ZIMBABWE – GENERAL

1999

JAN. – MARCH

Zimbabwe to make bold trade offer

(362)

BD 4/1/99

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

John Dludlu

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 Zimbabwean 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.

Mfundo Nkuhlu, 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.

□ **Themba 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.

Fresh outlook for Zimbabwe dollar

(3b2) BD 6/1/99

Lack of IMF support could bring a further battering

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 Muzulu.

"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 the 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 steadied 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.

Muzulu 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 35% 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.

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Two refineries produced 373 000 tons, the report said.

"Both industrial and direct consumption were buoyant despite low disposable incomes that characterised most of the period under review."

The group's after-tax profit for the 18-month period — introduced to coincide with an 18-month tax year imposed by the treasury — was Z$169,3m, with pre-tax profit of Z$231,2m and turnover of Z$4 008m.

BD 8/11/99

Zimbabwe's focus on the north puts SA on its toes

Harare has had enough of SA's "bully attitude", writes **Ndaba Nyoni**, the deputy editor of Zimbabwe's The Financial Gazette

(362) BD 11/1/99

ZIMBABWEAN government authorities get annoyed when the media refers to ailing 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 asking 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 with Zimbabwe 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 says 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 SA Trade Unions (Cosatu), which fears jobs there 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 Z$13bn worth of goods to Zimbabwe annually and importing goods worth only $3bn.

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 defending 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.

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

"There is a growing recognition on the part of the South Africans that the balance of trade in their 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 based on the potential economic benefits that Zimbabwe can get from that country.

Mugabe has indeed spoken glowingly about the huge market 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 says.

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 Tobaiwa 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 Nhema 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 now by the conflict in the Democratic Republic of Congo.

The fight for control of the organ has died down because 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. — Sapa-AFP.

(362) BD 11/1/99

Zimbabwe dollar at record depths

BD 11/1/99 (362)

Emma Jesse, John Dludlu, Reuter 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 industrialised 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

(362) BD 12/1/99

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$39,10/50, 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 Surun, 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 Ghadafi in Libya.

Zimbabwe's economy 'to grow 2% despite odds'

CT (BR) 12/1/99 (362)

GODFREY MUTIZWA

Harare — Zimbabwe's economy should grow by at least 2 percent this year — matching its performance in 1998 — despite high inflation, an unstable currency and an uncertain political outlook, economists said yesterday.

They said momentum was likely to come from agriculture, after the country's plentiful rains, provided these did not prove to have been too heavy. This in turn would lift a manufacturing sector that derives over half of its inputs from farming.

There was also growth in tourism and horticulture, beneficiaries of a currency whose value halved against the dollar during last year's worldwide crisis in emerging markets.

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 those 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 unconcluded talks with the IMF, which has demanded Mugabe clearly state his intentions on his land reforms.

The IMF has held up $53 million in aid since November, heaping pressure on the country's fragile currency. — Reuters

IMF softens stance on Zimbabwe

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Star 13/1/99

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.

Goodall 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$176-million loan."

This would appear to mark the end of a long dispute between the IMF and Mugabe. – Sapa

Assurances gain IMF (362) support for Zimbabwe

BD 12/1/99

Michael Hartnack

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

The team made clear that to gain its favour, the plan to seize 841 farms and give the owners "IOUs", 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 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$39,2 against the US dollar and Z$6,6 against the rand. The Zimbabwe dollar crashed 5% to record lows on Friday after premature reporting that the delegation had shelved the application for standby credits totalling US$53m to $88m.

Gondwe 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

BD 13/1/99

(362)

Michael Hartnack and Reuter

HARARE — Military police detained a Zimbabwean newspaper editor yesterday over a report on a coup attempt, and Zimbabwe's Defence Minister Moven 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 Chavhunduka, 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 costs of transport and fuel. He also denied Zimbabwe had concluded any weapons deals with Russia or China.

Mahachi said Zimbabwe had lost "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 16 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

CT 13/1/99 (362)

MUGABE: Ten ministers contradicted his earlier statements.

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 Murerwa, Agriculture Minister Kumbirai Kangai, Defence Minister Moven Mahachi and seven other Zimbabwean ministers allayed 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 Zimbabwe 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 handing 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.

Murerwa said the outcome of the talks with Gondwe's team would secure the release of another $800 million (R48m) in aid from the World Bank and other donors over the next three years.

IMF Zimbabwe desk officer Michael Nowak said officials 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

IAN MILLS (362)

CT 13/11/99

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

Chavunduka was arrested as Defence Minister Moven 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 liars, 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 Kinshasa 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'

CT(BR) 14/1/99 (362)

GODFREY MUTIZWA

Harare — Zimbabwe's economy would be condemned to another year of slack growth unless President Robert Mugabe's government repaired relations with key foreign donors by improving the country's governance, analysts said yesterday.

Meryvn 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 2 percent this year despite a weak currency, high inflation and interest rates of over 45 percent.

Official estimates put 1998 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 soured 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 after Mugabe's decision to seize 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 $53 million, when the fund's board sits in March.

But Ellis said further delays in releasing the IMF funds would in turn delay a revaluation 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 $800 million in aid from other donors. — Reuters

Mugabe tightens his grip on the media

M+G 15 – 21/1/99 (362)

Iden Wetherell

The detention by military police this week of a Harare newspaper editor could signal the beginning of a media crackdown by President Robert Mugabe, who has been angered by press reports of misrule and setbacks in the Democratic Republic of Congo.

Following renewed flak from Zimbabwe's independent media and a drubbing in the British press last month, Mugabe has moved to tighten his already firm grip on the flow of news from Zimbabwe.

Mark Chavunduka, editor of *The Standard*, which reported a coup plot within the army and the subsequent arrest of 23 officers, was detained on Tuesday and interrogated at an army barracks on the outskirts of Harare.

At the same time, Minister of Defence Moven Mahachi called journalists in the independent sector "enemies of the state" who were no different from the Congo rebels they appeared to support.

The detention of Chavunduka betrays growing nervousness by authorities in Harare who have recently faced protests and disaffection within the army itself over the war in Congo.

It also underlines the growing role of the military in internal security. Mugabe recently appointed two army officers to head the shadowy Central Intelligence Organisation.

The Ministry of Information has meanwhile scheduled weekly meetings for journalists in the state media to vet stories before they appear.

Minister of Information Chen Chimutengwende confirmed plans were in place to monitor the flow of news, but would not provide details.

