housing loan conditions have been contravened with the money being used for salaries, electricity and water bills.

Other services are suffering badly. Harare needs 50 ambulances but has only eight which constantly break down. Bulawayo is having problems collecting refuse because it has 12 refuse trucks instead of 23.

Non-payment by residents is making the problem worse. If all the debts owed to the councils were recovered, some councils would wipe out their deficits. Government, prominent politicians and businessmen are also major bad debtors.

The government blames it all on the old municipal system where mayors were ceremonial and town clerks were chief executives. Executive mayors were appointed in 1996 by a presidential decree.

"It will take time before the situation improves," says Local Government Minister John Nkomo.

He said councils would need to refresh staff and reduce recurrent expenditure to create more money for capital projects.

The Association for Urban Councils itself is not happy with the performance of its members. It says the councils are collapsing because of financial mismanagement. - IIS, AIA
Zim plunged into crisis

President Robert Mugabe's outburst against Zimbabwe's judiciary and press could harm the chances of international support.

President Robert Mugabe plunged Zimbabwe into a constitutional and diplomatic crisis on Sunday when he demanded that judges who denounced contempt of court by security police quit and claimed the country had been infiltrated by 'British agents' seeking to foment an army coup.

Sources said members of the European Union sought a full transcript of Mugabe's sudden address to the nation, which was delivered in an emotional and rambling manner.

He was making his first public comments on last month's illegal detention and alleged torture of Sunday Standard editor Mark Chavunduka and reporter Ray Choto.

They had reported suppression of army unrest over Zimbabwe's heavy involvement in the Democratic Republic of Congo war.

Mugabe blamed "disaffection" among Zimbabwe's 12.7 million black citizens on machinations by the 70,000 remaining whites who, he said, had "pushed our sense of racial tolerance to the limit."

Mugabe, 75 next week, made frequent, apparently unscripted, digressions as he spoke for 25 minutes in an often vague and distracted manner.

He appeared to justify the use of torture and claimed: "If the journalists had not acted in such a blatantly dishonest manner, the army would not have proceeded in the manner they did."

Their false report had forfeited them the right to the protection of the state, he said.


Coltart, with Auvot one of the authors of a recent report on the murder of up to 20,000 Mugabe opponents in Matibebeiland in the 1980s, vowed on Sunday not to be silenced in the fight against corruption and abuse of power. He said the threat to the judiciary now menaced the survival of the nation.

Mugabe told whites on Sunday to "search their consciences and ask themselves if they belong in Zimbabwe."

The whites of our community must play an even greater part in order to atone for the sins of their evil past.

"Let them be warned that unless their insidious acts cease, my government will not hesitate in taking very stern measures against them and those who have elected to be their puppets," he said.

"We abhor and deplore insidious attempts by British agents planted or recruited in Zimbabwe to bring about disaffection amongst us, among our army of government, with the object of undermining our legitimate government of the country."

"The peaceful environment we would want to maintain is clearly being undermined by the acts of some white persons of British extraction who have been planted in our midst to undertake acts of sabotage aimed at attacking the loyalty of not just our people in general, but also that of vital arms of government like the army, so these can turn against the legitimate government of this country."

Mugabe claimed he had been "shocked" by a written appeal he received from Supreme Court judges Nicholas McNally, Wilson Sandura and Simbarashe Muchechetere, and by Judge Ismael Adam, who said he was speaking on behalf of the 27-member High Court bench.

Descent into anarchy

The judges warned of "a descent into anarchy", and demanded assurances that the government would observe the rule of law following four repeated contempt of court orders for the release of Chavunduka and Choto.

Mugabe said the appeal was a breach of Zimbabwe's constitution, which gave him discretion over the appointment of judges.

This had brought about a confrontation between the judiciary and his administration, wrecking the judges' impartiality.

"One cannot expect them to pass fair judgment on matters referring to the Standard and perhaps also matters which may arise and which may involve the executive," said Mugabe, in what observers took to be a clear reference to pending appeals by 841 whites who have received notices that their farms will be taken over.

"We may interpret their act as perhaps as an act of judicial impertinence, or as I tend to do, as an outrageous and deliberate act of judicial impudence."

On Sunday Choto and Chavunduka prepared a High Court action to seek the return of their passports so they can travel to the Centre for Treatment of Torture Victims in Denmark.

These were surrendered when they were placed on bail of R1 200 after being charged with publishing a false report liable to create alarm and despondency. Mugabe left Harares late on Sunday for two weeks abroad, during which he was scheduled to attend the G15 economic grouping summit in Jamaica.

Repeated corruption scandals have played a major part in causing the Zimbabwe dollar to crash by 10 percent in value in the past two years, and most people now live below the poverty line as defined by United Nations statistics.

Diplomatic observers believe the chances of Zimbabwe receiving urgent International Monetary Fund support have been further reduced by Mugabe's actions.

The aid hanged on pledges he gave the IMF on governmental reform, now in doubt. — Sapa-DPA.
Michael Hartnack

HARARE — Police fought running battles with students on Zimbabwe University campus yesterday and cordoned off a large area of the city centre to forestall human rights demonstrations in support of recently detained journalists.

Motorists in the Mount Pleasant area around the campus were caught in tear gas volleys as riot police blocked any attempt by even small groups of students to leave. In the city centre, the surrounds of parliament and African Unity Square were summarily barred to the public, but no incidents occurred.

Late yesterday police had not confirmed the numbers of those injured or arrested. Sources said the authorities feared protests could trigger an explosion of violence and looting by Harare’s vast pool of urban poor, angered by increases in the price of bread and a shortage of maize meal.

“Human rights organisations say the suppression of peaceful demonstrations and imposition of arbitrary “no go” areas are unconstitutional. They plan test cases, placing the judiciary even further in the firing line against the government.”

Lawyers described as “a misinterpretation” reports by the British Broadcasting Corporation that the judiciary had blocked President Robert Mugabe’s attempts to expropriate 520 of 841 farms intended for redistribution to black Zimbabweans.

A spokesman for the Administrative Court confirmed what farmers’ representatives had announced in December — that 520 applications to the Administrative Court for confirmation of takeover orders were filed out of time.

It was similarly incorrect that the remaining 321 farms would automatically come on stream for resettlement. Most takeovers are being strongly contested, and hearings are due to start next week.

**Lengthy delay**

A spokesman said Attorney-General Patrick Chinamasa might rule takeover orders but there would be a lengthy delay.

At a briefing last week ruling Zanu (PF) party chairman Joseph Msika appealed to farmers not to contest takeovers and said recourse to the courts “would not do them any good”.

He said compensation would be paid “in accordance with the laws of Zimbabwe” but agreed with a questioner that the law might be amended at any time.

Chief Justice Allan Gubay, who returned at the weekend from a protracted trip abroad, was believed to be preparing a response to Mugabe’s claim that judges dissatisfied with his human rights record had caused a constitutional crisis, and to his demand that they resign.

The state-controlled Herald published details yesterday of the response by Defence Minister Movhew Mahachi to four successive court orders which failed last month to secure the release of Sunday Standard editor Mark Chavunduka and reporter Ray Choto, who had alleged that there was a crackdown on discontent in the army.

Mahachi said he never received service of court process, being out of the country for part of the time the two were in detention. They said they were tortured by military police and security agents in a bid to uncover their sources.

In an affidavit, Mahachi described the Sunday Standard report as “lies, lies, damned, fabricated lies” but said he had to know what sources Chavunduka, Choto and proprietor Clive Wilson had in case there were “elements pointing their bayonets against lawfully constituted government and authority”.

“I assumed a worst-case scenario which was that Clive Wilson, Mark Chavunduka and Ray Choto were privy to information about a planned, impending coup.”

Contempt orders, which have yet to be confirmed, would make Mahachi, Secretary for Defence Job Whawha and military police major Pidels Mhondab each personally liable for Z$15,000 fines.

No date has been set for confirmation hearings.
UN approves sale of African ivory

GENEVA — The United Nations conservation body Cites said yesterday it was approving a one-off sale of stocks of elephant ivory from Zimbabwe and Namibia, the only countries in the three countries are no longer under threat.

The decision, taken by Cites's standing committee in 1997, allows Zimbabwe to sell up to 20 tons of ivory from its ivory stocks, which has been under strict conditions laid down by Japan, in an experiment to support conservation and community development projects.

The move has met strong opposition from some environmental groups but is in principle supported by the conservation group, World Wide Fund for Nature, which includes measures taken to control trafficking in parts and products from tigers. — Reuters, Sapa-AP
Media refuses to be cowed by Mugabe

PRESIDENT Robert Mugabe has been accused of turning on the messenger as he hounds journalists writing reports critical of his government. ERIC NTABAZALILA reports.

ORAL support and international condemnation of the Zimbabwean government's attack on the media has boosted the confidence of independent journalists to tell the news as they see it and reduced their fear of being arrested and tortured.

Managing editor of the Zimbabwe Mirror Trevor Harris told the Cape Times yesterday that when the two journalists from the Mirror were arrested this week there were fears over who would be next.

But he said: “We are going ahead with our reporting as we see things happening. The backing we have received from human rights groups within Zimbabwe and abroad has boosted our confidence not to deviate from our duty of informing the public. We have received tremendous support.

“However, the concern is still there on what tactics the government will employ to restrict the media,” Harris said.

Mirror editor and publisher Bibo Mandaza and reporter Grace Kwinjeh were released on bail of Z$5 000 and were told to appear in court on March 1. The release followed the arrest of Mandaza, Kwinjeh, news editor Fernando Goncalves and Farai Mungazi, who were accused of publishing reports which the authorities described as inaccurate.

Charges against Goncalves and Mungazi were dropped. Their arrests followed those of Mark Chavundukwa and reporter Ray Choto from another independent newspaper, the Standard.

In an address to the nation last week, Mugabe accused the independent media, human rights watchdogs and “some agents of Britain” of undermining the loyalty of organs like the army, and said some whites had an “evil agenda”.

Freedom of Expression Institute executive director Laura Pollicut told the Cape Times from Johannesburg that Zimbabweans had never enjoyed true freedom of expression. She said Mugabe’s government was using an act from the Ian Smith era against those who were critical of his government.

“We are calling for the removal of the Law and Order Maintenance Act — under which the journalists were charged — and the removal of the state’s control on the media to allow the free flow of information in Zimbabwe,” she said.

“State control of the media should be stopped as this has affected the free flow of information. We are very concerned with the situation in that country.

“The public is being deprived of information which is very important to them. The economy is bad and the political situation is bad. These are all issues the public needs to know about,” Pollicut said.

“Journalists all over the world should provide solidarity to the journalists in Zimbabwe who are being harassed on a daily basis by the government.”

Head of the Journalism Department at Peninsula Technikon Ernini Megwa said the arrest of journalists in Zimbabwe was no surprise, as the country was under political and economic pressure.

“Mugabe’s government is under pressure and his obvious next institution to blame is the media. The press has been a scapegoat for the policies he’s been trying to apply.”

“The media is always under threat, even in advanced countries, by politicians, pressure groups and individuals.

“Media groups should defend their freedom as it will always be threatened. But in this case I think it’s a case of a dictator who is trying to hang onto power in his dying days,” Megwa said.

Heneri Dzinyoziwe of the University of Zimbabwe told Sapa: “He has no answer to the crisis we are facing ... and his way out is to attack those highlighting the problems, then say the rest of the people are with him because he led the liberation struggle.”

Reginald Maschaba-Hove, chairperson of Zimbabwe, said: “On the face of it, I think Mugabe and his government will get more vicious, using terror and intimidation to cow the press and other critical organs of the civic society.”
Court deals blow to Zim farm policy

HARARE: Zimbabwe's President Robert Mugabe's plans to forcibly purchase white farms for resettlement have been dealt a blow by a court ruling that the government had not met a take-over deadline.

The ruling on Mugabe's controversial land programme means the government can take less than half the farms it originally intended to nationalise, agriculture industry officials said.

The Administrative Court's ruling was made on Monday, but was announced yesterday.

The court said the government had failed to confirm its interest in 520 of the 841 farms it had designated for resettlement within 12 months as required by law, adding that the court did not have the authority to extend the period.

The government filed its acquisition confirmation notices for the 321 farms by the January 7 deadline, but the remaining 520 were only lodged later, opening up a legal challenge.

The government last week assured donors that the redistribution scheme would be transparent, but left it unclear how it would compensate the farmers.

International donors—who said they would only support the programme if it was fair and transparent, benefited the poor and bolstered the country's key agriculture sector—have held back funding, demanding an unequivocal statement on the scheme.

While cabinet ministers have assured donors countries these demands would be met, Mugabe has said Zimbabwe would go "its own path," paying farmers only for improvements and not for land, when and if we are able to.

"Reuters"
Zim infrastructure faces collapse under debt crisis

Harare - Zimbabwe's town and city councils are on the verge of collapse, burdened by huge debts and bank overdrafts caused by mismanagement, corruption, nepotism and poverty stricken residents unable to pay for services.

Harare has the largest deficit (R30 million); followed by Bulawayo with R25 million. All the other main towns have relatively huge deficits compared with their annual incomes.

In disrepair or non-existent and underground drainage has collapsed in most areas.

Non-payment of dues by residents is making the problem worse. Harare is owed R18 million. Government, politicians, ministers and businessmen are also major delinquents.

The government blames the problem on the old municipal system, but Harare Residents' Association chairman David Samudzimu disagrees: "We are paying more money for inefficient, non-existent service." - Foreign Service
Harare police, students clash

Harare - Riot police clashed with students at the University of Zimbabwe's Harare campus and broke up a planned anti-government demonstration.

Police fired teargas at rock-throwing students and closed off major roads around the campus yesterday as scattered battles were fought, but injuries were reported.

Student leaders said they had notified police of their planned demonstration and had been assured they would be provided with an escort for their march into the capital's centre.

Learntmore Jongwe, secretary-general of the students' union, said the students planned to protest not only against growing problems being faced by students after the slashing of state grants last year, but also against corruption, the deployment of Zimbabwean forces in the Democratic Republic of Congo, the recent torture of journalists and the government's abrogation of the rule of law.

The action was seen as a campaign by President Robert Mugabe's government to crush almost nationwide opposition to his rule.

Zimbabwean judges will not quit over a row with Mr Mugabe on the independence of the country's judiciary, a newspaper reported today.

Mr Mugabe said last week the judges should resign for asking him to make a statement on the illegal detention and alleged torture of two journalists by the military. The Independent Financial Gazette, quoting unnamed judges, said the consensus among the country's 25 Supreme and And High Court judges was that they should not resign because that would not help the country. — Sapa-AP-Reuters.
Setback for land-grab plan in Zimbabwe

By: W.F. 18 Jan 99

Zimbabwe's government's plans to acquire 641 white-owned farms to hand over to displaced black farmers have suffered a setback from a court ruling that it can take effect only after half the intended areas are divided.

The government can only take 32 farms of the 641 earmarked in November 1997, under an administrative order made this week by the public enterprise minister under an emergency decree.

The reason is that authorities have delayed the applications for the land by more than a year.

In a case between the land reform ministry and a white farmer, Judge Msezane ruled that it was a legal requirement under the Land Acquisition Act of 1998 that the landowner be notified within 3 months of the notice.

Only 42 of the applications were filed on time.

If the government or president Mugabe want to proceed with the process, it will face a long battle.

The government has been planning to acquire 8 million hectares of land from whites to hand over to displaced black farmers. Thousands of black farmers have been living in overcrowded communal areas for years who make up 60% of the country's land.

The country's land is divided into 10 regions, and the capital has called the demonstration to pressure the government.

The police fired tear gas to disperse hundreds of students who had planned to march into the capital to march against the government's corruption.

They had planned to protest against the government's corruption in the Democratic Republic of the Congo, which is currently in a civil war. By staging protests, the government can try to create public distrust of the opposition parties. The government also wants to divert attention from its own corruption issues.

SA Bar takes stand over Zimbabwean govt action

Taryn Lambert

Zimbabwean President Robert Mugabe demanded last Saturday that judges who criticized government transgressions of court orders should quit and join the "political forum".

Mugabe had also made "chilling suggestions" that Zimbabwean journalists had forfeited their right to the protection of the law by publishing an allegedly "blatantly untrue" report, Hodes said.

Mugabe referred to a letter written by Supreme Court judges which "denounced an audacious and deliberate act of impudence" although he "refrained from castigating the minister of defence and senior officials in his department who had reportedly wilfully disobeyed court orders".

Mugabe had sought to justify the actions of the army which had acted outside the law in detaining the journalists.

Meanwhile, the Pretoria Press Club called on Mugabe yesterday to review his position towards journalists and to respect the independence of the media.

"We believe the only feasible route to sustained democracy is through a vibrant and questioning press," chairman Amanda Visser said in a letter to the Zimbabwean high commission.
'CONTEMPT' FOR LAW CONDEMNED

Judges refuse to quit, ‘wait to be sacked’

HARARE: The Johannesburg Bar Council has added its voice to condemnation of the "contempt" shown for the rule of law by President Robert Mugabe and his government.

ZIMBABWEAN judges will not quit over a row with President Robert Mugabe on the independence of the Southern African nation’s judiciary, a newspaper here reported yesterday.

Mugabe, in simmering constitutional crisis, said last week the judges should resign for asking him to make a statement on the illegal detention and alleged torture of two journalists by the military.

The Independent Financial Gazette, quoting some unnamed judges, said the consensus among the country’s 25 Supreme and High Court judges was that they should not resign because that would not help the country.

"We will meet this weekend and make some resolutions on what to do next but the mood among the judges is that we will not be forced to resign," the weekly quoted one judge as saying.

"We will wait to be sacked, which is not possible under the constitution. We are not even thinking of resigning because that will be bad for this country," the judge said.

Judges in Zimbabwe enjoy security of tenure and cannot be dismissed by the government without an independent judicial hearing. Judges have been refusing to speak publicly since Mugabe attacked them in an address to the nation on Saturday, and Chief Justice Anthony Gubbay has said through his secretary that there will be no public statement.

Mugabe, in power for the past 19 years, delivered one of his strongest attacks on his opponents at the weekend, telling Supreme Court judges who had urged him to reaffirm his government’s respect for the law to quit, saying they had no right to direct him.

The judges’ action came after government officials and the military refused to obey High Court orders to free two journalists from the independent Standard newspaper who had alleged there had been an army plot against Mugabe.

A medical examination backed up the men’s claims that they had been tortured in detention.

Critics charge that Mugabe, who is facing one of his sternest challenges since he led the former British colony of Rhodesia to independence in 1980, has run out of ideas to resolve Zimbabwe’s mounting economic and social problems.

Mugabe’s decision to send up to 10,000 troops to the Democratic Republic of Congo to support President Laurent Kabila in his fight against rebels has also drawn fire.

Meanwhile, the Johannesburg Bar Council said it had noted with concern recent developments in Zimbabwe in which the rule of law has been treated with contempt by the government of Zimbabwe itself.

"The defiance by the army of the orders of court, especially concerning the freedoms of the individual, and the reported remarks of the president of Zimbabwe that individuals may conduct themselves in a way that can result in them forfeiting the right to legal protection, are events which are chilling to anyone who believes in democratic values and the rule of law. Such acts and statements must be condemned without qualification."

"The Johannesburg Bar believes that it is a responsibility of government to uphold the authority of the courts of the land and to give effect to the rule of law. Judges of the High Court of Zimbabwe are entitled to assurances that this will occur and to characterise their requests for such assurances as judicial impertinence is a profound dereliction of duty on the part of the government of Zimbabwe," the council continued.

"We voice our deepest concern at these events and express our full support to the legal profession and the Judges of the High Court of Zimbabwe for their principled and courageous stand against such outrages."

— Reuters
Zimbabwe judges adamant they will not bow to Mugabe's call to quit
Mugabe casts his net wider

Iden Wetherell

President Robert Mugabe stepped up his offensive against Zimbabwe's independent media this week with the arrest of more journalists amid clear signs that he is determined to punish anyone who criticizes his army's performance in the Democratic Republic of Congo or challenges his autocratic grip on power.

Four journalists from the weekly *Zimbabwe Mirror* were arrested on Monday. Editor Theo Mandaza and reporter Grace Kwinjeh appeared in court on Tuesday charged with spreading alarm and despondency under the Law and Order (Maintenance) Act. They were released on bail. The two other journalists were released unconditionally. This follows a spate of stories carried by the newspaper of the army's role in Congo.

The arrests have been linked to stories made by Mugabe in a televised address last weekend. Claiming there was a plot by British agents to destabilize his regime, he warned of "stern measures" against the media and said that newspapers publishing stories he deemed to be untrue forfeit their right to protection of the law.

This was his first public comment on the military's abduction and torture last month of two journalists from the independent newspaper, *The Standard*.

In his address, Mugabe fueled a growing constitutional crisis by blaming the judiciary which had asked him for assurances that he would uphold the rule of law following his government's rejection of high court orders for the release of *The Standard* journalists. Describing the calls from four judges, three from the Supreme Court, for a public statement as "an outrageous and deliberate act of judicial impudence", he told them to resign if they wanted to take on political issues.

Although the target of Mugabe's wrath appeared at first to be *The Standard*'s white proprietors, this week's round-up at the *Zimbabwe Mirror* suggests he could be casting his net wider.

Mandaza is a former senior state official with close ties to the ruling Zanu-PF party. He has strongly criticized *The Standard*'s story about an alleged foiled coup by army officers.

But in a significant disclosure, his paper said last week that the army top brass was solely responsible for the detention and torture of *The Standard* journalists.

The *Zimbabwe Mirror* has in the past carried stories on Cabinet opposition to the Congo war and the return from the battlefield of a soldier's remains without a head. The report infuriated the Ministry of Defence, which exhume the soldier's remains in a bid to prove the story false, and led to this week's charges.

The *Zimbabwe Mirror*'s lawyer said he would apply to the Supreme Court to test whether the Law and Order (Maintenance) Act, due for repeal this year, was consistent with the right to freedom of expression enshrined in the Constitution.

Reflecting the new hard line, Minister of Information Chii Chituli was last week said newspapers benefiting from donor support or foreign investment would not be allowed to establish themselves in future.

Zimbabwe was already saturated with newspapers and didn't need any more, he ruled at a meeting of a special task force the government has set up to polish its battered image.

Mugabe's obsession with criticism of the military reflects his concern about his fading public image. The army is one of his few remaining pillars of support in a society where other props have been rapidly collapsing.

While journalists may currently find themselves in the frontline, speculation is mounting that his offensive will soon extend to other critics such as the Zimbabwe Congress of Trade Unions and National Constitutional Assembly (NCA), which have been outspoken about the cost of the war effort.

The NCA—a civil society forum geared to reform the country's authoritarian Constitution—said, faced with growing resistance, Mugabe was increasingly resorting to coercion as a means of containing his critics.

It warned Mugabe that military intervention in civil society today could lead to military control of the presidency tomorrow. But he was probably not listening.
Mugabe goes on offensive against media ‘agents’

TAPIWA MOYO-Harare

ST 14/2/99

The beleaguered government of Zimbabwean President Robert Mugabe this week intensified its clampdown on the media and attacked the country’s judiciary, accusing top judges of having clandestine political agendas.

The intensification of the crackdown came just two weeks after the first arrest of three journalists, and a day after the government warned the media about its reports on the Zimbabwean military.

The chief government spokesman and Minister of Information, Cheni Chimutengwende, said media laws were too relaxed, allowing the infiltration of foreign-funded newspapers with an ulterior motive, ousting Mugabe.

In less than a month, seven journalists from two independent newspapers — the Standard and Mirror — have been arrested for writing stories on the Zimbabwean army which caused “alarm and despondency”. Three were freed without being charged but two of the remaining jour claim to have been severely tortured while in military detention.

Chimutengwende, admitting “we are not living in normal times”, said the government would soon introduce stringent media regulations and tighten the country’s libel and defamation laws.

Foreign ownership of newspapers would not be allowed, he said, adding “We are working flat out to bring sanity to the media.”

In a late-night address to the nation on the day after Chimutengwende made these statements, Mugabe warned: “Any media organisation which wilfully suspends the truth forfeits its right to inform and must not cry foul when extraordinary reaction visits them.”

In an unprecedented move, Mugabe apparently condemned the action of the military, which held and interrogated for days two Standard journalists who ran a story on an alleged coup plot to topple him.

He said: “If the Standard had not behaved in such a blatantly dishonest and unethical manner, the military would not have acted as it did.”

He also attacked some white journalists and human rights activists, saying: “They have pushed our sense of racial tolerance to the limit.” He named two publishers, Clive Wilson and Clive Murphy, and two human rights lawyers, David Coltart and Mike Aurret, implying they were British agents bent on destroying his government.

“Let them be warned — unless their insidious acts of sabotage immediately cease, my government will be compelled to take very stern measures against them.”

“We... abhor and deplore insidious attempts by British agents planted or recruited in Zimbabwe to bring about disaffection amongst us with the object of undermining the legitimate government of our country.”

In no uncertain terms, Mugabe told a group of judges who have been seeking assurances on the rule of law following the military’s treatment of journalists and the government’s defiance of a court order to release the detained reporters, that they were meddling in politics and should quit the Bench to focus on their political agendas.

“Zimbabwe faces a not only constitutional but economic and political crisis, posing the greatest challenge to Mugabe’s 19-year rule.”
Stanbic hikes interest rates in Zimbabwe

HARARE — SA’s Stanbic Bank has risked the wrath of Zimbabwe’s reserve bank by being the first commercial bank to hike lending rates this year.

In response to the inexorable all-round rises in interest rates, Stanbic put up its prime lending rate this week from 41% to 43.5%. Other banks have hesitated but are seen by observers as merely putting off the inevitable, with the two biggest — Barclays and Standard Chartered — likely to follow suit soon.

Reserve bank governor Leonard Tsumba is known to be hostile to banks taking action without his permission and could possibly order a drop in the rates, but this is unlikely. “The reserve bank’s own rates keep marching up,” said a commercial banker in Harare, “and its minimum lending rate has gone up to 40.5% in the last week. There will probably be a discreet official silence on the matter.

Tsumba is quick to tick off CEOs. Recently he called in the head of an international bank and berated him for claiming on the Internet that the reserve bank had pegged the exchange rate, which had led to worried calls from the international Monetary Fund. The bank’s webpage was hurriedly edited.

Despite his public statements that the authorities have got their finger on the pulse of the economy, latest official figures show that money supply jumped 10% in November last year, an annualised rate of 120%.

And the annualised inflation rate for last month, announced by government’s statistics office yesterday, was 44.5%, compared with 46% the month before.

Rises in interest rates are one of two main reasons for a plunge on the Zimbabwe stock market, which has fallen 261 points or 8% in the past week.

“There has been an undoubted swing across to the money market by investors who perceive better returns there,” said an analyst with Sagit Stockbrokers.

The other main reason for the plunge has been President Robert Mugabe’s attack on the judiciary and suggestions that Britain is somehow trying to overthrow the government.

“The reaction of foreign investors was a figurative shaking of heads,” said a broker, “and they are despairing of Zimbabwe as an investment attraction.”
Judges ‘boycott’ talks on Mugabe demand

Michael Hartnack

HARARE — Zimbabwe’s chief justice, Allan Gubbay, was unable to convene a meeting of all Zimbabwean judges at the weekend to consider a unanimous response to President Robert Mugabe’s demand that those alarmed by his human rights record should quit.

Judges, afraid of a continuing confrontation with Mugabe, reportedly boycotted the gathering.

Smaller groups of judges met privately to discuss what Mugabe described as a constitutional crisis, arising from “an outrageous and deliberate act of judicial im-

prudence” — a formal letter to him, deploring contempt of court, alleged torture and the illegal detention of independent journalists.

However, the Zimbabwe Congress of Trade Unions executive convened and agreed to consider resuming mass protests and consumer boycotts.

The executive linked the country’s chronic economic woes to the “erosion of the rule of law”.

Union leaders vowed to seek a constitutional ruling — which would again put the judges in the firing line — against moves to outlaw the series of national strikes that the unions called last year when demands for sweeping governmental reform were ignored.

Progress in tripartite talks with ministers and employers was “questionable”, said union secretary-general Morgan Tsvangirai.

The state-controlled daily, The Herald, published a lengthy editorial, echoing Mugabe’s call for white human rights activists to “ask themselves whether they belong in Zimbabwe”.

It called on the white correspondents of SA newspapers to “emigrate to the SA paradise where they can live their lives to the fullest”.

Legal sources reported last week that Gubbay, after returning from a long overseas visit, called on all 30 judges to attend a special meeting in Harare on Saturday.

Judge Paddington Garwe, who played a controversial role after last month’s detention of Sunday Standard editor Mark Chavunduka and reporter Ray Choto, went conspicuously on Saturday to Chegutu to attend a public seminar on community service as a punishment.

The state-controlled Sunday Mail reported yesterday that the judiciary was divided and there was “no consensus among the judges on the way forward”.


Hell hath no fury like modern-day

Harare is mornos under the rains, drenching this year more than Big, for longer than most can remember - 7-7ins day after day. The river thine has risen to high that watch on the dam is on the surface, Sewage flows in h2o for the city's long neglected sewage system is on the point of collapse.

The worst ever of Harare workers whose pay cheques all bounced last year. They want on strike, unheeding President Robert Mugabe's ban on strikes, in the wake public services have been closed down.

The strike ban is aimed mostly at the newly gazetted by the opposition Zimbabwe Congress of Trade Union (ZCTU), which has campaigned on the issue of the pay cheques do not work due to the current crisis.

The occasional power and water outages are a bit harder to follow, as is the fact that bank computers no longer seem to work, sending out credit statements every month.

There is no meal deal of the day, in the shops, apparently because of food shortages. In the streets, bread, rice, potatoes and other staples are sold out. Inflation is running at 47% and the cost of goods is increasing.

The Zimbabwe Human Development Report (UNDP) shows in the south, in which the Mugabe regime has reduced Zimbabwe, hitherto one of Africa's richest and most developed countries.

Per capita income has fallen by 50% in the past year, and the government's spending power has fallen by 80% in the past 10 years.

As the UNDP report puts it: "In addition to the targeting and inequity of social spending programmes, corruption contributes significantly to poverty and human development.

"The tax base is shrinking due to tax evasion and the maldistribution of resources..."

"Mugabe will do anything to win next year's elections, including rigging them if necessary."

RW JOHNSON, a leading commentator on political affairs in southern Africa, gives his assessment of the prospects for peaceful change in Zimbabwe after meeting leading opponents of President Robert Mugabe.

Mugabe's ban on the movement of goods and people, a move to undermine Mugabe's opponents, has failed. Work on the dam finally began last April, but has halted because the government, unheeding President Robert Mugabe, has banned the activity.

The delivery of public services is so poor that there is increasing talk of tax and rent boycotts.

Ordinary Zimbabweans have never got over the president's wedding to the country's first 100-woman army at Marimbe, and are still aggrieved.

That Mugabe, as a soldier, is a leader of the guerrillas who fought against the white-minority regime, is now seen as a problem for the country's largest landowner, Robert Mugabe.

His late wife Sally had expressed her position to become so rich that could not prevent the public hearing of her will. Already Grace has shown herself willing to shoulder the burden of this tradition.

"As a leader of the guerrillas, Mugabe's action is expected to bring old feelings of anger against the Zimbabwean government."

Together with his vehement denunciation of foreign interference, Mugabe's talk of Zimbabwe's independence is not enough to ensure that foreign powers will accept Zimbabwe as a separate state.

Given the government's spend-thrift ways, its steady refusal to slow down the inflation-parched state, and Mugabe's determination to win the next elections, it is likely that Zimbabwe will face a further 100% increase in the coming months.

Mugabe's government faces a number of challenges, including economic collapse, political instability, and a growing sense of hopelessness among the population.

Press under fire: Zimbabwe Mirror journalist Grace Kugwirzvi killed outside Harare, 1740 on March 16, 2009. The Zimbabwe Mirror, a private newspaper, was attacked by a mob of supporters of President Robert Mugabe, who were protesting against the publication of an article critical of the government. The journalist, who was reporting on the protest, was killed in the attack.

The incident is the latest in a series of attacks on journalists in Zimbabwe, where the government has been accused of limiting freedom of expression.

The journalist, who was covering a protest against the government's policies, was attacked by a mob of supporters of President Robert Mugabe, who were protesting against the publication of an article critical of the government. The journalist, who was reporting on the protest, was killed in the attack.

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modern-day Zimbabwe

A broad front of trade unions, human rights groups and other NGOs sees constitutional reform as the only potential way out.

Popular Independent MP Margaret Dongo has now launched a new party, the Zimbabwe National Democrats, to fight the election.

Attention is focused on the attempt by ZCTU and National Constitutional Assembly leader Morgan Tsvangirai to call a national consultation later this month to examine a series of social, economic and constitutional issues.

Tsvangirai is assembling an opposition front comparable to the South African United Democratic Front of the 1980s.

The ideological polarities are the opposite of those seen in South Africa, for it is Mugabe who has launched the language of socialism which Tsvangirai and ZCTU have abandoned for classic liberal constitutionalism and the social market economy.

Tsvangirai sounds as if he is beginning to accept the inevitability of a direct political challenge to Mugabe. The government has now agreed to set up a 26-member presidential commission on constitutional reform with equal representation for elected Zanu-PF MPs and civil society representatives.

The NCA is aware that cracks are developing within Zanu-PF and hopes that some of the ruling party's back-benchers can be drawn into the cause of possible reform.

But the reformers face an uphill task. "Mugabe always wants revenge on those who criticise him," one source says. "When the students turned out with placards saying 'Mugabe must go', he shut down the university for a whole year. He's got too much to lose and too much to hide. He'll do anything to win next year's elections - including rigging, if necessary.''

The government's current overwhelming control of the electoral process will have to go if next year's elections are to be a fair test of opinion, but only a combination of strong domestic opposition and donor pressure has any chance of changing that.

If the Zimbabwean media and the NCA have got to get through the next two months.

As the 33% food price increases ripple through the month, to be followed by the 10% tax rise in March, the potential for a further explosion of food rationing and social despair is bound to grow.

Tsvangirai is calling a tighter rope as it is and the cutting off of IMF/World Bank aid would make his task more precarious.

Fighting for democracy against apartheid was, as Nelson Mandela put it, "not an easy option", but fighting for the same thing against the corrupt and entrenched forces of African nationalist domination is another.

With acknowledgments to the Helen Suzman Foundation and Focus Magazine (February issue)

The land question: a woman laces on the outskirts of Harare. Inappropriate land distribution is the major cause of current food shortages.
Zimbabwe govt told to drop pension age to 40

HARARE — Zimbabwe’s highest decision-making body, the politburo, had recommended legislation to reduce the national pensionable retirement age from 60 to 40 years in view of the AIDS epidemic, ruling Zanu(PF) secretary for administration Didymus Mudzuri announced yesterday.

We do not foresee any hitches with this because it is something which has already been approved by the politburo. The changes should be made expeditiously,” Mudzuri, a former parliamentary speaker and senior minister, told the state-controlled Herald.

The Pensions Act would be amended to reflect the 20-year drop in life expectancy and insurance companies would be compelled to release benefits to AIDS orphans more swiftly, he said. Delegates at a regional conference in Zimbabwe earlier this month were told by national AIDS co-ordinator Everisto Marowa that 600,000 children would be orphaned by AIDS-related illnesses by the year end.

Life insurance industry sources said yesterday they were already “close to collapse” because of AIDS-related claims. Ten years ago government banned companies from demanding blood tests for those seeking policies for less than Z$100,000.

All firms in the industry were understood yesterday to be consulting intensively as a result of Mudzuri’s announcement. Experts were not clear how the state might compel the private sector to offer an option of retirement at age 40, but Mudzuri accused the insurance industry of being “too discriminatory”. Children of those succumbing to AIDS should benefit from their parents’ investments and contributions, he said.

The Bulawayo Welfare Society said at the weekend it had run out of funds and could not afford feed more than 700 destitute families.
Zim paper lashes out at SA media

CHRIS BISHOP

HARARE: The Zimbabwean state-controlled Herald has devoted two days of its leader column to an unprecedented and vitriolic attack on the South African media.

Under the heading "SA media should leave Zimbabwe alone", it accused local and SA journalists of trying to bring down the country through a "hidden agenda".

"Nothing will please the SA media more than to see a state of anarchy in Zimbabwe so they can point their dirty fingers and say 'we told you so'. They do not like a black government which sticks its neck out for its principles," said yesterday's leader.

Hundreds of Harare Polytechnic students who chanted through the streets of Harare yesterday to protest against late grant payments, disagreed with the state view that the government's economic and social problems should be blamed on outside forces.

When an SABC camera crew turned up at the protest the crowd advanced angrily with sticks and threatened to beat them, claiming they were a Zimbabwe Broadcasting Corporation crew. When they saw identity cards proving the all-black crew was working for SA, they cheered and welcomed them to the protest.

"It's quite clear that the people who are running our country are not the right people for the job. The military is running the country now and for us to get our view heard we must also resort to being militarist," said one of the protest leaders.

The Herald leader said: "Do they ever care about our interests? Half of our problems are a result of negative publicity from that country which has a section that does not want to believe there is a black leader, other than their own, who is capable of running a country."
Zim to cut age of retirement to 40

HARARE: The politburo of President Robert Mugabe's ruling Zanu (PF) party has decided to cut the national retirement age from 60 to 40 so AIDS victims can claim on their pensions before the disease kills them.

The politburo is the most powerful body of the ruling party.

Politburo administrator Didymus Mutasa said yesterday legislation to change the retirement age would also ensure that children orphaned by parents with AIDS would become beneficiaries of the pensions.

But economists have scoffed at the plan. "The mathematics of pensions is such that the idea is daft," said independent economic consultant John Robertson. "It would mean tripling monthly premiums to the point where the people paying would not be able to afford food."

Mutasa was quoted yesterday as saying the government would have to change the Pensions Act covering the administration of pension funds. "We do not foresee any hitches with that because it is something which has already been approved by the politburo."

The party could not ignore the suffering of children, he said, adding the decision to change the law had been taken to force insurance firms to release benefits to AIDS orphans.

Insurance executives said payouts for AIDS deaths accounted for over 50% of death claims on life insurance policies, and that the pandemic was severely affecting the viability of life insurance firms and pension funds.

Zimbabwe has the second-highest HIV/AIDS infection rate in the world. About 25% of the population is infected.

Evaristo Marowa, head of the national AIDS control program, said last week that 220 people were dying daily.

By the end of this year, 400,000 people will have died from the pandemic since it emerged here about 14 years ago, leaving 600,000 orphans.

Keith Allerd, chairman of the Life Officers Association, said the move would have a major impact on the insurance industry, but declined to comment further.

"They haven't done their mathematics," Robertson said. "Pensioners would find it very hard to deliver. Clients would starve before they could pay their premiums." — Sapa
'SA media trying to bring Zimbabwe down'

By Chris Bishop
Star Foreign Service

Harare — The Zimbabwean state-controlled Herald has devoted two days of its leader column to a vitriolic attack on the South African media.

Under the heading "SA media should leave Zimbabwe alone", the Herald accused journalists in both Johannesburg and Harare of trying to bring down the country through a hidden agenda.

"Nothing will please the SA media more than to see a state of anarchy in Zimbabwe so that they can point their dirty fingers and say, 'we told you so.' They do not like a black government which sticks its neck out for its principles," said the second leader in the newspaper yesterday.

This view is at odds with the line of the SA high commissioner in Harare, Kingsley Mamabolo, who left his post with the words that all South Africans were hoping for stability in Zimbabwe because it affected the welfare and investment potential of the entire region.

Hundreds of Harare Polytechnic students who chanted through the streets of Harare yesterday to protest against late grant payments disagreed that the government's economic and social problems were due to outside forces.

When an SABC camera crew turned up at a protest, the crowd advanced with sticks threatening to 'beat' them, claiming they were a Zimbabwe Broadcasting Corporation crew.

When they saw identity cards proving the all-black crew was working for SA, they cheered and welcomed them.

"It's quite clear that the people who are running our country are not the right people for the job. The military is running the country now, and for us to get our view heard we must also resort to being militaristic," said one of the leaders.

But the Herald maintains it is the mission of the SA media to bring down Zimbabwe.

"Do they ever care about our interests? Half our problems are as a result of negative publicity from that country, which has a section that does not want to believe there is a black leader, other than their own, who is capable of running a country," it said.

Foreign journalists in Harare dismissed the editorial, claiming it was a fallacy to say that all stories about Zimbabwe were negative.

SABC reports in particular had carried numerous stories of the achievements of many Zimbabweans in sport, work and everyday life.
SPCA planning to act against mobs

HARARE - Zimbabwe's Society for the Prevention of Cruelty to Animals (SPCA) vowed yesterday to prosecute those who are molesting wild animals that stray into towns, following a spate of serious incidents over the past three months.

In January, in the first such sighting for a century, two young bull elephants railed gardens in Harare's northwestern outskirt and were controversially shot dead by National Parks wardens in the Bluff Hill/Tynwald area.

Last Friday youths stoned to death a baboon that was spotted in Bulawayo's Mapweve suburb.

In December, wardens tried to drug, dart and translocate a hippopotamus wandering up a watercourse in Harare's Chitungwiza satellite city.

Before the anaesthetic could take effect, the hippo charged drunkenly towards a 3,000-strong mob that had ignored police orders to stop stoning it, and it was shot dead.

Mary Harrison, national co-ordinator of the SPCA, yesterday deplored the "cruel manner in which members of the public are treating wild animals.

She particularly appealed to gangs of unemployed youths to stop stoning stray animals and warned the SPCA would not hesitate to initiate prosecutions in future.

Wildlife experts say destruction of habitat may be responsible for some of the recent sightings, although hippo - as notorious vagrants - have frequently wandered into Harare and Bulawayo townships in the past.
Pension payouts at 40 'absurd' (2b)

HARARE — Leaders of Zimbabwe's life assurance industry are anxious not to 'talk themselves into a political confrontation' with President Robert Mugabe's politburo, which has ordered the drafting of legislation to reduce the national pensionable age to 40 because of the AIDS pandemic.

However, economist John Robertson describes the politburo's decision as 'an absurdity' which would be impossible to implement.

Life assurers believe the matter is likely to end with a pledge from the industry to speed up payments to beneficiaries — particularly orphans — but the industry could not pick up the multibillion-dollar tab to maintain the dying as politburo administration chief Didymus Mutasa announced earlier this week.

A life assurer says the Pensions Act gives policy holders the right to negotiate early retirement at 55, when they may be able to claim a proportion of what would be payable at 65 depending on the number of years they have contributed. Likewise, policyholders may negotiate to defer retirement to 70 to enhance their pensions.

Robertson says reducing pensionable age to 40 'would require contributions into your pension fund to be more than half your salary'. He says the reaction to the AIDS crisis of the ruling party politburo — Zimbabwe's highest decision making body — seems to be an unreasoning desire that 'people should start getting benefits before they die'.

National AIDS co-ordinator Everisto Marowa believes 220 are dying each day of AIDS-related diseases and that there will be 600 000 AIDS orphans by year-end. Assurers say payments to destitute orphans are often complicated and delayed by urban workers' practice of polygamy and disputes over who are the legitimate beneficiaries.

Robertson says that while the government seeks to help AIDS victims in formal employment, more than half the country living and working in the rural areas or in the informal urban sector has no life assurance at all and has only the extended family system to fall back on.
Economic woes will not dampen birthday bash

HUMAN RIGHTS CRISIS MAY HALT IMF AID, WRITES MICHAEL HARTNACK

By 19 Feb 1999

HARARE — The economic and constitutional crisis facing Zimbabwe shows signs of deepening as the nation gears up for lavish celebrations this weekend to mark President Robert Mugabe's 75th birthday.

Hopes are fading for renewed $55m-$88m budget support from the International Monetary Fund (IMF), multi-industry and Trade Minister Nathan Shamuyarira, fearing new food riots, ordered bakers yesterday to reverse a 15% bread price rise.

Both the judiciary and Parliament, in which Mugabe's party holds a 147-3 majority, were reportedly being put on alert following his crackdown on critics of the defence ministry's contempt of court and alleged torture of two domestic activists last month.

Economists believe the human rights crisis is likely to deter the IMF board in Washington from sanctioning further tranches of budget support, while attempts to dictate staple food prices, such as bread, remain a matter of concern.

Meanwhile, branches of the ruling Zanu (PF) party are planning countrywide dinner-dances with tickets nearly equalling the monthly minimum wage for skilled workers — $2500. The state-controlled newspapers are planning large supplements dedicated to birthday congratulatory messages.

The traditional centrepiece of the festivities will be a birthday party organised by the ruling party's wing, the Patriotic Front, at the 21st February Stadium, which is being used to commemorate the anniversary of Mugabe's birth.

However, failing prosecution for contempt of court last month, the Zimbabwean Financial Gazette reported yesterday that a cabinet subcommittee was planning to announce that Mugabe's bail last year on the protest charges was annulled by the Zimbabwe Congress of Trade Unions ahead of his trial. The charges were to protest against an alleged chronic wage which has put 60% of Zimbabwe's official poverty line below the poverty line.

Legal sources said that, despite the presence of a number of the supreme and high court judges, judges still wanted to see Mugabe's下一步. They said there was a demand that those sitting on the court must not be vested with any authority.

If there is any intention of resigning, sources said, and, if there is, the bench collectively persisting in its quest for the executive to obey the rule of law.

Leading judges wrote to Mugabe after four successive High Court orders were ignored over the illegal detention of Sunday Standard editor Mark Chavundu and reporter Ray Choto, who had reported a witch hunt for an insurrection in the army. Mugabe accused the judges of causing a national crisis by undermining public order.

Three editions of the state-controlled Herald in recent weeks contained attacks on the foreign media and the university lecturer Juma Makutedze predicted Mugabe's next response to the crisis would be to seek control of the independent media and curb access to the top officials.

A ruling party official said: "He might be turning 75, but he still has a lot of bite and is not in a mood to go soft."
Early in March the International Monetary Fund (IMF) will decide whether to disburse US$63m to Zimbabwe from the $176m standby loan approved last June. So far only one tranche has been paid — suggesting the loan was ill-conceived. But signs are that the fund will agree to disburse the money despite disapproval from donor nations, dismayed at plunging President Robert Mugabe's beleaguered and increasingly undemocratic regime.

The US State Department, in particular, believes the IMF can — and should — be used to put pressure on Harare. Understandably, some fund officials are unhappy to be accused of dancing to the tune of the organisation's most influential shareholder. Yet, by disbursing, the fund risks further tarnishing its image. Its officials claim to be satisfied with Zimbabwe's assurances on land resettlement, but when government Ministers were repeatedly asked for details of the basis of compensation at a recent media conference in Harare, their replies were vague and unconvincing.

Presidential and Ministerial criticism of the judiciary arising out of the misgivings expressed by three Supreme Court judges over the arrest and alleged torture of two journalists has dismayed some donors, but not, it would appear, the IMF. Though the fund claims its lending policies are rooted in transparency, accountability and the rule of law, it seems willing to turn a blind eye to Zimbabwe's transgressions in respect of governance and human rights.

The IMF has refused to lend to Kenya because of that government's tardiness in setting up an anticorruption agency and prosecuting those allegedly involved in the so-called Goldenburg scam, in which the State was defrauded of many millions of dollars. But there is no public pressure on Zimbabwe to set up an anticorruption agency, nor any demand for prosecution of those involved in a variety of scams, including the war veterans' rip-off, corruption at the State-owned National Oil Company of Zimbabwe and the official housing fund.

The IMF claims — again unconvincingly — to be satisfied with Zimbabwe's secret assurances over the funding of its military involvement in the Democratic Republic of Congo. Government has given no public details of how it is funding its war effort, save a reference to funds from "SADC allies". This seems enough to satisfy the IMF's insistence on transparency and accountability.

When it comes to economic policy, the IMF has claimed repeatedly that Zimbabwe is meeting agreed targets. Yet key targets, such as the balance of payments deficit, inflation and money sup-
Bank’s results boosts market

HARARE — Banking group Barclays’ Zimbabwe unit raised net earnings 162% in 1998, lighting up the stock market yesterday with easily the year’s strongest results.

The bank reported net profit up 161.3% to Z$623.6m, despite raising the bad debt charge 190% to Z$265m.

"They are absolutely phenomenal results, way, way above our expectations," an analyst said.

"The market will be stimulated by these results and we saw the first signs of that today."

Barclays’ share price reacted immediately, gaining 21% to 400c in early trade and brokers said it was certain to go higher.

Bank chairman David Zamchiya said earnings were boosted by volatility in the foreign currency market, where the Zimbabwe dollar fell 50% during the calendar year, and by interest rates of more than 40%. The bank’s net interest income rose 83.8% to Z$1.1bn while net operating income surged 126.4% to Z$1.2bn. — Reuters.
Mugabe turns his wrath on Cyril

Michael Hartnick

HARARE — President Robert Mugabe has accused Johnnic chairman Cyril Ramaphosa of disowning his African roots by failing to silence newspapers which criticised the detention and torture of two journalists.

He told Harare’s diplomatic corps on Thursday that Ramaphosa was “a white man in a black man’s skin”. Diplomatic sources said they understood Mugabe to be referring to Johnnic’s indirect interest in Business Day and the Financial Mail through Times Media Ltd, which has a 50% holding in BDFM.

In a television interview with state media heads on Saturday, Mugabe returned to the theme.

He was told: “There are some blacks who have acquired these media conglomerates. It appears they have joined these whites in attacking Zimbabwe.” He replied: “Well, these are black white men and they are really putting on the master’s cap. In some cases, you will discover that the wealth they say they have they have acquired through some bosses or through some conduit leading from some multinational benefiting them, and it’s not really the wealth of the majorities.”

Mugabe said he was “good friends” with President Nelson Mandela, and when he remonstrated with Mandela and Deputy President Thabo Mbeki about the hostility of SA’s media towards him, he was told they had called Mbeki “stupid”.

Mugabe said the media in SA remained committed to apartheid as the independent press in Zimbabwe was to Rhodesia’s 1965 unilateral declaration of independence.

“Not the mentality, it is dying hard... This is the fight: it is black and white, pure and simple,” he said.

Mugabe renewed his demand that judges critical of the illegal detention and alleged torture of journalists should quit, despite his attack on Thursday on the foreign and independent local media for “fomenting rumours” of a constitutional crisis involving the judiciary.

Contradicting assurances that International Monetary Fund delegates said Zimbabwean treasury chiefs gave them during talks on further $55m-$85m budget support, Mugabe said $41 white farms would be taken over despite setbacks in the courts, and their white owners would be given IOUs. Last week the Administrative Court ratted pledges that the Oppenheimer family would within 60 days be paid the full 252.35m sought for its 5,000ha ranch 40km southeast of Harare.

Mugabe accused the IMF of “being political” in delaying aid and said: “If we have to do without them, we will have to. It will be nothing new.”
IMF support for Zimbabwe unlikely

Michael Hartnack

HARARE — Hopes of renewed International Monetary Fund budget support for Zimbabwe receded yesterday as President Robert Mugabe accused the fund of making new demands, and an IMF delegate confirmed that a $35mn controversial contract with Malaysia's YTL power utility had to be reviewed.

Mugabe told western ambassadors to "go to hell" several years ago when they challenged the transparency of a deal whereby YTL would take over the giant Hwange Thermal Power station for a fraction of its asset value, and on terms much less favourable than those offered by British, French, Swedish and US utilities.

The state-controlled Sunday Mail, predicting imminent "speculative attack on the local currency due to low forex reserves", said the problems were discussed at a high level meeting in Washington last week.

On his return Mugabe accused the IMF of "being political. We won't allow it. If we have to do without them, we will do it. It would be nothing new."

The Sunday Mail said the Washington delegation, led by Finance Minister Herbert Murerwa and Reserve Bank Governor Leonard Tsumba, were told they would have to "iron out" issues such as the privatisation of loss-making parastatals such as Air Zimbabwe before $33mn-$88mn budget support could be reviewed.

Meanwhile, IMF assistant director for southern Africa Michael Nowak said: "Under the new stabilisation programme we are looking at the budget, military expenditure, the banking system, and the privatisation of the parastatals. Of particular interest is the YTL deal and we have talked to our sister institution, the World Bank, to deal with that issue. Our position is that the deal should not go through without consultation with the World Bank and this was communicated to the government."

Nowak said in Harare last month that the IMF had been assured Zimbabwean military hardware for the Congo war was being paid for by its allies.

A communiqué distributed by Zimbabwe defence headquarters at the weekend said the Congolese rebels "met with dire consequences", suffering 400 killed or captured when they last week attempted an offensive in the northern and eastern sectors.

"Among those killed were some white mercenaries in the Kabalo area," the communiqué said.

It made no mention of rebel claims to have shot down a Zimbabwean jet fighter-bomber over Kabalo.

"The enemy suffered heavy casualties in combined allied forces' air and ground operations at Akula, Ikela, Kalanda, Kabalo, Kambiri and Moba," it said, claiming "scores of Congolese rebels are giving themselves up."

22/12/199
HARARE: President Robert Mugabe fiercely attacked his critics in a television interview this weekend and scolded Western governments.

He blamed the country's economic crisis on a "white plot" and accused Western embassies here of trying to "subvert" his regime. He denounced the judiciary and the foreign and local independent press.

He also backtracked on promises he gave a month ago to Western donors that he would halt his threatened radical seizure of white-owned farms, a move expected to see the International Monetary Fund again hold back on desperately needed finance which has been frozen for the past nearly four years.

Observers said Mugabe appeared tense and nervous during the 50-minute interview screened on state television on Saturday night on the eve of his 75th birthday.

He even appeared to be unsettled by mild questions from the heads of the three state media organisations interviewing him. "He cannot go on like this," said Mike Auer of the Catholic Commission for Justice and Peace in Zimbabwe. "The two public appearances in the last two weeks have been disastrous. He is unable to accept responsibility for the crisis we are in. Everything that has gone wrong has been the fault of somebody else. He is totally out of touch."

Mugabe strongly denied he was out of touch and refused to discuss his retirement. "Three years I have done, three years to come," he said of his six-year term which expires in 2002. The political situation, he said, "is good, in respect of the black community."

But he said whites "trying to revive their Rhodesian past" were responsible for a lot of clandestine activity. "They want to hold on to economic power and they are trying everything in their power to fight back. That is why we have the present concerns."

Asked about the large number of outspoken black critics challenging him, he said: "It's a black white man, just wearing the master's hat."

He also attacked the press in South Africa, saying Deputy President Thabo Mbeki had complained to him that South African papers were "calling me stupid." He added: "This is what we must fight together."

Mugabe also slammed the country's judiciary over petitions sent to him which demanded that he commit himself to the rule of law, condemn torture and order an investigation into the illegal detention and torture last month of two journalists by military personnel. -- Sapa
It’s all a white plot
— Mugabe

HARARE — President Robert Mugabe of Zimbabwe, at the weekend fiercely attacked his critics and accused Western governments.

In a television interview, Mugabe blamed the country’s economic crisis on a white plot and accused Western embassies in Harare of trying to “silence” his regime. He denounced the judiciary and the foreign and local independent press.

He also backtracked on the promises he gave a month ago to Western donors that he would halt his threatened radical seizure of white-owned farms, a move which is expected to see the International Monetary Fund again hold back on desperately needed concessional finance which has been frozen for almost four years.

Mugabe appeared tense and nervous during the 30-minute interview, screened on state television on Saturday night, on the eve of his 75th birthday.

The political situation, he said, “is good, in respect of the black community.”

But he said whites “trying to relieve their Rhodesian past,” were responsible for a lot of clandestine activity.

“They want to hold on to economic power and they are trying everything in their power to fight back. That is why we have the present concerns (over the economic crisis). This is the fight. It’s black and white, pure and simple.”

Asked about the large number of outspoken black critics challenging him now, he said: “It’s a black white man, just really wearing the master’s hat.”

He also attacked the press in South Africa. “Here is the white press. Here is UDI mentality.”

He said South African Deputy President Thabo Mbeki had complained to him that South African papers were “calling me stupid.”

He also slammed the country’s judiciary over petitions sent to him three weeks ago which demanded that he publicly commit himself to the rule of law.

He called the four judges that signed the petitions on behalf of the rest of the judiciary “the gang of four.” He urged them to “pack up and go.” — Sapa.
Mugabe blames West and white plot for woes

Harare — President Robert Mugabe fiercely attacked his critics and scorned Western governments in a TV interview at the weekend.

He blamed his country's economic crisis on a white plot and accused Western embassies in Zimbabwe of trying to subvert his regime. He denounced the judiciary and the foreign and local independent press.

He also backtracked on promises a month ago to Western donors that he would halt his threatened radical seizure of white-owned farms, a move which is expected to see the International Monetary Fund again hold back on desperately needed concessional finance.

Observers said Mugabe appeared tense and nervous during the interview screened on state television on Saturday night, on the eve of his 75th birthday. Mugabe strongly denied he was out of touch with political reality, and also refused to discuss retirement.

The political situation, he said, "is good, in respect of the black community". Asked about the large number of outspoken black critics, he said: "It's a black white man, just really wearing the master's hat."

He also slammed the country's internationally respected judiciary over petitions that he commit himself to the rule of law. He called the four judges who signed the petitions on behalf of the judiciary "the gang of four", and urged them to "pack up and go".

When it was pointed out to him that he had no power to dismiss the judges, he said: "We haven't looked (into) that."

When it was pointed out that a special land court was in the process of dismissing government moves to take over 841 farms because of legal blunders, Mugabe responded: "What the (land) court decides is its own affair. What we decide is in the interest of the people and that is paramount." — Sapa
Students' state funding set to dry up

[Text obscured by blots]
Red faces over gas field flare-up

Martin Rushmer (BD 20/1/99)

HARARE — Excitement in the state-owned media over a supposedly huge natural gas field in Zimbabwe has caused intense embarrassment for the main backer of the project, which is undertaking a damage limitation exercise.

Platinum and chrome producer Zimasso says assertions that USD2bn (about R400m) has been spent on exploring a coalbed methane deposit is "too fanciful to warrant further comment". It is understood the actual sum is less than 5% of this, although Zimasso declines to give details.

A national newspaper report that the economy would be given a tremendous boost by the project created a nationwide stir, especially in the government, which is desperate to prove that Zimbabwe is still attracting investment in spite of economic and political paralysis.

"Very senior government officials have been brandishing the article in an attempt to show that the economy is in sound shape," said an official connected with the project.

"It was treated as an important new discovery when exploration has been going on for nine years," said the official. "Everyone knows there is a large deposit. The trouble is that it is hugely difficult to get out and distribute. Achieving anything worthwhile could take another 15 years."

Zimasso is also playing down suggestions that the deposit — at Lupane, 500km west of Harare — will permanently solve the country's electricity problems, and that development is about to start creating 3,060 jobs.
Zimbabwe firms buck economic troubles

HARARE — Analysts and brokers have been astounded by a string of good performances by Zimbabwe Stock Exchange-listed companies in the face of difficult economic conditions.

Barclays Bank led the way by increasing net profit by 161% to Z$22m (about R100m) for the year to December 31.

The Zimbabwean subsidiary of South African medical supply group Macmed recorded a 63% increase in net profit to Z$3m, while steel fabricator and building supplier Radar reported a 125% rise in net profit to Z$17m for the six months to end-December.

Their results are cited as the main reason for investors hanging on to their stocks — so much so that the value of morning trade on the day the results were announced last week was less than R100,000, the smallest volume in two years.

"Many investors in major companies are changing their minds about selling because profits are so good. Despite the dire economic situation and the mood of depression on the exchange, investors are beginning to think there is some hope," said the managing director of one of Zimbabwe's biggest investment houses.

Barclays has partly benefited from the crash of the Zimbabwe dollar. Its profit from foreign currency dealing rose 85% to Z$971m. Says a money market analyst: "All the commercial banks saw their holdings in local dollars swell enormously over the past year, and they could not help but make money. Such a huge increase probably will not be repeated this year because the total holdings of foreign currency allowed for each bank have been reduced from $5m to $2m.

Macmed was listed in July last year and its profit of Z$33m ahead of the prospectus forecast of Z$30m is attributed to cost control, acquisitions and strong organic growth. Turnover of Z$350m was 95% more than the previous year's and 14% above forecast. It expects to achieve turnover of Z$600m this year."
Failed banker, a victim of racism, says Mugabe
Zim envoys carpeted

BONN: In a joint show of anger over Zimbabwe's treatment of two newspaper reporters who were arrested and tortured, all 15 European Union members yesterday summoned Harare's envoys to their foreign ministries for a démarche.

"It was made clear... that the EU will not accept these severe violations of human rights and press freedom," the German foreign ministry said. Germany currently holds the EU presidency.

In Bonn, Zimbabwe's head of mission, Rosina Chikami, was told of Chancellor Gerhard Schröder's "disappointment and shock" over recent speeches by President Robert Mugabe in which he attempted to justify the "severe violation of human rights" inflicted on the newsman.— Sapa-DPA

CT 25/2/99 (362)
Economists doubt Zimbabwe's political will to target inflation

GODFREY MUTEWA

Harare—Economists have praised Zimbabwe’s central bank for suggesting the country adopt inflation targeting, but they doubt President Robert Mugabe’s government has the political will to make it work.

“The real issue is whether they can give the Reserve Bank the authority to make it work,” said John Robertson, an independent economist. “The government is the problem.”

Leonard Tsumba, the Reserve Bank governor, urged the government at the weekend to introduce a law on inflation targeting. He said this would assist his fight against rampant inflation.

Zimbabwe’s consumer inflation has averaged over 20 percent since 1981, when the country launched Western-backed economic reforms. The inflation rate is blamed largely on government spending, now running at over 40 percent of gross domestic product.

Consumer inflation was at a record high of 46.6 percent in December. Many economists expect it to remain above 40 percent during the first half of the year.

Economists said the Reserve Bank had fought a lone battle against escalating prices. Inflation targeting would ensure fiscal policy supported the bank’s aims, they said.

Robertson said Mugabe’s government was likely to argue that social imbalances prevented it from implementing the policy now. He said small steps could still be taken to reduce inflation in monthly increments.

Joseph Muzuri, an economist with Zimbabwe Financial Holdings, noted that countries like Malawi had accepted targeting.

He said the central bank would need to be independent and take decisions unpalatable to the government.

“Why can’t we bounce government cheque if there is no money in its account?” he asked, adding that agreement on a social contract could make it easier to take tough decisions. —Reuters

Harare says lower deficit will unlock IMF funding

FROM REUTERS

Harare—Herbert Muerwa, Zimbabwe’s finance minister, says he has successfully concluded talks with the International Monetary Fund (IMF) and the World Bank in Washington for the release of key funding.

“Both the IMF and World Bank were impressed with the turnaround of the 1998 financing year which saw the deficit come down to 4.9 percent of GDP (gross domestic product), the lowest in recent memory,” Muerwa said on Tuesday.

The government’s budget deficit has averaged above 10 percent of GDP in the last decade.

But the donors were worried about Zimbabwe’s annual inflation, currently at 14.3 percent and seen as stifling growth. It has set a target to halve it to 7.4 percent by the end of 1999.

The IMF board will meet in March to discuss disbursement of $55 million of a $175 million credit package held back in November by concerns over Zimbabwe’s land reforms and involvement in the Congo war.

“Once the fund releases the $55 million, I expect that the African Development Bank will also release about $10 million out of a $30 million commitment,” said Muerwa.

The IMF board will meet in March to discuss disbursement of $55 million of a $175 million credit package held back in November by concerns over Zimbabwe's land reforms and involvement in the Congo war.
Mugabe rebukes Lloyd

Diplomatic observers believe the protracted interview 'went badly'

Michael Hartnack

HARARE — There was a diplomatic debacle in Harare yesterday as US Assistant Secretary of State Howard Wolpe and ambassador Tom McDonald were kept waiting for nearly two hours outside State House while President Robert Mugabe rebuked visiting British Foreign Office Minister of State, Tony Lloyd.

Shortly before noon a nervous-looking Lloyd emerged with Mugabe holding his hand. Wolpe and McDonald, who had arrived five minutes after Lloyd, were then finally admitted.

Lloyd said there had been an "exchange of views" on human rights in a talk intended to last barely an hour and to focus entirely on ending the Congo civil war. Diplomatic observers believed the protracted interview "went badly".

Lloyd rushed off before he could be asked further questions about Mugabe's accusation that opposition was being fomented by 'British agents'.

A British High Commission spokesman quoted him as saying that he had told Mugabe of "our concern about the detention and alleged torture of two journalists and the damage this has done to Zimbabwe's reputation."

Simultaneously, the 12 European Union nations issued a statement through the German embassy denouncing Mugabe's attempt "to defend the grave human rights violations committed against the editor and a journalist of the Sunday Standard".

Zimbabwean diplomats were summoned to foreign ministries in all EU capitals on Wednesday to hear of the governments' "disappointment and deep concern" at the torture of Mark Chavunduka and Ray Choto, and at the Zimbabwean military authorities' contempt for court orders for their release.

"President Mugabe attempted to justify the actions of the military authorities in a television address on February 5 and dismissed the court rulings as politically motivated meddling in the government's affairs," said a statement issued by Germany as current EU presidency holders. "Today's summons made it clear to the Zimbabwean government once more that the EU is not prepared to accept grave violation of a fundamental human right such as freedom of the press."

Lloyd said Britain saw peacemaking in the Democratic Republic of Congo as "an African process". Apart from Zimbabwe, which has 8,000 troops deployed in support of the Congo government, he will visit SA and the Great Lakes states.
EU rounds on Mugabe over beaten newsmen

Harare - International pressure on President Robert Mugabe's government over the brutal and illegal treatment of two journalists last month grew as European governments pressed demands for responsible action over the affair.

The European Union said its members had summoned Zimbabwean ambassadors to EU foreign ministries and warned that they were "not prepared to accept the grave violation of fundamental human rights".

And in another blow to Zimbabwe's credibility, the mayor and all the councillors of Harare were suspended yesterday after a report on the council, controlled by the ruling Zanu (PF) party, revealed rampant corruption.

Britam's minister at the Foreign Office, Tony Lloyd, said in Harare that he had raised the issue of the two journalists with Mugabe, whom he told of "the damage this has done to Zimbabwe's reputation around the world".

Lawyers also confirmed that senior defence ministry officials had been ordered by a senior judge to appear before him today to answer charges of "collapsing sewerage system".

AG 26/1/99

These related to refusing to obey court orders to release Mark Chivinduka, editor of the weekly Standard newspaper, and reporter Ray Choto when they were illegally held by military and secret police last month.

A statement in Harare yesterday by the ambassador of Germany, current EU chairman, slated Mr Mugabe's statements this month in which he endorsed the torture and attacked the country's judiciary, after judges demanded he publicly commit his government to the rule of law.

Meanwhile, local government minister John Nkomo said the 43 suspended Harare councillors would immediately lose lavish perks they had voted for themselves. They faced being sacked.

The suspension of the council is the climax of a saga that has seen the city sink into decay due to unchecked corruption under mayor Solomon Tsvangirai, a close associate of Mr Mugabe.

The city is facing a cholera epidemic, refuse collection is in chaos and the sewerage system is collapsing, before him today to answer charges of the "aggrieved DPA".

DPA"
Army erred in detaining newsmen, ZimProduces defenсe
Zimbabwe move hurts its coal maker

Martin Rushmore

HARARE—The government is preventing Zimbabwean companies from suing each other, a move which will hurt the country's sole coal producer, Wankie. Wankie, in which the government has a controlling stake, has been forbidden to use the courts to get the sole steel producer, Zisco, to pay R40m it has owed Wankie over the past five years. A says the colliery: "The debt by Zisco and the appeal from government which prevents the company from taking legal action are major constraints to the smooth operation of the company." Zisco is government owned and has to borrow to pay the salaries of its 1 000-member staff, with government guarantees for every loan serving as its only lifeline. To inject some financial life into the steelworks, the government is being forced to give a guarantee to 10-year bonds being issued by Zisco next month for, about R40m. These are partly to pay a Chinese company that is overhauling the furnaces. But Wankie, a public company also quoted in Johannesburg and London, has problems other than outstanding debts. What it calls its "smooth operations" have been made more difficult by a high level of corruption. A parliamentary committee was set up to investigate reports of corruption, but its findings have been kept secret. The revelations of corruption and mismanagement will undoubtedly make the International Monetary Fund, already under pressure to delay support to Zimbabwe, more antagonistic towards the country. The government has promised to get rid of its investments in the private sector and privatise parastatals. Its wrangling over Zisco and Wankie suggest that this may take a long time.

PD/13/99
Major threat to Zanu-PF in next Zim elections

HARARE: More than 40 civic groups, backed by Zimbabwe's powerful labour unions, intend to start a political party to fight the ruling Zanu-PF in the 2000 elections, in what many observers see as the first real threat to the government's 19 years in power.

Meeting under the auspices of the powerful Zimbabwe Congress of Trade Unions (ZCTU), pressure groups, human rights groups and women's organisations rallied against the ruling Zanu-PF party in a three-day meeting and declared that the present state of the country and the nation was due to a crisis of governance.

The groups, calling themselves the National Working People's Convention, outlined a path to political change, including a call for a Truth and Reconciliation Commission to deal with past human rights abuses.

Gibson Sibanda, president of the ZCTU, said that all were agreed on launching an opposition party within the next six months.

"Never before have people in Zimbabwe, from all walks of life, got together to work like this. The writing is on the wall," said a human rights lawyer at the conference.

The group also dismissed President Robert Mugabe's idea of a presidential commission on constitutional change and said that they would instead appoint the National Constitutional Assembly, an independent body, to speed up amendments to the constitution.

The group said that under their own constitution, they would protect media freedom by enshrining it in the constitution.

HUNDREDS attended the gathering at the weekend, most of them poor people from the country districts. Alongside them were representatives from influential organisations like human rights group Zimrights and the full leadership of the 200,000-strong ZCTU.

Speaker after speaker castigated the ruling Zanu-PF. One man stood up and said that he was no better off now than in 1980 when the Zanu-PF came into power.

"The government has plundered and looted all the funds set up to help poor people and the veterans of the liberation war," said another. A ZCTU delegate also told the convention that the government no longer had any answers and the only answer was to form a political party.

The move has been seen in Harare as a major threat to the rule of Mugabe's party. The ZCTU's backing is crucial, as it has the muscle to mobilise large numbers of people.

But the charismatic leader of the ZCTU, Morgan Tsvangirai, has been dismissed as a mere populist by the government. Chen Chimurenga, the Minister of Information, has said: "Tsvangirai is no politician. There is a great difference between being popular and taking power."

The state-controlled Sunday Mail said at the weekend that government officials were concerned about the decision of donor USAID to call for applications from labour movements and pressure groups for money which could be used to fight the 2000 elections.

The fund is believed to be ready to hand out at least $250 000 in a move described by USAID as an attempt to strengthen democracy in Zimbabwe.
Dozens of groups form front to oppose Mugabe government.
New Labour-backed party may be serious threat to entrenched Mugabe
Independent newspapers have become the scapegoat for most of Zimbabwe's problems.
The page contains a large block of text that is difficult to read due to the quality of the image. It appears to be a political or news article discussing economic, political, and social issues. The text is not legible enough to extract meaningful content.
Zimbabwe military has ‘partly taken over in subtle coup’

BY PETER FABRICIUS

The military has already partly taken over Zimbabwe in a “subtle coup” which is likely to continue, two senior award-winning Zimbabwean journalists warned in Johannesburg this week.

Trevor Ncube, editor-in-chief of The Independent, expressed fears that the arrest and torture with impunity of Standard editor Mark Chavunduka and journalist Ray Chito might have given the Zimbabwean military the taste of power.

He and Basilion Peta, investigations editor of Zimbabwe’s soon-to-be-launched first independent daily paper, The Daily News, were speaking at the Freedom Forum in Johannesburg on the crisis of the embattled independent press in Zimbabwe.

Peta said President Robert Mugabe’s government had already surreptitiously placed senior military people in several key positions.

This was not a blatant military coup as in Nigeria where the military takes control of the radio stations, but a subtle coup, where key military officers were gradually taking over the important government agencies.

He mentioned the police and Central Intelligence Organization. Peta said he believed Mugabe had run out of allies. He could no longer turn to the party, trade unions or the people, and now seemed to be turning to the military for support in desperation.

“…The military have been given a taste of power. Don’t blame them. If they like, they can… and acquire aspirations for State House,” he warned.

Ncube said the independent press and ordinary Zimbabweans were thoroughly disappointed at President Mnangagwa’s failure to condemn the Zimbabwean government’s attacks on the press, since they had regarded the two South African leaders as the champions of freedom in the region.

“This confirms that South Africa is just another African country. Africa is known for dictators, who, in the other way when their colleagues trash their critics and South Africa is going the same way.”
Journalists to go to torture centre

Michael Harnack

HARARE — Sunday Standard editor Mark Chavunduka and reporter Ray Choto, detained in January after reporting about a crackdown in the army, would fly to London to ‘the Centre for the Treatment of Torture Victims’ ‘as soon as possible’, Sunday Standard proprietor Clive Wilson said yesterday.

‘It will be a relief to be free of the fear of the military’ Choto said yesterday after the two defeated a state appeal against relaxation of their bail conditions.

The trip will be sponsored by Amnesty International. Doctors who examined the two after their release said their injuries indicated they had been tortured.

Following a three-hour hearing in chambers, Judge Younis Omere, who ruled on Tuesday they were unlikely to evade trial on charges of ‘publishing a false report liable to create alarm and despondency’, alleged by prosecutors,
The recent 16% price increase has been declared null and void by the government.

Zimbabwe bread price

The recent 16% price increase has been declared null and void by the government.

REST OF AFRICA
Mugabe in scramble to avoid new bloodshed

By Jesse Adler

ZAMBIAN PRESIDENT spinach Mugabe today urged the South African government to send an African peacekeeping force to southern Africa as a way of ending the conflict between Angola and Zaire.

Mr. Mugabe said that a three-nation conference in Pretoria, including South African President Nelson Mandela and Zambian President Kenneth Kaunda, should be set up to mediate in the conflict.

He said that Mr. Kaunda had suggested that the conference be held in Zambia, where the first meeting would take place.

The conference would be attended by all the countries in southern Africa, he said.

The seven-nation Southern African Development Community (SADC) has expressed concern over the situation in Angola.

Mr. Kaunda said that the conference should be held in Zambia next week.

He said that the leaders would discuss the situation in Angola and other matters.

The leaders of all the SADC countries would be invited to attend the conference.

Mr. Kaunda said that the meeting would also consider ways to help the people of Angola to achieve peace.
'Corruption has cost Zimbabwe ZS17bn'

Michael Hartnack

HARARE — Publicised cases of corruption have cost Zimbabwe ZS17bn in the past three years, Morgan Tsvangirai, secretary-general of the Zimbabwe Congress of Trades Unions, alleged last week, when he urged labour and employers to recognise they were "both victims of a vicious economic system".

University of Zimbabwe lecturer John Makumbe, addressing the same seminar, organised by the Zimbabwe Institute of Public Relations, urged business leaders and the 70,000 white minority, not to distance themselves fearfully from constitutional and political change.

Economist John Robertson said a crisis of confidence in the country lay behind a crash in the value of Zimbabwe dollar from seven to one to 39 to one against the dollar. "We have damaged our credibility in the international market. This is going to cost us a great deal."

Tsvangirai, who at the weekend announced the trade union congress would "facilitate" the formation of a new political party to challenge President Robert Mugabe's ruling Zanu (PF) at next year's parliamentary elections, said Zimbabwe faced a crisis in governance, in the economy, in its constitution and "a crisis of military intervention", internally and externally.

Tsvangirai said the new party would not only represent labour, but be a broad-based movement for governmental and constitutional reform.

He said there were no coherent answers from ministers on policy and he feared all the resources of the state, including the Central Intelligence Organisation, would be deployed against mounting dissent.

"We are all in this boat and we have got a drunk captain whose only place is as a museum piece," he said.
Zimbabwe’s economy faces tough right
Publisher forced out in Zimbabwe

Michael Hartneck

HARARE — Clive Murphy, 51%, majority shareholder in the companies owning the Zimbabwe Independent and the Sunday Standard, has announced he is disinvesting from the country's publishing industry.

This follows President Robert Mugabe's demand that he and others named as "saboteurs" and "British agents" quit the country, and came after a turbulent period which saw the arrest of Sunday Standard editor Mark Chavunduka, reporter Mark Choto and MD Clive Wilson.

British-born Murphy, 54, who was educated in Zimbabwe and has published trade journals since 1989, said yesterday: "Contrary to popular belief I do not control what goes into these newspapers. When it gets to the stage when an investment I am involved in is giving more hassle than it is worth, I will just move on. The last eight weeks has not been pleasant."

Sources said MD Clive Wilson, who previously held 25%, to 26% shares in Zimbabwe Independent Press, would be taking over Murphy's holdings in the two paper's proprietary companies along with Zimbabwe Independent editor Trevor Ncube, Chavunduka, and co-director Sarah Thompson, who are already its minority stakeholders.

Murphy, who has extensive printing, real estate and other business interests, said he would not be emigrating to Zimbabwe but would never again undertake publishing in Zimbabwe.

Chavunduka and Choto, who collected their passports on Friday after hours of bureaucratic obstruction by court staff, flew to London late last Sunday night for six months treatment at a centre for torture victims in the British capital.

In defiance of repeated high court orders, they were selected by military police in January this year after reporting a crackdown on suspected dissent in the Zimbabwe National Army, which has 6,000 to 8,000 troops deployed in the Democratic Republic of Congo.
Prison band leads march against judges
Unpaid Zimbabweans seek govt intervention

Michael Hartnack

HARARE—Employees of the giant Boka Tobacco Auction floors have appealed to the Zimbabwean government to intervene to secure unpaid salaries after they received letters saying the floors would be idle this season.

Auctions of an estimated 183 million kilogram crop are due to start in a few weeks.

Rudo Boka, daughter of failed tycoon Roger Boka, was reported by the state-run Zimbabwe Broadcasting Corporation to have sent letters to staff of the floors giving them two months’ notice. Roger Boka was said by family members to have died last month on a charter flight home from the US.

President Robert Mugabe, who alleged Boka was the victim of an international conspiracy by white racists, bailed him as a pioneer of black economic empowerment and Boka’s funeral was attended by many prominent personalities including cabinet ministers.

Boka, acting MD of the Boka Auction Floors, blamed “negative publicity” surrounding last May’s closure of her father’s United Merchant Bank with 233.3bn debts for the reluctance of growers to sell their crop through her company.

A small group of 30 to 40 employees demonstrated at the weekend for salaries they claimed had gone unpaid since January. When the floors opened in April 1997, Roger Boka announced they had 500 staff, and billed the floors as the largest in the world.

They were built without planning permission on Harare municipal land—and still unpaid for—at an estimated cost of $900,000, and by Chinese contractors.

In 1997 the floors sold only 8% of Zimbabwe’s 205-million kilogram crop while last year they sold barely 3% of 216kg.

Seven employees of Boka’s United Merchant Bank are still on bail pending prosecution over the fraudulent issue of 231,6bn bills on the parastatal Cold Storage Commission, for which the state was forced to underwrite an issue to prevent a wave of banking sector collapses.

Boka went to his grave without being questioned about recipients of the “poor quality and irrecoverable loans which caused his business empire to founder, according to a report by Reserve Bank governor Leonard Tsumba.

All computer files were wiped and truckloads of records destroyed before investigators moved in.
MUGABE FACES HIS BIGGEST POLITICAL CHALLENGE

But it’s doubtful the new party can sustain a fight against him.

The Zimbabwe Congress of Trade Unions’ decision to facilitate the formation of a political party to contest the next general election, due early next year, is the sternest challenge yet to President Robert Mugabe’s 15-year grip on power. Mugabe, a hero of Zimbabwe’s war of independence from colonial rule, has failed to deliver on his promise of a better life for all. Landslide victories in the first two elections gave his Zanu PF party a mandate to do as it wished without even a token challenge to its authority. Opposition from the discredited remnants of the Rhodesian Front strengthened its resolve not to listen to critics.

That original mandate has been exploited by Zanu PF to entrench its post-liberation authoritarianism at the expense of the country as a whole. Ordinary Zimbabweans are now 40% poorer in per capita GDP terms than they were at independence.

The dichotomy between Zimbabwe’s two nations is as stark now as it was 20 years ago. But the social divide is not the product of a Rhodesian conspiracy as Mugabe would have us believe: it is the outcome of two decades in which public expenditure has favoured a political-military complex at the expense of broad-based development.

Money that should have been spent on roads, bridges and dams has gone down the drain of an overweening defence structure. Instead of drilling boreholes, Zimbabwe’s elite hijacked a District Development Fund to provide their own farms with water, a recent report by the auditor-general revealed.

Meanwhile, black empowerment has been hobbyd by interest rates approaching 50%, while land reform has been held up by Mugabe’s own obduracy.

A recent survey carried out by the Central Statistical Office shows that 70% of the people in the rural areas and 40% in the towns live below the breadline.

It is against this background that the militant ZCTU has reached a decision to go political. While the unions’ roll call action last year and early this year forced significant tax concessions from the government, the trade union umbrella body says misgovernance is at the heart of Zimbabwe’s problems.

In a country starved of meaningful opposition, the ZCTU announcement, after months of hesitation and taunts from Mugabe, has been received with excitement.

The ruling party has predictably greeted the news of a new party with scorn. In ominous remarks, Information Minister Chen Chimutengwende said it was doomed to fail because Zanu PF would never allow it to succeed. Repeating a familiar refrain, he described the new formation of unions and civics as a front for local whites and foreign interests opposed to the government’s land reform programme.

Labour Minister Florence Chideu said it was illegal for the unions to consider forming a political party and threatened to stop it receiving subscriptions from its members should it take off.

The going will not be easy for the new political party given an electoral system designed to help Mugabe remain in power. But the fact that it has aroused so much interest is an indication of how, with parliamentary elections less than 10 months away, Zimbabweans want it to succeed.

Mugabe’s decision last December to ban strikes speaks of its potential as a threat to his popularity in the cities. The ZCTU’s charismatic leader, Morgan Tsvangirai, is one of the few Zimbabweans who is a match for the garrulous Mugabe.

But in the rural areas where more than 70% of the population live, the new party will have its work cut out. Zanu PF’s politics of patronage will make this important section of the population difficult to convert.

In addition to reforms to the Electoral Act, the Broadcasting Act will have to be changed to ensure that all contesting parties have equal access to the public broadcaster. Mugabe has shown no inclination to do that.

Meanwhile, Tsvangirai will have to decide what role he wants to play in the new party. Zambian President Fredrick Chiluba’s victory on the back of a labour movement might persuade him to go for the leadership, in which case he will have to give up unionism. Both he and ZCTU president Gibson Sibanda have shown they have the guts to take on Mugabe, but it is doubtful that they have what it takes to sustain a bruising fight against the President, a streetfighter of note with all the resources of the State behind him.

What they envisage is an umbrella body to unite all the civic groupings such as churches, human rights organisations and other opposition parties such as Margaret Dongo’s Zimbabwe Union of Democrats.

One man who must not be left out of all this is Professor Henery Dzinotyiweyi, who has set up the impressive grassroots-based Zimbabwe Integrated Programme, educating the common people about their rights and how to be self-reliant. A sound administrator and academic, Dzinotyiweyi is a candidate for leadership of the proposed new party.

There are no indications that the ruling party is prepared to relinquish power without a fight even though it has run out of ideas as to the way forward.

Of late, it has gradually ceded vital national institutions such as the prison service, the Central Intelligence Organisation and national parks to military personnel.

It used violence in the early Eighties to force its liberation ally ZAPU into a marriage of convenience. The recent illegal detention and torture of two journalists has reminded us that it still has both the inclination and the means to deal with its opponents outside the electoral ring. And given the challenge that the new party represents, Zanu PF will certainly be taking the gloves off in this particular contest.

Trevor Mudimbi
Zimbabwe union slated for links to new party

By CHRIS BISHOP
INDEPENDENT FOREIGN SERVICE

Harare — A cat-and-mouse game is being played between the government and its growing opposition, even though a formal party is only to be launched in six months’ time.

Using the same tactics it employed recently against a planned new newspaper, the government hinted that the Zimbabwe Congress of Trade Unions may be breaking the law by spearheading the drive towards a new party.

This has worked, to an extent, with the ZCTU, in the persons of secretary-general Morgan Tsvangirai and president Gibson Sibanda, being at pains in the past few days to explain that their organisation was not transforming itself into a political party but was just lending its support to a new political party alongside 40 civic and human rights organisations.

But they added that they believed such a party would improve the lot of the more than 700 000 workers the ZCTU represents.

Media assessments say the support likely to be given to the new party would be a threat to Zanu (PF)’s dominance of Zimbabwe’s political landscape. The weekly Standard reckons the new party would “make mincemeat” of Zanu (PF) in polls next year.

Shaken by the emergence of this political giant, Zanu (PF) and government officials have been criticising and discrediting the ZCTU’s leadership over their intention to get personally involved in politics.

Minister of Public Service, Labour and Social Services Florence Chitauri said this week it was illegal under the law for the labour movement to transform itself into a political party.

This drew the legal fraternity into the fray. Two legal experts from the University of Zimbabwe quickly countered this assertion, by saying that no such laws exist in Zimbabwe.

In the open

Zanu (PF), through its secretary of administration Didymus Mutasa, said the union had finally come out into the open, and it was clear that the strikes the union organised last year were not to address workers’ grievances but to further its own political aims.

The party’s mouthpiece, the weekly People’s Voice, went further, suggesting the labour movement’s leadership should resign as they now wanted to deal with politics and not with workers’ rights and grievances.

Although cautious, the ZCTU said it was going ahead with nationwide consultations, estimated to take six months, about the proposed party.
AIDS sends African life expectancy plunging

Washington — AIDS has cut average life expectancy in Zimbabwe by 26 years and in South Africa from 65 to 56, the United States Census Bureau reported today.

Life expectancy in Zimbabwe is 38, down from 65 were it not for the AIDS epidemic, the bureau said. Other African nations also have experienced significant reductions in life expectancy because of AIDS.

"AIDS results in higher mortality rates in childhood, as well as among young adults where mortality otherwise is low," said Karen Stanek, a contributing author of the Census Bureau's new report.

"As a result, AIDS deaths will have a larger impact on life expectancies than on some other demographic indicators in these nations."

The report suggests the following reduced life expectancies due to AIDS in African nations:

- Botswana, from 62 to 30 years;
- Burkina Faso, 55 to 46; Burundi, 55 to 46;
- Cameroon, 59 to 51; Central African Republic, 55 to 45;
- Congo, 67 to 47; Congo, 54 to 49;
- Ethiopia, 51 to 41; Ivory Coast, 57 to 46;
- Kenya, 68 to 48; Lesotho, 52 to 54;
- Malawi, 51 to 37; Namibia, 65 to 42;
- Nigeria, 59 to 54; Rwanda, 54 to 42;
- Swaziland, 55 to 38; Tanzania, 55 to 46;
- Uganda, 54 to 43; and Zambia, 56 to 57.

Other findings from the report:

- The world population will reach 6 billion this year.
- Between 1998 and 2025, the world's elderly population (age 65 and over) will more than double while the world's young (under age 15) will grow by only 26%.
- About 95% of world population increase now occurs in the developing regions of Africa, Asia and Latin America.—Sapa-AP
Tourism tie-up ‘not helping Zimbabwe’

HARARE — When Robert Mugabe, Zimbabwe’s president, and Thabo Mbeki, South Africa’s deputy president, launched a Blue Train service from Cape Town to Victoria Falls in December, they hailed it as a new sign of regional tourism and urged the rest of the region to follow suit and market southern Africa as one destination.

But now Zimbabwean tour operators claim South Africa is benefiting from the venture at their expense, saying it may hit their revenues by as much as 10 percent.

They say high-spending tourists from rich countries are attracted to South Africa’s innovative packages, when they visit Zimbabwe’s tourist spots, they use South African tour operators, paying them.

Hotels and the National Railways of Zimbabwe, which charges a fee on all foreign trains, are the only Zimbabwean organisations to gain. Even so, the hotels say tourists are booking fewer nights in their hotels.

Nick Moyo, the operations director of the United Touring Company, Zimbabwe’s largest, said the average hotel stay had fallen from 10 nights to four.

He blamed this on the innovative marketing done by foreign companies, especially South African ones. He was unhappy about South Africa’s limitations on Zimbabwean operators entering the country but said Zimbabwean tour operators should also be innovative.

Geoff Cook, who operates Rail Safari, a train service whose South African route ends in Johannesburg said Zimbabwe could become satisfied with present levels of cross-border movement and not assess the costs and benefits to the country. He is opposed to South Africa’s attitude to Zimbabwean tour operators.

He said the biggest danger was that Zimbabwean tour operators were operating the same packages as their South African counterparts, who had more options.

Another problem is that the Zimbabwean tourism industry is dominated by foreign companies. It is estimated that in some instances more than half of the money generated by foreign tourists leaves the country.

In most cases, multinational tour operators own their own hotels, car hire companies, white-water rafting and safari lodges.

Tourism in Zimbabwe is the third largest foreign currency earner, generating $1.5 billion in 1996.

Tourist arrivals rose 40 percent last year to almost 1.6 million, helped by the weak Zimbabwean dollar. The industry employs 16 percent of Zimbabwe’s workforce. It is expected to employ 200,000 people by the end of the year. — Independent, Foreign Service
AFRICAN I

Stock exchange is rising, but business confidence has been shattered

Zimbabwe ‘hostage to politics’

CRES CHIVAKA

Harare — Zimbabwe’s bourse is rising despite political tensions and a crisis of business confidence, but analysts said yesterday the overall economy was severely strained by woes that included record inflation and interest rates.

In the past few weeks, several quoted companies have posted strong 1998 results because of a weaker local currency and improved management.

The main industrial index on the Zimbabwe stock exchange has risen 34.2 percent on the year.

But analysts said the economy, which the government estimates grew by 2 percent last year and will rise no more than 1.5 percent in 1999, was being slowed by poor fundamentals and anxiety over the country’s high political temperature.

“There is some good news coming through especially from the stock market side ... but the economy as a whole is currently a hostage of our politics,” a bank executive said.

He highlighted a business community whose operations have been hurt by high interest rates, hovering above 45 percent, and consumer inflation, which averaged 32 percent in 1999 and hit a record 50 percent in February, jumping 5.6 percentage points on the January rate.

Industry has also been hit by an unstable Zimbabwe dollar, which tumbled 50 percent against the US dollar last year and looks shaky in the absence of balance of payments support from the International Monetary Fund (IMF).

The IMF and other key Western donors last year withheld crucial aid to the southern African state because of a lack of transparency in government policies, especially the drive to forcibly buy mostly white-owned commercial farms to resettle peasants.

After 19 years in power with little opposition, President Robert Mugabe is facing accusations of corruption and incompetence.

Mugabe denies the charges, low commodity prices.

John Robertson, a private economic consultant, said: “These problems have affected other countries but our case has been compounded, and remains so, by trying to develop an economy to serve a political patronage system and hesitant or incoherent policies when we try the right thing.”

He pointed to Zimbabwe’s slow privatization programme, launched nine years ago, and lack of funding for some capital development projects, including dams and roads.

“There is a crisis of confidence ... and the government can help the economy by addressing issues openly,” Robertson said, noting anxiety was rising over the government’s clash with civil society on plans to rewrite the constitution.

A coalition of civil groups, including churches, unions and rights watchdogs, say they will campaign vigorously against Mugabe’s plans to appoint a presidential commission to write a new constitution instead of allowing an independent body to do the work. — Reuters
Zimbabwe in appeal to SA for intervention

Defence minister urges country to get involved in regional conflicts

By Jean-Jacques Cornish
Star Foreign Service

Zimbabwe will make another appeal to South Africa to become more directly involved in seeking a peaceful end to conflict in the Democratic Republic of Congo and Angola, as a Southern African Development Community meeting on southern African conflicts gets under way today.

Defence and security ministers from 14 countries are attending the meeting of the inter-state security and defence committee in Mbabane, Swaziland, is due to assume the chair of this important SADC body.

Hints of the strategy Zimbabwe will be following at the talks were given earlier this week by Moven Mahachi, Zimbabwe's Defence Minister, at a press conference in Pretoria.

Mahachi said he expected the DRC and Angola to dominate the agenda, and reiterated his government's determination to maintain its military intervention in the DRC.

Zimbabwe would defend its decision to make whatever sacrifices were necessary to defend the Kabila government from a rebel onslaught and to restore peace and stability in this troubled African nation, he said.

Even though Kabila was helping to foot the bill, it was very expensive maintaining the Zimbabwe brigade of about 5,000 men in the DRC.

So far 40 Zimbabwean soldiers had died in the fighting. Larger casualty numbers provided by the rebels were fabricated, he said.

Mahachi said his government accepted South Africa's reluctance to commit troops to the DRC and Angola. Nevertheless, it believed that South Africa could become more involved in ending the fighting.

In Angola, SA should back the UN, OAU and SADC position of alienating the rebel Unita movement and stopping the flow of arms to Unita through territorial SA should also use its political muscle against Rwanda and Uganda for supporting the rebels in the DRC.

Despite the differences in opinion over the DRC, SA and Zimbabwe maintained excellent relations, including a defence pact, Mahachi added. He blamed the media for trying to sour the relationship.

Mahachi denied that Zimbabwean journalists Mark Chavunduka and Ray Choto were tortured in military custody while being questioned about a report alleging a failed coup in Zimbabwe. He said the marks these journalists had shown to substantiate their allegations had been on them before they were arrested.

Mahachi said the rule of law had not been undermined in Zimbabwe, which had a free and independent media.
Austies to Fly the Coop?  Will BHP sell off Hartley?

A

ustralian mining giant BHP's widely predicted exit from Zimbabwe will do nothing for the region's international investment image. Trumpeted as Zimbabwe's largest-ever private-sector investment, the development of Hartley platinum mine was billed by the World Bank, among others, as the catalyst for a flood of inward mining investment.

Five years later, BHP is reportedly seeking a buyer for its 67% stake in the mine, which has fallen far short of expectations.

BHP itself is saying nothing, but the industry in Australia, Europe and SA is alive with speculation. Investment bank Warburg Dillon Read has drawn up a bid document which sets May 28 as the disposal date of BHP's stake.

The Australian group wants out not just because the mine is underperforming and a drain on scarce cash resources, but also because platinum in Zimbabwe is "non-core" business. By December, BHP had invested over US$460m in the project, but the rate of underground ore delivery to the mill was only 60 000 t-70 000 t a month against a targeted rate of 180 000 t.

In a report to shareholders, BHP's partner in the ill-fated project, Delta Gold, says though the technical fundamentals at Hartley are "sound", metal production and associated commercial outcomes will "remain far below expectations until underground mine development rates are increased materially and rock-breaking and conveying equipment are operating effectively".

It adds that in the light of issues delaying Hartley reaching its target for underground ore, it is not possible to forecast when these targets will be met.

Inevitably, SA mining houses are being touted as the most likely buyers. Anglo's Amplats is said to be interested if it can get a bargain price. It would then close the underground operation, industry sources say, while exploiting the open-cast pit and using the refinery to process ore from SA.

Impala Platinum is said to be interested only if Hartley could be acquired as part of a bigger package that would take in the much more attractive Ngezi opencast project owned by Delta Gold (which has 33% of Hartley) and for which a feasibility study was launched last October.

If developing Hartley has turned into a corporate nightmare, getting rid of it may not turn out to be any easier.

Apparently, in return for tax breaks and other concessions — such as the right to bring in expatriates and to sell platinum directly rather than through the State monopoly, Minerals Marketing Corp of Zimbabwe — BHP agreed to performance guarantees, which it will have to meet in cash. According to some in the industry, these will run to more than US$100m.

Even if that snag can be overcome, there is a question mark over the likely attitude of the Zimbabwean government. Not only will it be upset at the failure of this "catalyst" investment, but it will come under great pressure from black empowerment groups demanding a piece of the action if and when Hartley changes ownership.

The last thing government wants is to have to buy out BHP and then warehouse the shares for black investors, none of whom would have the funds and expertise to operate the mine.

To add to Harare's problem, the World Bank has thrown a spanner in the works of a bigger project — the planned thermal power station and associated coal mine at Sengwa, near Kariba. Rio Tinto is working on a feasibility study for the mine, but tenders for the main construction contract for the power station — to be developed by Britain's National Power and the government-owned Zimbabwe Electricity Supply Authority — have been delayed.

The World Bank, whose backing is crucial to the project, wants the Zimbabwe government to review its power supply options on the grounds that thermal electricity may be more expensive than further hydro development or imports from Mozambique, the Democratic Republic of Congo and SA.
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SA white
Brokers deny insolvency

Michael Hartnack

HARARE — Zimbabwe’s first black-owned short-term insurance brokerage, Solid Insurance company, denies it is insolvent.

The allegations were made in a report by auditors Kudenga & Company, appointed by Finance Minister Herbert Murerwa.

"The company rejects the findings of the report," said a statement from the office of CE Solomon Nyakudya. It claimed the findings were "prepared hurriedly without full information".

Solid acknowledged owing creditors Z$20m, which it said was underwritten by its major shareholder, Solid Structures, as part of a recapitalisation programme. It admitted that submission of information to auditors was slow as the company was operating with a skeleton staff since the insurance commissioner ordered it to stop transacting new business last year.

Kudenga & Company reported: "Solid Insurance does not have a margin of solvency sufficient for the purposes of carrying on insurance business." It recommended Nyakudya and his entire management step down, as creditors were "guaranteed to get virtually nothing". Present conditions further jeopardised policyholders.

The report predicted farmers would suffer most, having 28 000 head of cattle insured for Z$142m.

Murerwa may decide to liquidate Solid or place it under judicial management. The last audit, attempted in 1997, was incomplete. Solid reportedly owed more than Z$40m to reinsurers and similar sums to the National Social Security Authority and medical aid societies.

"Solid debtors said to be owing more than Z$1bn are disputing claims and refusing to pay," in Harare.

First year: 16 "cheques worth Z$3m were dishonoured. Nyakudya allegedly had a Z$449 000 staff loan. Details of the financial background and ownership of majority shareholder Solid Structures, a private company, have not been revealed.

Phillip Chiyangwa, head of Affirmative Action Group, denied that Solid insurance’s problems, on the heels of the failure of Roger Bola’s United Merchant Bank, was a setback for empowerment. Black business "could not remain in the ghetto", he said. "The system is still colonised and racist."
Currency slide-the-saving grace-for Border Timbers (36c)

Marvin K. Huskins

$41.91

Zimbabwe dollar

In US dollar terms.

Zimbabwe dollar

32.94

25.00

$41.91

The drop in US dollar terms.

The loss of the Chirungu dollar, which had been in line with the US dollar, has been made worse by the slide in the Zimbabwe dollar against the greenback. The result is a higher cost of goods imported from abroad.

The company's export earnings have also been adversely affected by the currency slide. The company's export earnings have been hit by the slide in the Zimbabwe dollar against the greenback. The result is a higher cost of goods imported from abroad.

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Zimbabwe is a tax heaven, says receiver

Introduction of VAT still stalled, writes Michael Hartnack in Harare

ZIMBABWE'S commissioner of taxes, Gershem Pasi, calls his country a "tax heaven", and strongly defends the imposition of controversial withholding taxes on gross proceeds of share and real estate transactions.

A 10% capital gains withholding tax on share deals was temporarily suspended this year when the local stock market came to a halt, but similar systems remain in force on gross income from real estate sales.

"To try to recover any amount owing can be a tax officer's nightmare," Pasi told a taxation conference in Harare last week. Pasi's claim of a "tax heaven" startled most observers, who believe this is one of the most highly taxed nations.

Conference organiser David Harrison said Pasi faced a barrage of questions about his department's continued demand for all tax returns to be complete within a month of their being sent out, placing an intolerable strain on accounting firms.

The result was that 90% of taxpayers' returns were late, and liable for penalties. Expatriate staff were being imported during the crisis period, but no resolution was in sight.

Pasi said most businessmen ought to know what their profit was by the end of their operational year. Harrison said the finance ministry barred accountant Josephine Malambo, a member of the official committee on the pending introduction of VAT, from outlining problems other countries, notably SA, had experienced in introducing this tax.

Economist Eric Bloch, who spoke instead, said that SA was forced to backtrack on some items subject to VAT after failing to address socioeconomic consequences.

"VAT was due to have been introduced in Zimbabwe last year, but it remains indefinitely delayed. Pasi said that in the past those who made capital gains profits were repeatedly found to have spent the money, sent it abroad or channelled it through dormant companies when the time came for the state to collect."

He said that half of the property transactions in 1997/98 went undeclared. Of seven share transactions followed up despite difficulties, none had been declared.

Pasi defended the taxation of foreign investors, whose money had been reduced in hard currency terms but who, because of the collapse of the Zimbabwe dollar, appeared to have made a profit in Zimbabwe dollar terms.

"Based on our rather limited understanding of the operations and needs of the stock exchange and the economy, we believe that tax concessions, including permitting the continued tax heaven status on capital gains tax, may attract more speculators than serious investors," he said.

"Thus, while short-term demand for shares may give the appearance of economic health, if it is from speculators it will be unreal and short-lived. The resulting high volatility may make the Zimbabwe Stock Exchange its own worst enemy." An anonymous contributor from the floor protested there was no distinction between a speculator and an investor in high-risk Zimbabwe.

Economist John Robertson said the government failed to appreciate the economic consequences of tax measures in its drive to maximise revenue. It was allowing anomalies to persist and preventing reinvestment of domestic savings.

The "extraordinary penalties that people and companies have to fear for being in the tax net" explained the explosion of the informal sector, Robertson said.

Tax consultant Fiona Farmer of Bulawayo warned that taxpayers had lost the right to offset money owed them by government against tax they owed the state, as a result of a recent court case.
HARARE — While increasing numbers of skilled Zimbabweans are reportedly emigrating, Britain has been accused of cracking down unfairly on bona fide travellers in a bid to curb illegal migration.

British high commission spokesman William Robertson and Zimbabwe's acting chief immigration officer, Stanislaus Shoniwa, said there had been 444 applications to settle in Britain last year, a 67% increase on 1997, and "all but a very small number were granted".

There had been a 36% increase in the number seeking work permits or admission for working holidays and for study.

SA's high commission last month reported a quadrupling in the number of Zimbabweans seeking to settle in SA. More than 100 000 white Rhodesians trekked south after the 1972-80 bush war, followed by 1-million black Zimbabweans, including 14 000 qualified doctors, mining engineers and accountants.

Arthur Sithole of the National Manpower Advisory Council said that many with much-needed computer or engineering skills were quitting, with black Zimbabweans going to neighbouring states where pay was better and taxation lower.

Robertson said an explosion in the number of Zimbabwean travellers turned back at Gatwick and Heathrow airports "needs to be thoroughly discussed with the UK".

Robertson said Britain's stricter controls on admissions were not only aimed at Zimbabwe but reflected a tightening up on all foreign nationals who had been breaking regulations.

A senior Zimbabwean official, Charles Chirume, complained to the Zimbabwe Broadcasting Corporation on Tuesday that Zimbabweans were being told to remain on airliners landing at London's Gatwick and Heathrow airports to be "vETTED" in their seats for admissibility. Other states' nationals were allowed to disembark, he protested.

Home Affairs Minister Dumiso Dabengwa told a local magazine he intended to send "a strong letter of protest" to the British high commission over the heartbreak of travellers who spent their savings on air tickets, only to be put on the next flight home. Several individual stories have been highlighted in articles which alleged anti-Zimbabwean prejudice by white officials.

Shoniwa said in December, the latest month for which full statistics were available, 94 Zimbabweans were turned back. Robertson said many would-be entrants failed to show they had sufficient funds to sustain themselves during their intended stay.

President Robert Mugabe last month told whites opposed to his government to "examine their consciences" and "pack their bags and go". Yet the exodus to Europe, other African states, Australasia and North America was reportedly embracing skilled Africans as well as people of mixed race and Asian descent.
Protection

We look for the future

Protection Ministry has drafted explaining a large copy of its plans on the return from Africa.

Missionaries refuse Mugabe's charges

International News

Andrew A. 1999

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Margins force Hippo Valley to restructure

Michael Hartnack

HARARE — Anglo-Zimbabwe subsidiary Hippo Valley Sugar Estates announced a major restructuring review yesterday as a result of falling world sugar prices, internal price controls, and pending loss of protection under the Southern African Development Community trade protocol.

The restructuring exercise, entailing probable shedding of noncore operations and redundancies, is the fourth of its kind in the past three years at an Anglo subsidiary in Zimbabwe. The corporation's plans for a large new platinum project at Shurugwe are also being delayed due to lack of agreement with the government on unspecified financial arrangements.

Last year, economic uncertainties caused a consortium, including Hulett's, to cancel plans for a major venture in Zimbabwe's northeast Mazowe Valley. The corporation, which has created employment for thousands of local sugar farmers, said the number of employees to be retrenched would only be known after a review by international consultants was complete.

The 12 500ha estate, bulldozed from uninhabited bush in the 1950s, produced 276 000 tons of sugar last year of which 37% went to exports.

Mtsambiwa said the world price of sugar had fallen from 12 to US$0.055 a pound last year, the internal price had been pegged at about 50% of those prevailing in the region.

The trade and industry ministry rejected requests for a 15% increase in December, granting a 10% increment and delaying requests for further review. Mtsambiwa said it was necessary "to do a complete review of our business processes to try and run with the champions."

Anglo Zimbabwe director David Durbridge conceded the past three years had seen similar restructuring and redundancy exercises at Anglo subsidiaries Border Timbers, Zimalloys, Bindura Nickel and Anglo Zimbabwe headquarters itself.

"Yes, that is true. All of these businesses have to some degree to compete on the international market. Stuck here, at the southern tip of Africa you are quite far from the main marketplace.

"All these businesses have a responsibility in common to sharpen their skills. In the past couple of years things have changed and the competition out there has become much tougher." Mtsambiwa said although "designated a sensitive area" in trade talks with SA, the sugar industry might lose protection under the pending trade protocol. One of its two 31 000-ton quotas for the European Union was due to lapse in 2001, as might a 15 000-ton US quota. Last year Hippo Valley recorded 231.2bn gross turnover.
Zim’s homo-media-phobia

While Zimbabwean MiGs drop bombs on eastern Democratic Republic of Congo, back home the independent press is bombarded with other ammunition.

Last Friday, 150 toy-toting, flag-waving, fiery youths in Zanu-PF T-shirts stormed the building of The Standard. They burnt a copy of the newspaper and threatened to torch the office if the paper did not tone down its anti-government stance in 24 hours.

On Saturday, David Martin, a faithful government apologist, was trotted out during the evening newscast to blame homosexuals in powerful political offices in the West and homosexual foreign correspondents for feeling negative views of Zimbabwe in response to President Robert Mugabe’s attacks on gays. Martin is executive director of Zimbabwe Publishing House, at the donor-funded Southern African Research and Documentation Centre.

“Fat bums, ignoramuses, obese lunatic lies,” wrote Bornwell Chakaonda, editor of the government-owned daily The Herald, in a diatribe against Trevor Ncube, editor and second major shareholder of The Independent and The Standard. Ncube is also described as a puppet of “Rhodesian handlers... the acceptable face of the beast, the mega lips of the monster”.

“The language of liberation war propaganda still appeals to some,” says Basildon Peta, an investigative reporter formerly with The Independent, now with a new daily in the pipeline. He was called a “neo-colonised imbecile” in the government-owned Sunday Mail.

Since it was launched in May 1986, The Independent has consistently exposed government corruption. It has named top officials as looters, and published articles and editorials — including some at the Ministry of Information.

Recently, it uncovered a scam where millions of dollars meant for water supply in poor villages were diverted from the district development fund to sink boreholes on suburban homes and farms of senior government officials. Also uncovered was a pay-TV bribery scandal implicating Vice-President Simon Muzenda. Furthermore, its reporting uncovered an illegal sale of British-made cluster bombs to Zimbabwe via a Swiss company.

Not to forget an unforgettable sin: In 1986, Ncube, then at the Financial Gazette, broke the story of Mugabe’s long relationship and wedding to his former secretary, Grace Marufu.

Fanning homophobia, exploiting the white/black ethnic faultline, resorting to insults — every day brings a new attack, from the mild to the wild, against the independent press. These range from long, boring, convoluted pieces in The Herald about the limits of press freedom to angry tirades by ministers.

Nowhere are the issues of misgovernment reported by the private press addressed. It is a case of killing the messenger who brings the bad news.

More threatening than mobs and homophobes are the new measures to curtail press freedom the Ministry of Information is considering. Among them: censorship of stories dealing with military matters, a media council, licensing arrangements, and restriction of foreign ownership of and foreign donations to local media.

The latter could dry up donor money for trade union or human rights publications, and threaten a new arrival on the local media scene, Associated Newspapers of Zimbabwe (ANZ), with the ANZ is 69% foreign-owned and is launching a daily paper on March 30.

The new measures could be challenged in court under Section 20 of the Constitution for infringement of constitutional rights, says lawyer Tendai Biti.

“It’s an old story. Zanu-PF reacts to a crisis in a violent manner, literally and metaphorically, with legal and extra-legal reactions about form and not substance,” says Biti.

Zimbabwe already has severe laws regarding the press and defamation. The government is aware it is treading on a minefield. Secretary of Information Willard Chiwenga says the ministry is studying laws from other countries for inspiration.

The illegal arrest and torture of The Standard’s Mark Chavunduka and Ray Choto in January triggered domestic and international condemnation. Donors are watching closely. Worldwide, the trend is against controls and for democratisation. And, by tightening controls on foreign ownership while wooing foreign investment to rekindle the economy, the government is shooting itself in the foot.

A battle is raging for the soul and rule of the Zimbabwe Union of Journalists. On the one hand, the sheer number of staff at the government-owned press sways the union towards an acquiescent position. On the other, activist reporters believe the union’s role should be to defend press freedom and union members such as Choto and Chavunduka.

Since mid-January, a project sponsored by media watchdogody Article 19, the Media Institute of Southern Africa and Zimbabwe’s Catholic Commission of Justice and Peace monitors state-owned broadcast and print media. Its weekly reports state that only 6% of stories on Zimbabwe Broadcasting Corporation (ZBC) TV are fair and balanced; 90% of stories (68% last week) are based on one source only; and roughly half the stories are “the voice of Zanu-PF”.

In a significant court victory, ZBC’s TV was recently forced to flight ads by the National Constitutional Assembly (NCA), a coalition seeking to change the Constitution. Having won an urban constituency, NCA now wants to reach rural people, Zanu-PF’s traditional support base. This means TV.

NCA won its case on grounds that the sole TV public broadcaster has no right to dictate content or ban views that differ from the government’s. It’s the voice of Zanu-PF.

To quote one philosopher cherished by Zanu-PF: “The reactionaries will shut a rock to hurl at us — and drop it on their feet.” So said Chairman Mao.
Mugabe relaunches bid to grab 520 white-owned farms

Harare — Robert Mugabe, Zimbabwe’s president, said his government planned to relaunch its efforts to confiscate 520 white-owned farms and hand them over to blacks, it was reported at the weekend. A Zimbabwean court ruled in January that the government had been late in filing paperwork to seize the farms, which comprise 600,000 hectares.

Britain and other donor nations have refused to assist Mugabe’s land redistribution program, fearing farms will be given to wealthy politicians rather than the rural poor. Mugabe has also drawn criticism for the torture of two Zimbabwean journalists whose newspaper reported a military coup plot earlier this year.