His appointment of ministry official Thomas Bvuma as deputy editor of the government's flagship newspaper, *The Herald*, already headed by a former official spin doctor, is seen as ring-fencing even the mild criticism of the government ventured by the paper last year after food riots.

The Herald's suggestion that police handling of the unrest could have been more suave saw editor Tommy Sithole transferred to another post within the Zimpapers group. His replacement by former director of information Bornwell Chakaodza has clearly not satisfied Mugabe, who evidently hopes the country's problems can be massaged away.

Promises to open up the airwaves have also not been honoured and news bulletins remain dominated by Mugabe's pronouncements. Even the arrival of a new kid on the block has not diverted the official media from its role as a presidential megaphone.

The entry of Associated Newspapers Zimbabwe (ANZ), a consortium in which Tony O'Reilly's Independent Newspapers Group is a partner, was expected to shake things up. ANZ publishes a string of regional titles and is scheduled to launch a daily next month.

But in a move calculated to reassure Mugabe, ANZ editor-in-chief Geoff Nyarota has signalled that his newspapers will not intrude into private lives, while regional editors straying from set parameters have already felt the crack of the head office whip.

Despite attempts by ANZ management to play down the O'Reilly connection, reports suggest considerable managerial input emanates from the Independent Group's Johannesburg office. Mugabe has been a guest at O'Reilly's estate in Ireland and observers have noted some of Mugabe's more anti-British statements on land have an Irish dimension.

Within hours of senior ministers assuring diplomats on New Year's Eve that the government would follow the law in its land acquisition policy, Mugabe told the same diplomats at a reception that he would not be providing compensation, as the law requires, for the farms acquired.

With Mugabe and his ministers singing from different hymn sheets, the government's gloss merchants have their work cut out. Despite Mugabe's claims that Zimbabwe's poor performance can be attributed to a conspiracy by currency speculators and El Niño, most Zimbabweans are now aware of where the problem really lies.

Robert Mugabe: Cracking down on the press

Stayaways by trade union members last year, protesting against the government's economic mismanagment, saw a complete shutdown of industry. Mugabe responded by banning any further civic protest.

While attending a Franco-African summit in Paris, he issued a decree outlawing strikes motivated by political grievances. But like the latest media clamp, this absolutist measure will hold only a very flimsy lid on the seething cauldron of national discontent.

Zimbabwe cagey about war funds

MHG 15-21/1/99

(362)

Iden Wetherell

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 Moven 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. But Libyan leader Moammar Gadaffi, 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 in 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 F7 fighter planes estimated to cost \$100-million to augment its firepower in Congo and counter South Africa's re-equipment programme.

President Robert Mugabe

WINDOW ON AFRICA

IMF pondering loan to Zimbabwe

(362)

Star 15/1/99

841 mostly white farmers now seem likely to be compensated for loss of land, writes Ian Mills

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 exuberance stemmed from the fact he was returning to Washington to urge the IMF board to hand over the US$53-million (about R325-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 fobbed 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 to make it productive and 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

Drop of controls welcomed

Michael Hartnack (3b2) BD 15/1/99

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.

"The government said it would review the policy at the end of the harvesting season, which is in June," IMF delegation chief Goodall Gondwe said this week, announcing he would recommend renewed Z$3bn budget support.

He was satisfied with assurances that price controls — which were irreconcilable with IMF-backed liberalisation policy since 1991 — would now be phased out.

A meeting between ministers and business leaders on Monday to discuss price controls produced no agreement, although Industry and Commerce Minister Nathan Shamnyarira said the meeting had been "frank and positive".

A business leader, who asked not to be identified, said: "We told members of the subcommittee (on the economy) that if 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 Zimbabwe dollar over the past year.

Army defies Zimbabwean court

BD 15/1/99 (362)

Michael Hartnack

HARARE — Defence ministry heads and army officers triggered a constitutional crisis yesterday by defying Zimbabwean High Court orders for the release of detained editor Mark Chavhunduka from Harare's Cranborne Barracks, where he has been held incommunicado for three days over reports of a military coup plot.

"A judge cannot direct us. Any civilian who meddles in military matters is subject to military law," Defence Secretary Job Whabira told lawyers for Chavhunduka when they attempted to serve a habeas corpus writ on him and military intelligence commanders outside defence headquarters in the city centre last night. "We move at our own pace. We are investigating him at the moment."

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 Didymus 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 YTL over 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%

CT (BR) 15/1/99 (362)

Stella Mapenzauswa

Harare — Zimbabwe's dollar crashed 5,49 percent against its US counterpart yesterday on relentless importer demand for the US dollar, dealers said.

"Things are not okay with the (local) dollar and I really don't know whether it is genuine import pressure or just panic buying," one trader said.

It fell to Z$44,65/75 against the dollar before clawing back some ground to Z$42,75/44,00.

Traders were concerned about the absence of support from the central bank. They reported a widening of spreads from a minimum of 10c, agreed to at a dealers' meeting last week.

One trader said the Foreign Currency Dealers' Association was seeking to meet Finance Minister Herbert Murerwa, while bank treasury managers were discussing the volatility in the market.

The central bank said it would only intervene in the market when it saw a genuine hard currency shortage.

Against the euro, the Zimbabwean dollar was quoted at Z$50,10/51,30, while against the rand it weakened to Z$6,95/7,15 after opening at Z$6,88/92.

The Zimbabwe dollar lost 4,02 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 ruling out early release of the $53 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

(362)

CT 15/1/99

HARARE: Zimbabwe appeared to be on the brink of a constitutional crisis yesterday after military authorities scoffed at 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 inciting 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 Moven Mahachi.

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

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. Picture: AP

Tax row threatens trade on Zimbabwe exchange

BD 15/1/99 (362)

Martin Rushmere

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 8% 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 is 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 we do not know if foreigners will be exempt."

The government this week also imposed a levy on property sellers 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.

Govt cracks down on paramilitaries

BD 15/1/99 (354)

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 group 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 Hofmeyer 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.

Flip 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.

Zim paper calls for minister's arrest

Military's detention of editor is absolute bloody nonsense, says newspaper boss

(362) ARG 16/11/99

Harare

Lawyers acting for a Zimbabwean editor detained by the military applied to the courts yesterday for the arrest of Moven Mahachi, the country's defence minister, if the journalist was not freed immediately.

On Thursday the ministry defied a court order for the release of Standard editor Mark Chavunduka, who was detained four days ago after running a story about an alleged military coup plot.

Clive Wilson, the managing director of the Standard, said yesterday the paper was making an urgent application to the court to jail Mr Mahachi as well as Job Whabira, the secretary of defence, and a military police major involved in the arrest if Chavunduka was not released.

He described the military's refusal to abide by Thursday's order as "a gross contempt of court".

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

Mr 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 law."

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

Mr 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 last Sunday that 23 Zimbabwean military officers had been arrested for inciting colleagues in the army to topple President Robert Mugabe.

The paper said the harsh economic conditions in Zimbabwe and its intervention in the DRC civil war were the source of discontent that led to the alleged plot.

Mr Mahachi labelled the story as completely false, before military police moved in to arrest Chavunduka, who is being held at a military barracks and has been denied access to his lawyers and family.

Mr Wilson said he believed he was being followed, saying his son had seen a vehicle tailing him as he travelled from his home to work yesterday morning. – Sapa-AFP

Nab minister, court urged in detained editor case

Star 16/1/99

(362)

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 Moven 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 if 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 law."

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-AFP.

ST 17/11/99

Hundreds in protest march in Zimbabwe

(362)

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-AFP.

The march was organised 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 MATETAKUFA** reports that Mahachi has lashed out at journalists working for the independent media, labelling them "corrupt liars" 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

eT (BR) 18/1/99 (362)

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 46,6 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 5 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 90 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.

Harare delays spell trouble at Anglo mine

BD 18/11/99

Michael Hartnack

(32)

HARARE — A housing scheme launched by the Zimbabwe Building Society (ZBS) in the mining town of Shurugwe has reportedly become a white elephant because the nearby Unki platinum project has stalled in talks between Anglo Zimbabwe and government.

Shurugwe was to have been boosted by Anglo's Z$1,4bn joint venture with government, forecast to contribute about Z$30bn to Zimbabwe's gross domestic product.

Talks on the financial arrangements for the project, particularly tax concessions, remain incomplete after two years, but Anglo Zimbabwe's head of public relations, Ezra Kanganga, said it was still hoped that the project would start soon.

Earlier problem areas included Anglo's right to market output itself and the recruitment of expatriate staff.

Shurugwi district administrator TP Mutikizizi told the Sunday Mail the Unki platinum project was now "long overdue".

ZBS, which was saved from collapse last month by a Z$400m Reserve Bank bale-out and takeover, built 300 houses in Shurugwe's high and medium-density suburbs, expecting 1,400 mine workers to seek accommodation.

"The scheme is now becoming a white elephant with no takers," said Mutikizizi.

"The district is concerned that the implementation of a venture of this magnitude, which was set to be a major thrust to development, appears to be meeting bureaucratic hindrances," he said. "To date the mining licence has not been granted."

ZBS reportedly ran into difficulties by giving unsecured mortgages on stands to which house builders lacked formal title. A Reserve Bank investigation is under way.

Many companies had planned to move into the traditionally sleepy mining and farming centre, with a population of 20 000, the site of Zimbabwe's sole recorded snowfall.

Zimasco's chrome mine made massive retrenchments in 1992, turning Shurugwe into a "ghost town", according to the Sunday Mail.

Unki and the BHP Hartley project should together have made Zimbabwe the world's third largest platinum producer.

Zimbabwe pegs dollar to US unit

Martin Rushmere (362) BD 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 Z$39,5 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 Tsumba accused banks of forcing up exchange rates unnecessarily. At one stage last week the rate reached Z$45 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 $53m 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 it has not 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 42 from 44 as word of the rate fixing spread among banks.

Observers say Zimbabwe's future is now more than ever dependant on the IMF and other world institutions. The bank economist said: "We are now tied to them, which could rebound on both sides. If economic policies become so idiotic that the IMF abandons us, critics will lambaste the fund for having lent us money ... others will say it should have supported the government for longer. On the other hand, the government will have to behave itself or risk losing the fund's support."

No trading expected: Page 11

Editor now held by police

(362) ARG 19/11/99

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 freed 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 23 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

(362) BD 19/1/99

Martin Rushmere

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 Z$39,50 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 again 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

Michael Hartnack BD 19/1/99 (362)

HARARE — In line with recent International Monetary Fund (IMF) directives, Zimbabwean Reserve Bank governor Leonard Tsumba has issued a confidential circular warning the country's financial institutions to expect no further bale-outs like last month's Z$400m rescue of the Zimbabwe Building Society.

Banking sources confirmed yesterday that Tsumba 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, Tsumba warned local institutions that the malaise in their sector seemed "misunderstood by the bankers themselves".

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

Tsumba's circular warned that bank owners must expect to lose their investment if their enterprises suffered through operation losses or "poor lending policies".

Tsumba said last year that the collapse of Roger Boka's United Merchant Bank was due to "poor quality and unrecoverable loans".

Tsumba 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 renege on state underwriting of loans encouraged for political reasons".

Seeking an end to senseless battle: Page 9

A time for truth and the end of conflict between press and state

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, writes Michael Hartnack in Harare

BD 19/1/99 (362)

THERE are two distinct elements to the present confrontation involving the foreign and independent press in Zimbabwe and President Robert Mugabe's government. The first element does not evoke sympathy, although it is inextricably linked to the second, over which Mugabe perhaps deserves some understanding.

The first element is that the threatening utterances and behaviour of Defence Minister Moven Mahachi since Zimbabwe's independently owned Sunday Standard reported a suspected military coup plot are as one with the Canaan Banana sex scandal, the Roger Boka banking scandal, the crisis over land redistribution and farm invasions, and, ultimately, the atrocities in Matabeleland in the 1980s. Put simply, some Zimbabweans regard themselves as above the law.

Mahachi was responsible for ordering the detention of Sunday Standard editor Mark Chavunduka by military police last week. After taking this action, he threatened to have critical journalists flown to the frontline in the Democratic Republic of Congo and left there.

Faced with a high court writ last week ordering military police to free Chavunduka, Secretary for Defence Job Whabira scornfully retorted: "The judge cannot direct us."

Andy Moyse, editor of Horizon magazine quipped: "The military coup has succeeded. The army (is) obviously in control."

In exactly the same spirit of contempt for law, ruling party financier Roger Boka was allowed to send more than \$200m of clients' money into foreign personal accounts. Boka has twice slipped abroad, evading questions about Z\$3bn in alleged fraud.

Ministers, service chiefs and Vice-President Simon Muzenda covered up former president Banana's molestation of State House staff for more than 15 years. The matter was forced into the open only by the moral courage of Judge David Bartlett, who tried one of Banana's traumatised victims for murder.

Vice-President Joshua Nkomo's armed bodyguards have repeatedly obstructed civil court officers acting on behalf of Nkomo's personal creditors.