At the weekend, Mugabe lashed out once again at whites “who have sworn to resist... the land acquisition and resettlement process we are pursuing”.

“What sin have we committed in asking for the land which was taken from our forefathers by the British?” he asked.

Zimbabwe was colonised between 1880 and 1980. A third of its farmland still belongs to white families.
Mugabe begins new takeover bid

HARARE — President Robert Mugabe has announced a fresh attempt to acquire 520 white-owned farms, exempted on procedural grounds by Zimbabwe’s Administrative Court earlier this year.

Addressing the ruling Zanu (PF) party central committee and the party’s youth league at the weekend, Mugabe renewed attacks on whites, on critics of his rule, and on the UK and US governments who, he alleged, had broken pledges given at the 1979 Lancaster House conference to assist with redistribution of land after independence.

Orders made last November transferring the farms to state ownership fell away after confirmation was not sought from the Administrative Court in time. A 1994 act in other respects curbs the right of landowners to appeal against takeover.

“The Cabinet has ruled that the correct procedural steps be reinstated,” said Mugabe. He said whites had “sworn to resist at each and every stage the land acquisition and resettlement process”.

Mugabe claimed opposition parties were being created by Western interests and “unrepentant white Rhodesians” to confuse voters and strip Zimbabwe of its sovereignty.

“Their filthy tabloids are edited and run through fronts of young Africans they have employed as puppet editors and reporters,” Mugabe told his central committee. “In some cases these are also their homosexual partners—it is true.”

Addressing youth league delegates, Mugabe claimed the UK government had done everything in its “power to disorganise us in this exercise” (of transferring land).

Meanwhile, an internationally renowned surgeon, Duncan Forrest, has confirmed in a detailed medical report that the Sunday Standard editor Mark Chavunduka and reporter Ray Choto were tortured by military interrogators in January.

Chavunduka and Choto were examined by Forrest at a centre for torture victims in London, yesterday’s Sunday Standard reported.

Jeremy Callow, the lawyer acting for alleged US mercenaries John Dixon, Joseph Petition and Gary Blanchard, tabled in court on Friday independent medical reports alleging that the three suffered torture after the discovery of weapons as they were about to board a flight to Zurich. They claimed they were missionaries who had been attempting to work in the Congo. Callow obtained an order for suspected torturers to be paraded before the three Americans for identification.

Escorted by police and ruling party vehicles, about 400 Zanu (PF) members marched to the US embassy and the offices of the Sunday Standard on Friday, carrying placards demanding execution of the Americans, whom they alleged were planning to overthrow Mugabe at the behest of Washington. They also demanded immediate redistribution of farms belonging to whites.

The volatile nature of current politics was underlined when a mob of militant ex-guerrillas stormed on Thursday the offices of Witness Mngwende, minister with special responsibility for their welfare. They demanded a further $3.500 000 in gratuities, beyond the $350 000 given 54 000 of them in 1997.
Harare raises hackles in wildlife industry

Government gives itself more power over animals and hunting, but some fear corruption will follow

AFRICAN BUSINESS
Rain reduces gardeners' output

HARARE — Zimbabwe's horticulture sector expects total output for the season ending June to be down 15% because of excessive rains, though exports will rise, an industry official said yesterday.

Horticulture Promotion Council administrator Gordon Lind said 1998/99 exports were expected to rise to 67,002 tons worth $126.5m, against 55,677 tons which fetched $110.8m the previous year.

"The recent rains have had a deleterious impact on field flowers. In particular lack of sunshine had a negative impact on supply for the lucrative Valentine's Day market," he said.

Produce also had been affected by excessive moisture, which had encouraged pests and diseases, he said.

"Overall, production over the period has been down plus or minus 15%," he said. However, the industry should be able to recover some of this lost output in the rest of the season ending in June.

Horticulture has emerged as the country's third-largest agricultural commodity after tobacco and livestock and the second-largest foreign exchange earner after tobacco. The sector now accounts for between 3.5% and 4.5% of gross domestic product, up from 2% a few years ago.

Lind said growth was still hampered by punitive tariffs, which had held back expansion, especially acquisition of high-tech greenhouses, with small-scale growers hardest hit. The industry had, however, been boosted by improved ground handling and freight forwarding.

Zimbabwe exports its products to Europe, the US, the Far East, the Middle East, Austria and SA. — Reuter.
Zimbabwe joins Internet society

CHRIS BISHOP

Harare — A few years ago, an avid Zimbabwean reader of world newspapers like the Wall Street Journal would only be able to read a current issue a day after its publication. But things have now changed, thanks to the Internet.

The same reader can now log into the Internet and read the Wall Street Journal on its day of publication and at a fraction of the cost.

The same reader can also browse through the websites of other leading newspapers. Time is now the only limitation.

The information revolution is sweeping across Africa. In Zimbabwe, the number of users of the Internet is swelling as more and more people, faced with a dearth of information in the tight-lipped state press, log on in search of the truth.

Many Zimbabweans find out what is happening on their own doorstep by trawling Internet sites from around the world.

Danny Bismark, a Zimbabwean who recently returned home from the US, expects the figures to increase in the next few years. "Usage is at present (on the increase) and will quadruple in the next three years," he says.

Bismark, who has a website called Zimbabwe Interactive, believes the Internet is the future. "To compete on the market as a business you have to have access to the Internet."

The expansion of the service has attracted the attention of the government, which has realised there is a lot of money being made on the Internet.

A draft policy on control of the Internet is being mooted. Most governments' concerns are based on the easy access young people have to unsuitable material, but the Zimbabwean government says it realises the limitations of monitoring this and leaves much to parental control.

Its interest is in assessing how it can raise taxes on business done on the Internet.

Danny Garwe, the director of policy evaluation in the Information ministry said: "There are taxation issues if business is being done on the Internet. Is it possible for the taxman to look into it?"

"There is also customs duty. What are the implications?"

Garwe's argument is that if normal business gets taxed, failure to tax business done on the Internet is "defeating the objectives of taxing proceeds of business".

Whether Zimbabwe

Many people find out what goes on on their doorstep by trawling Internet sites.
Mugabe blames the West amid political and economic collapse

Harare - Zimbabwe's embattled President Robert Mugabe is trying to ride out a political and economic storm by attacking critics and blaming the West for his problems.

But analysts say this is likely only to compound troubles, with an economy hit by 60% inflation, high interest rates, an unstable currency, poor investor confidence and a lack of donor funding, and a political system crying out for reform.

Mr Mugabe, who also has troops still mired in war in the Democratic Republic of Congo, has focused his ire on the small independent press.

He accuses it, despite stout denials, of working with his domestic and foreign "enemies" to topple his 19-year government.

The 75-year-old former guerrilla leader has also turned his anger on western powers, saying they are trying to undermine his rule as punishment for his moves to redistribute mostly white-owned farmland to black peasants.

He has accused Britain and the United States of interfering in Zimbabwe's domestic affairs, but diplomats of the two nations dismiss the charges as cheap politics.

"The accusations are totally unfounded ... but then the president is desperate and widening his list of scapegoats for the difficulties that he is facing," said one representative.

Political analysts say Mr Mugabe - in power since the former British colony of Rhodesia became independent Zimbabwe in 1980 - is finding it increasingly hard to handle an economic crisis which has sparked a wave of violent protests over the past two years centred on disputes over food prices, taxes and wages.

In December he banned strikes for six months, but militant unions kept political tension high by threatening to defy him.

Politically, Mr Mugabe is under pressure to reform the national constitution, which critics say has been redesigned over the last 13 years to entrench his rule.

Civic groups pulled out of talks with the government on rewriting the constitution last week, saying a proposed state commission would be dominated by Mr Mugabe's ruling Zanu-PF party.

But the government has vowed to press ahead with a commission composed of the country's 150 parliamentarians and presidential nominees, leaving in the cold the National Constitutional Assembly - a coalition of churches, human rights activists, professional associations and trade unions.

Mr Mugabe is also trying to find a dignified exit from the war in Congo, where he has deployed over 6,000 troops to support President Laurent Kabila against a rebel onslaught.

"These issues, plus many others, such as inflation and land, are our problems ... not what the president is talking about," said Heneti Dzinotyiwei, chairman of the Zimbabwe Integrated Programme.

Mr Mugabe has said the biggest challenge facing Zimbabwe on the eve of the new millennium is a "calculated and malicious bad press", both at home and abroad, seeking to destroy him.

The government is using the state media to attack his foes and a new group has been formed to organise demonstrations against journalists and media deemed to be unpatriotic.

The ruling party is going after critics in its own ranks and is considering action against a backbencher who, said Mr Mugabe, should make way for new leaders.

Political analysts say Mr Mugabe is not offering any new ideas on the economic crisis other than exhorting Zimbabweans to restore national dignity and rely on Zimbabwe's own resources.

"We should not go begging to international financial institutions for crumbs from their table," he said, in an apparent reference to western donors who have withheld aid in the past year, demanding transparency in government policies.

"We, as a country, have real problems, which will not go away because we are apportioning blame but can only get worse because we are not attacking them," said political analyst Alfred Kambudzi. "That's our predicament." - Reuters
ZIMBABWE - GENERAL

1999
DEAFENING SILENCE AS THE BUBBLE SWELLS

News that retail inflation hit 50% in Zimbabwe last month has been greeted with stony silence by government. No new policies or interest rate adjustments have been announced, leaving the impression that officials have decided to retire to its bunker and hope that inflation will blow over.

That it won't has been underlined by a rash of new price hikes that will only affect the inflation numbers for March and April. The state-controlled Wankie Colliery Co led the way with a 50% price increase for coal and coke. This was followed by 40% from the country's two cement manufacturers, and a leak that State-owned ZiscoSteel will increase its prices 50% next month. State-owned fuel procurement company Noczim is seeking ministerial approval for a 25% hike, railway rates have been raised and a further increase in electricity tariffs is in the pipeline.

It all makes dismal reading for Reserve Bank governor Leonard Tsumba. He insists that interest rate policy should focus not on headline inflation, but on core inflation — that is excluding food prices. While food prices rose 66% in the year to February, non-food inflation was only 39%. The Treasury bill rate of 38% for 91-day money annualises out at a 42% yield, which is in line with the central bank's policy of keeping interest rates between 2% and 5% above core inflation.

The Reserve Bank is caught between the proverbial rock and a hard place. It must keep interest rates positive if it wants to retain any credibility at all with the IMF and hope to slow inflation. But it is understandably worried that higher interest rates will push farmers, firms and possibly even financial institutions, towards bankruptcy.

It is deeply worried, too, about the impact on the budget of higher interest rates. With the Treasury bill issue having ballooned to $213.6bn in mid-February — from $19.3bn a year ago, the budget deficit is increasing rapidly. In the 1999 budget, a total of $10.1bn was allocated for debt-servicing, but at current rates, servicing the Treasury bill issue alone, let alone foreign borrowings and long-term government stock, is costing more than $12bn.

To make matters worse, there are some signs that the policy, adopted in January, of allowing a cabal of commercial banks to set the exchange rate is unravelling. Banks are finding they cannot meet customers' demands at this "managed" rate, informal queues and pipelines are beginning to develop.

The authorities' game plan was that the managed rate would see the country through until the IMF disbursed over $US50m in late March and the tobacco auctions started in April. It is now clear there will be no IMF money for at least another month and possibly longer, while the tobacco auctions will not start until April 21, suggesting the Zimbabwe dollar will come under growing pressure in the next few weeks.

The business sector's response to these developments has been mixed. Some business leaders have called for a freeze on prices, wage taxes and interest rates which might win government support, but union leaders have made it clear they are not prepared to agree to a wage freeze until after a "catch-up" across-the-board wage increase has been implemented.

Business is embarrassed by the profit numbers — some of them described as obscene by critics — published in recent weeks. These show turnovers up 45% but pre-tax profits virtually doubling because margins have widened. This is largely symptomatic of runaway inflation, but it is grist to the mill of those in government demanding renewed price controls, a pegged exchange rate and lower interest rates.

So long as there is some possibility of getting IMF money, government is unlikely to take this route. But as the crisis deepens and the IMF procrastinates, pressures are building for decisive government action, especially with elections only a year away.

The big winners are the stock market speculators. Industrial share prices on the Zimbabwe Stock Exchange have surged 60% from last year's lows and 40% since New Year. Prices are set to "explode upwards" according to one excitable "analyst", who has been predicting a stock market boom for the past year. Another, who has just attended a London meeting on investment in Africa's emerging markets, tells a very different story. "No-one there was interested in Zimbabwe," he laments.

Special Correspondent

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Robert Mugabe’s fulminations smack of desperation

Opposition to the 19-year-old Zanu regime in Zimbabwe is gathering pace and labour is spoiling for the fight, reports Victor Mallet of the Financial Times from Harare.

LIKE his fellow septuagenarian Mahathir Mohamad, leader of Malaysia, Zimbabwe’s President Robert Mugabe has never been afraid to declare his suspicions about westerners, homosexuals or the independent media.

A few weeks ago he managed to attack all three at once. In a speech to the Youth League of his ruling Zanu (PF) party, Mugabe rallied against local newspapers that have criticised his government, calling them “dirty, dishonest” and claiming that they were staffed by young blacks used as puppets and sometimes as “homosexual partners” by manipulative western journalists.

This was only the latest of several recent outbursts against real or imagined enemies. In his 19 years in power, he has taken to condemning Americans, South Africans, “British agents” and “unrepentant white Rhodesians” with renewed vigour to explain Zimbabwe’s dire economic and political problems.

Mugabe is once again threatening to seize hundreds of white-owned farms, to arrest “lying journalists” and to sidestep opposition demands for a new and democratic constitution.

Morgan Tsvangirai, secretary-general of the Zimbabwe Congress of Trade Unions and one of Mugabe’s chief political opponents, says: “People are not allowed to express themselves; strikes have been banned, and if people demonstrate they are tear-gassed; the courts are being attacked, the judges are being attacked; the trade union movement is being attacked; the media is being attacked.”

Far from being alarmed by the government’s actions, however, Tsvangirai and other critics of the regime believe they have their best chance in two decades of challenging the ruling party and introducing a real democracy.

Mugabe’s fulminations, they argue, smack of desperation: his army is bogged down in a costly and apparently intractable war in the Democratic Republic of Congo; Zimbabwe itself is stricken with poverty, unemployment and disease; and restless Zanu members of parliament have begun to call for the removal of the party’s old guard.

As for the proposed seizure of white farms, few Zimbabwes dispute the need to resettle land-hungry black farmers. But Mugabe’s opponents, as well as the foreign donors who are supposed to finance the land reform, complain that the government has no coherent land policy and has managed to transfer many of the farms already bought to senior Zanu officials.

“Race and land are the two arrows left in the Zanu (PF) quiver,” says Mike Auret, national director of the Catholic Commission for Justice and Peace, which has championed human rights since independence. “They have nothing to lose against the people. We are going to make the white land” — it is the only thing left.

Since the mid-1980s, Zimbabwe’s difficulties, and Zanu’s failure to address them, have prompted what Trevor Ncube, editor-in-chief of the three-year-old Zimbabwe Independent newspaper, calls “an outbreak of political outpourings.”

Ncube says the rise of new political parties and civil rights organisations — many have joined the National Constitutional Assembly, a pressure group, for a broader political reform — has been made inevitable by 19 years of misrule.

“Never before in the history of this country have you had such a vibrant civil society,” he says. “Churches, trade unions, the National Constitutional Assembly, women’s organisations — all running around issues of constitutionalism, good governance, accountability and the observance of human rights.” One of the biggest threats to Mugabe and Zanu is likely to come from the trade union movement, which has mounted a series of protest strikes over the past year and is now considering the establishment of a new political party.

Tsvangirai, a burly former miner, remains coy about whether he would lead such a party, but says that the country’s present leadership cannot be reformed and that it is vital to create a “democratic alternative.”

In Matabeleland, disaffected members of the Ndebele minority have formed Zapu 2000, a name which harks back to the Zapu party that was absorbed by the Shona-dominated Zanu after a unity agreement in the late 1980s.

In Harare, Margaret Dongo, a Zapu defector and one of only three opposition members of the 150-seat parliament, has formed the Zimbabwe Union of Democrats.

“I feel betrayed because the ideals of the liberation struggle were betrayed,” she says. “We have a government that is now run like a private company or a family affair. Parliament is a ‘toothless bulldog’.”

Like other opponents of Zanu, she says it’s vital to clean up the electoral system and reform the constitution. This dates back to the Lancaster House peace agreement at the end of white rule but has been repeatedly amended in favour of the ruling party. “The executive powers that have been given to our president have made him a god,” Dongo says.

For all the excitement among Mugabe’s opponents about the chances of ending Zanu rule, they admit they are nervous about the particular dangers. First, opposition groups instead of presenting a united front might find themselves competing against each other in government charges that they represent ethnic rather than national interests.

The second, and greater, risk is that the army will eventually intervene in politics, either against Mugabe because of anger over casualties in the Congo war, or in support of his status quo. Already, the government has sought to sweeten the armed forces by appointing former military officers to senior posts in the intelligence service and the departments of prisons and national parks.

“There is a militarisation of key national institutions which is very worrying,” says Ncube.
Three critical weeks for embodied economy
US slams Zambia's 'anti-trade,' investor policy

SA gets US officially in Washington's annual trade office report, but states is attacked for corruption, freedom

NATIONAL

WASHINGTON — The Office of the US Trade Representative (OITR) said Monday that Zambia's anti-trust, anti-trade, and investor policies continue to undermine the country's economic growth and development. The report, which is released annually, highlights Zambia's focus on domestic policies that are perceived to be anti-competitive and anti-trade. The OITR noted that Zambia's policies have resulted in a decline in foreign direct investment, decreased trade, and reduced economic growth. The report also highlighted Zambia's anti-trust laws, which are seen as a barrier to competition and investment. The OITR recommended that Zambia urgently address these issues to improve its investment climate and attract more foreign direct investment.
Disenchanted advertisers abandon state newspapers

Martin Rushmere

HARARE — Public dissatisfaction with the Zimbabwe government's policies has spread to its main propaganda outlets — its stable of five daily and Sunday newspapers.

Zimbabwe Newspapers group registered a 40% fall in net profit to Z$57m, which advertising executives say was directly due to advertisers defecting to other publications.

"Advertisers have made their position plain to the agencies — the public detests and distrusts the government media, which extends to advertisements," says a director of one of Zimbabwe's three biggest agencies.

Turnover for Zimbabwe Newspapers, the flagship of which is the daily Herald, was up 26% to Z$655m. "That is peanuts," says the financial director of an advertising agency, "in comparison with the increase in advertising rates. Those effectively more than doubled during the year — turnover should have been way more than this."

The newspaper group's acting chairman, Sarah Kachingwe, formerly a senior official of the information ministry, attributes the difficult year to the deteriorating economy. "Increasing inflation also resulted in high staff costs, which were not matched by corresponding increases in cover price and advertising tariffs for newspapers and increases in rates for commercial printing."

Herald editor Borwell Chakaodza has been trying to win back advertisers and public confidence at a string of meetings and cocktail parties. The reaction to his claims that the newspaper exists to serve the public has been lukewarm, possibly as a result of its racist and individual attacks on government critics.
Brokers deride Zimbabwe exchange

Analysts feel that effective regulations could ensure that detailed records would have to be provided by brokers and

companies

The decision to allow brokers to record the details of their transactions could help in ensuring that the records are accurate and complete.
Harare cuts World Bank ties

In the past 18 months, the government has urged on undertakings to let the exchange rate float. In the past 18 months, the value of the Zimdollar dropped from Z$16 to Z$45 to the US dollar before the reserve bank forced commercial banks to steady it at Z$38.

Inflation has risen from 20% to 50%. Privatisation has stopped, with only three relatively unimportant corporations offloaded. Unchecked government spending has been at the root of national economic troubles, with military expenditure on Congo's civil war the latest burden.

Observers say the economy is on the brink of reverting to the siege situation of 20 years ago. Rejection of the Washington organisations echoes Kenneth Kaunda's decisions in Zambia in the 1980s, when he opted for short-lived "home-grown reforms" in order to keep power. He eventually had to abandon a one-party state.

Harare — Zimbabwe has in effect cut all links with the International Monetary Fund and the World Bank, arousing fears that this will pave the way for repressive economic measures and the seizure of white farmland without payment.

The government's main public information outlet, the Sunday Mail newspaper, reported yesterday that President Robert Mugabe's ruling Zanu (PF) party had decided to abandon its programmes with both institutions.

"We will do without them," party information secretary Nathan Shamuyarira was quoted as saying after the main policy making body, the Politburo, had met.

"The economy will definitely suffer without the Bretton Woods institutions."

Shamuyarira said the two international organisations had made "unrealistic demands" among them a World Bank decision last week not to support two costly electrical power generation projects as the country could not afford them. It called on the government to choose one.

Shamuyarira said the government would go ahead with both, which could cost at least $200m.

Observers in Harare said Shamuyarira's announcement signalled the introduction soon of full blown exchange controls — with government taking charge of all foreign currency — a fixed exchange rate and blanket price controls.

Politically it could mean that up to 5 million hectares of white-owned farmland would be easier to seize without payment. Relations with the two organisations have been souring, culminating in a suspension of $53m in balance of payments support last month. The government has contradicted its pledges to pay for farmland although it agreed last year to go ahead with a pilot programme to resettle landless peasants on 1-million hectares, paying market prices.
Zimbabwe severs its IMF links

FROM AFP

Harare – Zimbabwe’s ruling party had decided to cut ties with the International Monetary Fund (IMF) and the World Bank after bids to secure funding from them failed in recent months, a newspaper reported yesterday.

Nathan Shamuyarira, the industry and commerce minister, said the politburo of the Zimbabwe African National Union-Popular Front (Zanu-PF) party decided at its last meeting that alternative sources of funding should be sought, the state-owned Sunday Mail said.

The IMF and the World Bank had been major funders of economic reforms since 1991, when Zimbabwe embarked on market-based changes, but the world’s top two financial institutions have withheld some $33 million in balance of payments support for the past seven months.

The financing has been withheld because of unclear policies regarding President Robert Mugabe’s controversial land reform programme in the former white-rulled Rhodesia and Zimbabwe’s military involvement in the war in the Democratic Republic of the Congo.

“The economy will definitely survive without the Bretton Woods institutions. If we have survived so far we can do without them,” Shamuyarira told the newspaper.

The minister added that Zanu-PF’s supreme policy body had decided to cut relations after lengthy negotiations with the Washington-based IMF, which on March 23 had been scheduled to discuss Zimbabwe’s funding, but did not.

The withholding of IMF aid has dealt a blow to confidence in the economy which, among other trends, has recently experienced a record crash of the Zimbabwean dollar and a skyrocketing inflation rate.
Zimbabwe ties with IMF

The Zimbabwean government and the International Monetary Fund (IMF) have decided to go ahead with a new economic programme to address the country's economic challenges. The programme, which is expected to run until the end of 2023, calls for substantial reforms in the agricultural sector, the public sector, and the financial sector.

The Zimbabwean authorities have already started implementing key elements of the programme, including the introduction of a new currency, the introduction of price controls, and the implementation of a new tax system.

The IMF has provided $500 million in support to Zimbabwe to help with the implementation of the programme. The Zimbabwean government has also pledged to implement the programme in a transparent and accountable manner.

The programme is part of the country's broader efforts to attract foreign investment and to boost economic growth.
Ties with IMF, World Bank ‘not cut’

Zimbabwe denies it has severed its links with the British, Woods institutions

Martin Rushmer

Start of Africa

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Zimbabwe says IMF, Bank links still intact

Johannesburg - Zimbabwe's government yesterday denied it had cut ties with the International Monetary Fund (IMF) and the World Bank after failing to secure funding from them, saying it was working closely with the institutions on various development programmes.

The state-owned Herald newspaper reported yesterday that Herbert Murerwa, the finance minister, had dismissed the weekend report in the government-controlled Sunday Mail quoting Nathan Shamuyarira, the industry and commerce minister, which said the government would find alternative sources of finance.

"I would like to advise that the remarks attributed to Shamuyarira are not true. The Zimbabwe government has not cut ties with the IMF and World Bank. On the contrary, the Bretton Woods institutions have actively supported Zimbabwe's development programmes, and intend to do so in the future," Murerwa said.

Zimbabwe has been in dispute with the two institutions over the withholding of $33 million in balance of payments support because of unclear policies such as the controversial land reform programme and, more recently, its military and financial involvement in the civil war in the Democratic Republic of Congo.

A World Bank official based in Harare said yesterday the institution was still having "productive dialogue with the government over the issues that have come under discussion."

He confirmed that ties with Zimbabwe were still intact. Herbert Murerwa said the government had contacts with the IMF "at the highest level," and hoped an agreement would be reached on outstanding issues, which included the land resettlement programme and price controls.
Government is said to be miffed at delays in processing permits, demands for an uplifted strike of at least 20% and substantial control over sales.
Harare ivory auction worries conservationists

Zimbabwe defends auction of 20 tons of existing ivory stock to Japanese buyers

Jun 14, 1999

Zimbabwe held a controversial ivory auction yesterday, which it said showed that the world now accepted the sustainable use of natural resources.

Speaking at the auction, Environment and Tourism Minister Simon Moyo said limited trade in ivory by countries with large elephant herds would not endanger the animals.

Environmentalists say the reopening of trade in ivory could lead to an increase in elephant poaching in Africa, which saw their numbers drop from millions in the 1960s to an estimated 500,000 in 1990.

The United Nations Convention on International Trade in Endangered Species (Cites) banned all trade in ivory 10 years ago in a bid to stem the slaughter of Africa's elephants.

(The restrictions were eased earlier this year for Namibia, Botswana and Zimbabwe, enabling the three countries to make one-off sales of existing ivory stocks to Japan, the major market for the commodity.

Yesterday, Zimbabwe auctioned off 20 tons of ivory to 18 Japanese buyers, for an undisclosed sum.

"We are not going to disclose the amount because we don't want to prejudice the Botswana auction scheduled for Friday," Moyo said after the auction.

"At the start of the auction, Moyo said the money from the ivory sale would be used for conservation purposes to help ensure the survival of Zimbabwe's 70,000 elephants and to help the rural poor, whose welfare is crucial to wildlife management.

"To us, this auction signifies the acceptance of sustainable use of our natural resources by the international community," he said. "Zimbabwe has set up a programme to improve the rural areas which are going to be beneficiaries of this auction," Moyo added.

Jim Armstrong, Cites deputy secretary-general, said his organisation would monitor whether the funds were used for wildlife management and also whether there was an increase in poaching.

"To date, Cites has not received any reports showing a significant increase in poaching. After the auction, new trade started will be looked at with greater scrutiny," he said.

Namibia and Botswana, like Zimbabwe, say they are selling only existing stocks and that the proceeds will be used for elephant conservation, including anti-poaching activities.
Political hacks worry Harare brokers

The problem seems to be connected to infighting among pressure groups, writes Martin Rushmere

ZIMBABWE'S stockbrokers are becoming increasingly worried about the political interference in dealing and attempted takeovers on the stock exchange.

They say this could affect investor confidence at a time when the economy is extremely fragile.

A bid by a black-owned investment group to buy up to 20% of commercial and merchant banking group Finhold was vetoed by government following allegations of foul play by political lobby groups.

Now government is investigating cotton company Cotcotton, despite its being given a clean bill of health last week by the Zimbabwe Stock Exchange.

A Harare broker says: "The problem seems to be connected to infighting among pressure groups. But this could extend to routine deals, merely because an influential power group wants a slice of the action."

"In the present climate of political unease, this is making investors nervous."

Since January the industrial index has risen almost 50%, topping 9 000. Despite economic woes caused by inflation, currency crashes, involvement in the Democratic Republic of Congo, threats to nationalise farming land, alleged torture of journalists and corruption, there has been a buying spree on the exchange. Investors have rushed in on the back of spectacular performances this year.

President Robert Mugabe's politically motivated $1bn payout to former guerrillas last year is seen as one of the main reasons for the unexpectedly good performances. Despite atrocious economic fundamentals and widespread international pessimism, average profits increases of more than 100% were recorded on listed companies.

Only two companies, both in the transport sector, have managed to beat last year's average inflation rate of 32%.

Even though the International Monetary Fund has again held back on balance of payments support, investors have been undeterred.

Just how long the boom will last is now the unspoken thought in most people's minds. Over the past three months inflation has risen to 42% and the currency is being artificially propped up to prevent another crash.

Exporters who initially gained from the currency devaluation are feeling the effect of much higher costs.

Says an economic analyst with a firm of portfolio managers: "The effects of the gratuity from President Mugabe were predictably obvious; the recipients went on a buying spree."

"At about the same time there were generous wage increases which improved the lot of workers - to the extent that real wages are only 20% below the 1980 level compared with 40% previously."

"There is no way wage increases this year will be ahead of inflation. The signs are there that this year will be much more difficult than 1998."

The devaluation helped exporters, but not to the extent that is popularly believed. Clothing and textile manufacturer Spinweave, which recorded a 45% rise in after-tax profit, gained mostly from a 46% improvement in local sales compared with only 17% extra from exports.

For gold mining company Rio Tinto, the collapse of the currency was behind a 36% increase in net profit, as the average price in US dollars fell 11%. Another factor was a big rise in interest receipts from cash invested in the money market. Increased rates on the money market have resulted in banks being deluged with money. Leading the way has been Barclays, with a 161% improvement in profit.

Says a Harare partner of an international stockbroker: "While it was widely expected that Barclays would turn in a good performance, this was almost obscene."

"If managed properly, a bank cannot fail to make profits in these times because companies and the government still have to borrow."

"What really came to the aid of Barclays was the currency collapse - its holdings of foreign exchange just about doubled in local terms within the space of a couple of months."

In line with the political and economic uncertainty, brokers are unsure of what the future holds.

Sagit Stockbrokers says: "The worst is behind us and 1999 should see the start of a slow improvement in the economy."

In contrast Kingdom Securities says: "The prospects are not encouraging. Windfalls on the exchange front may be limited. Interest rates are expected to remain high as inflationary pressures continue to build up."

A rise in the inflation rate to 50% is failing to depress sentiment. Whereas a year ago analysts feared that higher inflation would drag investors into the money market, now they see it as just the opposite.

"The Reserve Bank is not about to raise interest rates," says the senior partner of a broking firm.

"On recent inflation rates money market investors are making a loss of 16% in real terms, whereas one looks at the net rate on treasury bills. Some shares have risen 30% in three days in the past week, so the attractions of the stock exchange are obvious," he says.

Observers say there is a growing tendency to look solely at the immediate gains on the exchange, rather than the long-term benefits. They see this as symptomatic of a national habit of piling up as much money as possible today without giving a thought to tomorrow.

"That turns the stock exchange into a lottery and a gamble," said one economist.

"Brokers are ignoring words such as caution and are telling clients to climb in, boots and all. The future is being left to take care of itself."
Zimbabwe is not the first African country to threaten to cut ties with the International Monetary Fund and World Bank because of “impossible” conditions imposed by the Bretton Woods institutions. About four years ago, Kenya’s President Daniel arap Moi did exactly the same, only to climb down within weeks, while President Kenneth Kaunda of Zambia made a habit of such brinkmanship in the Eighties. This year, Côte d’Ivoire, regarded as one of the success stories of post-CFA franc devaluation, has been making belated noises about the policies of the “Washington consensus.”

Invariably, such threats are designed to win domestic political support while also exerting pressure on the two institutions to soften their stance. Occasionally, and this may well have been the case in Zimbabwe, the outburst is a reflection of tensions within government. Almost always, the end-game is the same. After much blustering and whingeing that First-World-dominated financial institutions are seeking to impose unrealistic demands on the poor and weak in an African economy, a compromise of sorts is patched together.

Usually this happens only after the country’s economy has been weakened and the donors are eventually forced to pick up some of the tab in the form of debt relief. It is, in other words, extremely unsatisfactory from just about everyone’s viewpoint.

At the weekend, Zimbabwe’s Industry Minister, Nathan Shamuyarira, took aim at the IMF. In an interview with the State-owned Sunday Mail, he was reported as saying Zimbabwe would not longer seek to negotiate with the fund or the bank and would look for support elsewhere, though he was careful not to specify who might rally to the country’s support.

He was reported also to have said that the decision was made by the politburo of the ruling Zanu-PF party.

The next day, both Finance Minister Herbert Murerwa and Shamuyarira himself denied the report in another government newspaper, the Herald. Murerwa — optimistic of IMF support — insisted that Zimbabwe’s loan would be considered by the fund executive board on May 5, while Shamuyarira said he had been misquoted and that the politburo had not even discussed the matter.

It is a commentary on the state of government’s credibility that few believe either Minister.

There was just too much in the Sunday Mail interview for the reporter to have got it all wrong, and Murerwa has repeatedly claimed that the IMF money is about to be disbursed. Like the boy who cried wolf, he is no longer credible.

Reporters scoff at the claim that the Minister was misreported, noting that such

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Zimbabwe would be well advised to read last week’s Global Development Finance report published by the World Bank.

This shows that since 1992, about 90% of capital inflows to Zimbabwe have come from official sources — the World Bank, the IMF and the donor community. Private foreign direct investment has been a mere US$250m — a chunk of that in Australian mining company BHP’s unsuccessful Hartley platinum mine — and other private flows have been negative.

It may be good domestic politics to threaten the donor community, but Zimbabwe would suffer hugely if Shamuyarira’s bluff were called.

Not that that is likely, because, for all its alleged toughness, the IMF is desperate to be seen as the good guy.

It can be relied upon to turn a blind eye to Zimbabwe’s economic mismanagement again in 1999, just as it did last year, in the early Nineties and in the early Eighties.

Nothing has changed. Special correspondent
Zimbabwe may cut ties with IMF

HARARE — President Robert Mugabe said yesterday that Zimbabwe might soon cut ties with the International Monetary Fund (IMF), which he accused of being a tool to force political changes in countries unpopular with the west.

Mugabe — under pressure to quit over an economic crisis blamed on his 19-year-old government — also said he would take his charges that the US and Britain were interfering in Zimbabwe's internal affairs to the United Nations.

The government last week denied reports that it was severing ties with the IMF and the World Bank, but Mugabe told the official Sunday Mail he was considering cutting ties with the IMF, although relations with the bank might survive.

On Zimbabwe's 19th independence anniversary, Mugabe said the IMF was denying his state balance-of-payments support although it had met its conditions. "For goodness sake, we are a sovereign country and we must not humiliate ourselves to that extent."

The IMF has withheld $53m in aid to Zimbabwe since last August, demanding transparency in government policies.

The fund says it is worried mainly about Mugabe's threats to seize, mostly white-owned farmland to resettle landless blacks. It has also questioned government spending on the war in the Democratic Republic of the Congo. Other western donors have indicated resumption of IMF aid to the country will unlock their own funds, which are seen as vital to reviving a flagging economy. — Reuters.
Mugabe threatens break with IMF

Cris Chinaka

Harare - Robert Mugabe, the Zimbabwean president, said yesterday that Zimbabwe might soon sever its ties with the International Monetary Fund (IMF), which he accused of being a tool to force political changes in countries unpopular with the West.

Mugabe, who is under pressure at home to resign over an economic crisis blamed on his 19-year-old government, said he would take to the United Nations forum charges that the US and UK were interfering in Zimbabwe's internal affairs.

The Zimbabwean government last week denied reports that it was severing ties with the IMF and the World Bank, but Mugabe told the official Sunday Mail he was considering this. Relations with the bank may survive.

He said the IMF denied Zimbabwe balance of payments support although the government had met its conditions. "Why should we continue to plead?"

A few weeks ago Mugabe accused the IMF of trying to impose tough decisions on Zimbabwe and hinted ties could be cut. "They are being political, but of course we want to allow some time to advance before we actually come to a definite decision," Mugabe said on state television.

The IMF has withheld $13 million in aid to Zimbabwe since last August, demanding transparency in government policies.

The IMF said it was worried about Mugabe's threats to seize mostly white-owned farmland to resettle landless blacks, which he argued was "stolen" by British colonists in the 1890s.

The IMF has also questioned government spending on the war in the Democratic Republic of the Congo (DRC), where Mugabe has deployed over 6,000 troops to support Laurent Kabila, the DRC president, against rebels backed by Rwanda and Uganda.

Analysts said Mugabe, who is battling an economic crisis partly manifesting itself in record inflation and interest rates, could not afford to dump the IMF and World Bank, but he could do it out of frustration. - Reuters
Corruption ends grain ‘loans’

HARARE — Zimbabwe’s government abruptly ended its “grain loan scheme” yesterday which has been a major vote winner among the country’s 8-million rural people since it was started five years ago.

Hours after President Robert Mugabe said in an Independence anniversary speech that grain “loans” had been rampant with corruption, Local Government and Housing Minister John Nkomo said unworthy applicants had been receiving and selling stocks for profit, then refusing to repay with a variety of excuses.

“This scheme is being reviewed because of numerous cases of abuse that have come to light,” Mugabe told a crowd of 20 000 on Sunday at the National Sports Stadium. “Some recipients have now developed an unhealthy dependency syndrome.”

Government officials yesterday conceded 12-million Zimbabweans had registered for “grain loans” — suggesting only a few hundred thousand of the total 12.7-million population were not starving.

Each year rural people claim that either too much rain or too little rain, local freak hailstorms, invasions by elephant, hippo, wild pig and other game animals, or by insects, have made it impossible to pay back for grain advanced in times of shortage, as intended in the original relief plan.

“Very few people paid back even in good years,” said Nkomo, announcing the scheme’s cancellation.

Nkomo said efforts would be made to revive the Zande re Mambo or “chiefs’ fields” scheme under which rural people voluntarily cultivate communal fields from which emergency food supplies can be obtained for the totally destitute.

Last year the government said it spent more than $200m distributing grain to about 4-million beneficiaries, while $379m was spent in the latest fiscal year on maize distribution to 500 000 elderly rural people.

Political observers believe rural people’s reliance on government handouts has been a major factor in getting votes for the ruling ZANU (PF). The end of the scheme is likely to be felt acutely in the southern Matebeleland and Masvingo areas near SA, source of most of the 1-million illegal migrants from Zimbabwe.
INTERNATIONAL BUSINESS

Govt faces crunch as tobacco auctions start

Low prices may put pressure on currency, writes Michael Hartnack

HARARE — With the opening of auctions today of Zimbabwe’s major foreign currency earner, tobacco, the government faces a crunch with its economic policies, particularly its bid to peg the sliding Zimbabwe dollar at 40 to the US dollar.

Weak auction floor performance will exacerbate budget deficit problems which have stalled $53m in support from the International Monetary Fund (IMF), causing other western donors to hold off on a further $150m in aid.

Oversupply, the increasing militancy of the world anti-smoking lobby and the collapse of far eastern demand have undermined tobacco’s performance in the past three years.

Spokesmen for the Zimbabwe Tobacco Association expect a slow start to sales of a 186-million kilogram crop, down from last year’s 215-million kilograms, which fetched a disappointing $60m and yielded the government $660m in controversial 10% levies on receipts from every bale sold.

Last year, disastrously low prices caused Harare’s main auction floors to close soon after they opened in March, for the first time since sales began 70 years ago.

With salary debts to staff of at least $3m, the late Roger Boka’s auction floors, billed as the largest in the world, will be lying idle for most if not all this season.

Pressure is likely to build up on the Zimbabwe dollar if trends suggest low receipts from tobacco. A threatened boycott of the auctions by growers, in protest at the 10% levy, has been averted, say tobacco association leaders.

Association president Richard Tate said the levy had “greatly affected plantings” and capital investment. Confidence also remains threatened by conflicting rhetoric over President Robert Mugabe’s land reform plans.

Mugabe recently attacked the IMF as an instrument of US and British interference in Zimbabwe’s internal affairs. The land issue, and the cost of Mugabe’s military involvement in the Democratic Republic of Congo, have been among major hurdles to release of the IMF aid.

However, final breach with the IMF — hotly denied by Finance Minister Herbert Murerwa last week after Trade Minister Nathan Shamuyarira reportedly said the end of the road had been reached — would make it impossible to hold the exchange rate, triggering further inflation. Economists expect an escalation from 46% to 53%, with unions threatening imminent strikes.

The European Union was reported by the official daily, The Herald, to be delaying $200m in aid pending satisfactory conclusion of Zimbabwe’s deal with the IMF, with other western donors and agencies holding back similar amounts.
Zimbabwe state fraud probe moves to
Saosol confirms that local importer Nocihin was a customer through a US agent

Tim Colman
Zimbabwe's foreign ministry runs out of cash

REST OF AFRICA

Michael Hamilton

June 3, 1994
Tobacco auctions off to a good start

Prices are higher than at last year's dismal sales

BY 231499

HARARE — Zimbabwe's annual tobacco auctions, vital for improving its foreign exchange crisis, appeared to start well yesterday with no recurrence of the mass "tearing of tickets" by growers that forced suspension of sales last year.

A spokesman for the Zimbabwe Tobacco Association (ZTA) said an average price of US$1.23/kg was reached compared to $1.22 on the first day of sales in March last year.

That tobacco auction was marred by unkindness when 73% of growers tore their tickets at prices that fell to 40,80, temporarily halting the auction.

However, auctioneers reported some tobacco yesterday fetched prices of up to $2/kg.

More than 6,000 bales were on offer at the main floors yesterday, but the giant Boka shed, billed as the largest in the world, was idle due to the collapse of the late Roger Boka's financial empire with Z$3bn in debt.

ZTA president Richard Tate said "boycott talk has again been the buzzword" as a result of the government's continuing 10% levy on the proceeds of every bale auctioned and leakage of poor prices.

He expected the 1,650 large-scale growers — many of whom are emergent black commercial farmers — and 6,000 small-scale growers to net Z$11.2bn from the 186-million kilogram crop compared to Z$6bn from last year's 217-million kilograms. The apparent contradiction in the figures was caused by the fall in the Zimbabwe dollar from 12 to 36 against the US dollar.

Tate said Zimbabwe needed to resume producing more than 280-million kilograms to be seen as a "first world player".

On the eve of sales, Finance Minister Herbert Murerwa said that while the government had agreed to reconsider continuation of the levy, it would not abolish it this season.

Growers may gamble on a further fall in the Zimbabwe dollar, giving those who sell late increased cash in local currency terms.

Tate said total annual income from sale of tobacco, the country's largest export, was estimated to be falling in real terms from Z$94bn last year to Z$23bn. "My plea to government is that we as an industry are in trouble. We are losing hectares, growers and confidence."

Tate feared numbers of small-scale growers would drop as a result of the levy instead of growing to the 11,500 projected before it was imposed.

When tobacco auctions were halted last year, President Robert Mugabe claimed white farmers were in a "neo-colonialist" conspiracy to unseat his government and reverse the planned takeover of 1,500 farms. These takeovers have since been blocked, temporarily, by legal technicalities and resettlement is only proceeding on farms in state hands.

Reserve Bank governor Leonard Tsumba was present at the sales but government ministers were pointedly absent.
Rhetoric ‘is hurting Zimbabwe’

Harare - President Robert Mugabe might be posturing or trying to win concessions by threatening to cut ties with the International Monetary Fund (IMF), but analysts said yesterday, his rhetoric was already hurting Zimbabwe’s economy.

The country could not afford to ditch the IMF as other donors would also switch off, their taps while potential investors would abandon Zimbabwe as high risk, the analysts said.

Mugabe said on Sunday Zimbabwe might soon sever relations with the fund over delays in releasing balance-of-payments aid. He also said he would take to the United Nations charges that the US and Britain were interfering in Zimbabwe’s internal affairs.

Political and business commentators said the IMF’s importance went well beyond the pity stand-by facility, because without IMF support other international donors would stand aside.

The IMF’s nod is critical for giving confidence to other donors that Zimbabwe is deserving of support and a safe place to invest, the independent paper said.

One columnist accused Mugabe of sabotaging the economy by saying Zimbabwe needed the IMF, while the IMF could do without Zimbabwe. - Reuters
Zimbabwe optimistic over tobacco season

Vincent Murwira

Harare - Zimbabwe's tobacco marketing season got off to a good start on the two auction floors here, with nothing coming of a much-discussed boycott.

Auctioneers were upbeat as they moved down the lines. According to one, this year's crop was much better than last year's.

The season has begun at a time when the Zimbabwean government badly needs money, particularly foreign currency.

The 185 million kilograms of tobacco produced was expected to sell for Z$11 billion (R1.7 billion) and bring in a third of the country's foreign currency needs.

Although opening day prices are not generally a good indicator of trends, farmers and auctioneers were optimistic the prices had improved on last year's.

Asked how the opening prices were, Bruce Searles, the managing director of Burley Marketing Zimbabwe, said: "Better, much better than last year."

He also said farmers were happy with the prices they received on the first day of trading.

But many farmers expressed concern over the spiralling costs of inputs, which could drive them out of business.

Their hope now lies with the auction floor prices, where they expect to get a good return.

The farmers are unhappy over the government's continued levying of tobacco at 5 percent for growers and 6 percent for buyers, regardless of whether a profit had been made. - Independent Foreign Service
Economy & Business

ZIMBABWE

SLIM PICKINGS FROM TOBACCO

Exports to bring small comfort

This year of all years, Zimbabwe could do with a good tobacco crop and high prices. It is unlikely to get either. Excessive rains mean the crop of no more than 185m kg is about 15% lower than last year’s. Quality is mixed, buyers and farmers expect average prices to be lower than last year’s US$1.72/kg, itself the lowest price since 1993. There are several reasons for this:

Brazil has produced a large crop and its competitiveness has increased enormously since devaluation of the real; world tobacco markets are sluggish, reflecting the slowdown in the Asian and central European economies and inconstant pressure on consumption from health legislation and increased tobacco taxes; and manufacturers are cutting costs wherever possible because of weak demand and the huge burden imposed by tobacco litigation expenses in the US.

So manufacturers are tapping low-cost, and in some cases lower-quality, suppliers — bad news for Zimbabwe, which produces mostly premium leaf. Sales opened on Wednesday amid expectations prices would be at least 5% lower than last year, averaging around $1.65. This would mean gross-grower earnings of US$300mn- $310mn — down 17% from $370mn in 1998.

Exports, which peaked at $730mn in 1996 when the price averaged almost $3/kg, are expected to decline to around $375mn in 1999 — the lowest since 1990.

But there is some good news for growers. Government has agreed to ease the burden of the 10% turnover tax on tobacco auction revenues. Farmers’ demands that the tax be cut, or abolished, have fallen on deaf ears. But the Finance Ministry has agreed to cancel the “tax on tax” element so that turnover tax paid on floor sales will be credited to a farmer’s income tax.

Devaluation is the second bit of good news. Last year, when the price averaged $1.72, growers got Z$24.75 — an exchange rate just above Z$20/US$. Now the rate is around Z$38/US$, which means even if US prices weaken, growers will still get almost 80% more than last year. But they won’t be laughing all the way to the bank. Their costs have increased an estimated 60% for the second year running. Farm labour is in a muddled mood, seeking a wage award ahead of inflation, just below 55%. Interest rates are 45% and more, and set to move even higher. Those who have grown a high-yield crop will do well, but many others will have a difficult year.

So, too, will government. When it formally pegged the Zimbabwe dollar in January, officials said the measure would be temporary because falling imports, resumed international Monetary Fund lending and tobacco exports would take pressure off the currency. True, imports are still falling, but there is no sign of the IMF disbursing the long-awaited US$53mn. Indeed, President Robert Mugabe’s weekend outburst — “that monstrous creature”, called the IMF — has made early resumption of lending less likely.

On the tobacco front, there are two reasons to expect foreign currency inflows to be slow. Devaluation last year meant growers who sold late in the season earned twice as much in local dollars for their leaf as those who sold early. If they believe the exchange rate peg cannot last — as many do — they will withhold sales as long as they can. Secondly, merchants are unlikely to bring in much pre-shipment export finance, because they, too, fear being caught by devaluation. So, while tobacco revenues will ease some pressure on the exchange rate, they are unlikely to do much more than delay the likely depreciation in the second half of 1999.

Special Correspondent
Zimbabwe's raw maize price up 63% but meal kept same

FROM: Sapa-DPA

Harare: Millers of maize meal, Zimbabwe's national staple, were told yesterday of a 63 percent increase in the price of raw maize but are under orders not to increase the price of maize meal.

The maize meal price is regarded as an explosive issue that threatens the survival of President Robert Mugabe's ruling Zanu (PF) party, which is now being battered by the worst political and economic crisis since independence in 1980.

The government's Grain Marketing Board had increased the price of maize meal from Z$3 300 ($27) a ton to Z$4 500 a ton, the Herald, a daily state-controlled newspaper, said.

Furthermore, price controls are still in force, milling companies confirmed.

The controls were introduced last June after riots erupted in the wake of a 21 percent increase in the cost of maize meal.

Millers responded yesterday by saying they would have to stop producing maize meal.

The price increase announced yesterday followed the government's approval last week of a 75 percent increase in maize produced by farmers from Z$3 300 a ton to Z$4 500 a ton.

"We will be finished for good if they buy maize at $3 300 a ton," said Misheck Nyamaguchia, the chairman of the Millers' Association of Zimbabwe. It would entail a loss of Z$3 300 a ton.

Analysts said a major maize meal price rise would boost inflation, currently running at 53 percent, and dramatically worsen the economic hardship facing ordinary Zimbabweans.

It would also raise the threat of a repeat of the three days of violence that rocked urban areas all over Zimbabwe in January last year.

The government and food manufacturers have been in constant dispute since June, as Mugabe's cabinet tries to maintain cheap food policies.

It accuses millers of raising prices to "destabilize" the government.

Producers said they would go out of business if they do not increase prices.

Bakers and millers last week defied the government with a 20 percent increase in the price of bread and flour.

Nathan Shamuyarira, the trade minister, said price controls on the two items would be introduced, but legislation has yet to appear.

Instead, the government ordered the Grain Marketing Board to reduce the price of wheat to millers by 8 percent.

The move is expected to deepen the board's already crippling debt burden.

Millers, however, have not reduced the price of flour.

Price controls are also a serious issue with the International Monetary Fund, which insists that it will end a nearly four-year freeze on finance to Zimbabwe if the maize meal price legislation is lifted.
Few takers for parastatal’s bond issue

HARARE — The Zimbabwean government has had to swallow another dose of economic reality with the total failure of a 10-year bond issue by bankrupt steelmaker Zisco.

Only Z$33m was raised out of Z$500m wanted by the parastatal, which offered 32% fixed interest.

"Nobody sensible, even thought of touching the issue," says an MD of a Harare money-market and stockbroking firm. "Inflation is 50% at the moment while the currency is set to nose dive after the end of the tobacco auction selling season and Zisco is in complete chaos.

"There is no telling what state the economy will be in tomorrow let alone 10 years' time," the MD says.

A consultant economist is also dismissive: "Any portfolio or fund manager ready to lock their money up for 10 years would be taking an unwarranted risk. What is also significant is that the bond is government-guaranteed. Yet there are no takers. This indicates a complete lack of faith in the government." Zisco’s financial advisors, Trust Merchant Bank and Commercial Bank, agree that the country's economic conditions are to blame.

Says Xavier Edzwa, Trust Merchant's corporate-finance manager: "While the issue was an attractive long-term investment, institutional investors preferred short-term money market investments as opposed to locking their funds up for 10 years due to the uncertainty about interest rates and inflation."

The money is wanted mostly to pay for an overhaul of the aging Zisco furnaces. Annual production is officially 700 000 tons, compared with a possible 1-million tons. However, some estimates say Zisco's output is only 500 000 tons.

The steelmaker's MD, Gabriel Masanga, says Zisco has won orders to supply 400 000 tons to CJ Petrov in SA and Germany's Ferrostaal this year. He says this is evidence that the parastatal is on the road to recovery and profitability.
Zimbabwe on the brink of yet another maize crisis

HARARE — Most of Zimbabwe's major milling companies shut down at the end of last week as confusion about pricing brought the country to the brink of a new maize meal crisis which could see a repetition of last year's food riots in which eight people died.

Titus Ncube, the secretary-general of the Grain Millers' Association, said the price of maize meal fixed at Z$35/kg, Kumbirai Katsande, the president of the Confederation of Zimbabwean Industries, hoped deliveries of raw maize would resume at the weekend, averting the danger of empty shelves in shops.

Removal of subsidies and cutting of budget deficits were crucial to the economic reform plans sponsored by the World Bank and International Monetary Fund since 1991.

In January last year, a temporary 30% increase in the price of maize meal led to rioting throughout Zimbabwe and ended when President Robert Mugabe deployed tanks and troops and reversed the rise in prices.
Tighter press curbs mooted

Mugabe says he will strengthen libel laws

HARARE - Zimbabwe President Robert Mugabe said yesterday he was going to broaden state powers against the country's press.

Interviewed in the state-controlled Sunday Mail, Mugabe also gave notice that he was prepared to concede in forthcoming constitutional talks, to only minor reductions in his powers.

"The government will strengthen laws of criminal libel so that journalists will not be able to use their pens as a bloody sword against individuals they think they don't like," he said.

Zimbabwe's laws to sue newspapers and journalists in civil courts for libel apparently put the press at a disadvantage, and other laws make libel a criminal offence.

Mugabe said current laws gave journalists a higher status than "gods or angels" and they were protected by the shield of so-called civil liberties and human rights. The law of criminal libel had to strengthened, he said.

"That we shall do, not to prevent journalists from doing their work; but from going beyond the scope of their powers in assassinating people they don't like."

The government has found itself under unprecedented criticism from a robust local press as the country plunges deeper into economic and political crisis.

Mugabe also said there was little wrong with the constitution, but he would agree to losing his right to choose 20 members of parliament in the 150-seat body.

Mugabe has agreed to a constitutional conference to draft a new constitution in time for parliamentary elections due in a year.

"I think the current constitution has served us well. Its existence did not in any way obstruct any opposition party from winning power. Perhaps we should look at those areas which need to be changed. But we cannot overhaul the entire constitution," he said.

Zimbabwe's constitution has been amended 14 times since independence.

"The current document puts no limit on the terms of office the president can serve, bars him from facing criminal prosecution and has no effective means to impeach him."

-Sapa-
Zimbabwe loses VW investment to SA

Local newspaper the Sunday Mail has reported VW is planning a 20% expansion of its plant in Uitenhage.

Ferdinand Pieche, VW's chairman, mooted construction of a Bulawayo plant when President Robert Mugabe visited Germany in 1997. The company's tentative plans were announced as fact by the state-controlled media in Zimbabwe.

However, an unstable currency, soaring interest rates and an uncertain investment climate has already forced the temporary closure of the state-owned Willowvale Motor Industries' assembly plant in Harare.

Willowvale was reported at the weekend to have laid off 48 employees over an unofficial strike for a 20% pay rise in line with increases in the cost of living.

Meanwhile, a delegation representing Zimbabwe's motor industry will go to Pretoria next month to discuss protective tariffs and quotas in what has been designated a "sensitive area" of the pending Southern African Development Community's free trade protocol.

According to Zimbabwe's Motor Trade Association, sales dropped by 50% in the second half of last year.

Michael Hartnack

HARARE — Zimbabwe has lost a R500m Volkswagen (VW) assembly plant to SA, Industry and Commerce Minister Nathan Shamuyarira confirmed last week.

"VW expressed an interest in setting up an assembly line in Bulawayo," Shamuyarira said. "However, due to a variety of reasons the Germans changed their minds and opted for South Africa.

This is a sad situation because it means many jobs have also been lost," he said.
Mugabe vows clamp on ‘bloody swords’ of media

Harare – President Robert Mugabe has vowed to tighten criminal libel laws to stop reporters turning their pens into “bloody swords”.

Mr. Mugabe told the state-owned Sunday Mail that he was concerned about statutes that gave journalists “higher status than gods or angels”.

The law of criminal libel must be strengthened. That we shall do, not to prevent journalists from doing their work, but from going beyond the scope of their powers in assassinating (the character of) people they do not like,” he said.