Comprehensive written agreements signed with investors such as BHP Minerals by one arm of government are consistently ignored by another — the immigration department.

When the most flagrant offenders are occasionally exposed, usually by journalists, and the law makes a reluctant show of catching up, Mugabe races to the rescue with amnesty orders. If the journalists work for a state-controlled outlet, they are sacked or muzzled some other way.

Last Wednesday military police seeking Sunday Standard reporter Ray Choto over the coup story tried to seize proprietor Clive Wilson in his stead, but fled when confronted by a posse of photographers and reporters. The civilian police had refused to intervene in a clear case of unlawful abduction.

Wilson, like correspondents for foreign news media, was quizzed about his citizenship and right of abode, in the same spirit that white farmers have been deemed aliens, a separate "nation" from black Zimbabweans, in Mugabe's speeches.

Mugabe, having amended the constitution to curb farmers' right of appeal to the courts against expropriation, has repeatedly warned them against seeking any form of legal redress. On New Year's Eve he told diplomats land owners would be given IOU notes, payable only when the British or other donors provided money.

On the other hand, heads of an International Monetary Fund delegation said they were disregarding Mugabe's remarks "to various audiences" because they had received "cast-iron" assurances from Finance Minister Herbert Murerwa farmers would be paid "upfront, in cash, at market rates".

Who do you believe? Who do you trust?

Mugabe's random utterances and the wilder actions of his minions naturally provide copy for both the growing independently owned newspapers read mostly by the 4-million urban Zimbabweans, and for the foreign news media that attempt to inform discerning readers with business or other interests in Zimbabwe.

At a news conference last Tuesday Mahachi raged: "These reports are tantamount to deliberately creating a false impression of instability in Zimbabwe. They are likely to prejudice the current efforts in attracting foreign investment as no investor would be willing to invest in an unstable political environment."

Journalists were, he said, "treasonous", "a third force", "enemies of the state", "corrupt liars", "mercenaries", and "dam (sic) cruel intending to destroy by pen". A columnist in the Zimbabwe Independent asked on Friday whether it was not politicians who had obtained sums of up to Z\$840 000 through bogus war injury claims that were the "corrupt liars".

The second element relates to Mugabe's increasingly poor image in both Zimbabwe's independently owned media and abroad.

The same newspapers and columnists that at the time of independence in 1980 were determined to see Mugabe's election as a triumph of Western statesmanship, have a natural desire to throw the blame entirely on Mugabe for a situation that has subsequently gone wrong, with economic and social distress now rampant in Zimbabwe.

Likewise, Zimbabwean journalists who have loyalties going back to the 1960s and '70s to other African nationalist factions readily blame "a corrupt elite that had plundered the nation's wealth since independence", as one put it.

No one bothers to consider the demographic catastrophe that was for the first time forthrightly spelled out here last year in a lecture by Prof David Beach of the University of Zimbabwe.

Zimbabwe President Robert Mugabe in front of Zanu (PF) headquarters in Harare. Members of Mugabe's ruling party often behave as if they are above the law.

How, in prevailing world conditions, was Mugabe to control, even temporarily, the forces leading to demographic disaster save by creating the camouflaged autocratic regime he has? A master of illusion and a brilliant power-broker, he re-established and preserved comparative peace by lavishing patronage and legal immunity on key personalities from dangerous ethnic constituencies, who would readily have led the country back into civil war. And still would.

Warning bells should ring when Morgan Tsvangirai, secretary-general of the Zimbabwe Congress of Trade Unions, whom the anti-Mugabe camp hopes will lead a crusade for democratic reform, says that in the 1980s, at the height of the Matabeleland atrocities, "there were no (Marxist) contradictions between us and Zanu (PF)".

Unless illusions are discarded now, the current confrontation between the government and press in Zimbabwe will lead nowhere, as in other third world states, except to more of the same, and worse under the next regime.

Zimbabwe's military, judiciary in showdown

Star 20/1/99 (362)

Illegal arrest of editor – who has now been handed over to police – triggers high-level clash as reporter is also detained

BRYAN MILLS
Harare

The Zimbabwean judiciary's extraordinary confrontation with the military authorities over their arrest of a newspaper editor continues today when the High Court tries once more to bring Defence Minister Moven Mahachi and senior ministry officials before the court on contempt charges.

High Court judge James DeVittie charged Mahachi and his officials with contempt of court after they refused a court order last week to release *Standard* editor Mark Chavunduka from illegal detention in military barracks. So far the court has been unable to serve the contempt orders on them but hopes to do so today.

Mark Chavunduka

Chavunduka (34), held for reporting the arrest of 23 military officers for an alleged coup plot, was finally handed over by the military to the police late on Monday night and will appear in court today along with the reporter who wrote the coup story, Ray Choto, who surrendered to the police yesterday.

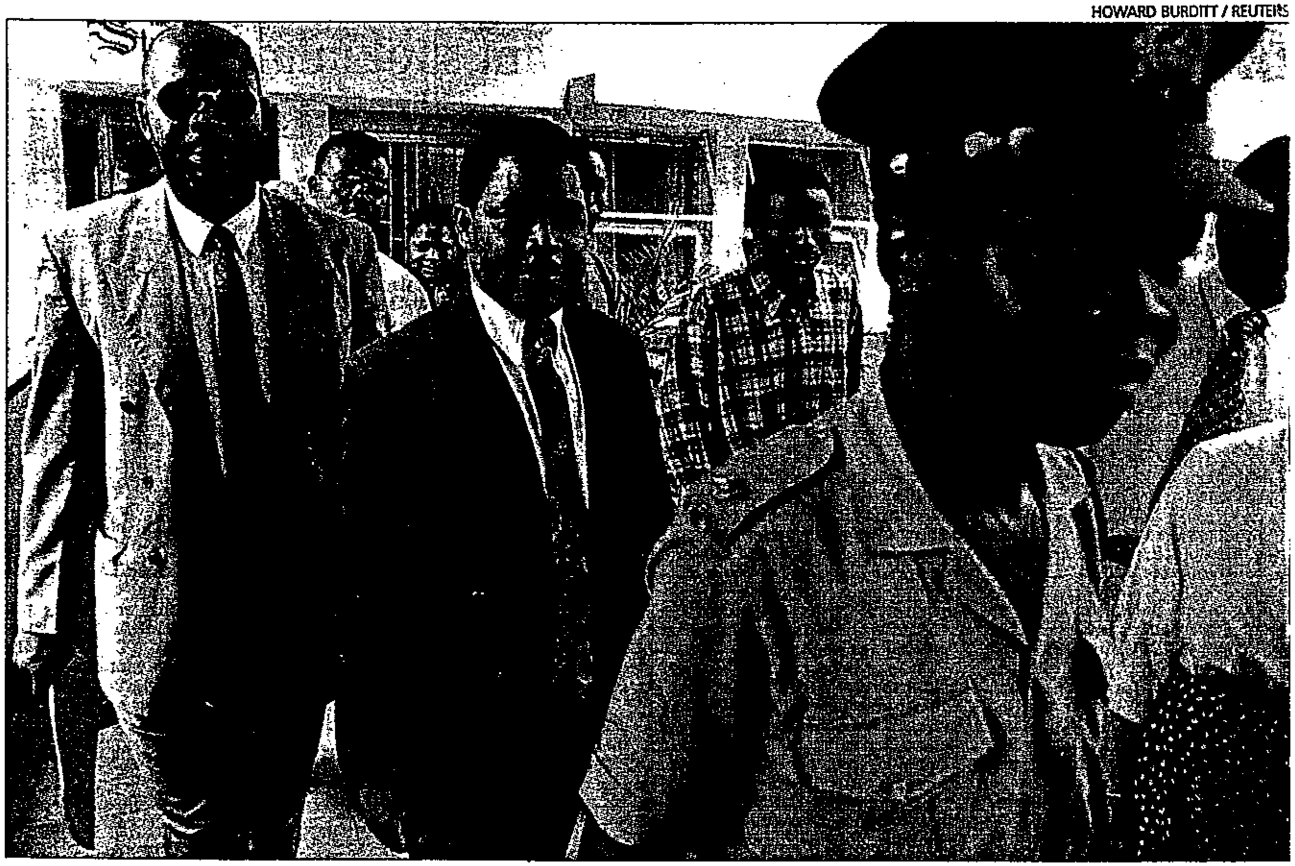
They will be charged under the sweeping old Ian Smith-era Law and Order (Maintenance) Act, for causing "alarm and despondency". Their lawyers expect them to be released on bail.

Judge DeVittie yesterday also ordered Mahachi, senior defence ministry officials, army officers and police commissioner Augustine Chihuri to appear before him, together with Chavunduka.

After their first contact in eight days with Chavunduka yesterday, the newspaper's executives said he appeared "fit and well" and showed no signs of mistreatment after being held at an army barracks since Tuesday last week.

The police took over the case on Monday and are holding Chavunduka for questioning. The newspaper's managing director, Clive Wilson, said Chavunduka had given the police a statement and was allowed to see his wife, three children and his mother and father for the first time since he was detained.
– Star Foreign Service

HOWARD BURDITT / REUTERS



Taken in for questioning ... Zimbabwean journalist Ray Choto (centre) is arrested in Harare yesterday, after being asked to come in for questioning.

NATIONAL

Zimbabwe may soon see end to 5% levy

(362)

Foreign currency trading remains at a standstill after the local unit was effectively pegged at Z$39,50 to the dollar

ED 20/1/99

Martin Rushmere

HARARE — Trading is expected to resume on the Zimbabwe Stock Exchange today after Finance Minister Herbert Murerwa intimated during meetings with exchange officials that the new 5% levy on all transactions would be scrapped.

Stock exchange officials said yesterday the meetings were "very satisfactory" and they expected the minister to remove the levy, which applies to losses as well as gains.

However, official confirmation of an agreement could not be obtained last night. It is understood that government is also rethinking a 10% levy on property deals, which could be removed by the end of the week.

While brokers have greeted removal of the transactions levy with relief, there is still an underlying mood of gloom. "The damage has been done and foreign investors are moving as far as possible from Zimbabwe," said a broker with an international firm. "The index is half what it was a year ago and the furore over this levy could not have come at a worse time."

"The levy took the stock exchange by surprise last week and trading came to a halt. For the first time in more than 50 years there were three days with no deals struck.

The exchange was careful not to close completely as this would have been against the Stock Exchange Act and would need the registrar of the exchange's permission — which would probably not have been forthcoming. Instead the exchange was formally open for business, but brokers did not make any bids or offer any parcels for sale.

Meanwhile, foreign currency trading among commercial banks had virtually stopped since the establishment of a fixed rate of Z$39,50 to the US dollar on Monday.

Banks said yesterday the market was "completely lifeless" with dealers still sceptical of an unofficial policy which amounts to a pegged rate.

A news conference by Reserve Bank governor Leonard Tsumba which was scheduled for Monday will be held today.

Some foreign currency dealers said last week's slide of the Zimbabwe dollar to 45 to the US dollar was largely due to three unusually big calls on the market by parastatals paying offshore loans. Andy Hodges, manager of the treasury at Commercial Bank of Zimbabwe, said: "They distorted the market as they were so much larger than usual. The normal calls of a few hundred thousand US dollars can easily be handled, but with one parastatal it came to US$6m, which the market did not have. This led to a few people overreacting and acting by instinct rather than reason. If you take out these deals, the rate is justifiable at Z$39,50."

Other dealers disagreed. The market, they said, acted on supply and demand and that no exceptions should be made for government or semi-government agencies. "Either the money is there or it is not, and if it was the government should have made it available."

ET (BR) 21/1/99

Zimbabwe moves to stabilise dollar

(362)

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.

"There is no justification at all for such exchange rate levels, even after taking into account any negative expectations engendered by Zimbabwe's involvement in the Democratic Republic of Congo conflict, the land issue and the initial indication that the IMF (International Monetary Fund) might not disburse (aid)," Tsumba said.

"We are going to actively and closely monitor the flow of foreign exchange."