“We do not want them to use their pen as a bloody sword.”

In recent months government officials have repeatedly warned of a crackdown on the media.

Information Minister Chen Chimwe said libel laws would be tightened because “we are not living in normal times.”

“There is a battle of the hearts and minds in Zimbabwe and we have to win it,” he said.

Sapa-AFP.
Bank says Harare’s figures do not tally

Martin Rushmere

HARARE — Standard-Chartered, Zimbabwe’s largest commercial bank, has all but accused the Zimbabwean government of lying about reducing the budget deficit.

In a pessimistic review of the economy, the bank says that the government has resorted to a large increase in treasury bills, probably "to fund parastatal losses and public expenditure not reflected in the budget accounts."

It says that a total of Z$10,1bn is set aside in the budget this year for interest charges on all government borrowings, external as well as local, whereas the interest on treasury bills alone will come to Z$12bn, regardless of all other borrowings.

"It is impossible to square the numbers with official statements that the budget deficit is being reduced. After adjustment for inflation, the real treasury bill issue was up by one-third at a time when the authorities insist that budgetary targets are being met and that the budget deficit has fallen to about 5% of gross domestic product," says the bank.

The International Monetary Fund has said publicly that it is satisfied with government figures that show the deficit falling.

Until it became clear that the army’s involvement in the Democratic Republic of Congo's civil war was going to last much longer than originally thought, privatization and payment for commercial farms acquired for peasant resettlement were the two obstacles to the release of $35m balance-of-payments support.

Economic growth for the year is forecast to be no higher than 2%, while inflation will continue to hammer the economy, an average of more than 40% is forecast for the second half of the year.

"As a remedy, the bank suggests a ‘harsh dose of deflation’ — high interest rates, cuts in public spending and a fall in the real money supply."

But the bank is sceptical that this will happen because of general elections next year.
Mugabe looks east in investment mission

Harare, Robert Mugabe, the president of Zimbabwe, left on a 15-day four-nation trip yesterday seeking foreign investment for the country's ailing economy and to cement ties with long-standing friends, a senior official said.

George Charamba, the presidential spokesman, said yesterday that Mugabe's delegation would discuss with Chinese investors projects in the defence, energy and steel industries as well as improvement of Zimbabwe's main roads.

The delegation would also visit Singapore, Iran and the United Arab Emirates, and may go to Italy for peace talks to resolve the war in the Democratic Republic of Congo.

"We are looking for Chinese foreign direct investment, and also at possible alternative sources of investment to complement traditional sources," Charamba said.

Some officials suggested that Mugabe, offended by the International Monetary Fund's refusal to release a $33 million aid tranche, was looking east for alternative funding to rescue the country's tottering economy.

Two weeks ago Mugabe threatened to cut ties with the IMF, saying it wanted political change before giving the money.

The fund has held on to the aid since August, demanding transparency in government policies, particularly Zimbabwe's controversial land reforms and spending in the Congolese war.

Analysts said Mugabe's stance, backed by a small, strong lobby within his government, was hurting the economy and damaging its image abroad.

Mugabe, facing the worst crisis of his 19-year rule, has also accused the US and former colonial power Britain, of interfering in Zimbabwe's internal affairs. Both countries denied the charge.

Aid officials estimated international donors were withholding $815 million ($2.38 billion) because of the IMF impasse.

Charamba said the government's disagreements with the IMF were no different from disputes with other international bodies.

"We are making legitimate demands as a member," he said, adding that the money was a loan. "The $33 million is important, but all the president is saying is that a dollar earned gives better mileage than one loaned."

Mugabe's delegation would seek funds for the estimated $87 billion rehabilitation of the main road network and upgrading of the Zimbabwe Iron and Steel Company contracted to China's Shougang.

Talks would also centre on the upgrading of Zimbabwe's defence equipment, a lot of which was bought from China, but Charamba declined to give details. - Reuters
Zimbabwe’s state papers admit forex concerns

HARARE — Renewed flutters of alarm over an impending foreign exchange crisis have been heightened by the government press, which is acknowledging for the first time that some companies are finding it difficult to make foreign payments.

In a change from the past pattern, of denying that any problem exists, The Herald says that importers are defaulting on payments, and quotes bankers as saying that the currency shortage is becoming “acute.”

According to The Herald, Reserve Bank Governor Leonard Tsitsiha noted recently that there were “enough reserves for six months’ import covers.”

This is reviewed with scepticism in the money market, with traders confirming that it is becoming increasingly difficult to process import payments.

The worrying situation is making itself felt abroad, where correspondent banks are becoming more cautious in their dealings with Zimbabwe.

Lower prices for the country’s main export, tobacco, are also causing concern. The average paid in the first week of the auction sales was down 7% to $1.26 a kilogram.

In its editorial commentary, The Herald says there is mistrust between the Reserve Bank and the central banks, and that the low level of reserves is partly because “the country has been waiting for months for financial support from the International Monetary Fund and other donors.”
HARARE — Zimbabwe President Robert Mugabe has appointed a 305-member commission to rewrite the country's pre-independence British-drafted constitution in seven months.

The commission will be chaired by High Court Judge Godfrey Chidyausiku and includes all the country's 150 parliamentarians, business leaders, opposition figures, farmers, lawyers, academics and civic society leaders.

It also includes leading government critics like political commentator Lupi Mushayakarara and academic Heneri Dzinotyiweyi of the Zimbabwe Integrated Programme, a pressure group.

Mugabe told the commission to hold an inquiry and compile a report of its findings by November 30.

He said participants could report to him on the proceedings of the report from time to time.

Zimbabwe will hold parliamentary elections in the first half of next year.

There was no place in the commission for National Constitutional Assembly (NCA) chairman Morgan Tsvangirai who has led opposition to a government-appointed body, demanding instead an all-party conference.

The NCA says the commission is open to manipulation by the president and has championed a national conference at which Mugabe's ruling Zanu(PF) would be just one of the parties, not the main arbiter.

Zanu(PF), in power since independence in 1980, has amended the Lancaster House-drafted constitution 15 times.

Critics say the amendments were meant to entrench the former-liberation movement's rule.

The NCA, which groups Zimbabwe's main and civic groups, wants the new constitution to contain a comprehensive bill of rights. It also wants an independent parliament with powers over the executive, an executive accountable to democratic structures and an independent judiciary.—Reuters.
President will take the nation down with him rather than admit failure, says EU report

Mugabe's square dance with chaos
Blow to media in Zimbabwe

Foreign ownership has been banned

President Robert Mugabe's government has reclassified Zimbabwe's media sector as an investment area reserved for locals, effectively banning foreign ownership of the country's media.

A senior official at the Zimbabwe Investment Centre (ZIC), the parastatal body tasked with approving all investment into the country by foreigners, said the organisation had received a directive from the ministries of information, posts and telecommunications and of finance barring it from approving any new applications for foreign investment in the media sector.

The move comes three months after senior government officials threatened to restrict foreign investment in the media.

The move is widely viewed as an attempt to cripple the country's vibrant independent media, which has been subject to persistent attacks from the government.

The official, who preferred anonymity, said the directive was likely to affect the newest player on Zimbabwe's media scene: The Associated Newspapers of Zimbabwe. The new company, which has just started publishing the country's only independent daily newspaper, The Daily News, is 60% foreign owned by Africa Media Investments, a United Kingdom-based company. The ZIC approved the investment in June last year. The official said the government's directive would, however, stop any new inflows of foreign capital into the media.

The ZIC has three investment categories. The first, which includes mining and manufacturing, enables 100% ownership of a local company by foreigners. The second, comprising the services sector, allows foreigners to own up to 60% of any Zimbabwean company. It was in this context of this second category that The Associated Newspapers of Zimbabwe was established. The last category, comprising investment in land, restricts foreign ownership to a maximum of 35%.

The official said the government was also working on regulations to ban donor non-governmental organisations within the country from investing in the media. These regulations would, however, not be administered by the ZIC.

"The government's move is the culmination of numerous vitriolic attacks on the country's independent media, which it blames for publishing 'falsehoods and inciting the people against the rulers'."

Information Minister Chen Chimutengwende said the independent media was being funded by "international fascists" from Britain and the US bent on toppling Mugabe's government. He said the government was justified in imposing restrictions on capital inflows into the media from these "fascist organisations".

Up to seven journalists are currently facing various charges under Zimbabwe's draconian Law and Order Maintenance Act – Independent Foreign Service
Order to acquire farm must stand, says court

Michael Hartnack

HARARE — Zimbabwe’s government has suffered another legal setback with its land acquisition programme, after being told by the administrative courts it may not reverse sales if it runs out of funds.

Administrative court president William Cutler has ruled that Agriculture Minister Kuumbira Kangai cannot rescind an order made last year compulsorily acquiring a 3 200ha farm north of Centenary, for which he was prepared to pay Z$75m, when official valuers placed the farm at Z$182m, plus a 17% price tag on it.

The owners are seeking Z$75m, citing the crash in the value of the Zimbabwe dollar since the valuation. Alfred Jackson, his wife and son, directors of AO Jackson Farm, fought Kangai’s move to set aside the sale as a spurious attempt to avoid consequences of acquisition,” Cutler said.

The farm was among 1 500 designated for takeover in November 1997 and Kangai signed an order declaring the land state property in June last year. However, in January this year officials told the Jacksons “he did not have the money to pay.”

Cutler ruled that the 1994 Land Acquisition Act, intended to pave the way for transfer of 5 million hectares to black Zimbabweans, did not envisage reversal of sales. The disputed farm had become state property in June last year whether or not compensation was agreed upon.

“Mr. Cutler made a considered act of acquisition in full knowledge of the consequences,” said Cutler. “Acquisition of land in Zimbabwe is of major importance to the development of the country and it affects a large proportion of the population. People want land of their own. We can all remember the invasions of farms that took place last year.”

Cutler said the court’s decision was not to be treated seriously. From a moral standpoint it would do little good to the population as a whole as well as the landowners if it was felt that “the government could acquire land and then change its mind and give it back.”

Cutler said this would lead to the public being disillusioned, while farmers would be unable to obtain finance for cropping if they said the government was not in the position of a private individual, who should have run out of funds and never be able to pay a former owner.

The Jackson family were reported to have owned their farm, at Centenary, 150km north of Harare, for about 70 years, but Alfred Jackson was near retirement age and his son wished to pursue horticultural interests closer to the capital. They had sought to have the farm shadowed, leaving the farmland under cultivation, and in a near-detached state since its redistribution to peasant families two years ago.

Lacking finance, most families had moved off the farm without launching cropping programmes. Trespassers were now taking fencing, borehole equipment, timber, bricks, roofing and other assets.
Fresh optimism in Zimbabwe for IMF support

State has met all the prescribed conditions, says finance minister

HARARE — Zimbabwean Finance Minister Herbert Murerwa has again expressed optimism that a meeting in Washington today of the International Monetary Fund (IMF) board will lead to an agreement to release $53m in budget support, thus triggering a further $400m much-needed aid from western donors.

The optimism coincides with new concerns raised about President Robert Mugabe's controversial plan to sell a 51% stake in the $1.5bn Hwange thermal power station to Malaysia's YTL for less than $100m initial down payment, a deal the IMF and World Bank consider "untransparent" and an obstacle to further help.

Release of the IMF support has been repeatedly postponed since economic problems came to a head last year with abortive moves to seize 841,000 white-owned farms, deployment of 8000 troops to support Democratic Republic of Congo President Laurent Kabila, and reintroduction of price controls on staple commodities.

Mugabe, performing yet another about-face in his rhetoric last month, abandoning talk of a final breach with the IMF and a take-now pay-later land policy, has favored a modest land reform "inception phase" acceptable to western donors.

"We have met all their conditions," Murerwa told the state media while on tour with Mugabe in China and Japan. "They were concerned about issues such as land and our involvement in the Congo and they have been satisfied with our explanations."

The IMF is giving money to Uganda which is also involved in the Congo so I don't think they would not give us the funds on that basis."

Diplomatic sources believed despite the official optimism here, today's Washington meeting was unlikely to reach a binding decision, which would be deferred — yet again — to next month, when later figures will be available on performance of the Zimbabwean economy.

February statistics put inflation at 53% and cast doubt on Zimbabwe's ability to meet agreed IMF targets.

It is an open secret that Mugabe is seeking alternative sources of finance on his Asian trip.

Zimbabwe's newly launched independent Daily News, reported yesterday Mugabe was seeking to "freeze" the YTL-Hwange deal by appointing a committee to seek private backers. The move follows a World Bank decision to support, instead, the $1.3bn Gokwe North power project involving Britain's National Power and the Rio Tinto mining group.

In 1994 Mugabe told western ambassadors to "go to hell" when they lodged protests against the evasion of tender procedures in the YTL-Hwange contract. The Daily News said Mugabe was still determined to push ahead with the deal, agreed between Malaysian Prime Minister Mahathir Mohamad and himself, as "ground-breaking new south-south co-operation."

Christopher Chetsanga, chairman of the parastatal Zimbabwe Electricity Supply Authority, said: "The IMF board is aware that a committee has been appointed but the agreement is between the government and YTL. The IMF board has nothing to say about it."

Some US state department advisers have urged the US to demand radical reforms in governance, including guarantees that there will be no repetition of human rights abuses such as the recent illegal arrests and torture of journalists.
The rivalry is there: go home and prepare the apples

Trade union party gears up to challenge Mugabe

By VICTOR MATWANA

The Zimbabwean political scene is heating up as the country heads towards the 2018 general elections. The main opposition party, the Movement for Democratic Change (MDC), is gearing up for a tough battle against the ruling Zanu-PF party, led by President Robert Mugabe. The MDC, under the leadership of Nelson Chamisa, has been working on rebranding and strengthening its base in preparation for the upcoming polls.

Mugabe, who has been in power for 37 years, is facing strong challenges from the opposition, who accuse him of corruption and human rights abuses. The MDC has been critical of the government's economic policies, which have led to hyperinflation and a severe shortage of basic commodities.

The recent elections in neighboring South Africa have raised questions about the integrity of the Zimbabwean electoral system. The MDC has expressed concern about the possibility of election fraud, and has threatened to challenge the results if necessary.

The ruling party, however, has been assurances that the elections will be free and fair. The government has also been reaching out to the opposition, offering to hold talks on constitutional reform.

The political landscape in Zimbabwe remains polarized, with the MDC and Zanu-PF engaged in a bitter struggle for power. The outcome of the 2018 elections will likely have far-reaching implications for the country's future.
Mining industry calls for abolition of government's 'middle man'

Martin Plusmeme

HARARE — There has been another call for the abolition of one of the most detested institutions in the Zimbabwe mining industry, the government's Minerals Marketing Corporation. All minerals for export, apart from platinum produced at Hartley and gold, have to be sold through the corporation, which charges a 0.75% commission.

Outgoing Chamber of Mines president John Nixon has repeated the views of his predecessors, that the corporation serves no practical purpose and is nothing more than an extra cost to the industry.

"I can understand the need for a body to monitor what is happening (a reference to the government's repeated, but improved allegations of transfer pricing), gather market intelligence and possibly act also as the buyer of last resort for small producers. There is no need, though, for a direct selling agency to deal with the bigger producers."

Nixon, who is MD of Rio Tinto in Zimbabwe, says that investment attractions also need to be improved. He cites the case of BHF's Hartley mine, which was negated as a special deal. "When this happens, with one company being given special concessions on tax and duties, you get other companies wanting the same treatment. There needs to be a uniform set of conditions that applies to everyone."

"The basic structure is there as far as depletion allowances and suchlike are concerned."

That view is not shared by everyone. Some mining analysts want much more generous concessions because the geology is suited mainly to small and medium-size operations with small profit margins.

Nixon's successor, to be announced later this month, will be taking on another long-standing difference of opinion with the government: namely, gold hedging. Producers want to be allowed to hedge as much of their production as they want. At the moment this is confined to 15%, which, with other strict conditions set by the government, makes it virtually meaningless. "I can understand official reluctance given the prevailing economic hardships," said Nixon.

Adding to this reluctance is the fact that the Reserve Bank, acting on government orders, is said to have sold forward a considerable proportion of the country's production this year—expected to be about 25 tons.
Tension eases over Zim land reform

HARARE: Tension over land reform between Zimbabwe's farmers and the government has eased after recent cabinet approval of a framework plan that the farmers' union has described as "significant", the UN's Integrated Regional Information Network reports.

"We have a policy document we can work with," Commercial Farmers' Union official Jerry Grant said. "Land reform can be done properly without destroying the basis of the economy."

Land ownership was at the heart of Zimbabwe's liberation war. Now, 19 years after independence, around 11 million hectares of prime land is owned by some 4,500 mostly white farmers. Over six million black Zimbabweans are crowded on to barren communal areas reflecting an unchanged colonial legacy.

The government threatened last year to requisition 1,471 farms and pay for infrastructure but not the land. At a conference in September, donors pledged financial support for land reform if the government met transparency and poverty-alleviation criteria, with the land being paid for at market rates.

The new plan, to be part-funded by donors, calls for the resettlement of 77,300 rural families on a million hectares over two years. The land includes 120 farms voluntarily offered for sale last year. The balance would be met partly by further uncontested acquisitions from a revised list of 800 farms for compulsory purchase.

Zimbabwe Farmers' Union director Metekaiore Kuda said resettlement selection would be based on experience and financial backing. — IPS 1999
Land reform tension eases in Zimbabwe

Harare - Tension over land reform between Zimbabwe's commercial farmers and the government is set to ease following recent cabinet approval of a framework plan, which the farmers' union has described as "significant", the United Nations' Integrated Regional Information Network (IRIN) reports.

"We now have a policy document we can work with," Commercial Farmers Union (CFU) official Jerry Grant told IRIN on Tuesday. "Land reform can be done properly without destroying the basis of the economy."

Land ownership was at the heart of Zimbabwe's liberation war. To this day 18 years after independence, some 11 million hectares of prime land is owned by around 4,500 mostly white commercial farmers.

The issue has become highly politicised. The government threatened last year to requisition 1,471 listed farms and pay only for infrastructure but not the land itself.

At a land conference in September, donors pledged financial support for reform if government policy, met transparency and poverty alleviation criteria, with the land bought at market rates.

The new Inception Phase Framework Plan, to be partly funded by donors, calls for the resettlement of 177,700 rural families on a million hectares over two years.

The land includes 120 farms amounting to 223,112 hectares, voluntarily offered for sale last year. The balance would be met by among other sources, further uncontested acquisitions from the government's revised list of 800 farms for compulsory purchase, and novel approaches for better utilisation of farmland.

The key to the plan is a strategic and sustainable approach to land reform to combat rural poverty.

Sam Moyo, who led the technical team which prepared the framework report, told IRIN that around half of commercial farmland was under-utilised.

The CFU has warned that agricultural production, the basis of the Zimbabwean economy, would suffer if land was handed over wholesale to under-resourced communal farmers.

- Star Foreign Service
Zimbabwe police are getting ready for riots
Bakers warn of unrest if the maximum bread price is reduced

Michael Hartnack

HARARE — Zimbabwe's police force plans to spend Z$400m equipping itself in preparation for possible rioting in the lead-up to next year's parliamentary elections.

"There is always violence agitated by political parties," commissioner of police Augustine Chihuri told the Daily News when questioned about the Z$400m outlay.

It would go towards the acquisition of troops carriers, buses and motorcycles to be bought from Japan.

"We need to strengthen the support unit and give it appropriate fluidity and mobility for purposes of quick reaction," he said.

Yesterday the country's bakers warned that Zimbabwe was taking a step which could lead to the resumption of food riots if the government went ahead and gazetted a Z$8.72 maximum wholesale price for bread, now selling at more than Z$11 a loaf in most shops.

"Bakers will be forced out of business," predicted Eddie Cross, chairman of the National Bakers' Association. He said government attempts to impose controls took no account of recent 103% increases in the price of flour, 78% in the price of fats, and other essential inputs by amounts ranging from 30% to 350%.

Last month the country survived temporary maize meal shortages as millers wrangled with the Grain Marketing Board over who was responsible. A 30% increase in the meal price last year triggered nationwide riots in which eight people died.

In statements in the Chinese capital Beijing, President Robert Mugabe blamed world commodity prices for the crash in the value of the Zimbabwe dollar, making no mention of the crisis of confidence triggered by his Z$4.5bn payments to ex-guerrillas, his scheme to expropriate white farms, and his dispatch of 8,000 troops to the Democratic Republic of Congo.

"For the past two years the economy has not performed to our satisfaction due to the agricultural crops and minerals which are not performing well, and this has resulted in a slump in foreign earnings," he said. A weak balance of payments position had "forced government to draw on the reserves in a drastic manner," resulting in a panic by banks, he said.

The Herald reported yesterday that the Posts & Telecommunications Corporation, in the grip of a strike by 700 engineers and technicians, planned to make a Z$2.80m private equity placement to help reschedule debts of Z$2bn.

"The bulk of the money will be used to finance external debts with various institutions that have done projects for us," said the corporation's finance director, Celectino Gavhara.

The corporation was examining ways of raising a further Z$300m "without the need to borrow".

Its technicians, whose action has caused widespread disruption to telephone and telex circuits across the country, have demanded 200% increments to bring them into line with rates paid by the newly established cellphone networks.

The Zimbabwe Congress of Trade Unions plans to defy Mugabe's ban on labour unrest by organising nationwide "sit-ins" at premises of all enterprises that have failed to pay 20% emergency cost of living increments to offset inflation.
Zim army on standby

HARARE: The Zimbabwean government has put its entire army and air force on standby for the war in the Democratic Republic of Congo (DRC), effectively suspending all resignations or retirements from the Zimbabwe Defence Force.

Defence spokesperson Chancellor Dya said yesterday that defence regulations from 1988 had been invoked barring all serving members from quitting or retiring until the end of the war in the DRC.

Military sources said there had been an outpouring of applications to quit the army from officers unwilling to fight in the DRC. The sources said Zimbabwe would significantly increase its presence in the DRC after Chad's decision to withdraw.

The move could also signal involvement by Zimbabwe in the Angolan civil war in accordance with a recently signed defence pact between Angola, Zimbabwe and Namibia.

Zimbabwe has about 10,000 troops, a fifth of its complement, and heavy armour in the DRC.

Rumours abound in Windhoek that Namibian troops are already fighting in Angola. — IPS
Zimbabwe set to get far worse

BY JAKRAITH

A confidential report prepared for the European Union by a highly regarded German think-tank warns the organisation to expect anti-government unrest to increase soon in Zimbabwe, as corruption and incompetence under President Robert Mugabe's regime forces the country into escalating crisis.

The Institute for Research and Politics (Stiftung Wissenschaft und Politik) based in Ebenhausen near Munich says most of Zimbabwean society has been united against Mugabe and the country's ruling elite by economic blundering and "the economically disruptive behaviour of President Mugabe".

It says the country is in "a volatile situation", but that it is unlikely that Mugabe will be toppled soon by a military coup, voted out of office or removed in a power struggle within his ruling Zanu (PF) party.

Instead, its forecast is that until 2005, Mugabe will stay in power, the country "will fall deeper into economic depression" and Mugabe will increasingly use repressive tactics to maintain his control.

Mugabe neither cares about nor is capable of doing anything to restore the country to democracy and economic stability, it says.

He would rather "take the nation down with him" than stay down and admit failure.

The report, entitled, "Zimbabwe - a conflict study of a country without direction," was commissioned by the EU as a briefing paper. EU officials stress that the document is not an official reflection of EU policy.

"This was a report made by an independent academic organisation," said Jens Laerke, counsellor at the EU mission in Harare.

"It is being discussed in the commission and its views can be taken into account. But it's not in any way a draft proposal and it's not something that can be adopted."

However, the institute is heavily funded by the EU and the German government.

In Mugabe's administration, planning to deal with problems "does simply not take place". Outbreaks of public violence in the last two years were the result of "blatant corruption amongst the ruling elite, particularly the presidential family", and by price rises caused by "haphazard and politically motivated economic policy."

It warns that "rapidly deteriorating living standards may well increase violent protests in the near future."

The chances of a military coup to replace Mugabe are rated as the least likely He is removed from power by figures within his ruling Zanu (PF) party are also rated low.

It says there is a stronger likelihood of Mugabe losing in the next elections to a new political party pressing for democratic reform.

But, it concludes, "neither the opposition to Mugabe inside or outside Zanu (PF) seems strong enough to make a bid to oust him."

The most likely outcome is that the Zanu (PF) wins parliamentary elections next year; Mugabe wins elections presidential elections in 2002 and stays in power.

"The power structure remains unchanged and the meddling in economic affairs continues. The consequences would be even more pronounced social and economic and political legitimacy crises."

The EU's interests lie in a "stable and prospering Zimbabwe", the paper says, and suggests the organisation starts to address political problems.

Its main recommendations are for EU assistance to constitutional reform and to government institutions to improve fiscal management and detect corruption.

But it cautions against getting involved in the struggle over Mugabe's successor.

"There are hardly any possibilities for the EU to contribute towards the political retreat of President Mugabe's successors. Besides hoping that democratization paves the way for a non-violent change of the country's leadership.," it says. - Sapa, dpa
Zimbabwe maize price to rise

Minister expects retail increase, in response to new producer prices, to be affordable

REST OF AFRICA
Zimbabwe maize price to rise

Minister expects retail increase, in response to new product prices, to be affordable

REST OF AFRICA
IMF again delays Zimbabwe aid

BERNARD MANDZEVIZA

Harare — The International Monetary Fund (IMF) has again baulked at releasing the US$3 million crucial balance of payments support to help resuscitate Zimbabwe's ailing economy it was learnt on Friday.

Optimism had been high that after a petition sent to the IMF by the country's main private sector industrial bodies imploring the institution to release the money, it would consider Zimbabwe's case favourably. The IMF has refused to release the money since June last year, citing the government's failure to meet agreed fiscal targets.

Sources in the finance ministry said although the IMF executive board meeting convened to consider Zimbabwe's case on Wednesday was pleased with the progress report from the officials, it still needed specific issues to be clarified before considering if the credit line could be extended.

Sources said the IMF was still concerned about an equivocal statement from Zimbabwe over compensation for white farmers whose land was being redistributed to black peasants.

More importantly, the IMF seemed unconvinced about Zimbabwe's explanation on the funding for its war in the Democratic Republic of Congo.

The sources said the IMF also wanted a decision on what the government was doing about its earlier controversial decision to sell 51 percent of Hwange thermal power station to a Malaysian company, YTL.

Instead, the government had indicated only that it was review-

ing the deal to dispose of one of the country's key assets.

The government had in the past indicated it was sidelining other competitive bidders from established western countries in favour of the Malaysians in the spirit of South-South co-operation. The sources, however, were optimistic the money could be disbursed after the remaining issues were clarified.

Michael Nowak, the IMF assistant director for the Africa region, told the Zimbabwe Independent, a local weekly, last week that loose ends needed to be tightened before a final decision could be made. After that, the IMF would be in a position to make available the standby facility, he said.

IMF officials were not more specific in their statements.

Independent Foreign Service
Two Zimbabwean journalists, who were illegally detained and allegedly tortured by the military over a newspaper report alleging a failed coup to topple President Robert Mugabe, are to face trial before a Regional Court on August 2.

Prosecutors said yesterday they would not drop charges against Standard editor Mark Chavunduka, 34, and reporters Rey Choto, 37, under the Law and Order Maintenance Act, despite an earlier decision to withdraw similar charges against two other reporters on the privately-owned weekly journal, the Zimbabwean Mirror.

Mr. Chavunduka and Choto, who were receiving medical treatment they were receiving in London, cut short the medical treatment they were receiving in London, and were permitted to return to the United States. The military then released them from detention.

The arrest and alleged torture of the two journalists provoked a storm of national and international protest and ignited a constitutional crisis as the military disobeyed court orders to release them from detention.

The police say they have no jurisdiction over the military.

Mr. Mugabe's Supreme Court judges eventually petitioned the military to release the journalists, leaving the two branches of government in a standoff.

They declined and remained on the bench, leaving the two branches of government in a stalemate.
Zimbabwe wants SA-EU trade pact updated

Michael Hartnack

HARARE — A 14-member Zimbabwean delegation is due to leave tomorrow for Pretoria to discuss possible tariff relaxation, according to the state-run Zimbabwe Broadcasting Corporation.

The trip comes at a time when a Zimbabwean minister has warned that the recent SA-European Union (EU) trade pact threatens to curtail trade with SA’s Southern African Development Community (SADC) partners. Deputy Minister of Industry and Trade Obert Mpofu said Zimbabwe was absent from those offered safeguards under Pretoria’s pact with Brussels and demanded a revision of concessions in an updated version of the Lomé agreement which he said would be negotiated between 2000 and 2005. Trade and Industry Permanent Secretary Kelvin Nkomane said 30% to 40% of Zimbabwe’s exports went to the EU.

Representatives of Zimbabwe’s motor industry leave for Pretoria tomorrow for talks with their counterparts on relaxing tariff barriers.

Confederation of Zimbabwe Industries’ spokesman Eddie Cross has said termination of past barriers under the SADC trade protocol need present no threat to either side if they obtain world-class quality and specialise in sectors of the regional market. SA exports to Zimbabwe in the motor sector attract up to 100% duties under protectionist tariffs imposed a year ago.

In its latest upbeat report on President Robert Mugabe’s protracted tour of Asia, the Zimbabwe Broadcasting Corporation reported that China would provide ZS$135m for a dam on the Gwai-Shangani river system in northern Matabeleland.

Following earlier reports that China would source ZS$2bn for Zimbabwe, Mudenge told the broadcaster that Peking was providing ZS$1bn “at a time the International Monetary Fund (IMF) is dragging its feet”.

The IMF has repeatedly deferred a decision on $35m budget support, stalling further $400m aid which western donors have made conditional on IMF satisfaction with Zimbabwe’s economic performance.
Speculative EU paper angers Zimbabweans

Author says violence would be triggered by declining conditions

Michael Hartnack

HARARE – The European Union (EU) should consider supporting intervention by the Southern African Development Community military force in Zimbabwe, current policies pursued by President Robert Mugabe lead to a military coup, says a confidential report prepared for the EU by the Conflict Prevention Network.

The report foresees the possibility of a new rebellion in Matabeleland, similar to that in the 1980s when the North Korean-trained Zimbabwe National Army 5th Brigade massacred up to 20,000 suspected Matabele Opponents.

Leaks from the report have aroused the fury of Zimbabwe's official media.

An editorial in The Herald described the report as “wrong, valueless and breathtaking in its naivety.” Diplomatic sources confirm the 67-page report has been circulated among Western embassies. Its unnamed writer, an EU national resident in Zimbabwe since the 1980s, was believed to be connected with one of the foundations working here for an enhanced civil society.

The Herald claimed the “dangerous analysis” perpetuated “old myths spread by Rhodesians” of latent conflict between Matabele’s Zeruza section of the Shona and other ethnic groups.

The report, it says, contradicts all the old myths about blacks and black society that were so common in the days of the Rhodesian Front (which ruled from 1962-1979 under Prime Ministers Winston Field and Ian Smith).

An editorial said a unifying ideology underlying black advancement had replaced ethnicity as the dominant factor in Zimbabwean politics.

Alongside, the anonymous author’s analyses, possible scenarios, and EU policy options, is a commentary understood to have been made by a prominent local academic.

“A non-Zimbabwean was deliberately chosen (as the author) because in the present polarised situation any Zimbabwean researcher may be perceived as partisan,” says the report’s preface.

The author believes “continuation of the present stalemate is most likely,” despite deepening economic depression and retreat into an informal sector and subsistence economy. However, it was possible Mugabe would be “forced out of power either by a split in Zanu (PF) as a result of the succession struggle or by defeat of the ruling party — weakened by the succession struggle — in the next elections.”

Polls for 120 of the 150 parliamentary seats are due next year. But Mugabe, who nominates 30 MPs, is not due for re-election until 2002. Although he will be 77, he is widely expected to stand again.

Unlikely to go soon

The author says replacement of Mugabe by the military or an internal coup is the least likely course.

However, if it happens, the EU should “not recognise the new military regime, and freeze all military aid to Zimbabwe. It must urge all its members to follow suit.”

The EU might consider supporting a possible SADC intervention to restore democracy. The EU should negotiate with the military rulers to hand over power to an elected government as soon as possible.

The author predicts that a minister without portfolio, Edisson Zvogofilo, is the most influential politician among the southeastern Karanga group of the Shona people. It is most likely to succeed Mugabe, if the latter steps down.

Strongly disagreeing with this view is a Zimbabwean academic commentator who suggests a retired army commander Solomon Muguru (Rex Nhongo), Justice Minister Emerson Mmiangagwa, Home Affairs Minister Dumiso Dabengwa and CIO head Sydney Sekeramayi are also strong contenders.

Should Zvogofilo succeed Mugabe, the EU must demand immediate, democratic elections and a constitutional reform “as to prevent a mere continuation of an autocratic regime la Mugabe,” says the report.

Alternatively, should Matabeleland explode, the EU should urge the Zimbabwean government to sensibly and observe human rights.

“Stuck in a situation that sees spateless, neonous local uprisings, not much else can be done from the outside.”

The academic commentator says that violence, whether in Matabeleland or elsewhere, would probably be triggered by deteriorating economic conditions, and might eventually make Zimbabwe ungovernable.

Neither the author nor the commentator consider the complicating factor that has arisen since the 1980s unrest, of more than 110 Zimbabwean migrant workers now in South Africa forming a powerful potential political lobby group and a source of funding and recruits.

Most of the migrants come from southern Matabeleland.

The commentator believes a split in Zanu (PF) is unlikely because its leaders knew no rival party could survive under the present constitution.

The report traced Zimbabwe’s trouble to diversion of resources to political priorities, maintaining “a bad balance of the various Shona factions and Ndebele within the ruling party,” and pleasing major strategic groups through allocation of economic patronage.

It says the problem of resettling land-hungry peasant has been overemphasised as a result of state attempts to make whites a scapegoat for social distress.

With 70% of Zimbabwean living in poverty, the public was outraged by the presidential family’s extravagant behaviour, and saw conflict with the remaining 70,000 whites as “all but a red herring.”

The academic commentator describes the dispatch of troops to the Congo as “Mugabe’s most selfish and unpatriotic decision to date,” and agreed the EU should seek their withdrawal before the cost of defending private business interests became monumental.
Zimbabwe's sugar makers face losses as state puts pressure on prices

From Bloomberg
Breather for Zimbabwe tobacco farmers as quality hoists market

By GODFREY MUTZWA

Zimbabwe’s tobacco prices have risen 8.13 percent since the auctions opened last month, giving hope to farmers worried about depressed demand, rising debt and crippling state taxes.

The season’s average price for fine-cured leaf rose to $1.23 a kilo on Monday from $1.20 on April 21 when the floors opened. With 14 selling days gone, the industry has sold 322.3 million kg at its two auction floors, earning farmers $16.88 million versus the $13.89 million earned by the same time last year.

“This year looks a bit more positive, and it looks like the quality is better than the price is helping to give a bit more buoyancy to the market,” Pat Davis, the Zimbabwe Tobacco Association marketing information director, said.

Davis said the market was suffering from an 18 percent cut in orders from the US, the 400 million kg plus Brazilian crop, and soft Asian demand, but the generally small southern African output and the quality of the local leaf were lifting prices.

Prices have surged in Zimbabwe dollar terms because of the 50 percent depreciation of the local unit against the US dollar last year, inflating earnings to $382.5 million from $218.0 million.

“The buyers seem to like the soft quality of our crop, and farmers are looking at getting between $1.65 and $1.85, although it’s early days yet,” Davis said of the six-month long season.

Tobacco is Zimbabwe’s most important hard currency earner. A 25 percent drop in prices last year reduced the Zimbabwe dollar’s crash against major foreign currencies. The unit has been wobbly this year because of slower inflows from tobacco.

Zimbabwe’s 1,600 commercial farmers and 6,000 small-scale growers are expected to produce about 195 million kg in the 1998-99 (November-April) season from 182.31 million kg last year.

The government has put 1999 earnings at $650 million up from $372.3 million in 1998, but industry officials estimate them at $600 million. The industry had earned $437 million in 1997.

But officials said earnings might be lower next year after the government rejected farmer demands to remove a hotly contested 5 percent tax on growers and merchants.—Reuters
Mugabe lashes IMF, sparking fear on aid

Michael Hartnack

HARARE — The latest diatribe by President Robert Mugabe against the International Monetary Fund (IMF) and "western imperialism" has renewed fears that he may have talked Zimbabwe out of $500m in aid.

"I do not like the IMF. It is a tool being used by imperialists to subject us to their will. It is a monster we do not deserve. We are happier without it," Mugabe said on Wednesday after his return from China and the Middle East. Capital injection from China and the Middle East would "boost foreign currency and turn around the economy", he declared.

"The IMF has stalled tranches of US$50m in budget support since last year over the Zimbabwe government’s failure to satisfy aid criteria, causing western donors to hold back more than US$400m."

Statistics released yesterday showed inflation was 52.7% in April as the economic crisis continued.

The Financial Gazette predicted Finance Minister Herbert Murerwa would soon admit, despite Mugabe’s past denials, that dispatching 8 000 troops to the Congo had cost at least $350m in unbudgeted funds.

In a reference to government rhetoric, IMF representative Michael Nowak told the Zimbabwe Broadcasting Corporation in an interview from Washington that attempts to get his board to release aid had been "prejudiced by past statements coming from cabinet members, contradicting assurances given".

Economist John Robertson yesterday rejected Mugabe’s claim that China and Iran would fill the gap left by the IMF. "They are not sending us money that can be put into our bank balances or more foreign reserves. Reality is not getting into Mugabe’s little circle of friends and nobody is pointing out to him the consequences of what he is saying."

During Mugabe’s trip, ministers and state media have made conflicting statements regarding a Z$1.2bn Chinese loan to be "sourced", not making clear whether the money will be a grant or a loan. Other statements suggest the money will constitute a Z$1.2bn loan for the Zimbabwe Iron and Steel Plant and loans to small and medium enterprises.

Robertson predicted Beijing would want repayment in steel at well below world market prices. Mugabe said at a four-hour news conference on Wednesday: "from which foreign correspondents were excluded, that the Chinese were "the greatest friends" who gave him the strongest support during the 1972-80 Rhodesian war. "No European country gave us weapons. Europeans are racist to the core. They are the most racist group I have ever seen in this world despite all the appearances of being democratic," he said.

Of the IMF, Mugabe said: "We will be happier without them. We will not die as a country. Never, ever."
World Bank funds pilot projects to remove uncertainty on redistribution, ensute productive use of land

Boost for Zambia's land reform
Great Dyke's riches may be illusory

REST OF AFRICA
$5m boost for Zim resettlement scheme

HARARE: The World Bank said yesterday that it would disburse $5 million to Zimbabwe for the resettlement of about 1,000 families as part of the country's land reform programme.

A statement released in Harare said America, Sweden, Norway and Holland are due to sign an agreement for $920,000 for administrative work in the land reform process today.

A team of experts from the European Union have already arrived in Zimbabwe for a study on resettlement.

The statement said the families would be resettled on about 40,000 hectares of land, adding that the funding was a "learning and innovation loan" and not the launch of full-scale resettlement programme.

"This is a very positive development," said Barbara Kaika, the World Bank's country director for Zimbabwe.

The project's success will be critical in determining the level of future bank support for the programme. Depending on the success of the learning and innovation loan, she added, Western diplomatic sources have pointed out that the finance being released was small, and far from the government's demands a year ago for $177 million in aid for land reform. -Sap"
Modest land reform wins donor support

HARARE — A modest two-year “inception phase” for land reform, using farms taken over on a willing-buyer, willing-seller basis, received the blessing of western donor nations yesterday with the signing of a preliminary $960 000 technical aid agreement.

This signalled the demise of President Robert Mugabe’s plans for land seizures with indefinite deferred payment of compensation to evicted white owners.

Ruling Zanu (PF) party chairman Joseph Msika, tasked by Mugabe with responsibility for resettlement, said donors had pledged $190m after last September’s land reform conference, the results of which were cast into doubt when Mugabe subsequently ordered immediate takeover of nearly 900 of 1 500 designated farms.

In January, however, the Administrative Court refused to endorse most seizures because papers were not filed in time.

Farming and diplomatic sources believe Mugabe intends to proceed with about 100 farms already in state hands to retain hopes of unfreezing International Monetary Fund (IMF) budget support of $33m-$48m and further western aid.

Msika agreed with critics of the slow pace of giving land to the rural poor that “while a lot of progress has been made … at planning level, very little tangible and visible results are being seen on the ground.”

US ambassador Tom McDonald, in an effort to blunt last week’s anti-western rhetoric from Mugabe, said he “wanted to recognize the government of Zimbabwe for its very positive statements recently confirming not only the intent but the spirit of that land reform conference” that resettlement would be “in an open, transparent manner and in accordance with law.”

United Nations Development Programme representative Carlos Lopes said the initial $960 000 technical aid for land reform was “very much linked” to a $55m World Bank interest-free loan for a land reform pilot project.

The agreement would channel US, Swedish, Norwegian and Dutch funds through the UN programme.

Diplomatic sources say the technical aid agreement greatly enhances chances that the IMF board meeting next month will release its budget support.
Zimbabwean banking system in stormy seas

Barclays Bank continues to show better ratios than its listed rivals

Claire Pickard-Cambridge

Zimbabwe's financial system is fragile, and the good times are not likely to return in the medium term, says Fleming Martin Edwards Securities in its sector review of Zimbabwean banks.

The increasing cost of funds has left many local institutions close to bankruptcy, as servicing an increasing debt burden has become more difficult. Cash flows are increasingly being tied up in working capital demands and debt servicing is deteriorating. This has begun to affect the commercial banks.

The country has seen two financial institutions collapse, including United Merchant Bank, after it issued 100 Cold Storage Commission bonds last year and this is not likely to be the end of the shake-out. However, the report says further bank collapses may be averted by an increase in mergers and acquisitions within the industry. Barclays Bank of Zimbabwe continues to display significantly better ratios than its listed rivals, making it Fleming Martin's preferred long-term investment choice within the banking sector.

Unibank is high risk and does not possess the attractiveness of the listed commercial banks. Given the negative sentiment associated with the collapse of UMB, the bank remains vulnerable to depositor flight, due to a relatively poor brand image.

The report also warns that, with a new Banking Act, and the new Reserve Bank Act, new political influence is entering the financial sector, and that government is facing increasing political pressure, and, with parliamentary elections less than a year away, there appears less likelihood of returning to meaningful free-market reforms. "Government has focused on the symptoms and not the causes of the country's economic malaise." It has failed to reduce public expenditure, resulting in rising interest rates. Subsidies remain on fuel and electric power, while price controls continue to be imposed on maize and wheat.

The report also warns of the possibility of tighter exchange controls if the currency comes under renewed pressure - this year the authorities may see further exchange controls as the easiest route out.
Harare’s move ‘to benefit SA’

Zimbabwe to cut tariffs on many imports in long-awaited action

Michael Hartnack

HARARE — SA exporters stand to benefit from long-awaited cuts in tariffs by Zimbabweans on their incoming industrial inputs and raw materials, says Dzimkamai Danha, chairman of Zimbabwe’s new tariff commission.

Danha says the move, to stimulate growth in Zimbabwe’s hard pressed manufacturing sector, was the result of submissions made by industrialists three years ago. The tariff revisions will be gazetted any time from now.

Kumbirai Katsande, president of the Confederation of Zimbabwe Industries, says: “There is no doubt that the tariff reviews have been slow but the newly established tariff commission seems to be doing its best to address concerns.

“Companies benefiting from the tariff reductions would significantly reduce their operating costs, which will benefit consumers through reduced prices.”

He says: “Industry has been waiting for such good news, especially during the current difficult times. We hope the revisions will be implemented timeously before more companies close.”

Danha, who was unable to give specifics until schedules were gazetted, confirmed drastic reductions which he said would-average 70%. In one category, 40% tariffs have been cut to 5%. SA is the largest source of Zimbabwean imports, including industrial inputs.

Sectors to benefit are understood to include fibreglass manufacturing, agricultural inputs, construction and engineering, footwear and leatherware and some chemicals.

According to figures supplied by SA’s Industrial Development Corporation, SA exports to Zimbabwe contracted 1% to R5.2bn last year as the Zimbabwean economic woes — including a headlong plunge in the Zimbabwean dollar, interest rate hikes, ballooning inflation, financial market turmoil, and import tariff increases — took their toll on foreign goods.

Large declines were recorded in petroleum oils, cars, as well as vehicles for the transportation of goods, fertilisers, insecticides and industrial furnaces.

The fall in exports to Zimbabwe came with a 19% increase in imports to R11.1bn from this trading partner.

“The tariff reductions will reduce the operating costs for the companies concerned and improve their competitiveness locally and in the export market,” said Danha.

Further consultations were planned during a pending workshop in Kariba.
Zimbabwe: women’s rights under threat

In April 1999, the Zimbabwean government announced a series of reforms aimed at reducing the gender gap in education, healthcare, and economic opportunities. However, these reforms have been met with resistance from conservative factions within the ruling party, who argue that they undermine traditional values and family structures. As a result, women’s rights organizations have called for urgent action to address these threats.

The government’s decision to introduce affirmative action policies has also raised concerns among some women, who fear that it could lead to increased discrimination in hiring and promotions. Moreover, the lack of a strong legal framework to protect women’s rights has made it difficult for victims of violence and abuse to seek justice.

A recent report by the Zimbabwe Women’s Rights Network highlights the need for the government to take concrete steps to address these issues, including increasing funding for women’s organizations and establishing a robust legal framework to protect women’s rights.

Meanwhile, the continued existence of patriarchal attitudes and practices remains a significant barrier to gender equality in Zimbabwe. Women’s rights activists are calling for greater recognition of the challenges faced by women and for the government to take immediate action to address these concerns.
Zimbabwe rattles sabres on farm deal

Michael Hartnack

HARARE — Four days after signing an agreement to follow a modest “inception phase” land-reform project of farms acquired only on a willing-buyer, willing-seller basis, ruling ZANU(PF) party chairman, Joseph Mujica, again stirred controversy with threats of expropriation.

Mujica, who chairs the national land redistribution task force, told peasant farmers at Siganda, near Buli, in northern Matabeland, that whites were frustrating and delaying the exercise by contesting planned takeovers in court on technical grounds.

“Meanwhile the Commercial Farmers’ Union, led by Peter Swaneepoel, lodged documents with the high court claiming the government owned more than 500,000 ha in Matabeland which could be used for resettlement,” Mujica said.

“I have written to Swaneepoel and we will have a meeting with members of the white farming community,” Mujica said. “If they refuse to let go of some land, government will be forced to resort to compulsory acquisition.”

Farmers sources say much of the land in state hands is leased to parastatals and influential persons whom the authorities do not wish to dispossess.

At the signing ceremony last week, local United Nations Development Programme representative, Carlos Lopes, from Guane Bissau, noted that the major cost in well-planned resettlement was not compensating departing whites but providing infrastructure to make incoming settlers’ able to start viable agronomy. The UNDP agreed to provide $1m, supplied by the US, Sweden, Norway and the Netherlands, for technical groundwork. Donors received assurances the two-year pilot project would be “transparent and in accordance with the law”, said US ambassador Tom McDonald.

International Monetary Fund official, Michael Nowak, warned last week that contradictory statements by Zimbabwe leaders, particularly on land, had delayed aid.

Nowak told the Financial Gazette the government’s threats to develop land would cause the European Union to delay the process of discussing the government’s position. The EEC, meanwhile the Sunday Standard yesterday reported a growing row between Masionlonde, West provincial government, Peter Chizoro and ruling party mogul, Charles Nkoyo, over the pace of acquiring 10 whitewashed farms for redistribution.
Women's groups are incensed by a new ruling on customary marriages. Writers Michael Hackman
Mugabe blames ‘Rhodesians’ for outcry at his frequent trips

Michael Hartnack

HARARE — President Robert Mugabe says criticism of his frequent flights around the globe is being orchestrated by “Rhodesians” in the independently owned newspapers.

Before leaving for yesterday’s summit of the Common Market for East and Central Africa in Nairobi, Mugabe told the state-controlled media his journeys were responsible for Zimbabwe’s “good image in the world”, the Zimbabwe Broadcasting Corporation reported.

The newly launched Daily News said last week his trip to the G-15 summit in Jamaica in February cost Z$1.5m in officials’ expense claims alone. His accompanying entourage was 41-strong.

In the past three weeks, Mugabe has undertaken a comprehensive trip to Asia, as well as a visit to Ghana for the African-American

African summit and his current Nairobi journey.

Mugabe accused the private media of plotting to discredit his government. “We wonder what is the motive of publishing such stories,” he told The Herald.

“In any case, we know that these papers are owned by former Rhodesians who are using students and young Zimbabweans to attack the government.”

The Herald’s sister paper, The Sunday Mail, quoted at the weekend unnamed administrators at Zimbabwe University who claimed that students involved in recent violent protests were being paid to riot by persons staying at Harare’s five-star Metikles Hotel.

“We are now a global village, and it is necessary we interact. There is nothing unusual about the trips,” said Mugabe. He is accompanied on most of his journeys by his 35-year-old wife Grace.

“Even elsewhere, presidents also undertake them. You can look at the Nelson Mandelas and the Tony Blairss — they all do the same and I do not know why there should be an outcry,” he said.

Last week Information Minister Chen Chimutengwende announced imminent legislation to curb the activities of journalists.

“In view of the unprofessional conduct of most journalists at the moment, my ministry is in the process of coming up with an information policy which, among other things, will establish through an Act of Parliament a statutory media council which will draw up the codes of conduct of the journalism profession,” the minister said.

The authorities continue to blame hostile media rather than economic and social distress for rising discontent.
Bindura to revamp mines, furnace

HARARE — Zimbabwe’s Bindura Nickel is spending $19m in the next seven years to extend the life of its mines and rebuild its furnace.

The Anglo American subsidiary has recently finished a strategic review of its prospects, and is certain there is a nickel future in Zimbabwe, says chairman Philip Baum.

He said at the company’s annual meeting the aim was to rely on Bindura’s own mines to provide two-thirds of the material at the smelter, and refiner, with the rest coming from outside sources.

“Our strategic review also looked at what would happen if we closed down, and the best option was to keep going and expand.”

The smelter is capable of producing 14 000 tons of refined material a year. In the year to end-December 1998, production was 8 700 tons from Bindura ore and 4 100 tons from Botswana and Australia. About 13 000 tons is expected to be produced this year.

Severe cost-cutting measures have been introduced in the past three years, with the number of employees falling 33% to 2 900.

This has led to tremendous improvements in efficiency to the point where the cash cost has fallen from $2.90 for each pound of refined material produced to $1.70 a pound. Another $0.50 to $0.70 is added to this for other expenses.

Baum says world prices have improved and the short-term forecast is for a range between $2.20 and $2.50.

Baum says there is substantial benefit from a depreciating currency, which offsets effects of soaring inflation. He warns that if the government introduces a fixed exchange rate “there will be a danger of killing the goose that lays the golden foreign exchange eggs”.

Last year Bindura brought in $65m in foreign exchange, much more than the $53m the government wants from the International Monetary Fund.

Bindura is still plagued by power cuts, but the possibility of suing national supplier Zesa is not thought to have much chance; in the light of a court hearing in SA where Eskom won a similar case.
Rail spur "is not a gravy train"

I would like to reject the claim that it is so easy to make money out of that. All the risk is on private-sector shoulders," said Dvir.

He said running the line profitably during the 30-year concessionary period would not be easy in view of competitive rates offered particularly by road transport. At the end of the period the line will revert to state ownership.

He said that in the 1970s Ian Smith's Rhodesian government rejected construction of the line to Beitbridge from the railhead at West Nicholson, 150km southeast of Bulawayo, in favour of a shorter 140km route, over more level terrain, from Rutenga on the Gweru-Maputo line.

Dvir said the Zimbabwean government had been paid in hard currency for existing installations between Bulawayo and West Nicholson, which are being taken over at the same time Murray & Roberts connects West Nicholson with Beitbridge.

Work was ahead of schedule and the first trains should run on July 15. Dvir denied that Vice-President Joshua Nkomo's Development Trust of Zimbabwe was a shareholder in the project.

He said that, contrary to earlier reports, the project was transparent and had received formal approval from the Zimbabwe Investment Centre. Any suggestions SA financial institutions had withdrawn were "pure lies", he said.

Dvir was confident the company could operate the line efficiently despite the problems that had caused the NRZ to accumulate losses of Z$800m.
Sexist Zimbabwian Customary Law Under Fire

Yonder brother disparage sister against the wishes of their father.

Sekamaisi Shingange /'G22/.

The dead father's widow adjoins sister-in-law to the firm of the husband.

Sekamaisi Shingange /'G22/.

The dead father's widow adjoins sister-in-law to the firm of the husband.
HARARE — Prominent Zimbabwean industrialist Eddie Cross voiced dismay yesterday at acting Industry and Commerce Minister Kenneth Kangu's call for protectionist measures against SA exports to the Common Market for East and Southern Africa (Comesa).

"I just don't see the point of trying to put the clock back to protect a few inefficient industries," said Cross, who heads a Confederation of Zimbabwe Industries committee which is discussing the removal of tariff and quota barriers with SA counterparts.

In an interview with the state-run Zimbabwe Broadcasting Corporation on his return from the Comesa summit in Nairobi, Kangu said all members states were distressed by penetration of their markets by SA exporters. Although SA was not a Comesa member, SA produce had "floated" the Comesa states' economies, harming local industries, he alleged.

"This has contributed to high levels of unemployment in Comesa countries. Comesa is looking at ways of protecting its members." Heads of state of 12 countries were in Nairobi to sign an agreement aimed at eliminating all tariff barriers by October 2000, although Zambian President Frederick Chiluba, tasked with finding a peace formula for the Democratic Republic of Congo civil war, said this "was an exercise in futility while regional conflicts continue".

Comesa members Angola, Namibia and Zimbabwe have sent troops to fight "invaders" they say are a front by fellow Comesa member Uganda and Rwanda.

Cross said the delegation President Robert Mugabe took to the Nairobi summit did not consult the private sector beforehand on any of the crucial issues.

"I cannot speak for commerce but industry has held the position for more than a year that we have got as much to gain as to lose from a more liberal trading environment in southern Africa, and we remain committed to as rapid a reduction of tariffs as possible."

Cross said Zimbabweans who had been talking to SA's trade and industry department, private sector heads and unions understood their concerns about Zimbabwean competition. "Our fundamental position, though, is that we are not going to be able to grow up as industrial nations until we compete among ourselves," Cross said.

"SA, like its neighbours, was not an efficient industrial nation and we think the fears of other African states of SA penetration of their markets are exaggerated. We believe the ordinary consumer stands to gain from more normal trade because there will be more competition, greater consumer choice and lower prices."

African states had to face the fact that the modern world would not tolerate protective barriers, said Cross, who hoped Alec Erwin would continue as SA industry and commerce minister after the June 2 elections. Cross said Erwin and Nolaco had now accepted the bilateral agreement with Zimbabwe, which was to be made multilateral, giving other trading partners the same concessions.

In Parliament in Harare last week Deputy Industry and Commerce Minister Obert Mpofu warned that "local industry may face the spectre of increased competition on the SA market from preferential imports from the European Union."

This might occur throughout the region as EU imports bound their way across SA borders, Mpofu said.
Zimbabwe banks want forex eased

HARARE - Zimbabwe's banks have asked the central bank to relax four-month-old informal currency controls, and let the market determine the level of the Zimbabwe dollar, according to banking sources.

However, analysts claim the Reserve Bank is certain to rebuff them. "They have sent a proposal to the Reserve Bank. They want to see if they can let the currency go," says a senior treasury official with a large commercial bank.

"There is nothing that suggests that the Reserve Bank will agree because the inflows are still too thin. Maybe they will allow them to widen the bands but retain the elements of control."