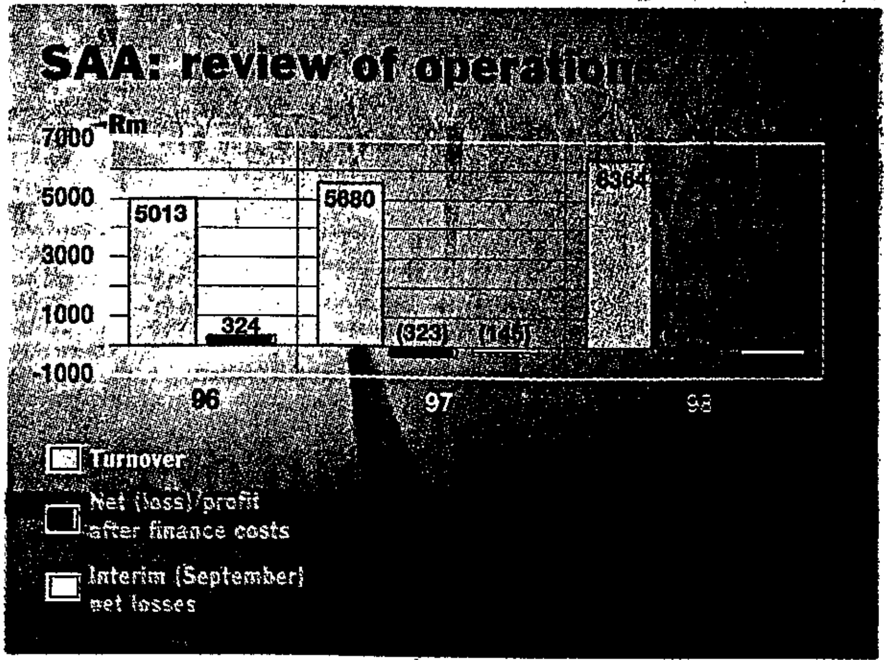
Although the bank had recommended to dealers not to let the currency trade at below 40 to the US dollar, it would not peg the currency, he said.

"The only action we can take is to ensure the currency is not grossly undervalued by making sure there is no unnecessary bidding."

He added that licences would be suspended and penalties imposed on any dealers seen breaching the regulations.

The currency's latest crash was triggered when the IMF indicated that it would not immediately disburse the much-awaited $53 million balance of payment support.

A visiting IMF team only promised early this month to recommend to the IMF board in March to release the aid, which was frozen last year mainly in protest at the land reforms programme.



KAREN MOOLMAN Source: TRANSNET

New strategy set to stop SAA's free fall

BD 21/1/99

Robyn Chalmers

SA AIRWAYS' strategy, unveiled by CE Coleman Andrews this week, is set to transform the ailing airline into a profitable entity with a new route network, modernised fleet and powerful alliances.

Andrews said SAA had already embarked on the new strategy, which had the support of government, trade unions, employees, new alliance partners and holding company Transnet.

The strategy involves forging a new route network, upgrading the ageing fleet, securing new alliances, ensuring revenue management gains, flying on time and improving customer service. A new management team has also been put in place.

Andrews said SAA was losing millions of rands each year through an expensive and flawed route network. He said SAA would in future fly to key international hub markets including São Paulo, Miami, New York, London, Zurich, Frankfurt, Hong Kong, Singapore and Sydney. SAA or its new alliance partners would then fly passengers to other destinations.

SAA has recently tied up alliances with Singapore, Swissair and Lufthansa and is on the verge of finalising new arrangements with partners in Asia, Africa, and the Americas.

On its fleet, SAA has now cancelled a deal to buy four Boeing 777s ordered three years ago and acquired two 747-400s "at record low prices". Boeing and Airbus will compete to meet SAA's new fleet requirements in coming months.

There have already been major improvements at SAA since Andrews took over in June last year. In the past four weeks, domestic passenger numbers have risen more than 16% and the airline has posted "sharply improved" financial results in the past three months.

Government apparently plans to sell 25% to 30% of SAA to an international airline this year, with a range of airlines having formally indicated they are interested in bidding. These are KLM/Northwest, Swissair, Lufthansa/Singapore, Virgin Airlines and American Airlines.

Andrews said a 10-week probe into SAA's problems showed the airline was bleeding badly and would have been bankrupt within 12-18 months.

He said there were strategic, operational and organisational problems, although the most significant flaw was the lack of a clear and coherent future strategy. In terms of strategy, there were weaknesses in revenue management, the route network — particularly on the international side — was flawed and SAA had limited alliances with other airlines. Operationally, costs were too high and revenue too low; crew productivity was low and overheads high; and service levels were generally unacceptable. Organisationally, the airline tended to be inwardly focused, inactive and defensive, and corruption was at unacceptably high levels.

Andrews said the effects of these flaws were evident in the amount of market share SAA had lost since 1993/94, with international market share almost halving.

There were various options open to government, including retaining the status quo and watching the airline decline further; liquidating; downsizing; or coming up with a new strategy and focus.

SAA moved further into the red in the six months ended September, with a net operating loss of R207m from a R145m loss in the previous six months. It posted a loss of R244m in the year to March 1998 against a loss of R323m in 1997 and profit of R324m in 1996.

Journalists vanish as Zimbabwe's government cracks down

(362)

Michael Hartnack

HARARE — The Zimbabwe authorities' crackdown against independent journalists continued yesterday when six were assaulted, and detained editor Mark Chavunduka and reporter Ray Choto of the Sunday Standard "disappeared" from police cells.

Colleagues feared the journalists were in army hands despite police pledges that they would be formally charged in court today or tomorrow with publishing a "false report liable to create alarm and despondency".

Simultaneously, a member of the Central Intelligence Organisation stormed into offices of two independent weekly newspapers in the southern town of Masvingo and assaulted six reporters, demanding: "So where is this coup? This is irresponsible journalism. Whatever happened to your patriotism?"

Norma Edwards, editor of The Mirror, where two reporters were beaten up, said her weekly newspaper did not even cover politics. The other four reporters were beaten up at The Tribune.

Friends taking food to Chavunduka and Choto, last seen at Harare Central Police Station late on Tuesday, found their names had not been entered in the detention book. BD 21/1/99

The intelligence organisation first said they had been taken to Cranborne Barracks, where Chavunduka was held for a week, then refused to disclose their whereabouts.

Judge James Devittie yesterday issued a fourth order demanding Defence Minister Moven Mahachi and defence secretary Job Whabira appear before him in open court at 3pm today to explain the fate of Chavunduka and Choto.

Three previous injunctions have been ignored since Chavunduka was seized by military police on January 12, with lawyers and court sheriffs finding it impossible to locate and prove service of the orders on Mahachi and Whabira.

The judge ruled the fresh injunctions on Mahachi, Whabira, police commissioner Augustine Chihuri and attorney-general Patrick Chinamasa could be handed to any responsible person at their places of work or their homes, or attached to the principal doors.

"If they didn't know what was going on, they would have stayed still," Erik Morris, counsel for Chavunduka and Choto, said at a hearing before Devittie in chambers late yesterday.

Chavunduka and Choto, who turned himself in on Tuesday, are supposed to appear for remand within 48 hours on a charge under the 1960 Law and Order Maintenance Act, the repeal of which has been passed by parliament but awaits President Robert Mugabe's signature. It carries a maximum 10-year jail term.

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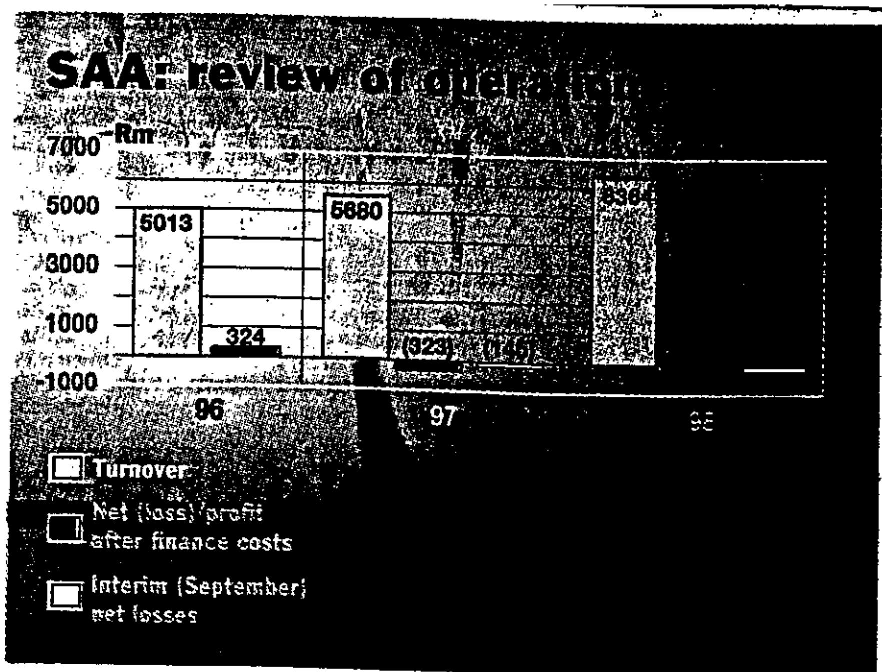

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ZIMBABWE

MUGABE RUNNING OUT

FM 22/1/99 (36a)

OF DANCE PARTNERS

Litany of broken promises and misrule have undermined his stature as a champion of democracy

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 fulfil 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 sticking issue at home has been mismanagement of the economy. Standards of living have declined by more than 25% 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 imploring 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 victims' fund by political friends and relatives of Mugabe, they wrenched massive concessions from him which set taxpayers back by Z$4,5bn.

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 convulsed 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 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 obdurate 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 industrialists see SA as an opportunist bully subsidising exports and flooding the central African market with cheap goods while denying reciprocal access to its markets. It remains to be seen whether SA Trade & Industry Minister Alec Erwin's offer of a free trade area will do the trick.

Mugabe's drawn-out fight with the Bretton Woods twins appears headed for an interesting showdown. Desperate for a structural adjustment success story, the International Monetary Fund (IMF) 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.

BOB'S BROKEN PROMISES

- Failure to distribute land to landless black Zimbabweans.
- Failure to compensate liberation-war victims (until they revolted in 1997).
- Failure to follow due process over land redistribution.
- Failure to observe human rights, as in illegal arrest of editor Mark Chavunduka.
- Failure to meet World Bank/IMF demands for transparency and accountability.

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

SA curio demand leads to fears for Zim trees

(362)

CT 22/1/99

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.

Cross-border traders who used to carry crotchet work such as bed covers, table cloths and food covers to South Africa are now taking carvings which, they say, sell better.

"Wooden plates have a ready market in Southern Africa," says Eunice Chakanetsa, a cross-border trader. She says South Africans use the wooden items mostly for display.

Carvers are very selective and are targeting red mahogany trees such as the Afzello-Quancesnsis and the Pretrocarpus, 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 long ago I used to get this wood 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 R510 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 that they buy their wood from peddlers.'

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."

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

Chief Marange, a local leader, is levying 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

BD 22/1/99 ~~BD 23/1/99~~ (362)

Michael Hartnack

HARARE — Zimbabwean Sunday Standard editor Mark Chavunduka and reporter Ray Choto were each released on bail of Z$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 Z$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.

Reuter 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 liable 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 Chavanduka'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

362 ARCT 23/11/99

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 despondency 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, 63, 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 foiled 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

51 (BT) 24/1/99 (362)

ECONOMIC AID

By TAPIWA MOYO

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 hammered investor confidence in a market that has declined to half of its 1997 levels.

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 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 multilateral 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.

"A 10-member delegation of human rights advocates from across the Commonwealth last night failed to gain access to Clive Wilson," the Indian-based Commonwealth Human Rights Initiative said in a statement.

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 defence ministry to obey a court order to release editor Mark Chavunduka last week was in contempt of court. Defence 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

Star 21/1/99 (362)

Press won't be cowed – Wilson

Sowetan 26/11/99

(362)

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

(962)

BY ALFRED CHAGONDA, Harare

Star 26/1/99

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 841 acquisition orders on farmers and so far have filed 600 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 24ha of his 940ha farm in Beatrice, about 70km 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 what is the point of using expensive fertilisers and chemicals on the whole crop when you could be told to leave any time."

Lendberg, whose farm is on the acquisition list, says he has not made any improvements to the farm, bought by his father in the early 1970s, since 1997.

Government presently requires a total of five million hectares of land to resettle about 150 000 black families at an estimated cost of Zim$40-billion (about R248-billion). – Sapa

Zimbabwe sets newspaper executive free, for the moment

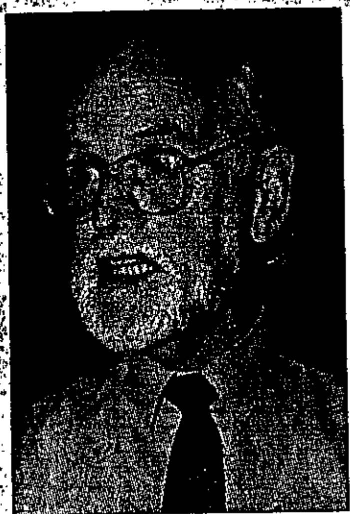
(362)

Police say they will find something else to charge Wilson with, although the case against him is 'insufficient at this stage' Star 26/1/99

AP

By Ian Mills
Harare


Mark Chavunduka


Clive Wilson


Ray Choto

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.

Evolutionary biologists have ... to alert others that a ... is a false alarm.