Zimbabwe's commercial and merchant bank chief executives set the key US/Zimbabwe dollar exchange rate in January as an alternative to state controls, after a collapse in confidence due to Zimbabwe's intervention in the Congowar.

There was no immediate comment from the Bankers Association of Zimbabwe or the Reserve Bank. The Zimbabwe dollar closed unchanged against the US currency yesterday at 35.10/20, its level since March 11. It ended close to a high against the weaker rand at 6.07/10 from 6.13/16 on Monday and was sharply up on the euro at 40.13/24 from 40.39/47 in the morning versus 40.29/41.

"Demand is picking up and we are likely to see more pressure as importers who had held off hoping the currency will appreciate, come into the market," a trader said.

Liquidity has been tight in Zimbabwe's market since the start of the year, and some bankers have suggested the semi-control measures might stay in place till the end of the year.

Hard currency shortages have prevented further adjustment of an exchange rate the government says is undervalued by up to 50%. President Robert Mugabe has warned he will fix the rate if it depreciates any further.

"I think the agreement (on controls) will stay until we see more liquidity and that will depend on tobacco," says Andy Hodges, treasury general manager at the Commercial Bank of Zimbabwe, estimating this year's crop will earn just US$200m. It had earned $372m in 1998 from $437m in 1997.

Yet with the central bank building up its foreign reserves from little more than two months of imports, traders say the interbank market - dead since January - will remain lifeless.

Tobacco earns up to a third of Zimbabwe's foreign currency and traditionally strengthens the local dollar between April and October, allowing the Reserve Bank to beef up its reserves.

Analysts say that with international donors refusing Zimbabwe aid over governance issues, the local unit could be in for another hiding after last year's 50% collapse against the US dollar.

However, they discount the development of a black market, which has been dormant since the 1996 liberalisation of foreign currency trading, saying that companies appear to be better served by the current system.

"We could have a black market in the cash market but it's not that significant. I don't think corporate... would want the black market now," Hodges says. — Reuters.
Soaring prices batter Zimbabwe's poorest

HARARE — Consumers in Zimbabwe are being hammered as the government, food manufacturers, and business fail to curb recent devastating price rises.

Many middle- and low-income families struggle to afford basic commodities such as bread, sugar, beef, chicken, pork and even the staple food, mealie meal.

Prices in supermarkets show that to buy basic foodstuffs for a low-income urban family of six it will take $241,735,94. Other living requirements, including rent and electricity, add up to $333,730.03 a month.

The price of sugar recently leaped 20% to $24,44. A loaf of bread now costs $212 up from $210.50. Another 20% is expected in a month's time. A litre of milk now costs $13,78 up from $11,98, an increase of about 15%. Sour milk, a cheap form of protein, has gone up from $12.88 to $14.78 for half a litre.

Zimbabweans are also bracing themselves for a price rise in mealie meal; the producer price was recently increased by more than 60%.

The government has started making noises about increasing the price of fuel, which will spark another round of punishing increases.

Many working-class families depend on produce from relatives in the rural areas to supplement their food requirements. Prices have gone up.

According to the regional manager of the Consumer Council of Zimbabwe, Victor Chiti, many families now have to do without basic commodities like bread and sugar. "The spate of price hikes has traumatized consumers," Chiti said.

He pointed out that last year there was an increase of 150% in the price of basic commodities. From December last year to today there has been an increase of more than 300%, in most basic foodstuffs.

Coal and coke products have gone up by 50%.

This has led the Zimbabwe Electricity Supply Authority to increase electricity charges. It has warned that prices are going up by at least another 15% during the year. — AEN.
World Bank warns Zim is defaulting on loans

HARARE: The economically jolted Zimbabwe government of President Robert Mugabe has begun to default on loans for the first time since independence in 1980, a leading business newspaper said yesterday.

The Independent: Financial Gazette quoted excerpts from a letter written to International Monetary Fund chief Michel Camdessus by World Bank president James Wolfensohn. Mr Wolfensohn warned: "The reserve bank is running out of foreign exchange and the country is defaulting on several commercial and concessional loans."

He said unless the IMF relaxes its almost three-year suspension of finance to Zimbabwe, there will be "major policy reversals" on the government's economic front.

"World Bank loans are being repaid 30 days late, for the first time ever," the letter said.

Comment was not immediately available from Thomas Allen, the World Bank's Harare representative. Charles Kuvaza, finance ministry permanent secretary, declined to comment.

Economists have been warning for months that the country's economy is in such difficulty that failure to keep up with its debt repayment was bound to happen. — Sapa
HZI’s flat results due to political, economic ills

Martin Rushmere

HARARE - international emerging market funds could very well stay clear of Zambia and Zimbabwe because of their economic woes and wars in the Congo and Angola, says regional investor Trans Zambesi Industries (TZZ).

Mr Hillary Duckworth says it is worrying that recoveries in emerging markets are not flowing through to Zambia and Zimbabwe because of political and economic problems, and this has led to a flat six months to the end of March for the group. Operating profit of $3.9m was only 2.6% higher than the same period last year. However, fixed profit was much better at $4m, because of losses last year on businesses that have since been sold. Turnover for the six months fell 10% from last year to $38m.

The company is registered in the British Virgin Islands but has its head office in Harare. SA’s insurance subsidiary of Hannover Reinsurance, has recently bought an 18% stake.

In Zimbabwe dollar terms there has been a 93% improvement, which Duckworth says shows the effect of the currency’s collapse.

The biggest contributions to earnings were Zimbabwean printing and paper processor Art, Corporation and Zambian flower and vegetable producer Agriflora. Agriflora is the biggest southern African fresh produce exporter and one of the biggest rose exporters.

Duckworth says two factors that are crucial for Zimbabwe and Zambia in the next nine months are the return of Anglo American to the copper mines and the International Monetary Fund’s support for Zimbabwe.

Trans Zambesi Industries has shed almost all its interests in SA, apart from an indirect involvement in a health-care business, and does not plan to go back. Investor management companies in Johannesburg are much better at handling investments in SA than those based in Harare, says Duckworth.

There are plans to expand in other countries in southern Africa, particularly in insurance and health-care finance.
Zimbabwe defaults on debt servicing

HARARE — Zimbabwe has failed to pay interest due on its international debt for the first time since independence in 1980, according to a letter from World Bank President James Wolfensohn to his International Monetary Fund counterpart, published in the Zimbabwe Financial Gazette yesterday.

“A new foreign exchange crisis is likely after the tobacco export earnings fizzle out (later this year),” Wolfensohn wrote to the IMF’s Michel Camdessus.

“The financial crisis is worsening. The Reserve Bank of Zimbabwe is running out of foreign exchange, and the country is defaulting on several commercial and concessional loans.”

The Financial Gazette said it had a copy of Wolfensohn’s letter.

Charles Kuwazye, senior secretary to the treasury, declined to confirm or deny the debt repayment crisis. He said Zimbabwe’s foreign debt stood at Z$500.2bn on December 2, which translated to a debt service ratio of 18% of last year’s exports. “This figure has remained constant in US dollar terms,” he said. He did not cite the conversion rates. The Zimbabwe government was using in view of the wild fluctuation in the value of the Zimbabwe dollar.

Banking sources estimated foreign debt yesterday at more than R15bn. Local debt exceeds Z$41bn.

The Financial Gazette, owned by a consortium of businessmen with close links to President Robert Mugabe’s ruling Zanu (PF) party, said the exchange between Wolfensohn and Camdessus demonstrated that Zimbabwe was “in the throes of its worst economic crisis”.

Earlier this month, Mugabe said a “political” freeze of western budget support had been countered by promises of Asian investment.

Wolfensohn reportedly said maturing World Bank loans were repaid 30 days late, and he feared “a major policy reversal if the IMF continued to deny $33m budget support.”

The IMF froze aid last year due to concern about land seizure, the “untransparent” decision to sell Hwange thermal power station to Malaysia’s YTL, reversal of economic liberalisation and the cost of intervening in the Democratic Republic of Congo’s war.

Other donors have made up to $400m hinge on the IMF releasing its support, to be considered again at a June board meeting in Washington. IMF Africa director Goodall Gondwe returned to Harare last week for further talks with Kuwazye and Finance Minister Herbert Murerwa ahead of the meeting.

“To prevent another foreign currency crash, the government may revert to imposing comprehensive price exchange and import controls if it is unable to come to terms quickly with the IMF and the (World) Bank, which has a structural adjustment credit prepared,” Wolfensohn said. He noted that the Zimbabwe dollar, at Z$48.60 to the dollar in December 1997, had collapsed to Z$39.60 and remained fixed there under a “gentlemen’s agreement” with commercial banks in mid-January.

Few in banking circles believe the agreement can last. Daily forex inflows are being wiped out almost immediately by importers and claimants of “holiday” travel allowances, who include thousands of informal sector traders commuting to SA to buy consumer goods for black market resale.

Inflation in Zimbabwe has risen from 19% in 1997 to 53%.

Wolfensohn said he believed the macroeconomic climate would continue to deteriorate, principally as a result of the mounting debt of public enterprises burdened by delays in price adjustments which Mugabe fears will trigger renewed unrest. The parastatal Grain Marketing Board has run up mountainous losses trying to hold down the price of maize and wheat in the wake of last year’s food riots, in which eight people died.
No easy way to curb Zimbabwe’s inflation

From Reuters

Harare – Zimbabwe can only lower inflation from its prospective peak of 85 percent by raising interest rates, analysts said this week.

"Even a conservative estimate would put inflation peaking at between 60 percent and 85 percent by the third quarter of this year," one money market analyst said.

But short-term money market rates are still caught below 45 percent.

"Interest rates should be about four or more percentage points higher than they are right now," said Ian Hulbig, managing director of securities firm DCZ Holdings.

"Analysts say the Reserve Bank of Zimbabwe has restricted short-term rates for fear of undermining already weak economic growth. The private market is flooded with dollar debt, which the government must service."
New Party has Bulawayo

on the boil

of Shona "We who are about to die, we salute you!"
Zimbabwe faces petrol price rise or rationing

FROM REUTERS

Harare - Zimbabwe, facing a fuel shortage, is considering rationing or raising prices to help boost the viability of distribution companies and the state oil procurement agency, an official newspaper reported yesterday.

The last increase, of 67 percent in October, sparked riots.

The Sunday Mail said the state-owned National Oil Company of Zimbabwe had failed to provide adequate fuel to private distributors because of severe financial problems. "There is a shortage of fuel already in the country, and it is imperative to either introduce fuel rationing or hike the retail prices," it quoted a company spokesman as saying.

The Sunday Mail said Nathan Shamuyarira, the industry and commerce minister, had confirmed the government was considering raising Zimbabwean oil prices. "Several economic commentators have said fuel price increases cannot be delayed any further because the oil industry is running a serious loss, which is threatening to bring the entire industry to its knees," he said.

Tom Walter, the chairman of Mobil Zimbabwe, said higher prices were inevitable to ensure the country retained adequate supplies and for the viability of distribution companies.
Zimbabwe media runs into trouble

HARARE — Zimbabwe's media is reportedly running into political, industrial and financial trouble, with journalists in Harare staging a sit-in for allowances withheld by the government.

One of the journalists, who asked to be quoted anonymously, said he had been assaulted by police because of "negative stories." At an opposition rally in Harare, a reporter for the official news agency, Ziana, said she was forced to "run for her life when activists accused her of being an informer and an agent of the Central Intelligence Organization."

Home Affairs Minister Dumisani Dabengwa said, when approached for comment about the alleged beating on Saturday of Foster Dondozi, a reporter for the state-owned Bulawayo Chronicle, "As much as I do not condone violence, I feel journalists should conduct thorough research and write objectively."

Dabengwa confirmed the Chronicle for reporting that a resident of Nkulumane had bought himself a coffin after he was threatened by police, and that there was a shortage of stationery at police stations.

Dondozi, whose face was bruised and swollen after a night in cells, said: "When I was about to board a taxi to go home, they (police) greeted me in the name of a fellow journalist. I told them they had come to the wrong person but they insisted I was the reporter, they were hunting and demanded to know why I was writing negatively about the police."

Detectives boarded the taxi and took Dondozi to the central police station where he alleged he was assaulted by six officers. One said no action would be taken if he reported the assault to Dabengwa.

Earlier this year, a Central Intelligence Organization agent entered newspaper offices in Masvingo and assaulted four journalists for alleged anti-Zimbabwean reporting.
Zimbabwe Sun Hotels is thriving

HARARE -- Zimbabwean hotel and leisure subsidiary of SA Breweries, Zimbabwe Sun Hotels, has become yet another major quoted company to benefit from high interest rates.

Income from money-market investments was one of the main reasons for a 277% increase in net profit to Z$633m (about R100m) for the year to end-March.

Income from operations rose 49% to Z$270m, while net interest from the money market rose from a negative Z$23m the previous year to an inflow of Z$131m. On top of this was a one-off profit of Z$231m from the sale of assets and businesses, most notably 50% in the Victoria Falls Hotel.

While average occupancy rates were 64%, average room tariffs were up 92% -- a direct result of quoting in US dollars. This policy has angered Zimbabweans and led to hostile political criticism, as it is geared more to the foreign tourist with little regard to domestic visitors -- who cannot afford these expensive rates.

Zimbabwe Sun says expansion is planned into Mozambique and Zambia, with a property acquired at Vilanculo in Mozambique. Tourism industry has the potential to become Zimbabwe's biggest foreign currency earner," says the company.
Zimbabwe mourns as unsafe mine is shut

"Cut-and-run" sale price seen as vote of no confidence in country

Martin Rushmere
and Reuters

HARARE — Zimbabwe's mining industry was in mourning yesterday after the Hartley Platinum Mine was closed because it was unsafe and unprofitable.

Broken Hill Proprietary (BHP) said it lost $545m in four years at the mine, which it is selling to its partner, the Australian-owned Zimplats, for what analysts described as a "cut-and-run price" of just $3m. BHP, which is also Australian, said it was talking to the Zimbabwean government about an exit plan to determine the fate of more than 3,000 miners.

"The whole industry is saddened by the combination of technical and financial factors, which have led to the temporary suspension of operations at Hartley Platinum Mine," Zimbabwe Chamber of Mines President Frank Purcell said. Zimbabwe had invested heavily in the Hartley mine in the hope that it would be a significant foreign exchange earner, but the mine had never realised its potential. The markets shrugged off the closure.

The government announced the mine's closure, which it said was temporary, on Wednesday. Hours after BHP said it was selling its majority stake to Zimbabwean Platinum Mines (Zimplats), Zimplats said the mine was unsafe for underground work.

Mineral Resources Minister Simon Moyo said he was examining various options to keep the mine open, including integrating it with new developments on the Griqualand West mining belt.

A Zimplats spokesman said that, under the sale agreement, BHP would maintain the mine for about 20 months. Industry sources said Zimplats had indicated it wanted the government to transfer the tax and marketing concessions granted to BHP, and was likely to focus its attention on the processing plant at Hartley and the Mponororo Platinum Mining Project.

Australian analysts estimated the costs of care, maintenance and layoffs to be at $19.2m for the year ending May 91.

Feasibility studies had estimated the Hartley complex contained more than 200 million ounces of platinum group metals as well as large quantities of associated nickel, copper, gold and cobalt. Platinum was trading in London today at about $1,363 a troy ounce.

The mine was expected to produce more than 150,000 ounces of platinum a year, but had only been able to reach half that since it began operating in 1996.

Meanwhile, Zimplats said it would go ahead with the development of the Ngeli platinum mine in Zimbabwe, following its surprise purchase of the Hartley mine.

"The fact that BHP was prepared to take such a huge loss on the project shows not only that it sees Hartley as hopeless, but also that Zimbabwe is almost worthless as an investment option," said one local economist.

Zimplats GM Greg Sebborn said: "The mine will save us up to $40m on the Ngeli mine because we can use the plant and machinery at Hartley. Production costs will be cut by $1.50 a ton of ore."
4000 jobless in Zimbabwe as Hartley closes

BERNARD MANDIZVOZA
AND JONATHAN ROSENTHAL

Harare - Operations at the Hartley Platinum Project, Zimbabwe's biggest mining investment project, stopped officially yesterday leaving nearly 4,000 people jobless.

The development has thrown thousands of Zimbabweans who are depending on it for their livelihoods into further economic chaos.

Simon Moyo, the minister of mines, environment and tourism said in a statement yesterday that geological ground conditions at the mine had proved to be more fractured and faulted than predicted in the feasibility studies prepared in 1993.

He said it was the government's wish that the workers get acceptable packages.

Johannesburg analyses and industry sources said the reason behind the Hartley's failure had as much to do with government meddling and weak management as with difficult geology.

A platinum industry source said that the mine had, baffled to bring in sufficient numbers of skilled employees because this was in conflict with the government policy of employing locals.

"Perhaps we could make a go of it if it was started with a clean slate, but then in the way you could make it work with the structure it got," he said.

Independent Foreign Service

ET (BR) 4/6/99
Tough times in the House of Hunger

Disillusionment and sports nihilism spell danger in Zimbabwe
Hartley shutdown leaves Zimbabwe reeling

BHP of Australia plans to sell 67% stake to partner Zimplats for less than $3m

Rest of Africa
Harare residents have no water or paraffin

Michael Hartnick 30 3/19/99

HARARE — Most of Zimbabwe’s capital and outlying areas were still without water or paraffin for the third day yesterday, exacerbating problems of the oncoming dry season, early dusk, and overnight frosts.

Long queues formed at a few garages still selling lighting paraffin, as the maximum legal retail price to small “household” buyers remained pegged at $1.82/lt while the bulk price rose to $5.10/lt last Wednesday.

Water supplies to nearly 3-million residents of Harare, its satellite city of Chitungwiza and the Epworth and Ruwa suburbs failed on Saturday afternoon.

Supplies to the Morris and Chikurubi police depots was reportedly deliberately cut off on Friday because of $32m in unpaid water bills. The water department of Harare municipality — placed under special central government management last month after allegations of chronic corruption and inefficiency — said supply had to be cut off for installation work at Warren Park main pumping station.

Some restaurants closed for hygiene reasons, and schools sent pupils home. Supermarkets reported a run on mineral water, and Dairybord warned milk sales would be disrupted for at least two days.

Cholera has already been reported in the past two months in Harare’s sprawling former black townships, where 1-million tenants of illegal backyard shacks live in shanties and share plumbing intended only for one central brick building on each stand.

Retailers say, until the government puts a mechanism in place for subsidised sales of lighting paraffin, they will be unable to sell small consumers bottles at the cheap rate, so as to protect the poor from inflation.
Delta braces for difficult times

Martin Rushmere

HARARE: Zimbabwe's largest quoted industrial company, Delta, has reported a 9% increase in annual profit, but warned of difficult times ahead.

For the year to end-March, after-tax profit was Z$1.5bn on a 44% turnover rise to Z$4.1bn.

SA Breweries is the controlling shareholder with a direct and indirect stake approaching 30%.

Net profit was boosted by "windfall" profits, particularly from a 65% share of the sale by subsidiary, Zimbabwe Sun Hotels, of 50% of Victoria Falls Hotel to Meikles Africa. Pre-tax profit rose 45% to Z$1.6bn.

"This year ahead will be a tough one," said Delta chairman Robbie Mupawose. "Disposable incomes and the resultant level of consumer demand will be under pressure, particularly when necessary price increases come through. Confidence in the economy needs to be re-established... with inflation brought under control. To do this, the government should do everything to secure adequate levels of World Bank and other donor funding."

Mupawose said the second half of the year was below expectations for the group.

A Harare broker said the latest results, while pleasing, were not going to set the market alight. The market will continue flat in the light of disturbing revelations that we are now "defaulting" on debt, the hike in the fuel price and the bad news from the closure of the Hartley Platinum mine."
Industry loses out as taps run dry

Michael Hartnack

HARARE.—Water cuts have resulted in losses amounting to millions of Zimbabwe dollars, particularly for companies that rely on water or steam to keep production lines running, says Confederation of Zimbabwe Industries president Kumbirai Katsande.

Milk deliveries were disrupted for two days at Harare’s dairy, and one bakery said that it had lost Z$5m in production because of the water shortage.

Taps in some of Harare’s most affluent suburbs ran dry again on Tuesday only hours after water began to flow following a three-day stoppage affecting about 3-million people throughout the capital and nearby Chitungwiza satellite city.

Highlands, home to most foreign ambassadors and high commissioners, was deprived of water with Greendale, Chisipite and parts of the Mbvuku high-density suburb west of the city. Officials blamed a rush by householders in lower-lying areas to fill receptacles, draining reservoirs before seven new booster pumps, fitted during the dry weekend, could catch up with demand.

Some schoolchildren were again sent home because of health fears.

Harare’s five-star Sheraton Hotel was saved from closure on Monday while President Robert Mugabe was chairing a meeting on the crisis in the Democratic Republic of Congo. The Harare fire brigade filled the hotel’s tanks from its emergency stocks.

Hotel industry sources said other establishments drained their swimming pools.

“We were forced to put bigger tots of gin in the water to disguise the taste,” said one general manager yesterday. The Zimbabwe Broadcasting Corporation said many social engagements were cancelled because Harare’s fast set feared hygiene problems.

The Herald newspaper reported a deadlock yesterday on a Z$2.7bn foreign-drafted plan to refurbish the capital’s water and sewage systems. It was rejected for financial reasons by councillors before they and Mayor Solomon Tawengwa were dismissed by Local Government Minister John Nkomo for alleged mismanagement and corruption. A government-appointed commission has been running the capital in the interim.

“The service is literally leaking water and leaking money,” said city director of works Christopher Zvobgo. “The system is in such a state of crisis that radical institutional changes are vital.”

Several main water pipes burst when pressure was restored early on Tuesday.
Lonrho Construction closes, 3 000 lose jobs

Michael Hartnack

HARARE — Lonrho Construction is closing with the loss of 3 000 jobs, says Max Mbembero, deputy chairman of Lonrho Zimbabwe, the company's multinational parent.

Lonrho Construction is locked in a legal battle with the Harare City Council over payment for a controversial $50m mansion for the capital's executive mayor. The building was originally scheduled to cost less than $85m.

"All I can say is that the company is in serious financial straits, but I am not qualified to give the details of the matter. That is the preserve of the directors," said Lonrho Construction GM Godfrey Mudzana.

Financial sources said the construction company's cash flow problems had been exacerbated by the current level of interest rates, which exceed 40%, and escalating costs through inflation, which is put at over 52% in two successive months.

"All the company's operations in the country have come to a halt and management has already submitted liquidation papers to the High Court," says Mbembero.

Lonrho Construction has been involved with building and engineering projects in Harare, Bindura, Mberengwa and Gweru, some of which are understood to be incomplete.

The redundant workers join over 4,000 laid off last week by the moribund Hartley platinum mine.

Construction companies complained last year that they were caught between government's policy of awarding major projects to foreign contractors, such as the Chinese and Malaysians, for diplomatic reasons, and cabinet directives that all contracts under $50m must be awarded to "indigenous" firms, although this violates the constitutional ban on racial discrimination.

Since Tiny Rowland left the helm of Lonrho, which once owned extensive mining, industrial and agricultural enterprises in Zimbabwe, the multinational has made moves to scale down and sell off operations.
Harare's ills exposed
Dismissal of city council confirmed after reports on corruption

Michael Hartnack

HARARE — Two interim reports had exposed "gross irregularities" in the running of Zimbabwe's capital, Local Government Minister John Nkomo said when he confirmed the dismissal of the entire city council and cancelled forthcoming elections.

The city was still recovering yesterday from a shutdown in water supply that lasted up to four days in some suburbs and caused millions of dollars in losses to commerce and industry.

Nkomo was speaking earlier this week when he indirectly criticised President Robert Mugabe's soviet-style politburo, which is accountable only to Mugabe and remains the nation's highest policy-making body. Nkomo suggested most of the capital's ills stemmed from politburo membership by former executive mayor Solomon Tawengwa, who is also a prominent business personality.

"The executive mayor took advantage of his position in the politburo to instil fear and intimidate councillors and various committees into submitting to his whims," Nkomo said, formally dissolving the 42-seat council. Elected in 1995, it was suspended in February, together with Tawengwa, on allegations of corruption and chronic inefficiency.

"The executive mayor would say, for example, 'I have just spoken to the president and so and so on a particular issue,' and officials just agreed with anything he said," Nkomo said.

He said Harare would not participate in nationwide local government elections in August to give his appointed "commissioner" Elijah Chanakira, a former diplomat, time to "sort out the mess".

"There is no guarantee that new officials are voted in August that they will be able to restore order," he said.

Chanakira's term as appointed "commissioner" for Harare had been extended indefinitely, said Nkomo.

An investigative team headed by former top public servant Malcolm Thomson and management consultants Deloitte & Touche, blamed Tawengwa personally as "the main cause of the collapse of prudent administration and good governance in council".

Of 1,246 council employees, 678 were of no use and appeared to be employed for reasons of nepotism, while lavish golden handshake were given others who sought retirement, in defiance of council regulations.

The investigators alleged there had been insider trading, particularly over land deals, and there had been gross abuses in escalation of the cost of a mayoral mansion from Z$5m to Z$85m.

Billboards, defying planning regulations, were mysteriously permitted while street lighting deteriorated, illegal cultivation flourished, and sand was extracted from municipal land. Contractors were not paid on time and there had been "serious negligence" in administration of finances and council property, said Nkomo.

Opposition party spokesmen have accused Nkomo of hypocrisy in his castigation of the fired mayor and council, saying their alleged sins merely mirror those of the national government.
Danes suspend loan to Zimbabwe in war protest

Michael Harnack

HARARE — The Danish government has suspended a $1bn loan to upgrade Zimbabwe’s domestic air terminals because of concerns over the economic and political situation here, ambassador Eric Fill said yesterday.

"There are a lot of uncertainties (about) the effect of the war in the Congo on the local economy, there are also uncertainties on the local political front," said Fill.

However, Transport and Energy Minister Enos Chikwore told the Daily News newspaper he was not concerned by suspension of the Danish loan because "we have pre-qualified several investors, most of them from abroad, to come in under a build-operate-transfer arrangement."

Sources say such a scheme would probably be more costly to the tourist industry than the Danish Development Aid project.

"For as long as Zimbabwe is in the Democratic Republic of Congo we will not take a decision on the promised aid, meant to upgrade and renovate all the country’s airports," said Fill, in what is the first protest by a donor government against the war.

Defence headquarters spokesman Col. Chambudzi said yesterday the government had suffered a series of setbacks due to the war and the loss of Kabila’s birthplace, Manono, in south-eastern Congo.

A garrison of 94 men had made a strategic withdrawal suffering only four wounded, in the face of attacks by more than 300 Rwandese, said Diye.

News agency reports said the loss of the town was the most serious setback since President Robert Mugabe dispatched troops on August 2. They attributed the defeat to falling morale and lack of equipment.

Diye acknowledged it had been increasingly difficult to supply the Manono garrison. "During these repeated encounters with the enemy, the small force... accounted for more than 500 invaders and destroyed weapons and equipment," said Diye.

The Herald newspaper said the attacks made nonsense of the unilateral ceasefire declared by Rwanda on May 28, and dismissed by Mugabe earlier this week as "an insinuation" after a meeting with Namibia’s President Sam Nujoma and Angola’s President Jose dos Santos, who also supported Kabila with troops.

Chikwore said Zimbabwe could not force Denmark to honour the airport upgrading scheme if the Congo intervention violated Danish principles.

Danish company Intertech was to undertake upgrading work at eight airports.
Zimbabwe MPs agree to levy 10% tobacco levy
Harare council sacked over corruption charges

Harare – Zimbabwe’s government has sacked the entire Harare municipal council, citing corruption and gross mismanagement. But councillors have resolved to strike back by suing the government.

They say the government itself is corrupt, in fact more so than the council, and has no moral right to fire them.

Minister for Local Govern., John Nkomo this week dismissed all 39 councillors and executive mayor Solomon Tawengwa.

Mr Nkomo decided to fire the embattled council on the strength of a report by independent consultants Deloitte and Touche, who unearthed evidence of gross mismanagement, irregular awarding of tenders and underhand deals.

But a spokesman for the dismissed councillors said the central government had systematically run down Zimbabwe’s economy and was now trying to find scapegoats.

The problems facing Harare were a direct result of President Robert Mugabe’s mismanagement, he said.

The spokesman said the dismissals were illegal because Mr Nkomo was not empowered to fire elected officials. The councillors will meet later to finalise legal action.

The team appointed to probe the council blamed the problems on Mayor Tawengwa and councillors.

- Foreign Service and Sapa-AFP
Denmark freezes aid funds to Zimbabwe

Harare - Denmark has frozen Z$1 billion (about R151 160) aid promised to upgrade Zimbabwe's eight domestic airports because of the country's continued involvement in the Democratic Republic of Congo's civil conflict.

Erik Fjil, the Danish ambassador to Zimbabwe, told the privately owned Daily News that his country would not take a decision on the promised aid meant to upgrade and renovate all domestic airports in the country for as long as Zimbabwe remained in the Congo.

A 1994 study of Zimbabwe's domestic airports rated them as substandard. Under a scheme negotiated last year with the government, Inter Tech, a Danish private company, would improve all eight domestic airports in the country.

The project would be financed by a soft loan whose interest would be paid by Danish Development Aid.

Fjil said the project had been put on hold because of "a lot of uncertainties on the effect of war in the Congo on the local political front".

He said that because of these uncertainties and the country's current economic environment, it was highly unlikely that Zimbabwe would manage to pay back the soft loan.

The decision is a big blow to Zimbabwe's tourism industry, which has persistently called for the rehabilitation of domestic airports because of the increase in tourism traffic.

However, Enos Chikowero, the transport and energy minister, told The Daily News he was not concerned with the Danish government's decision to withhold aid.

He said the government could not force any donor to give aid if that went against the donor's beliefs.

He expressed confidence that other investors would come in and help in the project.

 Independent Foreign Service
ZIMBABWE

BEYOND THE LIMPOPO BANKS

SA's northern neighbour is choking on red tape and inflation

A s a merchant and investment banker working out of London and Washington, Julius Makoni spent a decade advising governments on privatisation. As a senior investment officer of the International Finance Corp (IFC), the private-sector funding arm of the World Bank, he also helped entrepreneurs in Latin America, southeast Asia and Africa to establish new financial institutions.

Then Makoni caught the entrepreneurial bug. He'd headed the African merchant banking division of US banking group Bankers Trust. So he and two friends — James Mushore, then a partner at accounting firm Coopers & Lybrand, and Francis Zimbabwe, a merchant banker for 12 years — decided to establish their own bank back home, in Zimbabwe.

Heartened by government's decision in the early Nineties to open up the economy after decades of cloistering, they established the National Merchant Bank of Zimbabwe (NMBZ).

But their attempt to blaze a financial trail — NMBZ was the first merchant bank to be owned and run by blacks — was obstructed by bureaucracy.

Despite their impeccable academic qualifications, peppered with international and local banking experience, their application for a banking licence was met with scepticism: "We can't have you embarrass us. What do you know about banking?" asked the mandarins at the registrar of banks, Mushore recalls. It took 18 months of meetings with government officials before NMBZ finally got its banking licence in May 1993. Makoni, the bank's MD, Mushore, his deputy, and Zimbabwe, who heads NMBZ's banking department, haven't embarrassed their country's banking authorities. In fact NMBZ, which made a profit of $21m in its first seven months of trading, has become one of Zimbabwe's premier banking institutions with assets of more than $254.4bn. In 1997, it listed on the stock exchanges of Zimbabwe and London.

NMBZ's story illustrates how Zimbabwe's attempts to open its economy have faltered because of lingering red tape and an inability to create conditions for the prosperity of the private sector, which government has identified as the engine for economic growth.

Failure to create such conditions partly explains Zimbabwe's current economic crisis. Being a businessman in Zimbabwe requires nerves of steel: In the past year, the cost of borrowing money has soared above 40%, and prices of raw materials and other inputs have skyrocketed, propelled by high consumer price inflation and the weakness of the Zimbabwe dollar against major currencies.

The roots of the current economic crisis can be traced back to 1980, when Zimbabwe attained independence. To redress socio-economic disparities, President Robert Mugabe's government invested heavily in human development, particularly education and health.

The heavy investment boosted the country's social indicators; literacy and life expectancy rates increased significantly. But this investment faltered in the late Eighties because government had failed to develop economic opportunities for the people's improved capabilities. Each year, the education system churned out thousands of school-leavers who couldn't find jobs. Disparities in income levels rose. Spells of harsh drought didn't help.
In addition, the large government expenditure had been funded with borrowed money. With most of the borrowings coming from the country's banking system, there was little left to feed private businesses, which could have created jobs.

To remedy the situation, in 1991 Zimbabwe embarked on an Economic and Structural Adjustment Programme (ESAP), supported by the World Bank. This emphasised reducing the bloated civil service and cutting subsidies to the parastatal sector.

While other aspects of the reform programme bore fruit, such as a reduction in the budget deficit, the civil service reforms and the restructuring of parastatals stalled, partly because these two sectors had become a source of political patronage.

Failure to trim the civil service meant a large portion of the budget was used to pay salaries and wages, instead of funding expenditures on maintenance and development of infrastructure, such as electricity, telecommunications and the railways network. An efficient infrastructure is key to unlocking the country's economic growth potential.

Parastatals continue to be a drain on the fiscus. In 1998, Zimbabwe's parastatals lost Z$10.7bn, losses that have to be funded by borrowing more money from the banking system.

Take Portland Holdings: last year's erratic power supplies from the Zimbabwe Electricity Supply Authority (Zesa) cost Portland, the country's largest cement producer, Z$28.7m in production losses. Portland relies heavily on the National Railways of Zimbabwe (NRZ) to transport its raw materials and finished products. Disruptions to the rail service were frequent last year and have continued into 1999, inhibiting Portland's cost-effectiveness and ultimately knocking back production. Added to this, the financially troubled NRZ increased railway rates by 97% in 1998 and by a further 40% in March 1999. A report by stockbroker Fleming Martin Edwards says NRZ may increase rates further to improve its cash flows. Zesa, which increased rates by 15% in January this year, is now proposing quarterly increases of 15%.

Zesa's problems are the result of years of underinvestment and neglect, which have resulted in the utility being unable to meet the country's needs. It imports a high proportion of electricity from neighbouring countries, including SA — imports paid for in US dollars. So when the Zimbabwe dollar took a dive against the US greenback, Zesa's import bill, which normally runs at Z$700m-Z$1,15bn a month, ballooned. No wonder Zesa cut power imports from Eskom, the SA utility, by 46% in 1998.

Zimbabwe's other problem emanates from its failure to reduce the economy's over-reliance on agriculture, which generates about 40% of total export earnings. Dependence on agriculture results in erratic economic growth because of unpredictable weather patterns.

The high cost of borrowing money, and high inflation have prevented the export sector from leading an economic recovery. In addition, sectors such as textiles, a major source of employment, are handicapped by outdated machinery which inhibits their ability to compete internationally. It hasn't helped that in 1992 SA, Zimbabwe's main trading partner, increased tariffs on Zimbabwe's textiles to 90%. These have since been reduced to 30%, but Zimbabwe Minister of Industry & Commerce Nathan Shamuyarira says his country's textile producers can only compete in SA if tariffs are cut to 15%.

Shamuyarira says improved access to the SA market in other sectors, too, is key to the growth of Zimbabwe's manufacturing sector. Given the small size of Zimbabwe's consumer market, access to the SA market is crucial to that country's ability to attract new investment, particularly foreign direct investment, into its manufacturing sector.

SA's protectionist tendencies aside, Zimbabwe needs tough economic measures. As Standard Chartered Bank of Zimbabwe reported recently, it does not help that with parliamentary elections a year away, the right policy economically is a politically distant one. But it's the only way Zimbabwe can encourage more Makonis to set out on the road to economic recovery and growth.

Jabulani Shikahane

FINANCIAL MAIL JUNE 11 1999 53
Zimbabwe confident it will get IMF $53m soon

Bernard Manizviza

Harare - Zimbabwe's business sector and government are confident the International Monetary Fund (IMF) will finally release next week the long-delayed $53 million balance of payments support to stabilise the country's economy. Reports in state and independent media quote anonymous sources, said the IMF board would announce a decision to disburse the money on Wednesday.

Bill Robert Franco, the IMF representative in Zimbabwe, was more cautious, saying the IMF would only decide whether to disburse the funds after studying a performance report filed by the government. - Reuters
Mugabe 'taking over top farm in secret'

FORBES SERVICE

Harare - Zimbabwe's President Robert Mugabe, who is embroiled in a controversial programme to resettle black peasants on white farms, is set to acquire one of the country's largest and most productive commercial farms for himself.

The property is in Mashonaland province, near his rural home in Zvimba, 70km south-west of Harare.

The 400,000 hectare farm, which was owned by a deceased white commercial farmer, was acquired by the Ministry of Agriculture from the farmer's estate, ostensibly for resettlement purposes.

Speculation that the farm was to be acquired by a top politician arose when heavily armed state security guards were deployed at the farm and Mr Mugabe was often seen passing by the property en route to his rural home.

The Zimbabwe Independent newspaper reported yesterday that all indications were that the farm had been acquired by Mr Mugabe.

He will apparently not pay a cent for it.

The newspaper said records of registration at the deeds office had been removed to conceal ownership.

Presidential spokesman George Charamba would not comment.

The newspaper said its reporters had visited the farm and interviewed workers, who all said the farm belonged to Mr Mugabe, who had addressed them before.

Sources said the state-owned District Development Fund (DDF) was building a R1.5 million tarred road branching off from the Robert Mugabe Highway, which goes to the president's rural home.

Mugabe is highly sensitive about his property acquisitions and, apart from his rural home, none of his assets are publicly known.
Simmering tensions over free trade agreements in motor vehicle and textile industries threaten to derail SADC talks

Angry Zimbabwe demands urgent one-on-one talks

Bontle Headbus

Johannesburg - The department of trade and industry yesterday said trade negotiators from Zimbabwe had asked for bilateral talks between Alec Erwin, the trade and industry minister, and his Zimbabwean counterpart, Nathan Shamuyarira, as tensions simmer over the free trade agreement between the two countries.

This could be Zimbabwe's final attempt to resolve contentious issues with South Africa, after it threatened to withdraw from negotiations for the establishment of a free trade area in the Southern African Development Community (SADC) region last week.

Dali Kesi, the assistant director at the department's Africa Trade Relations division, said the Zimbabwean delegation that attended the SADC trade protocol negotiations in Lusaka last week had not withdrawn from the talks as it had threatened to do.

However, it had failed to table any offers on the textile and motor vehicle industries and had called for talks between the two ministers instead, said Kesi. "They have given us July 7 as the deadline, the day when the next trade negotiating forum meetings begin," Kesi said.

He said Zimbabwe could try to frustrate the free trade negotiations if South Africa failed to meet the deadline.

Kumbirai Katsande, the president of the Confederation of Zimbabwean Industries, said the tensions began when Erwin reneged on promises made earlier this year regarding the inclusion of preferential terms in the bilateral trade agreement.

Katsande said South African proposals had virtually suggested that Zimbabwe and other SADC countries shut down their motor industries and become buyers of South African cars.

He said South Africa had also suggested that tariffs on products like clothing, which were presently around 30 percent, be increased to 50 percent.

This would make it almost impossible for Zimbabwean manufacturers to enter the South African market, he said.

"These proposals were a step backwards in ties between South Africa and Zimbabwe, and if they persist, we might be forced to take protective measures," Katsande said.
Zimbabwe’s dead cross the Limpopo as ‘special cargo’

Michael Hartnack

HARARE — The bodies of more than 290 Zimbabweans, most of them robbed and murdered by armed gangs, had been repatriated from SA between January and May, The Herald newspaper reported yesterday.

“This shows that at least two Zimbabweans die or are killed in the crime-infested country every day,” the government-controlled publication reported in a front page story.

“Many Zimbabweans have joined burial societies (such as stokvels) in SA.”

When figures were last released in 1995, the authorities estimated that more than 1-million of Zimbabwe’s 12-million people were in SA, most of them working as unskilled labourers.

Among the migrants were 14 000 skilled doctors, mining engineers and accountants, who had work permits.

The Herald and its sister newspaper, the Bulawayo Chronicle, condemn “Egoli fever”, although salaries for professionals in SA are more than six times than in Zimbabwe.

A casual gardener can earn R25 a day in Johannesburg compared with R100 a month in formal employment at home. Many of the migrants are from the depressed and drought-prone Matebeleland region.

Most Zimbabweans killed in SA were shot dead by gangs in Hillbrow, “with a sizeable number succumbing to HIV related diseases”, The Herald said.

The number of bodies repatriated this year exceeded the 251 brought home from SA in the first six months of last year.

“The bodies are labelled ‘special cargo’ while in transit to expedite clearance at the border,” the newspaper reported.

It said those who failed to find formal sector employment in SA “quickly join Johannesburg’s booming informal sector”.

Supt Jannie Claassen of SA Police national headquarters was reported to have said: “Hillbrow is not a safe area to go.”

Robberies were rife, particularly at night. Muggings were common on the streets, although the extent of crime during the day was “not alarming”, he said.

“Foreigners were the easier prey,” Claassen said. “You can find 20 people living in a single room at a block of flats.”
Mugabe sees end to Congo war

Mzimkulu Malunga, Stephen Laufer and Claire Pickard-Cambridge

ZIMBABWEAN President Robert Mugabe, a key player in the conflict in the Democratic Republic of Congo, has predicted that the war will be over by the end of the year.

He was speaking ahead of peace talks in SA today involving belligerents from both sides. Besides Mugabe, whose forces are fighting on behalf of embattled Congolese President Laurent Kabila, the heads of states of several other parties to the conflict are understood to have agreed to extend their stays beyond yesterday’s inauguration of President Thabo Mbeki to take part in the meeting.

Mugabe’s remarks seem to indicate a new willingness to engage in peace talks. He has until now been regarded as a hawk, but has come under increasing pressure as the costs of the war have mounted.

Kabila did not attend the inauguration as expected yesterday. However, sources said he could still arrive in SA in time for today’s talks, as he was often unpredictable.

Representatives of the three Congolese rebel groups spent hours on Tuesday night in talks with officials, who told them to find a common position on a ceasefire. The rebels are not expected to participate directly in the talks, although their backers, Rwanda and Uganda, are likely to do so.

It is understood that the meeting will be chaired by Zambian President Frederick Chiluba, the co-ordinator of the peace effort from the Southern African Development Community (SADC). A proposal on how to move towards a ceasefire that expands on SA’s Christmas Day 1998 strategy, which suggested the belligerents police the ceasefire themselves, could be tabled.

Earlier speculation was that a breakthrough — if any — would only emerge at a summit to be held in the Zambian capital Lusaka next week.

Mugabe said: “Even as I speak, there are attempts by Thabo Mbeki to bring about peace, but the problem is with the other side.” While Ugandan President Yoweri Museveni was co-operating in the search for peace, the Rwandans were resisting, he said.

Mugabe said one of the reasons rebel leader Wamba dia Wamba was ousted as the head of the main rebel faction, the RCD, was because the Rwandan government disliked his pro-negotiations stance.

Though still maintaining that the war was started by Uganda and Rwanda, Mugabe conceded that there were now “identifiable” rebel groups worth negotiating with. Kabila’s representatives had already had face to face talks with the rebels, he said.

Mugabe was cagey on the thorny issues of how much his country was spending to keep troops in Congo and the number of casualties Zimbabwe has incurred in the war. “We have suffered some losses. I can’t give you the figures, but they are much less than what has been reported. When this story is finally written, you will be surprised at the number of casualties on the other side.”

He said Rwanda had been using ill-trained captives on the frontline to protect their own forces.

He said the issue of Rwanda’s security — the reason given by that country for sending troops into Congo — would remain unresolved until the ruling party started working for power sharing with the Hutu majority.

Asked about the differences between Zimbabwe and SA on the Congo issue, he said the differences of opinion had related to the status of the SADC “organ for politics, defence and security”. This had been referred to a sub-committee of presidents for resolution.

Meanwhile, Nigerian President Obasanjo told a news conference in Johannesburg yesterday that his country could consider sending troops to maintain peace in the Congo.

This would be acceptable to Nigeria if the troops were sent under “strict conditions” and under the auspices of bodies such as the United Nations or the Organisation of African Unity.

He also emphasised that Nigeria and SA needed to work closely in resolving conflicts in Africa.
Zimbabwe to cut tobacco levy

Michael Hartnack

HARARE — Finance Minister Herbert Murerwa announced yesterday, that the 10% levy on the sale of every bale of tobacco would be halved in the next financial year.

Zimbabwe Tobacco Association (ZTA) president Richard Tate said the levy had drained US$435m from Zimbabwe’s major foreign currency earning industry since it was introduced in 1996, contributing to reduced plantings and difficulties in lighting competitors, notably Brazil.

Murerwa told the ZTA annual congress he was unable to relieve the levy burden in the present fiscal year due to "budgetary pressures".

Half the levy is theoretically payable by international buyers, but auction floors report buyers merely drop their bids to offset the charge, making the entirety of the "export tax" a cost to growers.

Murerwa said he was particularly concerned with the effect the levy was having on several thousand small-scale African growers who were trying to enter production. Most of Zimbabwe’s 186-million kg crop is grown by 1.2bn-large-scale growers, 75% of whom are white.

Agriculture Minister Kumbirai Kangai hopes small-scale growers’ participation in a crop which earns 17% of Zimbabwe’s foreign exchange and 7% of gross national product will alleviate the problems of rural poverty and urban drift.

Tate said production was threatened by the international anti-smoking lobby, aided by the World Health Organisation, which hoped to attain a "tobacco-free world by 2020".

Prices had fallen since auctions opened in May but the crop had been harmed by incessant rain. Tate urged expansion of the crop to 200-million kilograms and said failure to produce more than 160-million kilograms would "put us in the second league".

He welcomed Murerwa’s announcement as "third prize" saying the relief was equivalent to the amount farmers would need to build 24,000 staff houses. "We should never be ashamed of tobacco profits because they inevitably end up in other people’s pockets and so drive the downstream industries," he said.

Zimbabwe has been offered increased access to SA markets for agricultural products, including tobacco, in moves to redress the R3bn annual trade imbalance in SA’s favour. But Tate said SA now had some of the most drastic anti-smoking laws in the world.

Jim van Heerden, president of Zimbabwe’s Tobacco Trade Association, said there was a dangerous paradox that the economy was relying increasingly on tobacco exports at a time of falling viability in the industry.

Economists say the increased reliance results from falling world prices for Zimbabwe’s mineral exports and the failure of manufacturing industry to retain or expand markets, particularly in SA since the lapse of the 1964 most-favored-nation bilateral trade agreement.
Zimbabwe land plan favours govt cronies

HARARE: The Zimbabwe government has deployed the national army to quell agitation among villagers threatening to invade farms bought for resettlement but which the villagers say have been acquired by top government politicians,

the Daily News reported yesterday.

The paper said its reporters had witnessed soldiers being deployed around Masabeeland, where peasants accuse top ruling party officials of occupying and then under-utilising large tracts of land.

The peasants are threatening to invade the farms.

Although President Robert Mugabe has talked much about the need to resettle black peasants on white commercial farmland, the rhetoric has not been matched by action.

Under the programme, black farmers acquire five-year leases on farms owned by the state, but most of these have been given to government officials and their cronies.

Recently it was alleged that Mugabe himself had claimed one of the largest and most productive commercial farms in Mashonaland. — IFS.
IMF RIDES TO THE RESCUE

Economists question the move

With the US$176mn IMF standby loan to Zimbabwe about to lapse, after only one disbursement, the fund is reportedly willing to replace it with a similar US$200mn 14-month facility.

An IMF official is quoted as saying Zimbabwe has made "tremendous progress" with its economic reforms, implying that this will justify a new loan, despite the failure of the previous one.

Just what justification he has for such an assertion is unclear to Harare economists who point out that over the past 18 months economic reform in Zimbabwe has come to a grinding halt. Informal price controls have been re-imposed; some exchange controls re-introduced; the exchange rate informally pegged and monetary and fiscal targets are being missed by enormous margins.

Despite this, Finance Ministry officials believe the IMF loan is virtually certain to come through. It will be followed, they say, by a World Bank structural adjustment credit which, along with other donor support, will ensure that Zimbabwe receives about US$260m/year in donor support over the next three years.

Businessmen and stock market analysts forecast this will turn the economy around — a view not shared by some economists who point out that per capita incomes in Zimbabwe this year will be about 10% lower than when the World Bank and IMF starting supporting reform in 1991.

The latest official numbers paint a gloomy picture. Inflation, which has averaged 50% so far this year, reached a new high of 54% last month. A year ago, IMF officials were forecasting it would fall below 10% by now! Money supply growth is continuing at 46% a year. The Finance Ministry says the country's main parastatals made losses of about Z$1.1bn (US$280m) last year — though these have been carefully excluded from budget deficit calculations.

With treasury bill rates now above 40%, the cost of servicing government's Z$36bn (US$950m) in short-term debt is running over Z$14bn (US$36m) a year, but the budget provided only Z$10bn (US$26m) to service all debt, including foreign and long-term domestic borrowings. With 6,000 to 8,000 soldiers in the Democratic Republic of Congo, military spending is also running ahead of budget, though government officials strenuously deny this.

In the first two months of 1999, the budget deficit was Z$490m (US$13m) above target, which if annualised, would increase the deficit for 1999 to around 8% of GDP compared with a 6% target. If all the other items — military spending, parastatal losses, debt-service and a pending public service pay award — are brought to account, the budget deficit must now be close to 15% of GDP.

If the IMF goes ahead with lending to Zimbabwe in the face of such devastating numbers, it will have to insist on tough conditions. These are likely to include accelerated privatisation, cuts in public spending, sharply higher interest rates and abandoning the exchange rate peg of Z$38.15 to the US dollar.

Few economists believe government will accept such conditions. President Robert Mugabe's administration has never been more unpopular, and he must call parliamentary elections by next April — though there is mounting speculation that the recent appointment of a constitutional commission will enable him to delay the poll for at least six months.

Inflation is set to move a good deal higher — above 60% many believe — before it stabilises. Last month's 27% to 32% hike in fuel prices will give the inflationary spiral another sharp twist, while wage demands are running at anything between 40% and 100%. Few employers have managed to settle much below the 50% average inflation rate, pointing to even greater upward pressure on prices later in the year.

What seems likely is that government and the IMF will agree a deal — rather as they did so unsuccessfully a year ago. Like the mid-1998 standby, the agreement is likely to unravel as government backs away from implementing some of the conditions that would add to its unpopularity while improving the chances of the increasingly militant opposition parties at next year's poll.

Both Mugabe and the IMF hope to buy themselves a little time, but this is unlikely to improve Zimbabwe's economic fortunes unless government's commitment to reform is far greater than in the past. But so far out of sync are the electoral and economic cycles, that the little prospect of government being able to embrace economic reform at this stage — even if it wants to, which is far from certain.

Special correspondent
Mine undeterred by asbestos ban

HARARE — Zimbabwe’s sole asbestos producer said yesterday that it was confident of survival and had tapped new markets to replace those lost because of the European Union (EU) ban on the material.

African Associated Mines chairman John Mkushi said: “Zimbabwe realised a long time ago that asbestos products would be phased out in the EU and over the years we have significantly reduced our dependence on the EU market.”

The group’s Shabanie and Gaths mines in southern Zimbabwe are the only white, or chrysotile, asbestos fibre producers in the country and the third-largest world producer after Canada and Brazil.

“It has been scientifically proven that our type of asbestos does not cause any health risks and is a safe product to use,” he said.

An overwhelming majority of EU governments last month voted for the ban. This will bring EU rules on white asbestos — used to make roofing materials, floor tiles, cement pipes and friction materials — into line with a ban on brown and blue asbestos.

The ban, which was introduced in 1981 amid growing medical evidence that the fibrous mineral can cause lung cancer and other respiratory diseases, has already imposed their own restrictions or are in the process of doing so, but the vote will force Spain, Portugal and Greece to phase out the use of chrysotile by 2005. Greece and Spain still produce asbestos.

Mkushi said: “The motive behind the proposed ban seems to be unclear as the EU countries still make exceptions to the ban when it suits them.”

The ban is expected to be put into law shortly by the European Commission.

Mkushi said his group was currently exporting asbestos to more than 40 countries in Asia, Middle East and Africa, where demand was expected to remain strong.

Exports last year amounted to just under 120 000 tons of chrysotile fibre worth $1.2bn, compared with 150 000 tons which fetched $1.8bn the previous year. About 11% of the group’s annual output is used on the local market.

“We are very confident about the future of our industry and will continue to invest in expansion, environmental and modernisation projects. Our ore resources are sufficient to last for at least 25 years,” he said.

A major worry was the depressed international prices of asbestos, largely due to the economic turmoil in Asia.

“However, we are confident that the situation will soon correct itself,” Mkushi said.

The group — which sacked 800 workers last year because of the economic crisis currently has about 5,600 employees, representing 15% of all people employed in Zimbabwe’s mining industry. — Reuters.
Zimbabwe is unable to service its foreign debt

SHEHINNA MOHAMED

Harare - For the first time in 25 years Zimbabwe has failed to service its external debt, owing to a shortage of foreign currency. Economists said this was the culmination of the continuing collapse of the country's foreign exchange reserves, which had been in decline for the past nine months.

Analysts said the situation could cost the country its credit facilities, already insecure foreign investors were further unnerved.

"The problems have started with the government not being able to service its foreign commitments. After that come companies, whose credit ratings will tumble," said economist Edmore Tobaiwa.

Richard Wiltz, head of Technif Research, a financial and economic advisory firm, said international banks would be reluctant to provide the support necessary to finance traded exports and imports.

"If there is any question that there are going to be payment problems, the banks are going to be reluctant to provide lines of credit in the future," he said.

In a letter appealing to Michel Camdessus, the International Monetary Fund (IMF) managing director, to facilitate the release of $83 million in aid for Zimbabwe, World Bank president James Wolfensohn confirmed that the country had failed to service its foreign loans on time.

He said the foreign exchange shortage had hit the interbank market and that the central bank did not have the reserves to defend the Zimbabwean dollar.

The Zimbabwean dollar is currently fixed at below 2290 to the US dollar under a "gentlemen's agreement" entered into in mid-January by commercial banks and the government.

Zimbabwe's macroeconomic climate, Wolfensohn said, continued to deteriorate. Inflation has risen from 19 percent in 1997 to an all-time record high of 65 percent in March this year.

The IMF has withheld balance of payment support to Zimbabwe since last August, citing a range of governance issues, including the country's involvement in the Congo war, the land issue and price controls on basic foodstuffs.

Economists say the release of the IMF funds will trigger the release of over $600 million from other donor agencies.

As well as the internal economic crisis, Zimbabwe's key exports, such as tobacco and gold, have not been performing well, largely because of lower prices on markets.

According to ministry of finance statistics, at December 31 last year Zimbabwe's external debt was Z$90.2 billion, which translates to a debt service ratio of 18 percent of 1998 exports. The country's domestic debt is estimated at Z$41 billion this year.

In a recent report, Zimbabwe's Reserve Bank emphasised the importance of exports in the country's economic performance. Its report recommended focus be put on promoting export growth and ensuring an optimal mix in the structure of the country's export basket.

The Reserve Bank's reaction to the foreign currency situation has been to intensify controls on the repatriation of export proceeds, a move economist Eric Bloch described as "completely unworkable and unrealistic". He said the controls had meant a total loss of export sales.

"An export-conducive environment requires, at best, a wholly deregulated economy or, in the event that some regulation is essential, that such regulation not be counterproductive," said Bloch.

He accused the Reserve Bank of "disincentivising" exports by its withdrawal in 1997 of foreign currency accounts from exporters.

"Most exporters do not only generate foreign exchange, but also do other things that affect foreign debt on the importation of production inputs, on export costs and the like.

"If exports are critically needed, as they are, the Reserve Bank must play its role in stimulating them with policies and regulations that accord with export market needs, instead of creating insurmountable obstacles which undermine export viability and suggest that all the Reserve Bank commentary is more rhetoric," he said. - Africa Information Africa/Independent Foreign Service
Crisis for Zimbabwe planners

Import milk powder

Zimbabwe forced to

Michael Adams
AIDS deaths tax morgue facilities

HARARE: Hospital mortuaries in Zimbabwe will soon open round the clock in a bid to speed up the collection of corpses to cope with the increasing death toll from AIDS, the Herald reported yesterday.

Bodies have been piling up in mortuaries as they could only be cleared during office hours, resulting in congestion.

"Zimbabwe's death rate stands at an average of 340 people a day, about 240 of them from AIDS-related diseases," it said.

Government hospitals have been forced to review their schedules to allow relatives to collect bodies 24 hours a day.

At times, bodies have reportedly been stacked on top of one another in overcrowded morgues at government hospitals as AIDS kills an average 1,680 people a week, according to the latest figures released by the official daily.

An estimated two million Zimbabweans, out of a population of 11 million, are infected with the HIV virus, the precursor to AIDS.

"The disease is expected to kill 80,000 Zimbabweans this year alone, bringing the cumulative toll to 400,000 since the start of the epidemic around 14 years ago.

At least 600,000 children have been orphaned by the disease," — Sapa-AFP
Zim court hits out at women

HARARE: The Supreme Court of Zimbabwe has "lashed back" at women's groups that criticised its controversial decision that denies women the right to inherit under customary law.

In May, women's groups protested to the Supreme Court that the ruling undermined women's rights in Zimbabwe.

"What alarms us is that the Supreme Court restates the disadvantages and disabilities women suffer under customary law," said the petition.

Accordingly, local and international criticism, the court angrily replied that it stands by its judgment and threatened the petitioner with legal action for contempt.

"To conclude from this ruling that the court is unprogressive, ignorant of the people's needs, not people-oriented, ignorant of reality, and adjudicating in a vacuum is gratuitously insulting," it said.

"A formal warning must be issued that registered legal practitioners especially, but others as well, who indulge in gratuitous and unfounded insults to the judiciary will be dealt with under contempt of court," it warned.

The court's response was like a democratic right to disagree with the court," says Thoko Matshe of Zimbabwe Women's Resource Centre.

"Those judges are privileged males who cannot accept that women have a right to disagree, and to protest, let alone think."

— Independent, Foreign Service
Prices choke Zimbabwe's food sector

FROM REUTERS

Harare - Zimbabwe's baking industry said this week the country faced a serious food shortage because bakers threatened to close if the government controlled bread prices.

Most maize millers said on Monday they had stopped grinding the staple food after the government granted only a 20 percent price rise when they wanted an adjustment of 62.10 percent to compensate for high inflation and rising input costs.

"As soon as these regulations become law we will have no alternative but to suspend production," said Eddie Cross, the president of the National Bakers' Association of Zimbabwe and the vice-president of the umbrella Confederation of Zimbabwe Industries.

"Already today there are market shortages for mealie meal. If you take the combined impact of a nationwide shortage of mealie meal and a nationwide shortage of bread, we have a very serious situation on our hands."

Nathan Shamuyarira, the minister of industry and commerce, was not available for comment. Cross said the bakers had been told Shamuyarira would only be able to meet them in 10 days.

It was not clear when the regulations would be gazetted. Cross said he had been told a strike by civil servants had prevented their publication.

"We are totally opposed to price control in any form," he said. "We believe it's counter-productive."

"We also believe it's not necessary and we do not believe it's in the interest of the consumer in relation to either the milling or the baking industry because of the number of firms involved."

President Robert Mugabe's government imposed price controls on a number of basic foodstuffs, including maize, after unprecedented food riots in January 1998 sparked by price rises.

The economy has struggled to cope with record consumer inflation of over 58 percent, interest rates above 50 percent and social and labour unrest.

Cross said the government had not responded to concerns that some 300 small-scale millers had stopped maize milling in the past month.

Zimbabwe's two biggest millers, National Foods and Blue Ribbon Foods, stopped operations on Monday. A third, Victoria Milling, was expected to run out of stocks soon.

Cross said acceptance of the recommended government price of ZS10.50 (R1.87) for a loaf of bread would cost bakers ZS120 million a month as raw material and overhead costs had swollen by 52 percent and 70 percent respectively in the last eight months.

He said 14,000 jobs supporting 84,000 people were on the line. Industries that supplied the bakers with business worth ZS455 million a month were also threatened.
Harare’s sugar pricing policy clogs finance for huge new dam

Cash hitch for Hippo Valley

BERNARD MANZIZA

Harare – Philip Baum, Anglo American Zimbabwe’s chief executive, said this week his group could not help to finance the construction of Tokwe Mukorsi, Zimbabwe’s largest dam, because of price controls imposed last year by the government.

Baum said his company’s comments contradicted recent press reports in the country that Anglo would assist in the project after it was recently abandoned by Salini Impregilo, an Italian firm which was earlier contracted to build the dam.

The Italian company abandoned the project over the government’s refusal to pay $23.6 million (Z$143 million) for work performed so far.

Baum, the chairman of Anglo’s Hippo Valley Estates, the main sugar-producing company in Zimbabwe, said Hippo Valley’s annual review, released on Monday, urged the government to eliminate price controls to avoid repeating past mistakes which have ruined the economy.

The Tokwe Mukorsi dam is being constructed near Hippo Valley Estates in Zimbabwe’s Lowveld.

The company is expected to benefit from the dam, due for completion in 2002, in the form of irrigation of its vast estates.

But Baum said the price controls imposed on sugar had drastically affected, Hippo Valley’s performance and put paid to its plans to assist in the construction of the dam and other expansion projects.

“As recently as 15 months ago ... our company confidently looked forward to helping fund this dam ... It also planned to expand its own production and introduce additional new small cane farmers from impoverished communal areas to the industry, as well as expanding its milling capacity to process the additional tonnages.”

However, with Zimbabwe’s inflation rate pegged at 53.8 percent and with rising input costs, the price controls would not make it possible for the company to fund these projects, said Baum.

Although a sugar price increase of 60 percent was called for by last April, the government had only allowed an increase of 30 percent.

In view of the price controls and the consequent adverse effect on cash flows, Baum said, his company’s capital expenditure was restricted to essential replacements which could not be deferred. Total capital expenditure for the year to March 31 amounted to Z$143 million and essential capital expenditure deferred to Z$81 million.

Baum warned that continued government intervention in pricing posed a serious danger not only to the sugar industry but to the Zimbabwean economy as a whole.

Baum’s sentiments on price controls came in the wake of a government directive to reduce bread prices, which has led bakers to threaten to close down.

Blue Ribbon Foods and National Foods, the country’s two major maize millers, have already shut down their operations in protest over a government price freeze in the face of higher input costs.

The country’s major maize millers, Blue Ribbon Foods and National Foods, have shut down maize milling in protest over the increase in the price of maize. – Independent Foreign Service
AIDS puts Zimbabwe morgues on overtime

HOSPITAL mortuaries in Zimbabwe will soon open around the clock in a bid to cope with the increasing death toll from AIDS, according to a report in the country's Herald newspaper this week.

Bodies have reportedly been stacked on top of one another as morgues at government hospitals run out of space.

To cope with the problem, government hospitals have reviewed their schedules to allow relatives to collect bodies at any hour of the day or night.

"Zimbabwe's death rate now stands at an average of 340 people a day, about 240 of them from AIDS-related diseases," the report said.

About two million of Zimbabwe's 11 million people are infected with HIV. — Own Correspondent
Zimbabwe: Food shortages may spark riots

An impasse over the pricing of maize meal has resulted in a production shutdown (362)
Informal traders take advantage of maize crisis

Michael Hartnack

HARARE—Informal sector traders, retailing maize meal far above state legislated maximum prices, met demand for Zimbabweans' staple diet yesterday as supermarket shelves were laid bare following a halt to formal sector milling.

They are now selling a 16kg bucket of mealies for about Z$100, but it will probably be Z$150 by the end of the week. It costs you another Z$56 to get it milled into mugungu or Z$12 if you want refined meal,” said a township resident.

No incidents of unrest have been reported. The Sunday Standard, which recalled the January 1998 food riots, predicted unrest at the weekend. The 1998 riots claimed eight lives.

Millers estimate Zimbabweans buying from the informal sector are paying 20%-30% above the prices millers themselves seek following an increase in the parastatal's grain marketing board increase in the price of maize from Z$3 000 to Z$4 900 a ton.

Agriculture Minister Kumbirai Kanzai has said milling companies should close if they cannot get by on last week's 20% increments, instead of the interim 68% sought.

For the first time yesterday supermarkets were selling substitute sorghum (millet) meal, which is not subject to price controls.

It was priced at Z$12/kg compared with Z$5.31 maximum for maize meal.

Despite warnings from Industry and Commerce Minister Nathan Shamuyarira, supermarkets continue to sell bread for between Z$11.20 and Z$11.70 above the Z$10.50 maximum. He announced, bakeries say, they will halt production when they see the Z$10.50 gazetted, as in 20% below cost.

At the weekend, "Mugabe, blamed millers' desire for exorbitant profits for the maize meal crisis."
Zimbabwe faces disaster. He cannot see truth for Mugabe. Women dish up.
Harare tells IMF price controls will go

Harare – In a desperate bid to secure the release of the $33 million crucial balance of payments support from the International Monetary Fund (IMF), the Zimbabwean government has informed the fund that the price controls it has imposed on all basic products are only temporary pending the outcome of studies into the pricing structures.

The government imposed price controls on maize meal, bread, and sugar to stop widespread social unrest, which beset the country early this year.

Herbert Murerwa, the finance minister, said he had written to the IMF assuring it that price controls were a temporary measure. He pointed out the uncontrollable social unrest that had resulted from spiralling prices of basic goods. Such unrest was not good for economic reforms in the country, Murerwa told the IMF.

But the price controls would be lifted once studies into the pricing of basic commodities had been completed.

Murerwa said he had also clarified with the IMF that the funding of Zimbabwe’s war in the Democratic Republic of the Congo (DRC) was being handled within the context of the South African Development Community alliance. He said the alliance was fighting to safeguard the territorial integrity of the DRC.

Murerwa said the letter of intent he wrote to the IMF requesting the disbursement of the money also detailed what the government would do to address Zimbabwe’s macroeconomic problems. He said the government’s action plan had the support of all major stakeholders.

The delay in the disbursement of the crucial balance of payments support has worsened the economic crisis in Zimbabwe, which is characterised by a weak currency and high inflation and interest rates. Meanwhile, most shops in the country have run out of the staple maize meal because millers have stopped production for the second week to protest at price controls.

After an increase in the price of maize from the state-owned Grain Marketing Board from Z$360 ($1) to Z$430 ($1.40) a ton to Z$84.60 a ton, the millers asked for permission to raise the price of maize meal by 62.1 percent, but were granted only a 20 percent rise. – Independent Foreign Service
Zimbabwe farm parastatal says union wants to divert attention

Michael Hartnack

HARARE - Zimbabwe's parastatal Agricultural Finance Corporation (AFC) has accused members of the Indigenous Commercial Farmers' Union of "a clumsy and deliberate attempt to stave off foreclosure" by alleging racial bias against defaulting borrowers.

AFC CE Taka Mutambu said yesterday allegations that 80% of the 1,200 black large-scale commercial farmers owed bank loans were intended to "divert attention from the key issues at stake".

About 600 of the farmers' 5,000 commercial farms, holding 11 million hectares, now belong to black and black-owned companies.

The farms of less than 100 indigenous farmers' union members faced being auctioned, from among 1,003 borrowers, said Mutambu.

He denied the total default figure was 25,400.

Repayment of $139.7m since an "interrupted recovery exercise" began in April, suggested that some farmers were deliberately in default, said Mutambu.

"The limited agricultural activities on some of the farms to be foreclosed on indicates that there are no prospects of these clients ever paying their obligations from crops," he said.

The government-controlled Sunday Mail had reported that indigenous farmers' union president Thomas Nhooza had written to President Robert Mugabe alleging that: "The AFC auctions are only meant to prove that blacks are not good farmers."

"AFC officials were 'working tirelessly to derail the whole realllement programme, tarnishing the image of the farmers' union as a bunch of thugs," Nhooza said.

The Sunday Mail said attempts to "indoctrinate agriculture" were being sabotaged since whites were buying bankrupt farms, worth millions, for prices as low as $3,120,000. However, Mutambu said none had been auctioned for less than $2,3lm.

Agriculture Minister Kumbirai Kangai, who himself owns a thriving horticultural property outside Harare, has condemned would-be indigenous farmers who seek "retirement homes" instead of intensive agriculture opportunities.

Meanwhile, women's groups allege wealthy urban polygynists are seeking rural holdings primarily as dumping grounds for ageing first wives, who then lack titles to make farms pay.

The ruling Zanu PF party was embarrassed last year when it was reported that the Derelict Lands Board had recommended recovery of two farms north of Harare belonging to party chairman Jonathan Mafika, whom Mugabe had placed in overall charge of the land redistribution programme.

Zimbabweans face blackouts to avoid full collapse of power grid

Michael Hartnack

HARARE - Zimbabweans were warned yesterday of imminent peak-hour blackouts to prevent "total collapse" of the national electricity grid, which cannot afford to import extra power from South Africa and Mozambique.

The electricity crisis, blamed on prolonged government refusal to let tariffs be set by market forces, comes as most of the nation's 4 million urban poor are struggling to get paraffin for domestic heating and lighting. Zimbabwe is also facing shortages of price-controlled maize meal, bread and sugar.

The parastatal Zimbabwe Electricity Supply Authority issued a warning that it might have to resort to emergency load-shedding as increased winter demand of nearly 2,100MW overtook a limited supply capacity of 1,714MW, which included 1,214MW from local generation, 400MW from Mozambique and 150MW from Eskom.

"As we have advised on several occasions, because of cash flow constraints due to tariff levels below cost of supplies, we are struggling to meet payments for importing the minimum 'take-or-pay' requirements," the parastatal said.

The authorities have contracted to take a minimum 130MW from Eskom, but was battling to find the foreign currency to pay for the imports because of the crash in the value of the Zimbabwe dollar.

Seven years ago Zimbabweans were told power problems would ease on completion of an interconnector with Eskom's grid. Another link to Mozambique's Cahora Bassa plant was restored last year.

"Emergency load-shedding is undertaken to avoid total collapse of the system which would result in a national blackout," said the parastatal, recalling three major failures during the past year.

It hoped the problem would ease with the return of warmer weather and "as our financial recovery plans begin to bear fruit."

The shortage of paraffin continued yesterday into its third week and millers issued a statement denying that a desire to make "exorbitant profits", alleged by President Robert Mugabe, was responsible for the current absence of maize meal from shops.

A just-granted 20% price hike to $26.31/kg was what they sought last October when the maize price was raised from $32.700 to $63 000 a ton. The state-owned grain marketing board was now charging $24.900, forcing millers to seek a further 62.1% to offset soaring input costs.

"It is simply not financially possible for a single industry to subsidise the staple diet of the whole nation, it would lead to financial ruin and the total demise of the whole industry in a very short time, causing huge food shortages in the long term," said the Confederation of Zimbabwe Industries.

Informal sector traders, charging uncontrolled prices, are currently meeting urban demand for maize meal.
Dissent grows in Mugabe’s party

Even the president’s men are getting restless

HARARE — Zimbabwe’s ruling party has been hit by a fresh round of dissent in the face of deepening economic crisis, threatening its 19-year-old rule.

Some top Zanu-PF officials have in the past few weeks publicly attacked President Robert Mugabe’s administration in daring moves seen by some political analysts as an expression of increased frustration or a sign the president’s men want to distance themselves from him.

A year after Mugabe forced the suspension from the central committee of outspoken parliamentarian Dr Kazemai Mavhaire for urging him to quit, another MP, Mike Mataba, faces a disciplinary hearing for saying Zimbabwe needs new leaders to replace a tired team.

In a show of rare dissent some Zanu-PF youth delegates walked out in protest over the alleged imposition of leaders in their league; weeks later the women’s wing bluntly told Mugabe that women wanted him to deliver on promises to uplift them, saying although they were faithful, they should not be taken for granted.

Political analysts say the president, 75 and in power since independence from Britain in 1980, will have to ignore some of the sniping from his own ranks to help maintain unity in a party patched by competing provincial interests and rocked by personality clashes.

Mugabe warned his old guard at the weekend they might be chopped if they compromised the party by fanning factionalism and promoting personal interests. “If that persists we shall soon be compelled to dub them witches of the party, in which case it may be necessary to undertake an exercise of exorcism,” he told a central committee meeting.

Zanu-PF currently dominates parliament, occupying 147 of its 150 seats, but analysts say it is likely to face its stiffest challenge in the April 2000 elections from a labour-backed, broad-based political movement feeding on Zimbabwe’s economic crisis.

Mugabe blames low commodity prices, intermittent droughts and a conspiracy by his domestic and western opponents for a crisis that has left Zimbabwe with record inflation, interest rates and unemployment — all above 50% — and an urban population that regularly vents its anger by rioting. — Reuters.
The agency stresses that the reforms it is supporting are those endorsed by the local parliament.
Mugabe lashes out at busybodies at funeral

Britain and US accused of reneging on Lancaster House promises

Michael Hartnack

HARARE — President Robert Mugabe turned former vice-president Joshua Nkomo’s funeral yesterday into a political platform to attack the British and US governments, the International Monetary Fund (IMF), human rights groups, opposition parties and Zimbabwe’s 70,000-strong white community.

Paramilitary police support unit members armed with batons and riot shields moved against suspected opposition demonstrators in the crowd of about 10,000 people at Heroes’ Acre as Mugabe began his speech.

His address was momentarily inaudible as jet fighters roared overhead. The flypast may have been triggered by Mugabe’s use of the word “finally” in his apparently unscripted address, in which he took 55 minutes to reach Nkomo’s 1962 launch of the armed struggle against white rule in former Rhodesia — a historical honour that was previously claimed by Nkomo’s supporters.

Several dozen people who attempted to display a banner were hustled out of the amphitheatre that encloses the ornate burial ground. Unruly scenes outside were reported.

Mugabe attacked as “cowards... those among us who to this day do not value the essence of our revolution” and “busybodies we see, by way of certain missions and nongovernment organisations, which are really sponsoring division by sponsoring little parties”.

He said: “We say that is not only interference with our own affairs. It is an endeavour to create chaos among us.”

Diplomatic observers took this as a reference to funding by western states of the Zimbabwe Congress of Trade Unions and human rights groups working for a reform of parliament.

Mugabe holds a 147 to three majority in parliament.

He accused Britain and the US of reneging on promises given at the 1979 Lancaster House peace conference to pay for the redistribution of white-owned land to black Zimbabweans.

Mugabe said that funding had “dried up”, although British diplomats say $40m had been handed over in the 1980s.

That was before Mugabe dropped the agreed willing-buyer, willing-seller principle. The farms acquired in this way were given to politicians instead of the landless peasants as agreed.

Mugabe said the focus of Nkomo’s career had been “land, land, land... land must come back to the people” and “unity, unity, unity.”

However, Mugabe skated over Nkomo’s career between 1963 and 1988 when the two men were bitter political enemies. During this period about 20,000 people suspected of being supporters of Nkomo were killed in Matabeleland.

Mugabe said: “It caused great suffering among our people. “We regret that, but these conflicts always do that,” said Mugabe, who outlined his own part in giving Nkomo safe conduct to return from Botswana, to which the Zapu leader fled at the height of the 1981-88 dissidence crisis in Matabeleland.

Mugabe said the land issue had to be resolved before the end of the year. This is an apparent contradiction of the reform policy, now agreed with international donors, for an inception programme to be launched using farms already in state ownership.

Mugabe attacked whites for allegedly owning 12 million hectares of farmland and most of the mining and industrial sectors.

According to documents tabled at last year’s land reform conference, more than 25% of 11 million hectares of commercial farmland now belongs to black-owned companies, headed by Nkomo’s Development Trust of Zimbabwe.

Mugabe said the IMF, which continues to delay resumption of $53m budget support, would not be allowed to dictate terms.

“We will strive and go our own way. The IMF can go away,” he said.
Controversy over Zim poll ground rules

Iden Wetherell

Zimbabweans are at each others' throats over the ground rules for a poll next year that could decide the future of President Robert Mugabe's 18-year grip on power.

At the centre of the controversy is a constitutional review process launched by the government in May in response to growing demands for reform to a framework designed to entrench the ruling Zanu-PF party.

The government has amended the Constitution 15 times since 1980, ostensibly to dump colonial anomalies but in reality to remove checks on its exercise of power.

Mugabe has centralised authority in his own hands by managing the electoral process, appointing 30 members of Parliament, and ensuring the only voice heard on radio and television is his own.

The 400-member constitutional review commission chaired by Judge President Godfrey Chidyausiku contains all 150 MPs, ruling party officials, mayors, and Zanu-PF allies.

The presence of a handful of academics, church leaders, and representatives of the business and agricultural sectors has enabled the government to argue that the commission is fully inclusive of society.

The National Constitutional Assembly (NCA), a civic body chaired by trade union leader Morgan Tsvangirai which comprises opposition parties and a wide range of NGOs, rejects the commission's claims to independence, dismissing it as hand-picked and unrepresentative.

"The government-led constitutional reform process is defective, it is not transparent and does not involve the people from the beginning," Tsvangirai contends.

He has played hardball with the commission, refusing to participate in a process he says is open to presidential manipulation.

Mugabe recently described the current Constitution as "serving our needs well". He has denounced members of his party calling for a limit to presidential terms as "witches".

But a growing demand for reform at all levels of society has persuaded Mugabe to shift his position. It is suspected, however, - not just by the NCA - that he intends to retain control of the reform process through a largely compliant commission.

Eddison Zvobgo, the powerful Masvingo regional boss who heads Zanu-PF's reform initiative, selected the commission's members. Now he will be proposing what kind of reforms his party wants to see adopted. The government has promised a referendum on the outcome.

Jonathan Moyo, visiting professor in the political studies department at the University of the Witwatersrand and an outspoken critic of Mugabe's regime, says the NCA is irrelevant. "They have been left behind, frozen in arguments about how to do something that is already being done," he says.

Moyo is confident Mugabe will not interfere in the commission's work.

"To argue that it is better for people to wait until they find out whether Mugabe will interfere or not," the NCA's Professor Welshman Ncube argues, "is like saying there is no reason to brake a runaway car until you are sure it is heading down the edge of a cliff."

The NCA is planning protests against the commission and has advised the public to boycott its sessions while it draws up its own constitutional blueprint.

Many agree it is too early to trust a president with a record of skilful manipulation.

"Remember, when dealing with Mugabe you are dealing with someone with over 40 years of political experience," cautions opposition activist Kempton Mukuru.

Mugabe warned last weekend he would not allow anybody to interfere with the work of the commission.

As the country faces food and fuel shortages, the political temperature is rising. Moyo is quoted in last week's edition of the Zanu-PF newspaper, the People's Voice, as calling Tsvangirai a "hothead and stone thrower" who is acting like an adolescent. He defends saying it.

Gay lobbyists have criticised both the NCA and the commission for the exclusion of homosexual delegates.

In an extraordinary turnaround for the government, Zvobgo said last week he would be happy to consider an application from advocacy group Gays and Lesbians of Zimbabwe.
Lawyers fight Zimbabwe tax

Michael Hartnack

HARARE — Zimbabwe's Supreme Court yesterday reserved judgment on a constitutional challenge by the Law Society against the withholding tax on securities and property transactions, and property transactions, levied this year by the finance ministry.

Chirpishe Anthony Gubbay, of the society, was "out of the country," a January, the ministry withdrew the withholding tax on Zimbabwe Stock Exchange transactions, with the week of trying to impose it when the move brought a halt to trading and foreign investment to a hilt. Officials said the tax was necessary because capital gains on taxable securities were taken out of the country before they could be monitored.

"Lawyers have been hard hit because the withholding tax is applied to the conveyancing work and to lawyers' rollover of trust fund investments, including maturing government stocks and bonds. They are required to pay 20% of the gross proceeds of property sales and 10% of property transactions. They may receive and that little, or no gain is made on some transactions," said Advocate Chris Andersen, of the Law Society.

"The tax contravenes property rights enshrined in the constitution. It enabling capital gains makers to escape tax and being administered by the same public servants who have been accused of tax evasion," said Advocate Patel, of the finance ministry.

"It was arbitrary and irrational," he said. Advocate Bharat Patel, of the finance ministry, said Herbert Murerwa, the tax commissioner, was being "hired" by Gershem Pas, who argued the state had the right to impose taxes and just because taxes were harsh did not make them unconstitutional."
Zimbabwe to compensate victims of army crackdown

(360)

HARARE—President Robert Mugabe's government will compensate victims of an army crackdown that killed thousands of minority ethnic Ndebeles in the 1980s.

In a major policy about-turn, Home Affairs Minister Dumsor Dabengwa, who was jailed during the insurrection in Matabeleland and parts of the Midlands provinces, said victims would be assisted through a government social welfare fund.

"The government will help all those cases requiring assistance. The names of the prospective beneficiaries will be submitted to the Department of Social Welfare," Dabengwa was quoted as saying in the state-owned Sunday Mail newspaper.

"The compensation will not necessarily be similar to that of war veterans, but will be in the form of social assistance, especially to the widows, children and other individuals directly affected by the civil disturbances."

Mugabe has consistently refused to concede the army killed thousands of civilians in the civil war and rejected compensation demands.

He offered his first, though muted, apology last week, appealing for national unity after the death of liberation hero Joshua Nkomo.

"Political analysts have warned that Nkomo's death might push disgruntled Ndebeles in Mugabe's majority Shona-dominated ruling Zanu-PF party to pull out, plunging Zimbabwe into sectarian politics. Ndebeles constitute 15% of the population, according to 1992 census figures."

Nkomo, a founder of black politics in the old Rhodesia in the 1940s, had a calming influence on bitter Ndebeles.

Dabengwa, a strong contender for Nkomo's position, said the names were being prepared with the help of the Catholic Commission for Justice and Peace, whose report on the atrocities helped break the official silence on the disturbances.

Nkomo and Mugabe, allies in the 1970s independence war, fell out in 1982 after Mugabe charged that Nkomo had planned a military coup. Nkomo denied the accusations and his former guerrillas rebelled, resulting in the government crackdown.

The civil war ended in a 1987 unity accord between Zanu-PF and Nkomo's PF-Zapu. Mugabe made Nkomo a vice-president and gave his top official senior government posts.

Mugabe's 18-year-old rule is gripped by its worst economic crisis and its strongest political opposition from a coalition of unions and civil groups.—Reuter.
Mugabe threatens to seize farms if donors withhold funds

HARARE: If attempts fail to persuade international donors to contribute the US$1.2 billion required to finance Zimbabwe's land redistribution exercise, the government will have to confiscate the farms involved. The Zimbabwean government believes much of the blame rests on farmers who want to "ruin the government" by inflating their claims.

This emerged from a meeting between three cabinet ministers and the editors of all major news media in Harare yesterday, during which they tried to explain the sticking points which have caused the donor community's ambivalence in funding the land reform programme.

Donors have cited the government's refusal to pay full compensation for the land acquired and general lack of transparency in the land redistribution programme as among the reasons why they will not help to finance the programme. A land donors conference convened early last year failed to raise a penny for the programme meant to resettle landless black peasants on farms acquired from whites. Only US$17 million was recently raised from the World Bank, the United Nations Development Programme and the governments of the Netherlands, Norway and the United States.

President Mugabe has often insisted there was no need to pay full compensation for the land acquired from the whites as they got it through "colonial settler robbery", without paying for it.

However, Zanu (PF) national chairman and chairman of the government's land acquisition committee, Joseph Msika, Agricultural Minister Kumbirai Kangai and Information Minister Chen Chamurengwe told the editors the government was committed to paying compensation.

"What Mugabe is simply saying is that if the British continue reneging on their promise to provide money to pay for compensation, then the government will be forced to take the farms without paying anything," Mugabe's threat will only be implemented after all efforts to raise money fail," said Msika.

Kangai said the government had this week acquired 48 more farms. — Independent Foreign Service
Rival groups ponder constitution in Harare

President Robert Mugabe has appointed a 400-member constitutional review commission which includes the 150 MPs and many, but by no means all, supporters of the ruling Zanu (PF) support base. It is headed by Judge Godfrey Chidyausiku.

The other group is the national constitutional assembly, a widespread group of churches, labour, civil society and non-governmental agencies as well as individuals. It is chaired by Morgan Tsvangirai, secretary-general of the powerful Zimbabwe Congress of Trade Unions (ZCTU).

The assembly has resolved to develop a constitutional process which it will present to the people. It opposes the review commission because it was set up under the Commission of Inquiries Act which makes it legally answerable to the president alone. Zanu (PF)'s main constitutional mover is Minister without Portfolio Edison Zvobgo, a trained lawyer.

On the assembly side is another lawyer, Welshman Ncube of the University of Zimbabwe, who says that the commission is flawed because legally the president could add or remove commissioners at will — and alter the final document. He also says the final document will be put to a referendum without advance knowledge of how that referendum will be conducted.

Zvobgo has heaped scorn on the assembly's constitution process after many attempts to get people like Ncube and Tsvangirai on board to give the government initiative wider credibility. Nearly all rejected his overtures.

Zvobgo says only parliament can legally give birth to a new constitution and extra-parliamentary initiatives are worthless. He is supported by former ruling party critic Jonathan Moyo, a political scientist now teaching in SA. Moyo was the most articulate of the intellectual elite who condemned Zanu (PF)'s lack of democracy during the late 1980s and early 1990s. Former colleagues at the University of Zimbabwe, including Ncube, are mystified by his change of heart.

Moyo says the assembly is irrelevant to the realities in Zimbabwe and has committed political suicide by staying out of the commission. Mugabe is said to be worried about the assembly's process. He recently said the constitution had served Zimbabwe for 20 years and could continue. Critics say this implies he will block changes.

The UK-designed constitution was drawn up hurriedly at Lancaster House in London by war-weary white Rhodesian and liberation leaders. It retained many of the repressive laws of Rhodesia.

Mugabe has practically unfettered constitutional power. The assembly wants a constitution similar in principle to SA's, which is one of the most liberal and a far cry from the Zimbabwean document.

The assembly also wants commissioners drafting the constitution to be elected by supporters. Zvobgo has indicated that whatever constitution emerges it will be subject to a referendum, but many Zimbabwean intellectuals mistrust Zvobgo's assurances. They point to previous commissions that took evidence, deliberated, wrote reports and made recommendations — none of which has ever made public or acted upon. — AA

Maize meal back on shop shelves

Michael Hartnack

HARARE — Maize meal was back on supermarket shelves in Harare yesterday for the first time in three weeks after the government quietly backed down and granted millers an interim 45% price increase to cover basic costs.

Milling industry sources said yesterday that when President Robert Mugabe returns from the Organisation of African Unity summit in Algiers the cabinet was expected to approve further rises to restore profit margins.

No unrest has been reported since meal reappeared at a new price of $38.33/kg, but there were angry scenes yesterday when more than 500 striking municipal workers occupied Harare's "Own House" to press for pay rises of up to 45% backdated to January.

Many municipal services, including burials and cremations, have been halted by the strike of the city's 8,000 workers. Parking garages have closed and rubbish collections have ceased. On Monday police tear-gassed 200 militant former guerrillas demanding additional gratuities and an increase in their $282,000-a-month pensions.

They were driven by baton charges and volleys of teargas from the vicinity of Mugabe's official city centre residence and marched angrily to the ruling Zanu (PF) party headquarters. Zimbabwe's inflation crisis was triggered by the government's grant of $24,500 unbudgeted gratuities to 55 000 ex-guerrillas in 1997.

Last month, the government vowed not to go beyond a 20% increase in the maize meal price although the parastatal Grain Marketing Board had raised the price of raw grain to millers by 88%. Last week beef prices rose 30% and bakers have vowed to switch off their ovens as soon as a new $10.50 maximum price is gazetted. This, they say, is 25% below their declared cost of production.

Industry sources said no announcement of the new maize meal price had been made in an attempt to save face by Industry and Commerce Minister Nathan Shamuyaro, who is also propaganda and information supremo in Zimbabwe's highest decision-making body, the Politburo. During the absence of maize meal from supermarkets Shona Zimbabweans bought raw maize from informal sector traders who had processed it into coarse meal with hammer mills.

Eddie Cross, vice-president of the Confederation of Zimbabwe Industries, said the interim price hike had cost 15,000 jobs in the milling industry. He hoped millers would soon receive requested further increases totalling 62% to restore viability.
Zimbabwe inflation reaches record 55.2% (36.2)

Many believe the worst is to come with inflation peaking at 60%

HARARE — Zimbabwe’s annual consumer inflation rate surged to a new record high of 55.2% in June, spurred by price increases across the board, the Central Statistical Office (CSO) said yesterday.

The CSO said in its monthly bulletin that increases in food prices accounted for 24.4 percentage points or just under half of the rate, while non-food items in the Consumer Price Index accounted for 30.9 percentage points.

It said the monthly inflation rate “edged up 0.50 percentage points to 1.9% in June with core inflation — the headline rate minus the food component — accounting for the bulk of that increase with a rise of 2.6 percentage points.

Core inflation was 53.7% in June from 48.2%, while food inflation was 57.3% down from 59.4%.

Economists said the headline inflation figure would rise further following the recent increase in maize meal prices as well as fuel and electricity tariffs.

“The immediate concern would be that we have not hit the peak as yet. We face more hikes in food prices and wage increments which will fuel (inflation) further,” said Zimbabwe’s Financial Holdings economist Best Dhoro.

“I strongly feel the worst is still to come,” he said, predicting a peak of 60% this year.

Zimbabwe’s consumer inflation averaged more than 32% last year after the local currency lost more than half its value, sparking the worst social unrest in the history of President Robert Mugabe’s 19-year-old government.

Zimbabwe’s economy is expected to grow by no more than 1.5% this year.

The Reserve Bank, which has fought a lone battle against inflation in the past eight years of reforms said “a culture of price indexation” had developed in Zimbabwe’s economy.

“In this regard price adjustments for goods and services have tended to follow the previous round of price increases,” the bank said recently, urging a national consensus on pricing.

“...in turn has created a vicious circle of future rounds of price adjustments with prices adjusted for the year-on-year inflation, rather than monthly inflation increases.” — Reuters.
UNITY ACCORD UNDER THREAT

Nkomo’s death rattles Mugabe

The death of veteran nationalist Joshua Nkomo after a long battle with prostate cancer two weeks ago poses the sternest test yet to the unity accord between his Ndebele-dominated Zapu and President Robert Mugabe’s Shona-based Zanu PF.

There are now serious doubts that the 1987 accord which helped end almost five years of civil unrest in Matabeleland will survive Nkomo.

Political activists in Matabeleland began questioning the accord long before Nkomo’s death. The accord has been described as a surrender document that delivered Matabeleland bound and gagged into the hands of Mugabe’s one-party State. But Nkomo’s stature and the respect he enjoyed among the people of the region had a restraining effect.

Evidence of discontent can be found in...
War veterans besiege Mugabe's official home

MONDAY they marched on his home; but the president was in Algiers at an OAU summit.

Riot police drove them away with teargas but the defiant veterans, along with some former political prisoners, put up a vigil at the ruling Zanu-PF headquarters for two days. During that time some senior party officials remained locked inside the offices.

To add to Mugabe's headaches, about 20 000 former political detainees are also now demanding $70 000 (about R11 000) each plus pensions equal to those enjoyed by war veterans. The former detainees never made it to the battle zones, but they claim they are the pioneers of the country's liberation struggle.

The government has said it can only afford to award a 21 percent increase on existing pensions as a cost-of-living adjustment.
Harare govt bales out hard-pressed farmers

Michael Hartnack

HARARE — The government has responded to appeals from the Indigenous Commercial Farmers Union by rescuing 32 large-scale properties owned by blacks Zimbabweans from the auctioneers' hammer, Minister of State for Indigenisation Cephas Msipa said.

Last month Taka Mutunhu, CEO of the parastatal Agricultural Finance Corporation, accused the union of a "deliberate and clumsy attempt to stave off foreclosure" by alleging emergent black commercial farmers owing Z$900m were being "hounded" by farms formerly owned by whites.

Mutunhu said fewer than 100 of 1,303 borrowers faced liquidation for failure to repay loans. Msipa said: "The government is concerned about the debts and foreclosure problems, affecting our farmers. Their problems are not of their own making and ... we have a responsibility to ensure they remain viable."

However, he did not disclose what measures had been taken to reschedule or annul the debts. The parastatal's debts estimated at Z$900m contribute to Zimbabwe's budget deficit, which must be reduced to meet the International Monetary Fund's criteria for restoring deferred support of $200m.

Nokwazi Moyo, the Indigenous farmers union's director, repeated claims made last month by its president Thomas Nherera that 90% of its 1,200 members needed urgent state assistance to survive.

There are 5,000 commercial farmers in Zimbabwe, 75% of them white, farming a total 11 million hectares. About 5 million hectares now owned by whites are scheduled for redistribution to black Zimbabweans.

In a letter to President Robert Mugabe, Nherera alleged the parastatal's auctions "are only meant to prove that blacks are not good farmers, which is completely wrong". He said the parastatal's officials were "making a mockery of the government programme to redistribute land" and "garnering the image of the (indigenous farmers' union) as a bunch of thugs".

Mutunhu countered that farms coming under the hammer showed demonstrable lack of cropping and were clearly underutilised.

The parastatal's director for credit and risk, Levi Sithole, declined to reveal what new lending facilities had been extended to the 32 farmers who had been spared from liquidation by the government's intervention.

Zimbabwe reacts to report

Michael Hartnack

HARARE — The US embassy in Harare has condemned a US state depotartment report in Washington alleging corruption has prevented inflows of foreign investment into Zimbabwe.

"There is a lot of misinformation being spread around and we have no way of checking or controlling it," said Larry Hall of the US information service.

Zimbabwe's state-controlled Herald Sunday said it "dismissed the report as unverified and inaccurate information emanating from unknown sources".

Nicholas Ncube, executive director of the Zimbabwe Investment Centre, said it was "unfortunate".

According to the state department, the centre, supposedly a one-stop shop, has been blocking foreign entrepreneurs who lack political influence.

It alleged: "Foreign-owned service industry start-ups, particularly, have accused the investment centre of holding up investment applications, while unknown means politically-connected civil servants or ruling party members take advantage of the delay to copy the submitted plan and set up competing, near-identical, companies which enjoy the first-to-market benefits while the foreign application languishes."

The World Bank's Foreign Investment Advisory Service, a shared state department view, said the investment centre was subject to political influence and acts to hinder foreign investment. Ncube said: "We do not ask for business plans from would-be investors, we ask them to fill in an application form."

He said all investors knew the rules regarding the percentage of foreign participation permitted in varying sectors of the economy.
IMF may give
Zimbabwe loan
Reports differ as to the veracity of the offer

Michael Hartnack

HARARE — The International Monetary Fund was "at last" to release $200m for budget support after two years of procrastination over the creditworthiness of the Zimbabwe government, the state-controlled Sunday Mail reports.

"All the outstanding issues have been resolved and we are ready for disbursement in about two weeks," local IMF representative, Robert Franco, was quoted as telling the paper. "We have been given the green light.

The announcement, which could herald a massive boost for Zimbabwe's ailing economy, directly contradicts remarks made by Franco's senior, Michael Nowak, in a telephone interview from Washington with the independently-owned Financial Gazette.

Nowak said the IMF board had again deferred a decision on Zimbabwe's case, which was due on July 9.

"That meeting will take place on some other date that shall be announced," Nowak said, denying that the financial institution was reacting unfavourably to Mugabe's attack on it at the state funeral of Vice-President Joshua Nkomo on July 5.

"Accusing the IMF of humiliating Zimbabweans with its terms for economic liberalisation and reform, Mugabe said at the funeral: "We will strive and go our own way, the IMF can go away."

Franco was reportedly to have said that IMF demands that Zimbabwe cut back spending on the war in the Democratic Republic of Congo were now "water under the bridge."

Franco was quoted as saying that Finance Minister Herbert Murerwa had signed a letter of intent resolving all outstanding issues on Friday, following Franco's visit to Washington with a two-member delegation of Zimbabweans.

Banking sources were yesterday mystified by Franco's alleged remark to the Sunday Mail that a 12-month programme which expired in June had now been scrapped and a new standby arrangement covering the ensuing 14 months would come into effect, with the first payments arriving in a fortnight.

The sources believed extensive new negotiations would have been required.

What had reportedly been in place was a remaining $212m programme, frozen last year when Zimbabwe failed to meet reform targets.

There have been innumerable false reports before from the official Zimbabwean media of resumed IMF lending, which should trigger $300m further aid from individual Western donor nations and institutions.

The Sunday Mail said that despite Nowak's denial, the IMF board had held an informal meeting on June 28 at which it was decided to cut the first tranche of restored budget support from $53m to $132m, to give Zimbabwe an inducement to honour commitments.

However, these reservations had apparently been waived.
Elite land meant for peasants?
Matabele villagers burn party cards

Matabeleland President Robert Mugabe allegedly said he would not accept the principles of the so-called interim government. He was quoted in The Daily News: "We will not accept the proposals of the interim government," he said. "The interim government is a Trojan horse and we are going to fight it."
Nkomo’s death leads to period of soul searching in Zimbabwe

Holes are appearing in official political history, says Michael Hartnack

HARARE — Following the death of Zimbabwean Vice-President Joshua Nkomo, a prolonged wake is taking place for 19 years of censorship and self-deception by some politicians, journalists, and writers.

“Nkomo’s death opened a can of worms,” said one newspaper editorial.

The posthumous accolades of Nkomo, who died on July 2, has forced Zimbabwe’s media to admit that it must take a new look at the nature of government. Circumstances were not unusual but not unilaterally as President Robert Mugabe is dismantled abroad as the man personally responsible for all Zimbabwe’s woes.

Even Zimbabwe subscribers to the Reader’s Digest are now being limited to learn how Musaphie supposedly “lost his country.” To Musaphie’s credit the latest edition remains unsigned here, but analysis of the country’s problems needs to go farther than this.

Musaphie himself began the psychological ping-pong, perhaps unwittingly, in his recent funeral oration for Nkomo at Heroes’ Acre. It was part of his campaign speech, part history lecture, “writing”, “what has been systematically excised for the past 19 years Nkomo and his party, the Zimbabwe African People’s Union (Zapu),

News reports, more interested in the future than the past, naturally focused on Mugabe’s attacks on human rights, “undermining the country’s unity,” and the distrubition of land, eating fresh doubts on the modest plans for reforms agreed with donors.

But the wider public here noticed the remarkable review of Nkomo’s history for untruthful contributions to the overthrow of white rule. It took Musaphie 10 minutes to get to 1953 — the year the two men broke over Musaphie’s support for the Matabeleland Shikwe, who formed the Rhodesian African National Union (Ranu).

Historians, who have written in textbooks about the Army’s role in the 1965 Unilateral Declaration of Independence, have shown the influence of white governors into the Chirundu area must have been disrupted to remove Nkomo from power.

In 1956, Zimbabwean President Robert Mugabe acknowledged that Nkomo’s Zapu launched the war in 1962.

Musaphie then stated over 25 years of Zifa-Zuma styled and, after a brief but power expression of regret for the 20,000 killed by his security forces in Mashonaland, glorified the Christianised 1967 with pacts held and Nkomo signed.

Ever since the national Zimbabwe’s newspapers have been flooded with letters expressing both astonishment that Nkomo’s role has been kept so quiet and demanding correction to omitted historical events are openly questioning the part Bishop Abel Muzorewa’s elected interim government played in persuading whites to accept African rule and that of Nkomo, who remains on bail pending appeal against a jail term for plotting Mugabe’s assassination.

A general debate has ensued about other events during the period of power-sharing, such as the murder of Zanu chairman Herbert Chipeza in Lucua and the mysterious death in Mozambique of guerrillas commander Jacob Tagwira on the eve of the 1980 elections.

Of more relevance to Zimbabwe’s current plight, with 4 million unemployed and the economy in a shambles, was a column in the independently owned Zimbabwe Star reporting that Nkomo, however small, was essentially in the mould of his hero, Ghana’s Kwame Nkrumah.

“I know when I saw what Kuzana had achieved and I should never go for a slice of the cake but the whole thing,” Nkomo said in London in 1968.

The columnist recalled Fred Allard’s description of Nkomo as a “Leninist case” and suggested Nkomo’s career, like those of all the rival nationalist figures, was dedicated to the restoration here of a monarchy in the form of a Nkomo-Style King Leopold II, driven off his throne by Cecil Rhodes’ British South Africa Company in 1890.

The 1980 independence elections reduced Nkomo to “a broken man — the king was stripped of his bands just as he was snatching the moment of glory.”

Limited analysis of what the writer called “the monarchist tendency in African nationalism” should be focal to current debate here about economic and constitutional reform.

Nkomo, it is suggested, would have done just what Mugabe did in 1979, “centralized around himself and tried to impose his will on the country.”

In this system, two sets of transfers to the Democratic Republic of Congo with little to do with the state, cabinet or parliament and every relatively large purchases in parastatal enterprises under the president’s confirmation.

South Africans, offered dubious comparisons between their country and Zimbabwe, should note that Nelson Mandela was a superb focus of initiative behaviour, as every good constitutional monarch should be, who seems — from here — rather the man we sought Musaphie’s ever-livid political objectives.

In Zimbabwe, it is suggested, Mugabe is the devil — haunted by Nkomo, would have been just as ready to create a ruthless President of war, and a controlled economy dedicated to reviving loyalty and punishing dissidents — although justified in the absence of social justice.

Muzorewa, it was argued, was precluded by the “safeguards” in the short-lived 1979 constitution from doing these things and was thus unable to retain his hold on power. Mugabe, given a virtual free hand amid with elections could hang on — only to disillusion himself after 19 years in a “corrupt system.”

This presents a frightening moral to constitutional makers.

Civil groups represented in Zimbabwe’s National Constitutional Assembly — which will have no truck with Musaphie’s own 400-member state-funded Constitutional Commission — hope for a move away from Mugabe-style monarchical towards civilian government that will be accountable, transparent and responsive to public opinion.

Nkomo’s death has made possible a debate on whether this is practicable or whether Zimbabwe will be forced by internal instability to retain a monarchical system of government, carefully camouflaged with trappings of democracy, to protect the country from the perils of the human rights "bodyguard".
HEED HIS ADVICE:President Robert Mugabe says that "many people" want to live in peace and prosperity, but they must also be aware of the dangers that come with it. The President has called for calm and cooperation among all citizens to ensure a peaceful transition to a new government.

Mugabe warned not to send troops to Angola. The President said that any military action could lead to a disaster for the country. He urged the people to trust in the leadership of the new government and to work together for the betterment of the nation.
IMF agrees to lend Zim $200m

HARARE: The International Monetary Fund (IMF) has agreed to lend US$200 million to Zimbabwe over a 14-month period, after the country's war spending had been explained, an IMF source said yesterday.

The finance body had asked Zimbabwe's government about its expenditure in the war in the Democratic Republic of Congo (DRC), to which President Robert Mugabe has sent thousands of troops to support the Kinshasa regime.

According to the source, extracting the details on military spending had not been easy. "The Zimbabweans felt offended. They blocked, but they all agreed to give us the information. We got all the clarification we wanted. They had no choice," the source said.

The IMF had asked for the details, particularly in light of numerous rumors that Harare was ordering new combat aircraft. "We have had assurances," the source said, that "if there is budgetary overspending, there will be cuts in other sectors.

The IMF had blocked standby credits to Zimbabwe after the government in June sent 3 000 more soldiers to back DRC President Laurent Kabila, who obtained military support from Harare as well as Angola and Namibia against DRC rebels backed by Uganda and Rwanda, launched a major insurgency in August last year.

Harare's costly military action in the DRC, with which it has no border, has caused serious economic domestic problems and led to protests over the involvement of a third of the Zimbabwean army.

Mugabe in April dismissed the world finance body as "a monstrous beast," and amid heated debate top government officials warned that they had plans to sever all ties with the IMF -- but they subsequently recanted.

"The IMF was worried, because our calculations had been based on the presence (in DRC) of 2 000 soldiers, then this went up to 10 000 Zimbabwean troops," the IMF source said.

However, according to the source, the reinforcement was "carried out to strengthen their position before the peace negotiations", which led six countries to sign an accord in Lusaka on July 10. The document was, however, signed by the different rebel factions.

The IMF management is satisfied with Zimbabwe's replies, notably on military spending, the source said, adding that the fund's council would meet on August 4 and a first tranche of $35m would be released the same day. — Sapa-AFP.
Mugabe wants, user-friendly, govt

With clarification of Harare’s war costs, the international Monetary Fund has agreed to a new loan

© 1979 Express
Nkombo's death stirs old enmity in Zimbab韦

Unity pact declared dead as Nkobe burn party cards.
Genocide survivors reject Mugabe offer

THABO KUNENE
FOREIGN CORRESPONDENT
BULAWAYO - Survivors of the Matabeleland genocide have
snubbed the government's offer to compensate them for the loss
of their families, property and the destruction of their homes by
the notorious troops of the Fifth Brigade.

Scores of survivors in Lupane and Tsholotsho districts of northern
Matabeleland said they would not accept "blood money.

Others said compensation would not bring back their families, who
had been killed in the early years of independence when about 20,000
civilians were massacred by Fifth Brigade soldiers.

The victims were supporters of Joshua Nkomo's Zimbabwe African
Peoples Union (Zapu), the opposition party at the time. Mr. Nkomo died on
July 1 after a battle with cancer.

I would rather stay poor than accept blood money from the government," said Silibasiso Ncube in Lupane.

Ms Ncube was in her village of Cindangula on April 12, 1983 when the Fifth Brigade arrived. The soldiers rounded up all the villagers and teachers from the local school and executed 15 people. Among the dead were Ms Ncube's parents.

"She was 15 at the time, and survived by hiding in a cattle kraal."

A survivor, Mhulu Moyo said: "Why should I be paid for the killing of my relatives?"

Mr Moyo said he lost three relatives in the massacre. He witnessed the killing of seven teachers at the local school. The teachers, he said, were shot dead and thrown into a pit latrine. Female teachers were raped.

A man whose pregnant wife was killed by the soldiers also rejected the government's offer.

He said soldiers had ripped open his wife's stomach to remove what they called a "disssident child."

"I will never forgive these Shona people for what they did to the people of Matabeleland," he said.

Home Affairs Minister Dumiso Dabengwa has asked the Catholic Commission for Justice and Peace (CCJP) to compile a list of survivors.

It was the commission which last year released a chilling report about the Matabeleland massacres, detailing how government forces planned to exterminate the Nqai people and other tribes in retaliation for their support for Mr Nkomo.

Some of the soldiers who carried out the killings have since returned

Flashback: a Matabeleland victim, whose ears and nose were hacked off, to Matabeleland to apologise to the relatives of those who perished.

Zimbabwean President Robert Mugabe deployed the brigade on the pretext that the troops were tracking down rebels said to have been backed by Zapu.

In 1983, the magazine Parade published a story in which former Rhodesian and South African intelligence officials admitted creating and arming rebels in Matabeleland.

During the interviews with the magazine, the former Rhodesian agents said their intention was to back Mr Mugabe to take action against Zapu and the Ndebele for their support for Umkhonto we Sizwe guerrillas. The agents suspected Zapu was harbouring African National Congress fighters in its secret Matabeleland camps.

An official of the CCJP said some villagers were accepting the government offer to compensate them but the majority were still refusing.

"I do understand those who can't accept the money. Hundreds of people suffered a lot during the genocide," said the official.

Veteran Bulawayo politician Smith Ndeti, who lost relatives in the massacre, said survivors should not accept compensation.

"The government has never acknowledged that the brigade committed atrocities, so why are survivors being compensated now?"

The opposition sees Mugabe's decision to compensate victims of the genocide as a desperate attempt to keep his ruling Zanu PF party alive in Matabeleland following the death of Nkomo, who had kept the party alive in the province. Without Mr Nkomo in Matabeleland, say analysts, the ruling party is dead.
Officials accessed of property...
Zim war veterans threaten to take land

HARARE: Zimbabwe's war veterans yesterday threatened to forcibly resettle themselves on farms unless President Robert Mugabe reversed this week's decision to allocate large farms acquired for peasant resettlement to senior politicians and other influential people.

The Zimbabwe National Liberation War Veterans' Association, which represents 70 000 ex-guerrillas from the liberation war, said unless Mugabe reversed the decision, the war veterans would have no option but to forcibly invade the farms and resettle themselves.

Spokesperson Dominic Mavonga said dozens of the hundreds of war veterans who had applied for land had been considered.
in defiance of court

Mugabe backs jailer

[first column]

The man (above) whose body was never recovered by police and

Indiana's team wants chief locked up for contempt

[second column]
Martin Rushmere

HARARE — Zimbabwe's Reserve Bank raised the bank rate by 2.5 percentage points to 50% at the weekend, but forbade commercial banks to increase their lending rates.

There has also been a sharp increase in commercial banking reserve requirements. The moves are seen as an attempt to curb a huge increase in money supply and clear the way for a probable International Monetary Fund (IMF) loan on August 4, but there are wider and more serious implications.

According to commercial banking officials, Reserve Bank governor Leonard Tsumba told chief executives of the seven commercial banks on Friday night that the measures were to cut down on commercial bank borrowings.

At a meeting earlier in the week, he told them they could not increase lending rates. For commercial banks, the most pressing issue is the rise in the statutory reserve ratio from 25% to 30% (proportion of liabilities to the public that has to be held at the Reserve Bank).

A spokesman for an international bank in Harare said the bank's cost of funds had risen and the only option was to cut deposit rates. Analysts say the lending rate edict cannot be maintained for long without throwing the money market and financial system into chaos.

An official at an international bank said: "The bank has already introduced 90-day treasury bills, abolishing 30-day and 60-day bills. Commercial banks are losing a packet... as the price of the 90-day bills will come down sharply on the money market because market interest rates will shoot up. The brakes will be applied to bank lending. This will affect the whole financial system, with mortgages stopping."

Money supply has shot up recently, by far more than the IMF allows.
Banks get option to raise lending rates

HARARE — Commercial banks in Zimbabwe are being given the option of raising lending rates in response to the increase in the bank rate to 50%, but the nation's reserve bank wants the big gap between lending and deposit rates to narrow.

Banking sources in Harare say bank officials have realised there will have to be some increase in commercial bank rates. Yet it is known governor Leonard Tsumba is unhappy that deposit rates have been rising more slowly than lending rates. The gap between the two is between 10 and 15 percentage points at some banks.

"The Reserve Bank has noted that each time interest rates go up, deposit rates fall further behind," said a banking executive. However, there is little it can do as the commercial banks can always use the excuse their cost of funds has increased enormously because of the central bank's hikes in rates.

There was considerable confusion in banking and the money market after the start of business yesterday as no official statement had come from the central bank. The only information was from money market dealers at the bank and they were unsure of details.

Although Tsumba has said nothing, it is understood he has abandoned the principle introduced in November last year of keeping a three percentage point difference between the treasury bill and bank rates. The repo rate has risen from 45% to 48%.

"This all smacks of a familiar pattern of sudden last-minute policy changes. The authorities are trying to show they are getting in line with international Monetary Fund requirements," a commercial banker said.

Tsumba aims to get money supply growth down to single-digit levels by the end of the year, which is thought to have been agreed with the fund. "With money supply growth at almost 52% in May, there seems very little chance of this occurring," the banker said.
Surging fraud costs
Zimbabwe millions

Police in Harare report 11 arrests in major crackdown on crime

Michael Hartnack

HARARE — Several of Zimbabwe's supermarket chains have suspended their acceptance of cheques and credit cards after the uncovering of $100m in fraud offences involving banking staff, automatic teller machine technicians and street criminals.

A Standard Chartered Bank employee, Emmanuel Takaidza, was remanded in custody this week by Harare magistrate Jesta Makhaza on charges of defrauding customers of $91 000 using three stolen credit cards. Two more then were due to appear in court shortly. Banking sources said another financial institution had lost $450m.

Assistant Commissioner Solomon Ncube, commanding officer of the police fraud squad, said 11 arrests had been made in a crackdown on credit card crime involving up to $100m. Three major stores confirmed they were no longer accepting American Express or Visa cards without positive proof of the bearer's identity.

Similar restrictions had been placed on those attempting to pay by cheque due to widespread forgery of cheque cards, guaranteeing payment to fixed limits.

Retail sector spokesmen reported an upsurge in credit fraud since April, when the rate of inflation reached 48%.

Evidence led when Takaidza was granted $2 000 bail, but VISA international refused to honour some of the withdrawals attempted using cards stolen from a Harare company.

Ncube said police had responded to the upsurge by launching "Operation Flying V".

Last year reports of similar offences involved only $11m, he said. Meanwhile, the government yesterday raised the price of domestic illuminating paraffin 37% to $2.50 a litre in the hope of eradicating hoarding which it blames for the current shortage. "Paraffin will be flooded on the market to make it impossible for those who are hoarding this commodity," Transport and Energy Minister Enoe Chikowore said.

On June 2 prices of most fuel products went up 32%, but domestic illuminating paraffin was pegged at $1.82 in a bid to cushion the effect of inflation on poor urban dwellers who rely on the fuel for cooking and heating.

Black marketers were soon selling paraffin for up to $20 for a 750ml bottle and commercial farmlands around cities were invaded by illegal woodcutters.

Chikowore said subsidies remained for domestic consumers.
Zimbabwe's state enterprises lose R2bn

BERNARD MANDEZIVIWA

Harare—Zimbabwe lost $2 billion in the past fiscal year because of the poor performance of state-owned enterprises, Herbert Murerwa, the finance minister, said yesterday.

In a document prepared for the parliamentary budget committee, Murerwa said the losses in the 1997/98 fiscal year were the biggest since the inception of the economic reform programme in 1991.

The culprits were the National Railways of Zimbabwe, the Zimbabwe Iron and Steel Company, the National Oil Company of Zimbabwe and the Grain Marketing Board. The Zimbabwe Electricity Supply Authority and the Cold Storage Commission also contributed to the losses.

"The financial performance of our public enterprises has been very discouraging in the last fiscal year, with losses amounting to about $62 billion (about $2 billion) incurred by the six major enterprises," Murerwa said.

He said the losses posed challenges to an otherwise improving budget deficit scenario.

Zimbabwe has been under pressure from foreign donors to privatise state enterprises, but the government says a rushed privatisation programme will only benefit the rich.
Mugabe turns to former foes to bolster support
Leading seasoned bank's expert says commercial support
business is killing it
Zimbabwe's economy.

Zimbabwaa, DRC.

Rates rise anger's business
Women demand.
EX-GUERRILLAS’ DEMANDS REJECTED

Zimbabwe conscripts war veterans ‘to control them’

HARARE: The security of the state would be at risk if nothing was done to control restive veterans of the liberation war who have taken to the streets to demand more money and land, officials claim.

The Zimbabwean government has conscripted thousands of independence war veterans into a reserve army, saying the restless former guerrillas posed a security risk, a local private newspaper reported yesterday.

The Daily News quoted Zimbabwe Defence Force commander Vitalis Zvinavashe as saying the former fighters from the country’s 1970s independence war, who are demanding more compensation money and benefits, needed military command.

"Ex-combatants are people capable of controlling and using weapons and we cannot just leave them to do what they want on the streets," the general said.

"The security of the state would be at risk if nothing was done to control them."

However, the Daily News said the chairperson of the Zimbabwe National Liberation War Veterans’ Association, Chenjerai Hunzvi, had dismissed the move, arguing the government had no right to interfere with a private welfare organisation.

The Joint Operations Command — made up of the commanders of Zimbabwe ground forces, the air force, the police commissioner and the director-general of the secret intelligence services — had summoned the war veteran leaders last week to tell them of the government’s decision, the newspaper reported.

Zimbabwe’s Defence Act allows the defence minister, after consultation with the defence force commander, to establish reserve forces of the army and the air force, and to arrest and try under military law anyone who resists this.

But Huzivi told the Daily News: "The people who addressed us last week are misguided. Voluntary organisations do not come under the army. If the government wants to make us a reserve army, then they should do so through parliament. The War Veterans Act has to be repealed for us to be part of the army."

This comes just weeks after the veterans clashed with police in the streets in a bid to press President Robert Mugabe — their patron — for more compensation.

They have vowed to continue protesting until they are paid, raising the political temperature after a wave of wage strikes, quarrels over constitutional reforms and drying up of donor support due to poor economic management.

In 1997, the veterans forced Mugabe to pay more than 50,000 veterans about $2.5 billion (66.6 million) in gratuities. The government also agreed to pay medical costs and school fees for the veterans and their children.

Now the veterans, joined by politicians and activists detained by the pre-independence government of Ian Smith, are demanding $360 million ($13,020) each and farming land, arguing it is part of the deal Mugabe agreed to two years ago.

The government says it will not pay the new demands because it cannot afford to do so.

● The state-owned Zimbabwe Defence Industries (ZDI) has asked Mugabe to put pressure on Democratic Republic of Congo President Laurent Kabila to pay the hundreds of millions his government owes the cash-starved ZDI for food and ammunition supplies.

The ZDI, the country’s sole manufacturer of small arms and ammunition, supplied armaments and food rations to Kabila’s army before and after it seized power from Mobuto Sese Seko in 1997.

Kabila’s government had been paying ZDI about R100,000 monthly but stopped because of lack of resources.

However ZDI officials say the company will go under if the DRC doesn’t start paying its debt. — Reuter, IFS
Maize millers defy Mugabe

BERNARD MANDZEVIBHA

Harare — Zimbabwe's maize millers, saddled with spiralling input costs, have unilaterally boosted the price of maize meal by about 17 percent without approval from the government which gazetted the price of maize meal in 1998 to protect consumers from escalating prices of basic commodities.

Robert Nkomani, the secretary of the industry and commerce department, confirmed this week that the price rise was not sanctioned by the government.

He said he could not say what action the government would take but he would seek an urgent clarification from the millers.

The government allowed the millers to raise the price of maize meal by about 40 percent in June and July. It promised a further 11 percent increase at the beginning of August and a similar rise in September.

But President Robert Mugabe's government, which had promised the International Monetary Fund that it would remove price controls by December, has failed to sanction the increase.

The increase came as Zimbabwe's inflation rate hit a record 63.5 percent in July, up from the previous month's 55.2 percent, according to latest figures by the Independent Foreign Service.
New provision upsets Zim's exporters

Central bank introduces corporate foreign currency accounts, but claims one finds a statutory reserve provision internal free.
Banks profit in economic gloom in Zimbabwe

HARARE - Zimbabwe's struggling inflation and interest rates continue to bring huge profits for banks, with Barclays leading the charge.

Net profit rose 218% to $9.6m in the six months to the end of June for the Barclays-based group. This came partly through a 72% rise in gross interest income to $5.6m, higher commissions and fees and a fall in the tax charge. Profit for the last financial year was $3.6m.

Chairman David Zimchayu says the economy continues to give grave cause for concern, emphasizing that foreign debt is now an "unsustainable" $4.2bn of exports "although well below the critical level of $10bn".

Along with the other major banks, Barclays says it has restricted its lending to "quality borrowers". Debt recovery has improved, leading to a 60% fall in provisions for doubtful debts to $9m.

The bank has recently been the victim of sophisticated electronic telemarketing and credit card fraud, for which another $5m has been provided.

A good performance for the half year to June has also been reported by Commercial Bank of Zimbabwe, which also has a 20% stake, with net profit rising 67% to $3.7m. Its provision for bad debts has risen 49% to $1.9m. This is a result of an overhaul of the loan book. "The figures reflect a more conservative approach and the second half will be better," says chairman Richard Wilde. Profit for the whole of 1995 was $12.5m.

First Merchant Bank, a former subsidiary of Anglo Americas, has recorded a 20% increase in net profit to $1.1m for the half year. Bad debts write-offs rose 37% to $1.5m.

Last year's full year profit figure was $1.0m.

"First Merchant continues what has long been a money market command - that open currency dealing has all but evaporated because of the fixed exchange rate," said managing director Brian Mc Namara. "Foreign exchange shortages, combined with a stable exchange rate, resulted in dramatically reduced trading. The interbank market was almost nonexistent and dealing profits were down 23%." Although commercial banks will not admit it, unofficial rates are being agreed in private deals.
Zimbabwe's currency, the Zimbabwe dollar, continues to decline against the US dollar, exacerbated by hyperinflation and political instability. The government has implemented various measures to stabilize the economy, including currency controls and price freezes, but the effects have been limited. The international community, including the IMF and World Bank, has expressed concern about the economic situation and called for reforms to address the underlying issues. Despite these challenges, there are some signs of resilience in the country, with efforts to diversify the economy and improve infrastructure. However, the rapid depreciation of the currency and high inflation rate continue to pose significant challenges for businesses and individuals alike.
New challenge to Mugabe

Mercedes Sayagues

During this week's Heroes' Day and Defence Forces' National Day public holidays, Zimbabweans took a break from their harsh daily realities, but the politics did not stop. As they boarded buses to go home, the talk was about the newest challenge to the ruling party, Zanu-PF.

Last weekend, trade union leader Morgan Tsvangirai's candidacy for president in 2000 took a big step forward when the Zimbabwe Congress of Trade Unions launched the Movement for Democratic Change (MDC). The MDC is right on target in perceiving the need for a broad-based movement to challenge President Robert Mugabe.

A new party linked to the trade unions has long been in the pipeline. Workers are hurting from inflation, shrinking purchasing power and repression. The MDC will probably perform well in next year's election. Tsvangirai and Sibanda are gifted speakers, popular and untouched by corruption. The unions have a nationwide, disciplined membership.

Workers went home on this holiday and spread the word. The 2000 election campaign has effectively started. The MDC's manifesto should be ready by August 21 and the new party launched by September. The new party's biggest challenge — and hope — lies in knotting strategic alliances with Zimbabwe's fragmented opposition.

"With all the thinking people who believe the government has failed the Zimbabwean people, especially the working class, we can put up a formidable front to remove corrupt leaders and fulfil the struggle to liberate Zimbabwe," says Sibanda.

The other top challenger appears to be Zapu 2000, the reincarnation of the old Zapu. It has successfully run primaries in Bulawayo and Victoria Falls in the run-up to local elections.

Independent MP Margaret Dongo has lost her national profile, although she still has strong support in Harare. Her party recently split.

The intelligence services may be behind that split, as they are in the current battle for the soul and the chequebook of human rights monitor Zimrights. A new chair took over, allegedly in rigged elections, and has sown chaos and dissent among the members of the well-respected group.

Sowing dissent is a more sophisticated approach than the ones tried with the trade unions. In 1997, Tsvangirai was bludgeoned on the head by assailants. The blunt message, however, failed: the unions did not shut up and will contest the elections in 2000.
How Aids is starving Zimbabwe

Mercedes Sayagues

Zimbabwe is waking up with a shock to a hidden cost of the Aids pandemic: drastic food production. Too many adults are sick or dead. Their surviving relatives are too old or too young or too busy nursing the sick to farm.

This week, the Commercial Farmers' Union put figures to the decline of Zimbabwe's agricultural food output: maize by 21%, cotton by 41% and vegetables by 69%.

Why? Because of the loss of workers and workdays due to HIV/AIDS — even allowing for heavy rains in the last rainy season and price controls that discouraged planting cash crops.

Kerry Kain, the Aids-Coordinator at the Commercial Farmers' Union, caustipated the government for spending $2 billion a month on Aids prevention — 19 years into the pandemic.

African peasant agriculture will never be the same after Aids.

But It is too long for a majority of agriculture, donors and NGOs to adapt to the grim reality that Aids is a major factor in terms of public health costs, loss of skilled labour and loss of workdays. In industry that is effects on smallholder agriculture, although less obvious, are equally serious.

"Global and regional Aids conferences held since the mid-1990s merely focus on the impact of the epidemic on rural livelihoods," commented a conference on Aids and African smallholder agriculture held in Lilongwe last year.

Declining life expectancy makes horticulture. Declining food security among rural people does not — yet until it has an impact on total food production.

In Zimbabwe, more than half of the staple maize and of the export crops of cotton and tobacco are grown by smallholders.

So is Uganda's main export, coffee. The coffee-growing areas near Lake Victoria have the highest HIV/AIDS prevalence, hence fewer yields.

Around Mauca and Bobak, myriad plantations till the story.

In northern Uganda, millet and sorghum are left overgrown because labour goes into caring for the sick. Among pastoralists in the east, adults are dying before they can transmit skills to hard-core Aids.

Zimbabwe's irrigated maize and tobacco do not suffer as much. But Aids widows in the communal areas are growing less food because they lack money to hire tractors, ploughs and casual labour. Their savings, tools and animals paid for medical and burial expenses for Aids-stricken husbands.

"From the time one adult family member is bedridden, Aids con-implies the nutrition and food security of the whole family," says Geoffrey Swesawakwando, deputy director of Uganda's Women's Effect for Orphans.

The cycle goes like this: a man is taken. While nursing him, the wife can't tend the maize and cotton fields, wash and pour the maize, dry the coffee or harvest the rice. This means less food crops and less from cash crops. Trips to town for medical treatment, hospital fees and medicine consume savings. Traditional healers are paid with livestock.

The man dies. Farm tools, some cattle, are sold to pay burial expenses. Mourning practices forbid farming for several days. Pray now for a farm chosen is lost.

In the next season, unable to hire casual labour, the family plants a smaller area. Without pesticides, weeds and bugs multiply. Children learn to seat and harvest. Their yields are lower. With little home-grown food and without cash to buy fish or meat, family nutrition and health suffer.

If the mother becomes ill with Aids, the cycle of assets and labour loss is repeated. Families withdraw into subsistence farming. Overall production of cash crops drops.

The bottom line is that Aids causes an acute shortage of labour and tremendous dependency on household headed by females and the elderly," says Gary Howe, director for Africa at the International Fund for Agricultural Development.

Ministries of agriculture, donors and NGOs are not reaching their new target — women and youth. They need stronger loans and higher prices, training techniques that require less labour, like zero-tillage, and instead of expensive pesticides, natural pest control.

On the political side, a shift from customary land tenure to formalistic could lead to distress land sales when the men are sick. Says Paul Richards, forestry Wageniafrika Agri- Cultural University in the Nether-lands: "We land movement is pursuit aggressively in rural regions at high risk of Aids. Survivors may enter the agriculture and a landless class, a phenomenon hitherto unknown in Africa."

A new study by the University of Zululand in the responses of sub-Saharan rural households and communities finds some coping strategies, like increase diversified agriculture, share-cropping, and labour-saving technology such as sickening crops, are beneficial.

Also, communities are excelling ingenious responses, such as sharing farm chores, house repairs and child care, and changing cultural practices like expensive funeral.

But, warns the study "community resources are stretched to breaking point."

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MP attacks Mugabe

block on new laws
Mugabe gives cabinet hefty pay increases

HARARE: Zimbabwe's President Robert Mugabe has ordered a 15% pay rise for himself and his 51 ministers and deputy ministers, the second big increase in 10 months, independent press reports said yesterday.

The weekly Financial Gazette quoted unnamed sources in Mugabe's cabinet as saying that Finance Minister Emrison Mbangwa had told the regular weekly cabinet meeting on Tuesday that ministers' pay would rise by 15% to Z$600 000 (about $1 000 000) a year, and be backdated to July.

State and private sector pay have been awarded increases of between 20 and 35% this year.

Inflation is running at 63%.

The report coincides with unprecedented discontent with Mugabe's regime, with a conspicuously wealthy ruling elite that is accused of wrecking the country's economy through bungled policies and rampant corruption.

Over 75% of Zimbabweans are either poor or very poor, according to a survey published earlier this year by the central statistical office. Cabinet ministers' housing and general allowances are also to be increased by about 50%, the Gazette said.

MPs were expected to get increases of about 100%, it said.

- Mugabe, his ministers and his MPs do not pay tax on their salaries and allowances.

- They are provided with a basket of perks that include chauffeur-driven Mercedes Benz limousines and Jeep Cherokee 4x4 vehicles.

- Mugabe, his cabinet and MPs gave themselves a 20% increase in October. The budget does not provide for the increases. — Sapa

Zimbabwean army's tanks 'dysfunctional'
Bank wants to limit Mwape's access

The Reserve Bank of

Banking dollar

Note: This image contains text that is not clearly visible due to the quality of the scan. It appears to be a page from a document discussing banking and economic matters. The text is partially obscured, making it difficult to extract meaningful information.
Mugabe hands out huge pay rises to ministers

(President Robert Mugabe has given cabinet ministers an enormous pay rise as evidence mounts that his intervention in the DRC has been a costly failure. Ministers' salaries are to rise from £3,600 to £10,000, and allowances by 40%, according to the Financial Gazette.)

Nomore Sibanda, of Zimbabwe's Congress of Trade Unions, said: 'There is money for ministers and wars, but not for anything else.'

The row blew up as evidence suggested troops being sent, to help Laurent Kabila, had been at great cost, but no gain. Mugabe said, 'upholding DRC territorial integrity' was the goal, critics said it was to secure gold and diamond mines. Observers say Kabila has broken promises to share the £700 000-a-day cost of Zimbabwe's 11,000 troops. — The Daily Telegraph
"A gaspe's world is cracking up"
Mugabe in new white racism claim

Michael Hartnack

HARARE — Zimbabwe's President Robert Mugabe at the weekend reframed allegations of a white racist conspiracy behind Zimbabwe's independent media as a chorus of protest over planned pay rises of up to 122% for ministers and members of Parliament.

Margaret Dongo, one of only three opposition members in a 150-seat "newly reassembled" parliament which includes 51 ministers, said moves by Mugabe last week to veto the repeal of the 1980 Law and Order Maintenance Act "send shivers down the spines of journalists".

Unless 100 parliamentarians demand ratification of the replacement Public Order and Security Bill within the next six months, it will fall away as a result of Mugabe's refusal to sign it into law, and the office of "publishing a false report liable to create alarm and despondency" will survive.

Sunday Standard editor Mark Chavunduka and journalist Ray Chinyanga accused the government of trying to suppress independent criticism of Mugabe's regime after the editor was charged with libel.

Dongo joined union and private sector leaders in denouncing the performance of cabinet. The Zimbabwe Congress of Trade Unions plans a special meeting to discuss the "inflammatory sensitivity" of the planned pay rises when Zimbabweans are battling 53.5% inflation. Staff of the Reserve Bank of Zimbabwe, demanding 45% cost of living allowances, walked out in protest last week.

Bank warns of soaring inflation

Martin Rushmere

HARARE — The Zimbabwe Reserve Bank's call for a law to stop government borrowing directly from it represents an unprecedented show of defiance by a non-independent body.

In a review of the economy to the end of last month, the bank also poured scorn on demands by officials of Robert Mugabe's ruling Zanu-PF party for interest rates to be lowered and more money to be printed to finance the budget deficit.

The bank says spiralling inflation is the biggest problem in the economy and implies that the government is partly to blame.

"Most important should be a prohibition by law for the bank to lend directly to central government," it says.

Despite a promise by government to eliminate its borrowings directly from the bank by the end of the year, they are standing at $24bn, about $175m while overall government domestic debt rose 11% during the month to the equivalent of $10bn.

On an annualised basis, inflation is now 63%.

Economists have long warned that the bank, to take an independent stance, but say it is powerless to do anything effective and will continue to be a government tool.

"Until the government steps seriously, action will go beyond strong words and good intentions," a consultant economist said.

AIDS onset devastates maize harvest

Michael Hartnack

HARARE — The onset of AIDS has pushed down maize production in Zimbabwe's communal areas by 65%, the commissioner of agriculture reported.

Kerry Kay says production costs of a ton of maize is now reported to affect one in four families, up from one in five last year.

Economists attribute the drop in production to government policies which put maize on the national AIDS control programme.

Yet many farmers say the drop in production is just from loss of labour by costs of producing maize and improved family savings of cash from the sale of maize.

"The maize water" puts such as fertiliser and plastics.
New rule squeezes Zimbabwe's forex

Bernard Mavingiza

Harare - The reopening of foreign currency accounts continued to cause a shortage on Zimbabwe's foreign exchange market as exporters held on to the hard currency they had, Forex traders said yesterday.

The government reopened the accounts more than two weeks ago after suspending them in November 1999 after a serious shortage of hard currency.

Three traders with different financial institutions said this week there was a continuing shortage of foreign currency on the market following the reopening of the accounts.

The traders said the country was nearing the end of the tobacco marketing season and importing the food staples and other factors affected the availability of foreign currency on the market.

The tobacco merchants were holding on to their foreign currency accounts in order to accumulate dollars by converting it into local currency as they had done before the accounts were reintroduced.

In addition, importers were looking for more foreign currency to buy goods for sale during the coming festive season.

Kabila extends business opportunities, but there are few takers

Michael Hartseck

Harare - The Democratic Republic of Congo has offered Zimbabwean firms opportunities to help rebuild its railways, copper mines and air transport and electricity industries, a Zimbabwean paper reported at the weekend.

The state-owned Sunday Mail said Congo President Laurent Kabila's government had also invited Zimbabwean firms to help supply various other goods and services.

Zimbabwean President Robert Mugabe has deployed about a third of Zimbabwean army in the former Zaire, with little popular support, to help Kabila put down a rebellion supported by Rwanda and Uganda.

The Sunday Mail said the invited companies seemed to have been taken aback by the offer. Only the state-owned Zimbabwe Electricity Supply Authority (Zesa) and Air Zimbabwe confirmed they were putting together proposals.

"Some ... companies and parastatals are moving too slowly to exploit business opportunities in the Congo," the paper complained.

The country has been awarded concessions to rebuild the Congolese banking infrastructure as well as exploit mineral and natural resources.

There are now fears Zimbabwe could lose out on the economic opportunities created by its military involvement, it said, quoting what it called well-placed sources.

A spokesman for the National Railways of Zimbabwe was unsure of such an offer which was said to be received by the government.

The Congolese army surrendered in November to Kabila ending the Grenade's movement in and out of control and end up pursuing another Congolese power, he said.

The Sunday Mail said a joint venture between the state-owned Mihanga Copper Mines and Kabila's government to exploit and refine the Congolese copper resources had failed because of transport problems.

"Sources said there was now no talk of moving copper concentrates into Zimbabwe before proceeding into the Congo," it said.

Zimbabwe publishes new land regulations

Government now has option to buy any land changing hands

"Mugabe faces new opposition"

Harare - A new political party was launched in Zimbabwe at the weekend as the government's next move, it was reported yesterday.

The formation of the Zimbabwe Integrated Party, funded by mathematician and professor Hon. David Noranyi, comes at a time of mounting social and economic discontent in the country.

The party was first set up as a pressure group in 1996 to campaign for the involvement of rural Zimbabweans in decisions about development programs and services that affect them.

Noranyi, who has written several books and articles on mathematics and economics, said he would put the "gap" he saw, enabling the country to meet a monthly demand of 60,000 tons.

The marketing board expects an increased intake after increasing its price from 82.50 to 110.50 a ton. Illiterate raise their price, but are not waiting out government approval for a 17% increase, the previous month.

Mugabe to step down as leader in 2018

The government recently refused to give public servants pay rise, but more than 70% of the civil servants are likely to vote for a move to new pay scale.

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Anglo’s Zimbabwe plans suffer setback

Gold’s falling price and soaring inflation shatter group’s hopes

Martin Rushmere

HARARE — Anglo American’s plans for producing 330 000 oz of gold a year in Zimbabwe within the next two years have been severely dented by a combination of the low world price, soaring inflation and an absence of worthwhile deposits.

With the opening at the weekend of a 12 000 oz-a-year operation at McKay’s north of Bulawayo, total production is just on 45 000 oz.

Another 8 000 oz a year comes from a recent 75% stake in the Motapa mine, also near Bulawayo, where it is planned to spend R45m to increase production to 1 ton (33 000 oz) by the end of next year.

Last year deputy group chairman Nicky Oppenheimer said the plan was to produce 330 000 oz a year by the end of 2001.

At that time, though, the world price was hovering around US$300/oz and Zimbabwe’s inflation was about 25% compared with 63% today.

It is virtually certain that the 330 000 oz goal will not be reached within the next two years, although it is likely that existing mines and at least one new prospect now being looked at could bring it close to 100 000 oz.

Anglo is saying little about its intentions and activities.

However, executives, speaking privately, acknowledge that expansion plans have received a severe setback because of the falling world price.

“It is no coincidence that the gold mines we have opened in the past three years have all been loss operations,” said one.

This was largely because of the uncertainty over the gold price, as such mines were much cheaper to set up.

While Anglo is adamant that there are definite prospects for large operations of at least 50 000 oz a year if the world price goes to more than US$300 an ounce, industry observers are not so sure.

“Zimbabwe has been comprehensively surveyed and it is increasingly unlikely that there are going to be big finds,” said a consultant geologist.

“The most recent development has been Eureka (owned by Delta Gold of Australia) at 60 000 oz a year and its existence had been known for some time.

“There is really not much else of significance out there. But of course one cannot really be sure. Anglo is said to be recommended for developing its mines on a reef which has not been worked before. It is possible that something really worthwhile is lurking under the dry Matabeleland rock and sand.”

Even though there are obvious setbacks for Anglo, it has become clear that precious metals are the new focus of exploration in Zimbabwe after more than 50 years of sole dependence on base metals.

A plan to develop a 16 000 ton-a-year nickel deposit was dropped last year, while $60m was earmarked for the Unki platinum mine. This year the exploration division, Prospecting Ventures, is spending R25m, almost all of it on gold and platinum.

While the traditional nickel and chrome activities are not being abandoned, Anglo is aware that precious metals are profitable as well.

World Bank warns against controversial Hwange deal

Michael Hartnack

HARARE — The Gokwe Norbert power station project, billed as the largest investment in Zimbabwe since independence in 1980, was reported yesterday to be on indefinite hold as Malaysia’s TML declared its intention to go ahead with the rival Hwange thermal generation scheme.

The World Bank has warned it will not support the Z$27bn Gokwe Nor project if the allegedly “untransparent” Hwange deal, favoured by President Robert Mugabe, goes ahead.

Mugabe told western ambassadors to “go to hell” when they protested in 1996 about the circumvention of normal procedures in the Hwange deal, favoured by President Robert Mugabe.

In Kuala Lumpur, TML’s MD Francis Yeoh told shareholders in his annual report that the company’s power utility arm would pursue the 600MW Hwange expansion and privatisation “as long as the president (Mugabe) is committed”, but it would “take a while” before the project could be started.

A letter of award was signed last October despite continuing controversy and questions from the International Monetary Fund.

Gokwe North involves development of the Senanga coalfield and pumping water from Lake Kariba. It would have 1 400MW capacity, or a third of the national requirements.
LATEST DEAL BEGINS TO UNRAVEL

Country's ability to keep its balance sheets in order and its relations with creditors would be in serious disarray if things go wrong. The latest deal, agreed in principle by the country's finance minister, is now in jeopardy. The deal involves a $2 billion loan from international bodies, including the International Monetary Fund (IMF) and the World Bank, and a $1 billion loan from a group of commercial banks. The loan is intended to help the country recover from the economic crisis that has hit it over the past few years.

The deal was agreed in principle in August, but negotiations have been slow and difficult. The finance minister has indicated that the country is willing to make concessions to get the deal over the line, but the international bodies have been unwilling to make the necessary compromises.

The loan is crucial to the country's ability to keep its balance sheets in order. Without the loan, the country would be unable to service its debt, and its credit rating would be severely damaged. This would make it impossible to attract foreign investment, and could lead to a sharp decline in the country's GDP.

The country's creditors have been pressing for a deal for some time, but the negotiations have been hampered by the country's unwillingness to make the necessary reforms. The country has been criticized for its lack of transparency and its failure to implement the necessary reforms.

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a composition plan

Muchabea leads call for

Zimbabwe Retreating from Floating Currency

REST OF AFRICA
**Number of Farm Orphans Surge**

Deaths linked to AIDS likely to exceed 670,000

**ed 3/18/99**

**Corks create a catastrophe**

**by Michael Hendrix and Susanna**

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*Article text continues here.*
Zimbabwe flexes rates

HARARE — In keeping with modern trends, the Reserve Bank of Zimbabwe is adopting a flexible bank rate.

The move is said to have the support of the International Monetary Fund, which meets in a day's time to decide on its $200m support programme for Zimbabwe.

Following a 'policy of keeping bank rate at five percentage points above the effective Treasury Bill rate,' commercial banks must pay 55% if they want to borrow from the Reserve Bank after its rate rose to 50%.

Commercial banks are playing a guessing game as to when the Reserve Bank allows a rate change. "It seems a one percentage point change in Treasury Bill offerings is the guide," says a commercial banker. "But we are unsure when we may change interest rates."
Huge bad debts hit Wankie
gen

Loan-hungry Zimbabwe makes pledge to IMF

New funding plan will require detailed economic appraisal every three months.
Mugabe rides roughshod over courts

Mercedes Sayagues

I.

n yet another display of dictatorial arrogance, Zimbabwean President Robert Mugabe last week amended the Presidential Temporary Powers Act to change prison regulations. The objective was to overrule a court ruling that ended hunger conditions of the three Americans caught with weapons at Harare airport in March.

Through their lawyers, the Americans—Gary George Blanchard, Joseph Pettijohn and John Lamont Elston—complained of being forced to sleep naked, in big trucks, with the lights on and in solitary confinement. Their lawyer demanded humane treatment, including exercise and interaction among the three. On July 12, Justice George Smith ordered the harsh regime relaxed. The state appealed to the Supreme Court and lost. On July 17, Justice Mohamed Adams ruled the state to comply.

The president, and probably the security services, did not like it at all. So Mugabe ruled that the commissioner of prisons decides how prisoners must be kept, in the exclusion of any other authority except the minister of justice, legal and parliamentary affairs.

In an interview, Mugabe ignored the judiciary and arrogantly took over the legislative function from Parliament.

"The actions of the judiciary are unbecoming of the democratic and rule of law," says lawyer and human rights lawyer Tendai Biti.

Lawyers can argue the flow points of administrative law on whether a judge should interfere with the running of prisons. But from a human rights point, reasonable security conditions and humane treatment is required.

"The court is right in tendering humane treatment, although its ruling could cause a ripple effect in prisons," says Professor George Fudze. Amnesty International reported in 1997 that Zimbabwean prisons were death-row cells like the Americans, shackle and naked. The deplorable conditions and psychological torment caused by death row inmates, Amnesty International said, violated the right to be free from cruel, inhuman or degrading punishment.

Inspired by the court’s ruling, prisoners might also demand better treatment. But in the case the state argued that it would impose if every prisoner were accommodated.

What is not arguable is that the Presidential Powers Act is easily abused. This is the second time in three weeks that Mugabe has invoked the act for extradite matters — the sleeping arrangements of prisoners in this case and, earlier, capital gains tax. Yet the Act should be invoked only for serious matters, such as public security and domestic and economic crises.

"The powers are too wide and should be restricted," says lawyer and human rights lawyer Elias Mabuzara.

The case happens against the background of Zimbabwe’s constitutional reform process, carried in parallel by the Independent National Constitutional Assembly and the government-controlled Constitutional Commission.

"It is wrong to usurp the legislative powers of Parliament and the new Constitution will have to deal with this, but, by a strange twist, it is helpful," says lawyer Tony Makusha. "We are meddling in the fight too early, and at least we know where it is leaking." Harare had defied the National Constitutional Assembly to the Constitutional Commission.

A fellow commissioner, Professor Jonathan Moyo, differs. "The judge overstepped the mark and provoked the executive," says Moyo, who chairs the commission’s media committee. "Something is wrong with the Zimbabwean judiciary!"

Yet even Moyo, who is being a critic of the government in the early 1990s has been reformed as a staunch supporter, confesses that the Act conflicts with democratic rule.

Moreover, the president and the security services have a score to settle with Justice Smith. In January, Justice Smith served the military a high court order requesting that it produce journalists Ray Choto and Mark Chivarenga, who were illegally detained and allegedly tortured. The Americans also allege they have been tortured. As with Choto and Chivarenga, whenever the judiciary gets too close to the core of torture, the volcano rumbles.

But then, the three Americans fitted nicely with Mugabe’s theory of an American/British/Rhodesian/South African conspiracy against him. Since their arrest in March, the trio have been linked in the official media to bombings in London and Kampala, to the kidnapping and killing of tourists in Uganda, even in the International Monetary Fund, an affiliate of the State Security Syndicate (Seimaramai) told a weekly publication.

The state, however, has sealed down its charges from sabotage and conspiracy to illegal possession and smuggled weapons.

Mugabe’s latest move strengthens the man for curtailing presidential powers in Zimbabwe’s new Constitution. Whether Mugabe will tolerate such a proposal from his own commission remains to be seen.
Eine Farm lease allocations raise impact at home and abroad.
ZIMBABWE

IMF GIVES HARARE THE BENEFIT OF THE DOUBT

The International Monetary Fund's targets for Zimbabwe's US$193m 14-month standby loan are nothing if not ambitious. They are also economically incoherent in the sense that the GDP deflator, inflation and money-supply targets are simply contradictory.

The first $24m is available immediately and another $10m is to be disbursed in mid-August, provided Zimbabwe meets two targets by next Wednesday. These are the reintroduction of corporate foreign currency accounts, abolished 20 months ago, and stage one of the roll-back of import tariff hikes imposed last September.

The balance of around $160m will be disbursed quarterly provided Zimbabwe meets performance targets, which seems unlikely. Inflation, forecast by the Reserve Bank of Zimbabwe (RBZ) to top 60% in the third quarter, is projected to fall to 30% by year-end. Money-supply growth, now more than 50%, will slow to 10% by December, according to the programme, while the budget deficit, estimated at more than 10% of GDP in midyear, is forecast to fall to 5.5%.

The budget deficit target may be met by creative accounting that leaves certain expenditures off budget. The IMF appears to accept Zimbabwe's claim that the deficit in 1998 was 6.4% of GDP, though this was achieved only by ignoring about $37.9m (8% of GDP) of parastatal losses.

Just how GDP will expand by 1.2% when the real money supply is falling by at least 25% is not explained. Taken at face value, the IMF figures suggest GDP will rise despite the big fall in the real money supply. This implies an intense credit crunch in the latter half of the year, allied with a steep fall in GDP.

Remarkably, too, the letter of intent, signed by Finance Minister Herbert Murerwa and dated July 16, says the authorities will reduce reliance on reserve requirements of the banks as a way of slowing monetary growth. Yet, within a week, the RBZ contradicted his assurance by raising the reserve requirement to 30% from an effective 20% previously. This will reduce money supply over the next few months, but not by enough to meet the year-end target.

At the same time, the RBZ increased its bank rate, saying it will now be 6% above the treasury bill rate, thereby raising it to 60% from 46%. RBZ governor Leonard Tsumba warned banks against raising their lending rates another contradiction of the letter of intent, which says "interest rates and the exchange rate will be allowed to adjust freely...."

Murerwa's letter reveals that Zimbabwe accumulated foreign debt arrears of $31m by mid-May. The amount owed to multilateral creditors ($1.1m) has been cleared, with Murerwa promising to pay the rest in the second half of the year. In other words, almost all the $24m first tranche is already committed. He predicts a 1999 foreign exchange gap of $190m to be filled by loans of $10m from the World Bank, $46m from the African Development Bank and the balance from donors. This looks optimistic.

Other commitments include:

- A pledge that government has "no intention of imposing price controls on any other commodities";
- A promise to increase electricity tariff levels by 20% quarterly until July 2000;
- A revised import tariff structure to be phased in from next year;
- A pledge to close or restructure insolvent banks rather than resuing them as in the past;
- A promise to introduce Vat by 2001 (the original target was 1998);
- To present a Bill to parliament for the privatization of the State-owned telecoms industry by next month. Timetables are also promised by November for the privatization of Air Zimbabwe, The Cold Storage Commission, The National Railways and the Forestry Commission and to sell the remaining (40%) stake in Wanetti Colliery by year-end.

Murerwa claims also that the war in the Democratic Republic of Congo is costing Zimbabwe US$3m monthly (0.2% of GDP), the main burden being paid by the Kabila government.

Of paramount concern now will be the seriousness with which the IMF monitors the agreement.

The months ahead will be difficult for all concerned, not least the private sector, which faces a credit crunch, sagging demand and new pressure on the exchange rate. This could well be the first test. Are the authorities going to abandon the exchange rate peg? If they do, the Zimbabwe dollar will head south, IMF funds notwithstanding. $245 to the US dollar is the consensus forecast.

The chances of meeting IMF targets and projections are slim. But having invested so much in negotiating this fragile deal, the IMF can be expected to give Zimbabwe the benefit of the doubt in the hope of keeping some sort of programme alive.

Special Correspondent
Harare soaks tourists at Victoria Falls

Visitor fees are at attention across Zimbabwe as government seeks to raise money, with Initial Hammer

Communications concern as US firm writes Simon

US telecoms chief who

The ever-present media and their fascination with the international business environment is a source of concern for many people. The recent developments in the telecommunications industry have highlighted the need for greater transparency and accountability in such matters.

A recent report from The Guardian highlights the challenges faced by the industry, particularly in terms of regulatory frameworks and the impact of globalization. The report underscores the importance of ensuring that the interests of the public are protected, and that regulatory bodies have the necessary tools to address emerging issues.

In light of these concerns, it is crucial that stakeholders work together to ensure that the telecommunications sector remains sustainable and inclusive. This requires a collaborative approach, where regulatory frameworks are continually reviewed and updated to reflect changing circumstances.

Furthermore, it is essential that the industry promotes a culture of innovation and entrepreneurship, which can drive growth and create new opportunities for businesses and individuals alike.

In conclusion, the telecommunications sector is critical to the economic development of many countries, and it is essential that regulatory bodies and stakeholders work together to ensure that it remains a dynamic and prosperous industry.

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The image shows a view of Victoria Falls, offering a glimpse of the natural beauty that attracts tourists. It also highlights the importance of ensuring that tourism infrastructure is maintained and that the environment is protected for future generations to enjoy.
Zimbabwe's govt abandons appeal in farm case

Smallholder farmers in Zimbabwe's North West province have been promised a new court hearing after the government's appeal against a lower court ruling was rejected.

The lower court had ruled that the government had violated the constitutional right to property when it forcibly acquired land from smallholders in 2000.

The government had appealed the decision, arguing that the land was acquired for a national strategic purpose and that it had been compensated.

The Appeal Court, however, dismissed the government's appeal on the grounds that the lower court's ruling was not only correct but also well-reasoned.

The government has now agreed to withdraw its appeal and to allow the lower court's ruling to stand.

The smallholder farmers are hopeful that this will be the start of a new chapter in their struggle for fair compensation.

The court's decision is a significant victory for the smallholder farmers, who have been struggling for years to get fair compensation for the land they were forcibly acquired from them.

The government had argued that it had acquired the land for a national strategic purpose, but the court ruled that this was not a sufficient reason to justify the acquisition.

The court also ruled that the government had failed to provide fair compensation to the smallholder farmers, who had been denied access to the land for years.

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Zimbabwe agrees to international foreign loan plan

HARARE — A senior World Bank official said yesterday Zimbabwe's government had accepted an international plan to help give breathing space to the national budget by converting some domestic debt into a foreign loan.

The Bank's resident representative in Zimbabwe, Thomas Allen, said the plan would be presented to its board on September 16 and there was a possibility other donors would join the plan.

"We have discussed it and we have agreed to it," Allen said.

What we are looking at is that some of the proceeds of the IDA (International Development Association) credit will go towards retiring some of the high cost of domestic debt," Allen said. The board would consider a $14bn loan for Zimbabwe. Other donors, including the African Development Bank and the European Union, were also expected to take part.

The aim is to help bring the interest rate of government down in order to make it easier to meet budgetary deficit targets and to create more fiscal space for social expenditure and poverty reduction activities," Allen said.

Zimbabwe’s domestic debt stood at $138bn at the end of July while foreign debt was $12bn, equivalent to 18% of gross domestic product.

Government officials were not immediately available for comment yesterday.

Leading economist John Robertson welcomed the plan saying it would help stabilise Zimbabwe’s record inflation and interest rates by redirecting savings to the private sector.

"It would certainly make things easier but at the same time it would impose on us a massive responsibility to be able to pay it off," said Robertson, adding that the whole deal could take about 20 years.

He said he had heard that the loan would be for 20 years, at a low interest rate with a grace period of about four to five years.

"It certainly has serious implications but the debt burden is so high that it absorbs nearly half the government's tax revenue," said Robertson.

He said the other half of tax revenue is swallowed by wages and pensions for war veterans.

This meant the government was left with no money to run the country.

The government forecasts that interest payments will take 18% of its $12bn 1999 budget, down from 22% last year, with the wage bill gobbling up 42% of the budget, up from 39% last year.

Economic growth is expected to be no more than 1.5% this year, from 1.6% in 1998, despite the resumption of International Monetary Fund support.

—Reuters
Zimbabwe determined to meet targets set by funders

HARARE — Zimbabwe expects to unveil a new privatisation programme this week and is determined to meet the targets set by the International Monetary Fund (IMF), a government minister said on Tuesday.

Cephas Msipa, minister of state for indigenisation and privatisation, said a new timetable was almost ready.

The IMF — after withholding funds to the country's crisis-ridden economy over policy and management problems for a year — agreed last month to lend the government $193m with $34m in August and the balance to be disbursed quarterly, provided the country meets set benchmarks.

Part of the conditions include the preparation by November for the quick privatisation of Air Zimbabwe, the Zimbabwe Iron and Steel Company, the National Railways of Zimbabwe, the beef company, Cold Storage Commission and the Forestry Commission.

The IMF and other donors say the country, which is experiencing its worst economic crisis in the two decades, could help repair its economy by selling dozens of mainly loss-making state companies.

Although President Robert Mugabe adopted a privatisation programme nine years ago only four enterprises have been privatised in the last three years.

Critics say the government has not been keen to let go of companies which they see as part of a political patronage system aimed at sustaining Mugabe's rule.

But the government itself says the pace has been slowed by the need to run the privatisation process in tandem with a programme to economically empower the country's black majority. — Reuters.

New policy may curb backlog

Zimbabwe gets to grips with housing

FROM REUTERS

Harare — Zimbabwe published a draft national policy yesterday that proposes new ways of arresting a crippling housing backlog of more than 1 million units.

John Nkomo, the local government and national housing minister, said Zimbabwe, like other developing states, faced a housing crisis because of a surge in rural-to-urban migration that had caused annual demand to jump to 250,000 accommodation units against the production of 18,000.

"There has to be an increase in housing delivery on a sustainable, planned and programmable basis to reach government's target of 1 million homes in the next 10 years," Nkomo said.

The draft policy proposes the establishment of housing finance bank to source funding from individual savers, pension funds and insurance companies.

The policy will also create a secondary mortgage market to tap financial resources from the open market to enhance liquidity of building societies and other primary lenders.

"It is expected that the secondary mortgage market will be able to access funds in the insurance and pensions industries, which we believe have not directly benefited the majority of people who contribute to them but have instead invested in the money market or in other high-profit ventures such as office development and shopping complexes," Nkomo said.

He said that during a national workshop in November inputs from interested parties would be
AIDS leads to shortage of burial ground
thousands launch party

In challenge to Mugabe,

World Bank plan seen to offer Zimbabwe little hope
Inflation hits 70% in Zimbabwe

Martin Rushmere

HARARE — Zimbabwe’s inflation problems continue with official figures due out this week expected to show an annualised increase in prices of about 70%. At the same time the central bank rate rose last week to a record 57.5% and commercial banks have raised their lending rates.

Stanbic, a subsidiary of the SA group, is now charging 51% as its prime rate while the Standard Chartered rate is 52.5%.

The central bank rate was set in August at five percentage points above the effective 90-day Treasury Bill rate, which has been moving up because of the unstoppable rise in government spending and borrowing. The Reserve Bank figures show that Treasury Bill issues have risen 53% in the past four months to $46bn.

Interest payments on government domestic debt in the first six months of the year were 13% more than the amount set aside for the whole year.

Cutting inflation and money supply are crucial to International Monetary Fund (IMF) and World Bank rescue efforts. The target of reducing inflation to 30% has no hope of being met, although a slowdown in money supply to 10% by the end of the year is more realistic.

At the end of June it had slowed to 44%, down from 55%, according to the Reserve Bank. It could slow to 20% by December, say economists.

Banking and money market speculation is that the IMF will “move the goal posts” in President Robert Mugabe’s favour. Successive tranches of a $193m loan will be granted, say observers in Harare, on the basis that government is doing its best to control spending.

Millions of Zimbabweans may take the opposite view as they see prices rise and spending on military intervention in Congo soar.
Cabar is moving in record time, while Michel Harance

Krieger and Rhodes Fails

New railway succeeds where
Zimbabwe has lost $22m in aid over lack of transparency.

By 16/10/99

Zimbabwe today lost a further $22m in aid that was promised by Britain and the European Union after the country's Finance Minister, Tendai Biti, withdrew from a meeting of creditors to demand answers to his questions about alleged lack of transparency and accountability in the government's spending.

The withdrawal has put the country's financial crisis in jeopardy, with the government facing a funding shortfall of $1.5bn. The government has been relying on the international community to finance its operations, but the loss of aid is likely to exacerbate the crisis. Zimbabwe's economy has been in a state of collapse, with hyperinflation and shortages of basic commodities. The government has been accused of corruption and mismanagement, and has been criticized for its handling of the economic crisis.

The European Union had promised to release $22m in aid to Zimbabwe, but the government had refused to accept the money unless it received assurances about how it would be used. The finance minister had said that the government would not accept aid unless it knew how it would be spent, and that it would not be used to finance corruption or extravagance.

The government's decision to withdraw from the meeting has prompted concern among international observers, who have urged the government to reconsider its position. The government has said that it will continue to negotiate with creditors, but that it needs more time to sort out its financial difficulties.
Bodies call for lighter sentences
Consulting for change

A mid a growing economic crisis and increasing opposition to the government, a specially selected commission is working out a new constitution for Zimbabwe.

The new constitution will replace the one hastily drawn up during the Lancaster House talks in 1979 which allowed for elections in April 1980, that brought Robert Mugabe to power after a protracted guerrilla war.

Over the past 19 years of Mugabe's rule, the constitution has been amended 15 times and after years of debate it was decided that the country needed a new constitution, according to Judge Godfrey Chidyausiku the chairman of the Constitutional Commission.

Last weekend Chidyausiku headed a five-person team that heard submissions from Zimbabweans living in South Africa.

Chidyausiku, who was among those who negotiated the old constitution during the Lancaster House talks, says that document was "more a peace treaty at the end of a war". It focused on who should rule, rather than on how.

This time round, Zimbabweans are being asked numerous questions on what they believe should be included in the "home-grown" constitution.

The Constitutional Commission, which has 400 members, including 150 members of parliament, was set up in mid-May and has until November to draw up a draft constitution.

They have made every effort to be inclusive, says the judge, and while there have been criticisms of the commission being weighted in favour of the ruling Zanu-PF, Chidyausiku says the MPs were included because they represented constituencies.

And simply because the ruling party holds the majority of places does not necessarily mean that the document produced will be flawed, he points out.

In South Africa, the ruling African National Congress held the majority of seats in the Constituent Assembly when the Constitution was negotiated and that did not impinge on the democratic nature of the South African Constitution.

Responding to opposition political party fears that Mugabe is not obliged to accept the commission's constitution, he says: "The president would not have started the process if he was going to reject it in the first place."

The Constitutional Commission was set up under provisions of the Commissions Act, which allows for Mugabe to reject the findings of commissions.

When asked to what extent the constitution-making process is likely to be influenced by the tough economic conditions in Zimbabwe - inflation was pegged at close to 70 percent last year - Chidyausiku explains: "When we go on outreach visits some of the issues raised have nothing to do with the constitution, but more with economics."

The large number of Zimbabweans who are economic refugees (in South Africa alone there are an estimated 1.5 million, both legal and illegal), will bring to the fore issues like dual citizenship, he believes.

At a proper forum there will be any guarantees on freedom of the press in the light of much intolerance shown by Mugabe against critical media, Chidyausiku says such issues are part of the debate.

This process has given people a chance to speak out, he says.

"I have heard the most outrageous criticisms of the head of state in 20 years and nothing happened to them."

Chidyausiku says that 100 teams have been sent throughout Zimbabwe to hold meetings with people and solicit their views on the new constitution.

He says that while there had been a "slow start" due to logistical problems and a limited public education programme, they hope that by the end of the process there will have been at least 4,600 meetings."

In addition to questions about language rights, customary law, the role of traditional leaders in government, the system of govern-

ment people would like and symbols such as the national flag and anthem, people are also being asked the "difficult" question: "Should people have the right to remove their elected or acknowledged representatives when they lose confidence in them?"

How the head of state should be chosen, who qualifies for such an office, what the term of office should be, the number of terms the president can serve and level of remuneration are all open to suggestion.

Contentious issues such as gay rights are also included.

People's views are also being sought on the independence of the judiciary and how "institutions of democracy" like various commissions presiding over the different sectors, such as police and defence, should be appointed.

Besides Johannesburg, outside hearings will also be held in London and Lusaka where there are large concentrations of Zimbabweans, says Professor Jonathan Moyo, who chairs the media and public relations sub-committee.

The Johannesburg hearing attracted more than 300 people, and not surprisingly, economic issues and the question of dual citizenship predominated, he says.

Most black people, whether "ordinary workers or professionals", were concerned about being economic refugees.

"They were saying that if you sort out the mess there, we will return," said Moyo.

Most whites wanted to keep their Zimbabwean citizenship together with others.

Significantly, many wanted a return to the unamended Lancaster House constitution which provided for separate voters rolls and guaranteed special privileges for whites.

The other amendment complained about was the one abolishing the post of prime minister and which allowed for the establishment of a powerful executive presidency.

Once a draft constitution is completed, it will be put to the popular test in a referendum, which is likely to be held some time in December or January.

Parliament will then have to ratify it and a general election will be held thereafter.

According to both Chidyausiku and Moyo, whatever the misgivings, Zimbabweans believe the time has come for a new constitution, and despite the tight deadlines, one will be drawn up by the end of November.
Zimbabweans go for Change

Mercedes Sayagues sees the launch of a new opposition party, the strongest challenge to the ruling party to emerge in Zimbabwe

MTG 19 Jan 1999

AID begins a series of state meetings to explain conditions for the grant

EU begins a series of state meetings to explain conditions for the grant

Aid is en route to Zimbabwe

PASSPORT TO DEMOCRACY

Top trade unionists Morgan Tsvangirai and Gibson Sibanda at the launch of the Movement for Democratic Change (MDC), Zimbabwe’s new opposition party

The New York Times

September 17 to 22 1999

PHOTO: MARCIA ARIAS

Inflation erodes National Foods profit

Martin Rushmore

KASARE – Despite the sharp increase in prices, a 14.5% rise in turnover at 25.2 million for National Foods some consumers may still be hurt. Most of the price increase was because of the 4% rise in prices. The government continues to increase prices by 4% at a time when it is not earning enough to pay off its debts. The government has imposed a 10% tax on profits, which has eroded the profit margin. The government is planning to impose a 20% tax on profits to pay off its debts. This has caused a 10% drop in production, which has eroded the profit margin. The government has imposed a 20% tax on profits, which has eroded the profit margin. The government is planning to impose a 20% tax on profits to pay off its debts. This has caused a 10% drop in production, which has eroded the profit margin. The government has imposed a 20% tax on profits, which has eroded the profit margin.
Citizens begin to voice hopes and complaints at commission hearings, where Justice Goko
Harare in tentative privatisation move

First offering is R100m share of Rainbow Tourism Group

MARTIN RUSHMORE

HARARE — A Z$630m (R100m) share offer is to be made by the Zimbabwe government for its tourism and hotel business, as the first part of a promise made to the International Monetary Fund on the privatisation of parastatals.

Listing of Rainbow Tourism Group on the national stock exchange will be made on November 1 at Z$1.50 a share.

The privatisation of the large number of government-owned corporations is among the many broken promises that have soured relations with international lending institutions. Under the IMF's latest programme, a total of Z$1.93bn over 14 months, the government will sell, or prepare for sale, a number of these.

Rainbow is the first of them," said a stockbroker involved in the flotation.

The terms of the offer are being seen as the standard for future sales, of which by far the most important is the eventual government shareholding. In Rainbow's case it will be 30% of the 423-million share.

"Many investors see this as far too high because it still allows the government to interfere in the company's operations," said the broker, "but there is provision in the prospectus for the government to reduce its holding. It is likely that serious investors will insist on a definite pledge to bring the stake to below 20%.

A "strategic partner", still to be decided on, will get 35% of the equity. This is likely to be a European or SA hotel group which will provide the management and technical expertise. The National Investment Trust, which is supposed to "warehouse" shares for later sale in small, affordable parcels to poor blacks, will hold 10%, employees 5% and the public 20%.

It is likely that foreigners will be able to buy shares. Die-hard members of President Robert Mugabe's ruling clique are totally opposed to this, but the IMF has made it one of the conditions.

Political and economic observers in Harare see Rainbow very much as an appetiser for the main course — railways, airlines and telecommunications.

They note that in terms of the agreement with the IMF one of the privatisation promises has already been broken. "A proposed timetable for selling the telecommunications operations was supposed to be put before Parliament by this month," said an economist with a commercial bank, "and so far nothing has been forthcoming."

Timetables for Air Zimbabwe, national steel manufacturer Zisco, National Railways, beef processor Cold Storage Company and the Forestry Commission have to be presented by November 14 this year.

Rainbow has a distinct advantage over most of them — its profitability. In the year to the end of December last year its net profit was Z$40m and a minimum of 60% growth on this is expected this year.

The group's most important asset is the Rainbow Hotel at Victoria Falls, which is said to make more money than the rest of its business.
People laid low by inflation

TAPWA MOYO: Harare
ST 26/9/99

ZIMBABWEANS are living in dire straits, battling rampant inflation which has risen to a record 68.8 percent and prime interest rates of more than 55 percent.

July is traditionally the month for pay increases, but this year many businesses were unable to award their employees anything significant.

Most could only scrape together a 20 percent cost-of-living adjustment recommended by the government. Inflation, opened last year at 24.5 percent, and has risen sharply over the past months. Economists forecast it will peak at 35 percent by year-end.

The continuing steep rise in prices has led to a series of strikes, the most telling so far being the work stoppage at all of last week by 20,000 workers in the catering industry, who demanded pay increases to match inflation.

A few days ago, 400 junior doctors working in state hospit
Mugabe faces huge opposition

HARARE - Fourteen Zimbabwean opposition parties have decided to boycott president Robert Mugabe's constitutional reform exercise and embark on a parallel process, the public and independent media said yesterday.

The decision to reject the exercise, being undertaken by a 400-member commission appointed by Mugabe, came at a weekend conference. Opposition parties resolved to embark on an alternative constitution-making process.

The government of Mugabe's Zimbabwe African National Union-Patriotic Front (Zanu-PF) party plans to hold a referendum on the newly drafted constitution before the end of the year, in preparation for the next general elections due early in 2000.

"Parties here present have resolved to mobilise members of the public to engage in mass action against the institution of a referendum by president Mugabe should he decide to adopt the ... draft constitution," conference co-ordinator Lovemore Madhuku told the Daily News.

Nearly 100 teams of constitutional commissioners have held more than 5,000 public meetings throughout the country over the past month. The commission completed hearing public views last week and has begun compiling verbatim reports of the public's submissions.

"The nationwide meetings, which started on August 16, ended with members of the public asking the commission to extend the hearing period," said acting commission chair Grace Lepepe.

The broad-based alliance of civic and 14 political groups, the National Constitutional Assembly (NCA), strongly opposed to the current process, resolved to lead an alternative process. "The parties mandated the NCA to lead the alternative constitutional-making process," said Madhuku to Ziana news agency.

Madhuku said the NCA was the only organisation legally mandated to oversee the drafting of a constitution to replace the British-crafted one of 1979 because it had the blessing of all opposition groups unlike the current commission dominated by Zanu-PF officials.

Mugabe and his party have dominated the country's political life since independence in 1980. - Sapa-AFP
Zim aid cut by Holland and Italy

HARARE - The Netherlands has cancelled its annual $5 million dollar aid programme for Zimbabwe because of human rights violations, among other factors, an embassy spokesman said yesterday.

The alleged torture of journalists, a lack of good governance and Zimbabwe's military intervention in the Democratic Republic of Congo (DRC) were among issues that led to aid being cut, Emiel de Boer said.

He was elaborating on a statement by Ambassador Beatrice Ambagts on Tuesday in which she also cited "confusion" over Zimbabwe's land reform programme as a reason the Dutch parliament voted to end assistance.

Ambagts said major policy changes in Dutch development cooperation meant that aid would be limited to "fewer" countries, with greater attention paid to policies in recipient nations.

"Parliament also looked at the issue of good governance, which is in fact the human rights situation, the degree of public accountability, defence spending and other issues," she said.

"At the moment of selection there were problems in this country: there was confusion over the land reform programme, the DRC intervention, the torture of the Standard journalists and economic stagnation."

An editor and a reporter on the independent Standard newspaper, Mark Chavunduka and Ray Choto, were detained and allegedly tortured earlier this year after reporting an alleged coup plot against president Robert Mugabe.

On the land issue, aid donors were alienated by Mugabe's insistence - later dropped - that the government would not pay compensation for land taken from the country's white minority for redistribution to blacks.

Donors were also concerned by the cost of Mugabe's intervention in the DRC, where he sent some 11,000 troops to support president Laurent Kabila against a rebellion, while Zimbabwe itself was facing an economic crisis.

The cutting of aid by the Netherlands comes just two weeks after Italy suspended a $22 million dollar aid programme to Zimbabwe because of a lack of transparency in the awarding of tenders - Sape-AFP
Netherlands cuts aid programme

Supersede planned on lack of transparency and accountability, and tears over good governance

BP 20/11/19

Michael Herbst
Zimbabwe counts the cost of tobacco prices

Central bank determined to keep exchange rate at Z$38 to US dollar

Martin Rushmere

HARARE — Zimbabwe’s currency has come under more pressure with a 10% drop in value of the country’s biggest export, tobacco, in the selling season that ended on Friday.

The disappointing $332m earned (about 25% of all exports) from 191,000 tons sold, has prompted intense speculation of another steep exchange rate plunge, but there is no sign of the Reserve Bank giving way in its determination to keep the rate fixed at $38 to the US dollar.

Commercial bankers are unanimous the rate will not be allowed to slide significantly yet. “All the economic arguments in the world will not change the bank’s claim that the currency is undervalued,” said a bank executive. “There might be a minor alipage, but that is all.”

“It is also a highly sensitive political matter, with the government keeping its eye on elections in February next year at a time of worsening economic misery, and even if the Reserve Bank wanted the rate to drop the politicians would step in.” Traditionally the rate has always been allowed to drop after the end of the tobacco season, but two currency crashes in the past two years have temporarily put paid to that policy.

Economists say that Reserve Bank governor Leonard Taumbuka is in an extremely difficult position because he has to reconcile a fixed rate with soaring inflation of almost 70%.

Exporters are saying that their production costs are rising so steeply that only a significant currency drop will keep them viable.

“This means that our balance of payments situation is getting worse,” says a consultant economist, “something has to give way.”

What is certain is that he government wants a stable currency, and for tobacco to continue to be the main export earner, inflation will have to drop by at least half within the next year. Costs of production for the 1,500 growers have risen by an average of 110% this season and more than half of them will be forced out of business if the pattern continues.

A $140m loan from the International Monetary Fund over 14 months and $500m from the World Bank are seen as bringing very little relief.

“The authorities should not look for a bail-out from these two institutions which are themselves under pressure from their headquarters in Washington for helping a regime that is being ostracised by the world,” says a commercial bank economist.

The government’s worries are being compounded by the problems of the national power authority Zesa.

Court action by the tax department to recover overdue payments of $580m has had to be suspended to prevent the bankrupt parastatal having to introduce nationwide power cuts.

A repayment programme for amounts owed to SA’s Eskom would have been wrecked had Eskom been forced to cut off supplies.

In a letter to the tax department, the acting CE of Zesa, MPS Washaya, said: “It is ghastly to contemplate what would obviously happen if Eskom disconnected the 50% of power that Zimbabwe imports.”

Bishops want priority for AIDS pandemic

Michael Hartnack

HARARE — As heads of state and government gathered at Victoria Falls yesterday for the third Southern African International Dialogue, Zimbabwe’s Catholic bishops appealed to Zimbabwean President Robert Mugabe to stop expensive high-profile diplomacy and give priority to crisis such as the AIDS pandemic.

“The government should drastically cut any expenditure on unnecessary travel, prestige projects, the army and armaments so as to boost the inadequate health budget,” said a delegation of church leaders led by Archbishop Patrick Chakaipa.

Chakaipa, a close friend of Jesuit-educated Mugabe, has previously been attacked for criticising the leader. He also helped to suppress a report by churchmen on the 1982 to 1987 Matabeleland atrocities and agreed to marry the president to his former secretary, the divorced wife of a young air force officer.

Catholics called on Mugabe to declare AIDS a national disaster, saying it had become “the most terrible undeclared war in the world, with the whole of sub-Saharan Africa being the killing ground”.

The $25.3bn defence vote should be cut so adequate funds were given health workers, they said, as hospital strike by 400 junior doctors enters its third week.

Health care workers needed equipment, medicines and good working conditions to fight epidemics, the Catholic leaders said.

Noting a parliamentary report of massive losses due to corruption and inefficiency in health ministry stores, the bishops said the poor had been deprived of medicines and attention that made the difference between death and survival, the church leaders said.

An attack on poverty was also needed so the young would not turn to prostitution, they said.

Meanwhile, a lecturer from the University of Zimbabwe, John Makumbe, has dismissed the Victoria Falls summit, at the five star Elephant Hills Hotel, as “a mere talking shop.”
Officials in talks over report
Zimbabwe took IMF for ride

FROM REUTERS

Harare - A representative of the International Monetary Fund (IMF) in Zimbabwe met ministry of finance officials yesterday after a report that the country had misled the fund on its expenditure, said a diplomatic source.

Robert Froude, a meeting official, who had just returned from Washington, DC, the source said.

The Financial Times reported yesterday that Zimbabwe had misled the fund on the costs of its military spending in the Democratic Republic of Congo, where it has more than 11,000 troops supporting President Laurent Kabila against rebel armies.

President Robert Mugabe’s government had told the IMF it was spending $3 million a month in Congo, but an “internal memo refers to expenditure of $150 million between January and June”, the Financial Times reported.

It quoted an IMF spokesman as saying the fund had asked for clarification on “the spending overrun in general”.

Finance ministry officials said permanent secretary Charles Kwezal was in a meeting, but they would not say who he was seeing. Herbert Murerwa, the finance minister, was on leave until October 11 and Emmerson Mnangagwa, the acting finance minister, was in Victoria Falls for a conference.

Last week analysts said Zimbabwe had run into difficulties persuading aid donors that it maintain a demanding IMF programme needed to sustain its weak economy.

The IMF agreed in August to release a $193 million, 14-month loan to the country after withholding aid for more than a year because of concerns about government policies on land reform, price controls, involvement in the Congo war and budget spending.

The Netherlands, Italy and Denmark have suspended aid, citing concerns over the country’s governance and economic policies.
Credit for Zimbabwe hangs in the balance

Bernard Mandyvibiza

Harare—The World Bank has postponed discussions to decide on releasing $35.3 billion (R688 million) under a structural adjustment credit to Zimbabwe after reports the government lied to the International Monetary Fund (IMF) about its military expenditure in the Democratic Republic of Congo.

It also emerged yesterday that Zimbabwe could face sanctions from the IMF and several other donors after an IMF team led by Robert Franco, the organisation's resident representative in Zimbabwe, was said to have been dissatisfied with explanations from ministry of finance technocrats at meetings to clarify the issue.

A World Bank official who preferred anonymity said Zimbabwe would now have to wait for a decision on the $35.3 billion structural adjustment facility until the IMF was satisfied with explanations on the Congo military expenditure.

A report in the state-owned Herald newspaper confirmed that the World Bank had removed Zimbabwe from the agenda of a board meeting that was also scheduled to decide on the credit because it was concerned "with conflicting figures on the country's expenditure in the Congo".

The London-based Financial Times reported this week that the government of President Robert Mugabe had misled the IMF that it was spending only US$3 million a month when an internal memo referred to expenditure of US$156 million between January and June 1999.

Economist John Robertson said the IMF might decide to withhold further balance of payments support and other donors could do the same, a move that would be seriously detrimental to Zimbabwe, which was heavily indebted.

Herbert Murerwa, the finance minister, publicly denied the government misled the IMF on its Congo expenditure.

Franco was evasive when questioned on the outcome of his meetings with Zimbabwe government officials.

He said his head office in Washington, DC had not yet contacted him over the issue.

Murerwa confirmed he had met Franco to resolve the issue. Murerwa said he had given a satisfactory explanation over the conflicting figures.

However, sources privy to the discussions said the IMF officials had not been satisfied with the discussions and a high-level IMF team was now expected in Zimbabwe for further meetings.

—Independent Foreign Service
Joan Zimabwe $130mn
Development Bank Will
suspend aid
World Bank

As a result of the current economic downturn, the government has decided to suspend aid from the World Bank. The decision was made to prioritize domestic resources and focus on stabilizing the economy. The government is also working closely with international partners to explore alternative ways to support development initiatives.
**Mutare-Beira rail link needs ‘urgent’ repairs**

*By Martin Rushmere*

The financial Gazette reported yesterday that industrialists said the state of the line was so bad it would have to be closed down. There have been five derailments recently.

However, other exporters in Zimbabwe responded yesterday, saying claims that the 300km railway line might have to be shut down were exaggerated.

Nevertheless, the Confederation of Zimbabwe Industries said it was concerned about the state of the line and derailments, which had led to long delays. Confederation vice-president Eddie Cross said traffic had taken 24 hours, and exporters were losing millions of dollars.

Cross said US$30m was needed to repair the line.

There is a major commodity being transported through Bulawayo, with 60% of this year’s crop of 195,000 tonnes going through the port and the rest through Durban. A tobacco merchant said yesterday: "Yes, there are delays but they have not got significantly worse. We are still using Bulawayo as much as possible – partly because Durban has become so expensive with the influx of the Zimbabwean currency. We have not missed any shipments or paid any penalties."

The financial Gazette quoted Cross as saying: "The line has had five derailments in the past month. One to Pompoe Flats was very serious. Thousands of boxes of cargo are sitting at Bulawayo waiting to be brought up to Harare because the track was just stopped working."

Before the derailments it took about eight days to ferry cargo between Harare and Bulawayo, but now it took at least 18 days. "If you book space on a ship and the container does not arrive by time, the ship departs without you and you have to wait another three or four weeks in Bulawayo for the next one," he said.

However, Gabriel Muzenda, the Harare-based representative of the Mozambique Ports and Railways (CPM), which administrates the Beira-Mutare line, claimed the problems at the railway line were not that serious.

He said there had been derailments in the past two weeks, but only one was serious. CPD had built a bridge to enable trains to move more and that had caused goods to pile up at Beira and Mutare.

"But traffic is moving now," he said.

Muzenda would not admit the railway line needed major repairs, saying there was normal maintenance work to ensure the track was not rundown.

Yet Cross said the line had last had major repairs in 1997 when, among other repairs, Zimbabwe replaced wooden sleepers with steel ones.

The repairs were supposed to last five to eight years, after which the track should have gone through major rehabilitation and reconstruction.

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**New team for Harare Sheraton**

**Michael Harinack**

Harare — Zimbabwe's parastatal Rainbow Tourism Group says it has renegotiated the management agreement of Harare's Sheraton International Hotel to make the deal more favourable to itself as the owner of Rainbow's 98.9% public shareholding.

Negotiations took place with the hotel's US nameplate, Management fees have been reduced considerably, with savings of up to $200,000 between now and the end of the contract in 2008, Marva, Environment and Tourism Minister Tendai Mwanaka said. When the prospectus for the ZAM12.5m development was unveiled, however, only three days ago, Rainbow has not yet announced in which Limpopo strategic investors it will be accepting $14.5m of 35% of the shares.

The project has also been delayed, due to the economic situation, and the hotel remains under management. The hotel's development of the Rainbow Group.

It has been widely criticised, along with the Zambian Central Bank and the tourism industry, for its poor performance in the tourism sector.

Moyo said the Rainbow Group was planning to start a series of tour and package travel packages.

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**Gangs attack settlers in farm resettlement debacle**

**Michael Harinack**

Harare — Gangs of youths fought running battles yesterday with 100 families newly settled on the former white-owned farm of Mutare.

Zimbabwe's Broadcasting Corporation said gangs armed with axes, sticks and stones drove away the settlers, people who had been chosen to develop small-scale farming ventures on a farm bought with British aid in the mid-70s.

The Chikanga district resettlement coordinator for the Chirungwa area of southeast Harare, said the gang's action was completely illegal, but spoke for the youths, Stephen Mapuruma, said other people should have been allowed to settle at 3,000ha Chikanga Farm.

The families were reported to be from Minudore, one of the most overcrowded and denied of Zimbabwe's 6.5 million residential council areas.

The families, with state advice and infrastructural assistance, lacked foreign documents, and were ordered to move out and the state, in response, prohibited the eviction of land for the resettlement of land for the resettlement of land to be realised.

A model for "inception phase" of land reclamation by western governments was adopted, with the intent of land for the resettlement of land to be realised.

The newspaper said nominal rentals would be paid to the landowners, who retained the right to cancel leases if the land was not farmed. There are 200,000 peasant families seeking land.
Zimbabwe withholding tax ruled unconstitutional

Michael Hartnack

HARARE — In a landmark constitutional judgment, all five of Zimbabwe’s appeal judges have ruled that an attempt by the government to impose withholding taxes on property and security transactions between January 1 and July 7 was so “indiscriminate, arbitrary and irrational” that it breached the declaration of rights.

However, in a unanimous ruling prepared by Judge Nicholas McNally, the five said they could not assume a system of “clearance certificates”, introduced under the Presidential Powers (Temporary Measures) Act on July 7 to meet objections, was likely to be satisfactorily administered.

Withholding tax of 10% on real estate transactions and 5% on securities will have to be refunded only for the period January 1, when they came into force, to July 7.

Advocate Chris Andersen, appearing for Zimbabwe’s Law Society and a legal practitioner, Pamela Mollatt, protested that the withholding tax might bear no relation to the amount of capital gains tax eventually due.

Imposition of the withholding tax in January brought the work of the Zimbabwe Stock Exchange (ZSE) temporarily to a halt and has dampened the property market, preventing “roll over” of funds by sellers of real estate who plan to use the proceeds to buy elsewhere. ZSE sales were later exempted.

“A refund some unspecified time later will not right the wrong done, particularly in the light of current rates of inflation,” said McNally. Inflation is more than 69%.

The July temporary regulations give tax commissioner Gershem Pasti the power to issue certificates that no withholding tax be retained on a transaction where he believes minimal taxable capital gain will be made.

“There must be some relationship, not necessarily exact, but reasonable, between the money withheld and the tax later found to be due,” said McNally. “In the unamended regulations there was none. The state knew that in many cases there would be no tax or far less tax due.

“Failure to make provision for that makes the withholding tax irrational, unfair and unconstitutional.”

A special order for costs was made against the state.

Although not binding on SA courts, the ruling would be an important precedent.
Donors urged to attach conditions to aid funds

Europe must get tough, says Zambia’s new opposition leader

European Union
In Harare, a tale of missed targets and cost overruns
Mugabe plays wild card on compensation

Economists' estimate dwarfs veterans' payout

Michael Hartnack

HARARE — With an International Monetary Fund team in Harare discussing Thursday’s budget, and possible resumption of $193m in aid, President Robert Mugabe has played a wild card, promising compensation to victims of 1982-88’s Matabeleland atrocities.

Elizabeth Feltoe, legal consultant to the Catholic Justice and Peace Commission, welcomed the move, but economists put compensation costs at up to $2.3bn, dwarfing the $2.4bn 1997 payout to 54,000 former guerrillas.

Together with the designation of 1,500 white farms for seizure, the payout triggered a 75% crash in the local currency. The farm seizures were nullified in favour of modest land reforms backed by western aid, but inflation is nearly 70%. Zimbabwe is in trouble with the IMF after allegedly providing a misleading $4m a month price tag on its military intervention in the Democratic Republic of Congo.

The IMF claimed internal memoranda put the January-June Congo cost at $166m, Finance Minister Herbert Murerwa said this was “taken out of context” and “erroneous”.

A team led by IMF Africa department deputy director Anupam Basu has been holding talks with Charles Kuwaza, senior treasury secretary, ahead of Murerwa’s budget speech to Parliament in two days’ time.

Murerwa was expected to acknowledge the impossibility of servicing $2.5bn accumulated debt while bringing inflation down to the IMF target of 30% by the end of the year and curbing the deficit to less than 6%.

Mike Auret, recently retired director of the Commission for Justice and Peace, appealed in vain to Mugabe for a comparatively modest $20m for an independent fund to compensate victims, when the commission and human rights lawyers led by Bulawayo-based David Coltart published their report in 1997.

Estimates of the number killed by the North Korean-trained fifth brigade vary from 7,000 to 20,000, with up to 100,000 survivors or dependants.

Human rights’ sources yesterday felt Mugabe’s attempt to pin blame on the late vice-president Joshua Nkomo for 12 years’ inaction since their 1987 unity pact may haunt him in next year’s parliamentary elections in Matabeleland. However, if the ruling Zanu (PF) party gets power to vet applicants for compensation, this might give it a stronghold over voters, similar to current drought relief distribution.
Zimbabwe records $1.1bn trade deficit

REST OF AFRICA
Zim landless are out of patience

Harare: The invasion of white-owned commercial farms in Zimbabwe by peasants, restless over the delay by the government to resettle them, has re-emerged with vigour after a six-month lull.

Reports said the invasions could be funded by politicians who want to use the emotive issue to drum up support ahead of next year's elections.

On Tuesday 200 families swarmed a farm in Bulawayo owned by the Agricultural and Rural Development Authority after being acquired on a white farmer's farm. A spokesman for the invaders said the group had given Joseph Moka, head of the farm's resettlement panel, until the end of this month to address their plight, failing which they would invade other farms.

The invasions come amid reports that top ministers have been given 100-200 years leases on farms, which observers say amounts to giving the politicians ownership of vast farms for free. — ZIP

Offshore group to run Malawi Railways soon

From Sapa-AFP

Blantyre - An international consortium would take over the state-controlled and bankrupt Malawi Railways next month, the country's nationalisation commission said yesterday.

The commission said one of the international investors, Railroad Development of the US, would operate the railway which consisted of 70km of track, under a 15-year concession.

Negotiations with the consortium had been well advanced and the accord was expected to be signed in late October, with a handover date of November 1.

The privatization of the railway has dragged on for years, with seven international operators having bid for the concession.

The World Bank forced the government to restructure the railway industry in the 1990s to improve financial performance, leading to retrenchments among the 9,000 staff. Further retrenchments are expected as officials say the new operator intends to retain a maximum of 600 workers.

Vigorous land invasions resume in Zimbabwe

Harare - The invasions of large-owned commercial farms in Zimbabwe by peasants, restless over government delays to resettle them, has re-emerged with vigour after a six-month lull.

Media reports said the invasions could be funded by politicians who want to use the emotive issue to drum up support ahead of next year's elections.

On Tuesday 200 families swarmed a farm, now owned by the government's Agricultural and Rural Development Authority (ARDA), after being received on a white commercial farmer last year.

A spokesman for the invaders said a newspaper that they had of Joseph Balsa, the head of the government's resettlement panel, until the end of next month to address their plight, failing which they would invade other farms.

"If it fails to tell us when the government will start resettle us, we will invade other farms and start pegging the land in preparation for tilling," the spokesman quoted as saying.

The invasion of the Arfa farm

Defence minister announces 3% tax levy to combat Aids

Harare - Zimbabwe's government has announced a 3% tax levy on income and corporate profits to help combat the country's devastating Aids epidemic.

The move comes as the government is battling to contain the spread of the disease, which has already claimed over 100,000 lives in the country.

Over 300,000 Zimbabweans are infected with HIV, and the government is struggling to provide adequate medical care for those affected.

The tax will be implemented immediately and will apply to all income and corporate profits. The government hopes this will raise about $100 million annually for the fight against Aids.

Defence spending boosted in pre-boll Zimbabwe budget

From Sapa-AFP

Harare - Zimbabwe's government announced an increase in defence spending as part of its efforts to boost the armed forces.

The budget allocates $475 million to defence, an increase of $50 million from the previous year. The funds will be used to purchase new equipment and improve the welfare of soldiers.

Auction of resettlement land

An auction of resettlement land will be held on November 1, according to Minister of State Enterprise Administration Michael Hapiwa.

The land is being auctioned to encourage the ownership of resettlement land among the peasant farmers who have been displaced by the land invasions.

Anchur crises once again over farm land allocations

Michael Hapiwa

Harare - A new round of claims over the allocation of resettlement land has been sparked in eastern Zimbabwe.

At Marange, a migrant and two judges are demanding the eviction of 100 mostly white farmers from the area, which was the site of the Marange diamond mine.

The miners who were evicted from the area have been demanding that they be allowed to return to their land and resume farming.

In Bulawayo, a group of white farmers has been protesting against the allocation of land to the Zimbabwe National Army (ZNA) in the area.

The farmers claim that the military is using the land to train its personnel and is preventing them from farming the land.

The government has promised to allocate land to the farmers, but the process has been delayed due to the protests and legal challenges.

Agreement has been reached with the army on the allocation of land, but the farmers have been demanding a higher percentage of land.

The government has been under pressure to address the housing and land needs of the ex-combatants, who have been living in makeshift shelters on the mining claims.

The government has also been criticized for its slow response to the housing crisis, with many former combatants living in makeshift shelters with little access to basic services.

The government has promised to provide housing and infrastructure to the ex-combatants, but the process has been slow due to the lack of funding and resources.

The government has been criticized for its slow response to the housing crisis, with many former combatants living in makeshift shelters with little access to basic services.
EF suspends talks with Harare on R200m aid
Mysteries abound in Zimbabwe budget

Michael Harkin

HARARE—Zimbabwe's belatedly published estimates of expenditure for 2000 provide more data than a clue to why an interventionalist IMF team set the country on Friday without an agreement on the reinstatement of a 42% budget support package. It was known when the IMF alleged that it was not in the interest of President Robert Mugabe's government to agree to the package.

Estimates, released only the day before the budget was due to the independent press, reveal that although Finance Minister Herbert Murewa told Parliament that defence spending has risen from 230,7m to 270,7m, the amount provided by 235,9m, there is no explanation for the discrepancy. Projected overall for 5% of GDP in 2000, none of the additional 220,7m is needed to pay for the increase in the army's costs from 25,2m in 1,7m. Now, the cost of military operations is set to the roughly 234,7m to 237,7m.

With parliamentary elections next year, state support for political parties is expected to rise to 230,7m in 250,7m. Due to Zimbabwe's fractured political system, opposition parties do not have the minimum 15 seats needed to gain a share of the money, although enough to attract the vote of the voters highest.

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Budget aid suspended indefinitely while other donors reconsider their support

The International Monetary Fund is fed up with Zimbabwe's evasions and broken promises, as shown by a weekend announcement of indefinite suspension of budget aid, say observers in Harare.

About 450m from the World Bank and African Development Bank has also been suspended, while Italy and Holland have stopped aid and Britain is considering suspending the heaviest.

An audit team that left the capital on Saturday did not say when money would be forthcoming, citing budget deficit worries and confusion over the costs of paying for the crucial 34,8m-a-month budget, and that funds for the Democratic Republic of Congo.

A 500,000-a-month facility was suspended—after 750m had been disbursed—when it became clear government could not meet the main targets and because of possible links to the cost of keeping 15,000 troops in Congo.

The audit team said ""if the situation does not change, we believe it is not possible for us to continue doing business with the government."" The team said it was working ""to bring the economy back on track."" But there is no detailed plan to avoid defaulting on government's debt.

The IMF team said Zimbabwe was ""on the same path as in the past,"" and that it would be ""very difficult to avoid defaulting if the government does not change its policies."" The team said it was working ""to bring the economy back on track."" But there is no detailed plan to avoid defaulting on government's debt.

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Mugabe plays dirty to crush opposition

BERNARD MANDOVIZA

HARARE: Zimbabwe's central intelligence organisation, CIO, has unleashed its operatives to destabilise the Movement for Democratic Change, the country's new opposition political party, which is widely expected to unseat President Robert Mugabe's government after the next election in five months' time.

Documents leaked to the media and widely quoted in privately-owned newspapers here, disclosed how Mugabe's government had instructed the CIO to infiltrate and destroy the MDC in a way the intelligence organisation had successfully used against political parties in the past.

The CIO documents also revealed the organisation's plan to set up an office in Harare to monitor MDC rallies, being held throughout the country, and discourage the party's supporters from attending rallies.

The Zimbabwean police had also been asked not to respond too hastily to disturbances orchestrated by the CIO at rallies.

"Take note of people playing a leading role on behalf of the MDC, for future positive operational action against such subjects," read a memo from the minister of national security Sydney Sekere-

Another memo asked the operatives to investigate the relationship between the MDC and the Danish Trade Union Council. "Through the council, the MDC has been able to source funds from international donors...In this view this desk would like to see..." operations against the council," another directive from the minister read.

The MDC was launched in September this year. Since then, its sup-

pporters have outnumbered the ruling party and all other opposition parties at meetings. — JFS
Mugabe faces wrath of militant gay activists

REST OF AFRICA
stands firm on AIDS levy

ZIMBABWE GOVERNMENT

AFRICAN BUSINESS

Burial societies cover

the high cost of dying

AND dodge health and pension costs, the poor simply cannot cope
Horticulture is being squeezed
Zimbabwe needs to meet IMF conditions

Artificial deals of Zimbabwe dollar  hits exports

End 4/11/99
There's silent mourning for Zambia 

Nagares' Defence, Africa 

World Bank may suspend social support 

Rest of Africa
raises many concerns

Victoria Falls transfer

Mugabe prod.
Zimbabwe backs into the closet over gays

Mugabe has claimed the UK government colluded to ambush him

Michael Hartnack and Reuters

HARARE — The Zimbabwean government may have talked itself into a diplomatic corner with Britain, shortly before President Robert Mugabe’s departure for this week’s Commonwealth heads of government meeting in Durban.

British Prime Minister Tony Blair is understood by diplomatic sources in Harare to be considering a protest against Mugabe’s claim that Blair headed “a government of little men” and a “gangster regime” that had colluded in the October 30 attempt by gay activists to detain Mugabe in London.

Another issue facing Harare at the Durban meeting will be the presentation of a report by the Foreign Policy Centre, a London-based think tank, calling for the expulsion of countries like Zambia and Zimbabwe from the Commonwealth for poor governance standards. However, this was scorned by Zimbabwe’s Foreign Minister Stan Mudenge who said in Harare yesterday the report would be “part of the toilet paper in Durban”.

Mudenge also claimed yesterday that he had received a formal apology from Peter Hain, British Foreign Office Minister for Africa and the Commonwealth, for the clash between gay activists and Mugabe in London.

Britain however, denied yesterday it had apologised to Zimbabwe for the so-called ambush.

Blair’s spokesman said an expression of regret was different from an apology. “The prime minister is not a gay gangster. The government can hardly be held responsible for people acting in the way that they did,” he said.

A British spokesman said on Monday that had Mugabe notified the government he was coming to London on a private visit, “the appropriate security measures would have been taken”.

Mudenge said the human rights report by the Foreign Policy Centre, which has Blair and UK foreign secretary Robin Cook as patrons, was “prepared by young toddlers trying to come to grips with international relations”.

The centre urged that countries such as Zimbabwe, Zambia, Kenya and Sri Lanka should be warned of possible suspension from the 54-member grouping if they failed to honour undertakings given at the 1991 Commonwealth summit — which was hosted by Mugabe.

It also called for the eight-member consultative group formed to monitor developments under Nigeria’s former military regime — chaired by Mudenge, ironically — to be transformed into a permanent tribunal on human rights abuses. It suggested Zimbabwe should be among those censured.

Meanwhile gay activists are reported to be planning systematic protests in Durban against Mugabe, who has said repeatedly that they “should have no rights at all.”
Zimbabwe crisis worsens

Mugabe is warned against 'self-serving theatricals' at Durban gathering

Michael Harinack

HARARE — On his 10th foreign trip in four months, Zimbabwean President Robert Mugabe flew to Durban yesterday for the Commonwealth heads of government meeting, leaving behind a country troubled by economic and social problems.

The country is caught up in a diplomatic imbroglio with aid donors. And a strike by many of Zimbabwe’s 9,000 nurses has gathered momentum just as state hospitals have begun recovering from a six-week doctors’ strike.

The Zimbabwe Congress of Trade Unions said it plans, despite a ban, to go ahead with nationwide protests against a 3% AIDS levy. The Zimbabwean dollar is coming under renewed pressure as foreign donors follow the lead of the International Monetary Fund, tying future support to limitation of spending on military intervention in the Democratic Republic of Congo, better allocation of national resources, and overall reform.

Zimbabwe’s commitments to “good governance” in the declaration adopted at the 1991 Harare Commonwealth summit were called into question by the allocation of former white commercial farms to members of the ruling Zanu (PF) elite. This has soured relations with London, which gave $30m for land reform during the 1980s.

“The parceling out of land to chiefs (ministers) is nothing but naked corruption,” said an editorial yesterday in the Zimbabwe Financial Gazette.

“We are having a difficult patch in our relationship,” acknowledged British High Commissioner Peter Longworth. “An army of conspiracy theories keeps derailing gains.”

The government-controlled Herald newspaper said: “Relations between Britain and Zimbabwe could be sliding on a dry powder keg,” repeating allegations that the UK government was aware of an attempt by gay activists to arrest Mugabe for human rights violations in London on October 20.

Peter Tatchell of gay pressure group Outraged, has urged British Prime Minister Blair to press for Zimbabwe’s suspension from the Commonwealth meeting. “Mugabe is Ian Smith with a black face,” Tatchell said, recalling the Rhodesian dispute which nearly wrecked the Commonwealth.

The Zimbabwe Independent newspaper urged Mugabe yesterday not to adopt his past “Go to hell” response when faced with critics in Durban.

“Let us hope the Zimbabwe delegation conducts itself with dignity and decorum befitting a country acutely aware that it may have made mistakes in the past but is willing to admit them and regain the respect of the world,” said an editorial. It warned Mugabe against “self-serving theatricals”.

Mugabe said problems stemmed from Blair’s collusion with gay activists in revenge for plans to take over white farms for resettlement. But a spokesman for the British government denied Blair or Queen Elizabeth had sent an apology to Mugabe through Minister for African Affairs Peter Hain.

“There is no question of the government apologising for the actions of a private citizen. The prime minister is not a gay gangster,” he said.

The Financial Gazette said Zimbabweans supported land reform, assistance to emergent black farmers and resettlement of rural poor. “But to grab land from unproductive farmers, black or white, and give them to an emerging black elite under the guise of land redistribution is an affront to all Zimbabweans,” the paper said.
Zimbabwe's AIDS tax plan backfires

First pull troops out of Congo war, say critics

TAPIWA MOYO: Harare

ZIMBABWEANS from all walks of life, including MPs mainly from the powerful ruling Zanu-PF party, are outraged by the proposed introduction of a compulsory AIDS tax on everyone who earns a salary — saying President Robert Mugabe's government is "insensitive".

The immediate fears of the MPs are that the proposed tax could be "political suicide" with general elections due next year, when the levy will have just come into effect. The proposed levy is to be implemented on January 1.

The legislators, saying their government's priorities are "wrongly skewed", contend that if the government is unable to reduce its spending to raise funds for AIDS programmes, it should rather pull its troops out of the Democratic Republic of Congo, where they are fighting rebels alongside President Laurent Kabila's army.

The government's move to tax every Zimbabwean worker in order to fund AIDS-related treatment was intended as a "humanitarian" cause, but it has backfired.

"Official figures are that one in every four Zimbabwean adults is infected and an average of 1,200 people die every week — making the country the world's second most affected nation. The United Nations has said that more than half of all hospital beds in Zimbabwe are now occupied by AIDS cases and that in five years two-thirds of government spending on health will go directly towards AIDS treatment."

More than 1.4-million Zimbabweans are infected with HIV, and in a 12-month period AIDS is expected to have killed more than 80,000 Zimbabweans by the end of this year.

Presenting his budget proposals for 2000, Finance Minister Herbert Murerwa announced plans to create an AIDS fund to be financed by monthly contributions from every employer and employee in the country.

He said the tax would provide more resources to the ministry of health and would be used mainly to buy drugs.

But the labour movement, employers, captains of industry, and MPs of the ruling ZANU-PF are all furious about what they call the government's insensitivity to levy more taxes on Zimbabwe's "already over-burdened" people under the pretext of controlling the AIDS epidemic.

The powerful Zimbabwe Congress of Trade Unions, which last year forced the government to scrap an unpopular tax called the Development Levy by mounting nationwide work boycotts, is already planning mass strikes if the authorities do not drop the proposed levy.

Morgan Tsvangirai, ZCTU leader, said: "The workers of Zimbabwe will not accept additional burdens."

The Employers' Confederation of Zimbabwe described the proposed levy, which will raise in some $1.3 billion (1.5216 million) annually, as an "unnecessary", method "repeatedly used by the government to tackle national crises which could otherwise be addressed by more prudent budgetary planning and reallocation."

Legislators — almost all of whom belong to Mugabe's party — are hatching a plan to reject the proposed levy when it goes to parliament for approval.

The MPs say the government has enough resources — only its priorities are wrongly skewed.

Captains of industry and leaders of commerce fear the ripple impact of the proposed levy, especially if it is going to result in a job stayaway and unrest in a country where about 60 percent of the population live in abject poverty.

The Confederation of Zimbabwe Industries warned the government to "revisit its spending and avoid actions that will inflame the already restive population."

The co-ordinator of the Commercial Farmers Union's AIDS control project, Kerry Kay, said: "The AIDS levy is another excuse to increase taxation which is already unacceptably high."

Zimbabweans are among the most highly taxed people in Africa, with personal taxes ranging up to 40 percent of income.
A$150m deal with Zimbabwe hings on eliminating alleged human rights abuses

The Danish government has attachedstrings to aid to Zimbabwe, hinging on the elimination of allegedhuman rights abuses. The deal, worth A$150 million, was announced by Foreign Minister Jeppe Kofod in early November. However, the aid will only be released if the government of President Robert Mugabe and his ruling Zanu-PF party, which has run the country for over 30 years, commit to end human rights abuses.

Mugabe has been accused of human rights abuses, including torture, disappearances, and extrajudicial killings. The Danish government has been critical of Mugabe's government, which has been accused of corruption and economic mismanagement. Denmark is one of the largest donors to Zimbabwe, providing aid in various sectors including health, education, and water.

The deal comes as part of a broader international effort to pressure Mugabe's government to improve human rights. The European Union has imposed sanctions on Zimbabwe, and the United States has imposed economic sanctions.

The Danish government has also been working with the International Monetary Fund (IMF) to provide economic support to Zimbabwe. However, the government has been critical of the IMF's approach, which it says is too focused on austerity measures.

The Danish aid deal is expected to be signed in the coming weeks. The government has said that it will continue to work with the Zimbabwean government to improve human rights, but that the aid will only be released if significant progress is made.

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REST OF...

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12 BUSINESS LIVE print edition, November 9 1998
Zimbabwean stock exchange surprises

Martin Rushmere

HARARE — Just when the future of Zimbabwe's economy looks its shakiest and international business is staying well clear of the country, the national stock exchange has again shown its capacity to surprise.

The industrial index has reached a record high of 12 100, beating the previous record of 12 080 which was set in August 1997.

This has left stockbrokers, complacent and economic observers amazed. Says a commercial bank economist: "The behaviour of investors would seem to suggest that the economy is buoyant, rather than its actual state of total disarray."

In contrast, Sagit Stockbrokers sum up the prevailing mood among analysts and brokers by saying that "this development was widely expected by the business community".

The index has been marching along solidly all year, gaining 85% since January and in the process ignoring inflation, ructions with the International Monetary Fund, the ramifications of spending on the Congo war and outbursts from President Robert Mugabe that have alienated virtually every western country.

Most recently there has been a surge because of a doubling of withholding tax on Treasury Bills to 30%, which has led to a big switch from the money market. In a single week the volume of shares traded went up more than 200% to 75-million.

"The market has been awash with money looking for a home," said one analyst, "and fund managers have realised that with the very high inflation rates it is useless to stay liquid, so they have stampeded into the stock market."

This rush has not been altogether mindless. The favourite targets have been companies that provide a hedge against currency depreciation, inflation or both. Banks have topped the list — especially Barclays — but Old Mutual and those heavily reliant on exports have not been far behind.

Yet there has also been one counter which fits neither of these criteria and yet whose performance has left everybody else behind: cellular phone service provider Econet, which is headed by folk hero Strive Masiyiwa, the man who overcame all the ruling party's efforts to prevent him from operating.

Demand for its shares has been so great that the price to earnings multiple has risen to 500 times, as compared with the next highest of 26.

For the bulls on the exchange, there is comfort to be taken from the fact that net profits of most companies have managed to beat the average inflation rate of 50%.

Those of a more pessimistic nature — and who take note of the experience of other countries where industrial share prices have mirrored the state of the economy — are heeding a warning from onebooking and portfolio management firm, Tetrad Securities, that a massive credit and liquidity crunch, with MD Charles Gurney saying that commercial banks no longer have the money to feed the government's insatiable greed for spending.

Gurney says latest Treasury Bill interest rates are now at a compounded annual rate of 124%, which puts Zimbabwe on a par with Zambia at the worst period of its economic history.
HARARE — Economists are treating a report in the weekly Financial Gazette that the country's foreign exchange reserves are down to possibly as little as one day's import cover, with one dealer describing it as 'crisis'

While no one denies that holdings are precarious, it is thought the level is closer to two weeks.

Says one economist: "I would be surprised if reserves were down to a couple of days. Latest Reserve Bank figures show that last month there was a 30% rise in reserves to $241m — the first time there has been such a huge jump in the last couple of years. "It could be gold holdings are now being valued at the market price, instead of half the market price as has always been the practice. If that is so, then we certainly have at least two weeks' reserves."

Against that is a US$150m commercial loan from DBF Bank of Germany, for which almost all of next year's expected gold output of 25 tons has been pledged as security.

Whatever the true situation, there is now a dual foreign exchange market because of the Reserve Bank's insistence on pegging the currency at 38 to the US dollar.

The two international commercial banks, Barclays and Standard Chartered, are trying to keep to the official rate, but local banks are openly telling clients the rate is 42-43.

"The Reserve Bank knows perfectly well what Zimbabwe banks are doing but is taking no action," says an international bank executive. "There would be instant punishment if we were to start quoting the unofficial rate."
Harene tightens the fiscal screws

REST OF AFRICA

Expert zones success story

The Reserve Bank is halting costly government guarantees

The document contains text about financial regulations and economic policies, focusing on the tightening of fiscal measures. It mentions the Reserve Bank's actions aimed at halting government guarantees that are considered costly. There is also a mention of expert zones, suggesting areas targeted for economic development. The text appears to be an excerpt from a financial news report, discussing the broader economic landscape and policy changes.
Mugabe's war sites revolt on the home front.
Companies defy economic gloom

Hare's expenditure pushes deficit to 14.5%

REST OF AFRICA

German bank ends $1.5bn forx

Hare breaks its promise to stop borrowing from central bank

Reverting from central bank

Economic monitor

Surveillance and the economic policy

Surveillance and the economic policy

The economic monitor is an integral part of the World Bank's policy dialogue with member countries.

Surveillance and the economic policy

The economic monitor helps member countries to establish a regular and systematic review of their economic policies and performance.

Surveillance and the economic policy

The economic monitor enables member countries to identify and address weaknesses in their economic policies and performance.

Surveillance and the economic policy

The economic monitor is a key component of the World Bank's strategy for achieving its development objectives.

Surveillance and the economic policy

The economic monitor provides a framework for assessing the progress of member countries in implementing their development strategies.

Surveillance and the economic policy

The economic monitor helps member countries to improve their policy-making and governance.

Surveillance and the economic policy

The economic monitor is a key tool for enhancing the effectiveness of the World Bank's operations and contributing to the achievement of its development objectives.
Zimbabwe opposition cries foul

The 5 percent threshold has been criticised for being too high and too unclear.

Zanu-PF is abusing the act, knowing it is the only way it can maintain its strength.

**Politics**

Calls mount for change to ‘unfair’ act governing the funding of political parties

BRUCE DAVU

Bulawayo - Zimbabwe's cash-strapped opposition parties want the Political Parties (Finances) Act reviewed. They say the law, which this year entitled the ruling party, Zanu-PF, to receive about US$1.6 million, needs major changes because it does not foster multiparty democracy.

The controversial act, first promulgated in 2002 and later amended, entitles any political party winning 5 percent of the national vote in a presidential election to receive financial assistance from the national treasury. Since Zanu-PF has by far the largest number of votes received, it gets the largest amount, and the figure appears to be increasing annually.

Zanu-PF has gone to the polls in general elections every year since 2000, but the opposition has never come close to winning. The act grants Zanu-PF a significant advantage over the opposition because it has a bigger number of votes than any other party.

In the 2008 general elections, Zanu-PF won 56 percent of the vote, while the opposition parties won only 44 percent. The act stipulates that the opposition parties must have a statutory party status to receive any financial assistance.

The act also requires political parties to have a minimum of 5 percent of the national vote to receive funding. This has been a problem for the opposition parties, who have struggled to win a majority in Parliament.

Zanu-PF has used the act to manipulate the political landscape, with its large number of votes giving it an advantage over the opposition. The act also requires political parties to have a minimum of 5 percent of the national vote to receive funding. This has been a problem for the opposition parties, who have struggled to win a majority in Parliament.

The act has been widely criticized for being unfair and for giving Zanu-PF an unfair advantage over the opposition. The opposition parties have called for the act to be reviewed and for the financial assistance to be distributed more fairly.

John Makumbe, a political scientist, argues that the act discriminates against opposition parties, especially new ones building a membership base.

"The act is not fair and it violates the principles of democratic governance," Makumbe says. "It allows the ruling party to manipulate the political landscape, giving it an unfair advantage over the opposition. The act is a violation of the spirit of the constitution, which guarantees equal opportunity for all political parties."
The writing may be on the wall for Mugabe.

ECONOMIC DECAY

(345.141 KB)
Zimbabwe’s arms losses in Congo war at Z$7,7bn

HARARE — The Zimbabwe Defence Forces have lost military equipment worth Z$7,7bn in the Congo war in the Democratic Republic of Congo (DRC). At least 3,000 soldiers have been killed in the war, which started in 1997 and has displaced 11,000,000 people.

According to a report, Zimbabwe has been supplying arms to the People’s Armed Forces of the Congo-Kinshasa, which is involved in the Congo war. The report states that the war has led to the loss of military equipment and personnel.

Zimbabwe has been supplying arms to the People’s Armed Forces of the Congo-Kinshasa, which is involved in the Congo war. The report states that the war has led to the loss of military equipment and personnel.

Zimbabwe Defence Minister Movses Mohadi said this week that he would release details of the country's arms losses in the Congo war. He said the losses were due to the ongoing war in the DRC.

The report also states that the losses of equipment and personnel have increased the financial burden on the government, which is already struggling with the high cost of running the war.

Sources familiar with the Zimbabwe army's inventory losses say that the losses included tanks, armoured personnel carriers, and artillery pieces. They also stated that the losses were due to the ongoing war in the DRC.

The report concludes that the losses of equipment and personnel have increased the financial burden on the government, which is already struggling with the high cost of running the war.

HARARE journalists face threats

Michael Hartswa

HARARE — Three journalists who are independent of the state and have been reported to be linked to the opposition movement have been threatened by the police and security forces. The threat is related to the publication of articles critical of the government.

The journalists, who are就是因为自由报 and the Independent, have been threatened with legal action, including arrest and prosecution. The threats come after the publication of articles critical of the government and its policies.

The journalists are due to face court proceedings in the near future. The police and security forces have also been accused of using violence and intimidation to suppress freedom of the press.

Cover halted on new exports to Zimbabwe

Claire Pickard-Cambridge and Martin Fatihah

CREDIT Companies say it will stop selling new exports to Zimbabwe until the government clears its balance of payments with the country.

The Zimbabwe Association of Credit Companies (ZACC) has said it will not sell new export credits to Zimbabwe until the government clears its balance of payments with the country.

The move comes after Zimbabwe's foreign exchange crisis, which has led to a shortage of foreign currency in the country.

President’s power to remain

BERNARD MUKHOTA

INDEPENDENT POLITICAL REPORTER

HARARE — Zimbabwe will retain a powerful executive president who will appoint a virtual executive president to handle government affairs, under new legislation that includes the enabling of a powerful president to handle government affairs.

Last year, the Zimbabwean government threatened to use its power to handle government affairs, but the move was blocked by the opposition party.

The proposed legislation includes the enabling of a powerful president to handle government affairs, but it is currently awaiting approval by the opposition party.

The proposed legislation includes the enabling of a powerful president to handle government affairs, but it is currently awaiting approval by the opposition party.
Credit Guarantee hits cover on new SA exporters dealing with Zimbabwe
Bad debts given new home

Martin Rushmere

HARARE — The huge volume of bad debts in Zimbabwe has resulted in the state-owned financial services group Finhold raising its bad debt provisions by 71% to Z$150m ($25m) for the year to end-September.

Despite this, and against a backdrop of 70% inflation, the commercial and merchant banking group still managed to improve net profit 120% to Z$252m ($42m). This includes Z$89m paid to service the interest costs of yet more bad debts incurred five years ago, which threatened to bankrupt the group.

These bad debts were hastily shoved into a separate company, Climax Investments, by the Reserve Bank, with the Bank carrying the capital costs and Finhold the finance costs.

The big rise in profit is in line with the financial sector's automatic ability to benefit from the devastating inflation rate. Interest income for Finhold rose 82% to Z$2.5bn. This benefit is largely the result of the uncontrolled rise in government spending, which economists see as bankrupting the country. It has led to a deluge of money chasing around the money market.

Holdings of Treasury Bills, the main avenue for government borrowing, have risen 430% to Z$91bn, while the amount of money being held from other banks has risen 76% to Z$3bn.
Zimbabwe bankers sceptical of move

REST OF AFRICA
Zimbabwe ignores the IMF

Bernard Mandivamba

Harare – The Zimbabwe government appears to have abandoned the economic stabilisation programme agreed upon with the International Monetary Fund (IMF) in August this year, putting paid to any hope of the country accessing more credit from the Fund, said a prominent Harare stockbroking company last week.

Kingdom Stockbrokers, said that, contrary to the spirit of the programme agreed with the IMF, the past weeks had witnessed government actions which made it impossible to achieve IMF targets by the December 31 deadline.

Instead of tightening monetary policy, the government had moved in the opposite direction. The government’s overdraft with the Reserve Bank of Zimbabwe (RBZ) had been increased. In October, the government borrowed about $1 billion through the RBZ overdraft.

As a result of this borrowing, money supply growth, which had declined to 44 percent in September, is estimated to have risen to around 59 percent in October. So far no corrective steps have been taken by the RBZ. Fiscal performance will also be undermined by other social programmes to be implemented by government,” said Kingdom Stockbrokers.

The IMF had also recommended the adoption of a flexible exchange rate, a lower deficit than the 5.6 percent envisaged in the current budget and a liberalisation of military costs in the Congo. The stockbroking firm said the government had not yet responded to these recommendations.

This delay in adopting the IMF recommendations is giving rise to concern as to whether the government is still committed to implementing the stabilisation programme or not,” they said, in a rare commentary by a major financial institution in Zimbabwe directly critical of the government.

Under the agreement with the IMF, the Zimbabwe government was to receive loans totalling US$815 million over a 14 month period. In turn the government had promised to pursue tight financial policies in order to reduce inflation, stabilise the exchange rate and to restore confidence.

The government, has so far received US$83.7 million under the IMF programme but the country had failed to qualify for the second tranche because it did not meet agreed targets.

Kingdom Stockbrokers’ sentiments are shared by many other financial institutions and economists who have urged the government to come clean and openly state that it has abandoned the IMF programme and proffer solutions for substituting funding. President Mugabe has already said his government would no longer pander to the whims and caprices of the IMF and the World Bank.” “Independent Foreign Service”
HARARE SIGNS RAILWAYS DEAL

09/02/99

Michael Hulme

NEWLY FORMED PRIVATE COMPANY AND PARASTATICAL RUN MAIN BULAWAYO-MUTARE LINE

(36)

Zimbabwe looks at Malaysian economic model and ousts IMF

HARARE — Zimbabwe President Robert Mugabe has sent top economic and financial planners to Kuala Lumpur to seek advice from Malaysian Prime Minister Mahathir Mohamed on how to implement economic reforms without International Monetary Fund (IMF) support — six weeks after aid talks between the Harare government and the IMF collapsed.

Sources said this week that the three government officials in Kuala Lumpur were in Kuala Lumpur. "There is nothing new in this trip. We have been working on this thing over the long period and, if you check, you will see that there is a lot by way of policy planning that Zimbabwe has borrowed from Malaysia," he said.

Charamba said Harare wanted to emulate Malaysia's ability to resolve problems with little help from the outside world.

A week-long meeting of strategic planners from all government ministries was held in the resort town of Nyanga last month, at which an economic recovery plan was cobbled together. The plan puts the burden of recovery mostly on Zimbabwe's public sector.

"The recovery policy document is now doing the rounds within government departments before it is adopted," Charamba said.

An IMF spokesman, speaking from the organisation's headquarters in Washington, refused to comment on reports that Zimbabwe was actively considering going it alone. The officials insisted that "behind-the-scenes talks between Zimbabwe and the IMF were continuing but would not say what progress had been made since October, when an IMF team sent to Harare left without any agreement with the government.

Economists said this week any moves to distance Zimbabwe from the IMF would effectively isolate the country from other multilateral donors such as the World Bank and the European Union and would be tantamount to economic suicide.

Unlike Malaysia, Zimbabwe could not easily defy the IMF because the strengths of the two economies as well as the problems encountered were different.

Mugabe, who has never made secret his wish to go it alone, has publicly declared on several occasions that Zimbabwe has the capacity to pull itself out of its economic crisis.

The IMF, the main backer of Zimbabwe's reforms, hinted that future financial aid under a $1.9bn aid package agreed in August would depend on the government's response.

The IMF also demanded that the government spell out how much it is spending in the civil war in the Congo because the war effort is undermining the reforms by worsening the country's already wide budget deficit. — Financial Gazette.
Mugabe makes emergency plan to salvage economy

HARARE — Zimbabwe's government has hatched an 18-month emergency economic recovery programme under which it plans to get tough on corruption, cut the country's civil service, introduce inflation-targeting and tighten purse strings.

News of the plan came amid growing international concerns, expressed in a report by the UK government, over a possible economic implosion.

SA is keen to see a recovery in Zimbabwe, the country's main trading partner in Africa.

Peter Hain, the British foreign office minister responsible for Africa, said the UK was "very concerned" about Zimbabwe's economic deterioration. It was important for Africa that Zimbabwe succeeded, he said.

A key feature of the new programme, known as the Zimbabwe Millennium Economic Recovery Programme, is President Robert Mugabe's government's plans to crack down on corrupt officials in the public and private sectors and on business cartels it accuses of engaging in "political and economic blackmail".

The January 2000-June 2001 timeframe on the plan appears to defy speculation that the government will shy away from tough measures ahead of next year's election.

The Financial Gazette has a copy of the programme which is still to be formally adopted by the cabinet. It was prepared by a team of government planners and experts.

Mugabe... plans to get tough

Although the recovery blueprint does not state specific measures to be taken against corrupt officials, finance ministry sources said this week there had been talk of naming senior officials found guilty of accepting bribes.

The possibility of withdrawing operating licences of firms found to be engaged in corrupt activities has also been hinted at at various meetings, and sources said.

The plan includes a reduction in the size of the civil service by at least 30% by June 2001 and moves to contain the budget deficit at 3.8% of gross domestic product. The government had earlier pledged to reduce the size of the civil service from the current 155,000 workers to 145,000 by the end of this month.

A civil service reduction would drastically trim the government's wage bill, which accounts for more than 60% of its total annual spending.

Other measures contained in the plan include the setting up of the long-awaited National Revenue Authority by March next year and putting in place a moratorium on the financing of the budget deficit by issuing new treasury bills.

According to the draft economic recovery blueprint, the plan would run concurrently with the 2001 national budget. Other measures include the reduction of inflation and stabilisation of the exchange rate.

Michael Hartnack reports that diplomats were sceptical of the UK report, noting that despite the nightmare caused by Mugabe's attempts to peg the exchange rate while reducing spending, which has occurred, the manufacturing sector remained "functional" and was nowhere near the state of neighbouring Zambia's in the last years of Kenneth Kaunda's one-party regime.

However, analysts immediately dismissed the plan as another hollow promise by the government which they said was aimed at placating an increasingly disenchanted electorate.

Financial Gazette, Financial Times

Mugabe attacks banks: Page 8
Mugabe gives his side of the story and ponder his myth.
Michael Hartnack

HARARE — Zimbabwe will continue to move ahead and not be deflected from land redistribution and indigenisation programmes, says President Robert Mugabe.

He said this at the ruling party's congress last weekend in apparent response to a prediction of imminent "economic implosion" by British diplomats in the US, reported by the London Financial Times.

Mugabe said: "British papers and former colonial masters say Zimbabwe will collapse and the economy will collapse here, but here we are, moving ahead. If they think we will go back on the land issue we will not, because it is our principle."

There has been no formal response from Zimbabwe's major banks to Mugabe's allegation that they contrived last week's fuel shortage and chronic foreign currency crisis to sabotage the Zanu (PF) congress.

Banking sources say they think he was upset by the appeal by Barclays MD Isaac Tawarira on the eve of the congress for new direction in the party and in government.

"Riot police were called on Saturday to disperse commuters, taxi drivers, lighting for limited supplies of petrol at one outlet. Farmers making collections at depots were rationed to one 50-litre drum each. Most suburban garages had no petrol and limited amounts."

Finance Minister Herbert Murerwa said the Financial Times' prediction of imminent crisis was "inaccurate, biased and designed to do maximum damage to Zimbabwe", which had "continued to honour and service its external debts." Industry and Commerce Minister and information minister Nathan Shamuyarira said: "Zimbabwe should return to priority imports list, to make best use of foreign exchange. We are not saying we should return to controls. We should have an agreed list of what should be imported," he said.

Ricardo Marima, of the Zimbabwe National Chamber of Commerce said the opening of four new gold mines, and rising agricultural exports "show the economy is not imploding."

Comment: Page 8