Zimbabwe riot police all set for torture protest at parliament

(362) ARG 26/11/99

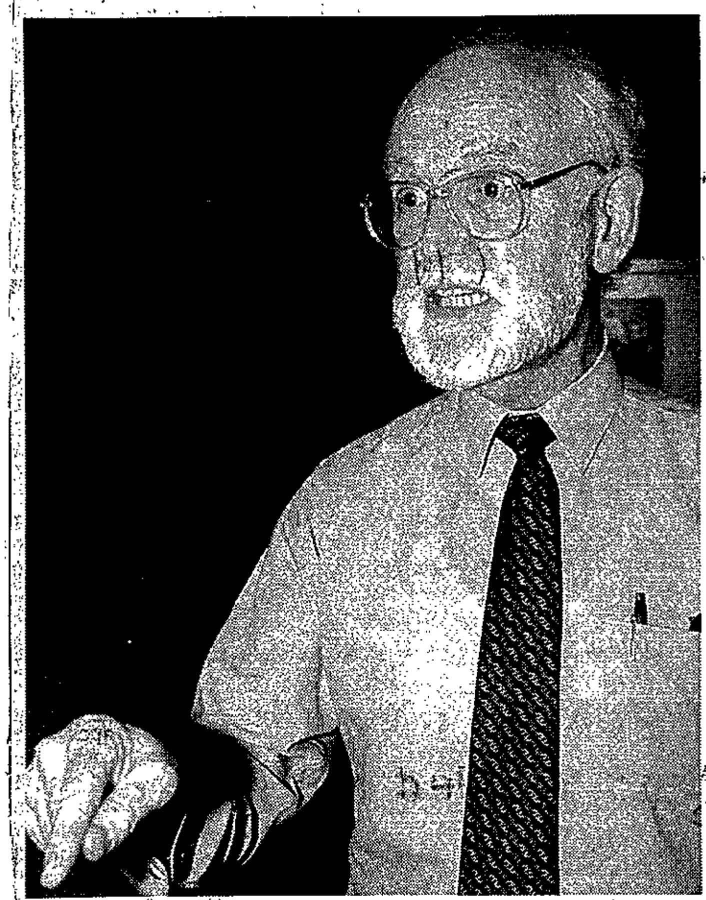
Harare – Riot police were deployed in Zimbabwe's capital today ahead of a demonstration against alleged state torture of two journalists for reporting a coup plot.

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



Clive Wilson, the publisher of the Zimbabwe Standard Newspaper. Picture: AP

Freed newspaper owner is 'not cowed by police'

(362) BD 26/1/99

Allegations made against Clive Wilson not sufficient to keep him locked up

Michael Hartnack

HARARE — Zimbabwean police yesterday released newspaper proprietor Clive Wilson, 62, admitting they had no grounds for prosecuting him over a report of an alleged military coup plot.

Wilson, the MD of Zimbabwe Independent Newspapers, said after spending three nights in filthy and crowded lock-ups in Harare: "I have not been assaulted or bullied and I am not intimidated."

Wilson was shunted from Harare central police station to Stodart police station and then on to Mbare and Mutapi police stations. He was kept with common criminals in an apparent attempt to punish him for anti-government remarks relating to the detention of Sunday Standard editor Mark Chavunduka and reporter Ray Choto.

Chavunduka and Choto were freed on Z$10 000 bail last Thursday after being charged with "publishing a false report liable to create alarm and despondency". At the time Wilson described the alleged torture of Sunday Standard editor Mark Chavunduka and reporter Ray Choto as "reminiscent of Nazi Germany".

After reporting the coup scare, Chavunduka was held by military police for 10 days in defiance of four successive high court orders. Chavunduka and Choto say they were tortured at the Goromonzi detention centre, 40km east of Harare, by interrogators who alleged SA had foreknowledge of unrest in the Zimbabwe National Army over the Democratic Republic of the Congo war.

Wilson was taken to the office of attorney-general Patrick Chinamasa yesterday where a subordinate admitted the factual allegations made by the police were not sufficient to keep him incarcerated, Wilson's lawyer, Innocent Chagonda, said. However, colleagues say security men have continued their cat-and-mouse game with the independent press, warning that they are seeking more data to justify fresh charges.

At the weekend, eight groups attending a conference in Harare convened by the Commonwealth Initiative on Human Rights, Peace and Good Governance in Africa said the treatment of Chavunduka, Choto and Wilson had "created an atmosphere of fear and alarm". They said the silence of President Robert Mugabe and his ministers over the allegations of torture suggested they approved or condoned such acts.

Chavunduka said if some details of the coup report were wrong, remarks made by interrogators, particularly of SA foreknowledge, confirmed there was considerable substance to it. If convicted, Chavunduka and Choto face a seven-year jail term. However, their offence hinges on legislation that has already been repealed by parliament and only awaits Mugabe's signature to be struck from the statute book.

Massive civil damages suits for wrongful imprisonment and torture are planned, but judges have come in for criticism from human rights lawyers for not taking a tougher line on contempt of court in the case. Rulings have yet to be made about the defiance shown by Defence Minister Moven Mahachi and Defence Secretary Job Whabira.

Spread of silence on bourse floor not golden

(362) BD 26/1/99

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

IT MAY be the age of electronic trading in many countries, but a loud voice is still essential for dealers on the Zimbabwe Stock Exchange. In what can resemble a school classroom at tea time, the 30 brokers scramble to get their bids and offers heard above the competing babble at the open announcement twice a day.

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 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 saviours.

The $200m 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 that so much shares 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 these have come 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 share 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 rescinded 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 broking firms agreed to stop trading; for three days not a deal was recorded.

Even stock exchange CE 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 55% 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 twice — testimony 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$3,8bn, up on the trend of previous years. The explanation for this was the continued interest by foreigners, whose hard currency successively bought more local dollars each time they invested.

Of the 62 listed companies on the exchange, about a third have a significant or controlling shareholding held by South Africans. Yet the political and economic state of the country has halted plans of making the stock exchange more international.

A start was made by allowing dual quoted shares. National Merchant Bank and Meikles were the pioneers, their reason for raising money on foreign exchanges being to set up operations in other countries. This has proved well nigh impossible so far and the interest earnings from their vast hard currency cash piles have been almost equal to profit from operations.

It is probable the exchange will have to mark time. There is now much nervousness throughout the private sector over growing exchange control restrictions.

Yet the exchange needs to modernise first. An e-mail service was set up only last year and an Internet web site has yet to come into operation. In the meantime loud voices will still be needed.

City demo backs held journalists

(362)

SIPHOKAZI MGUDLWA
STAFF REPORTER

ARG 27/1/99

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.

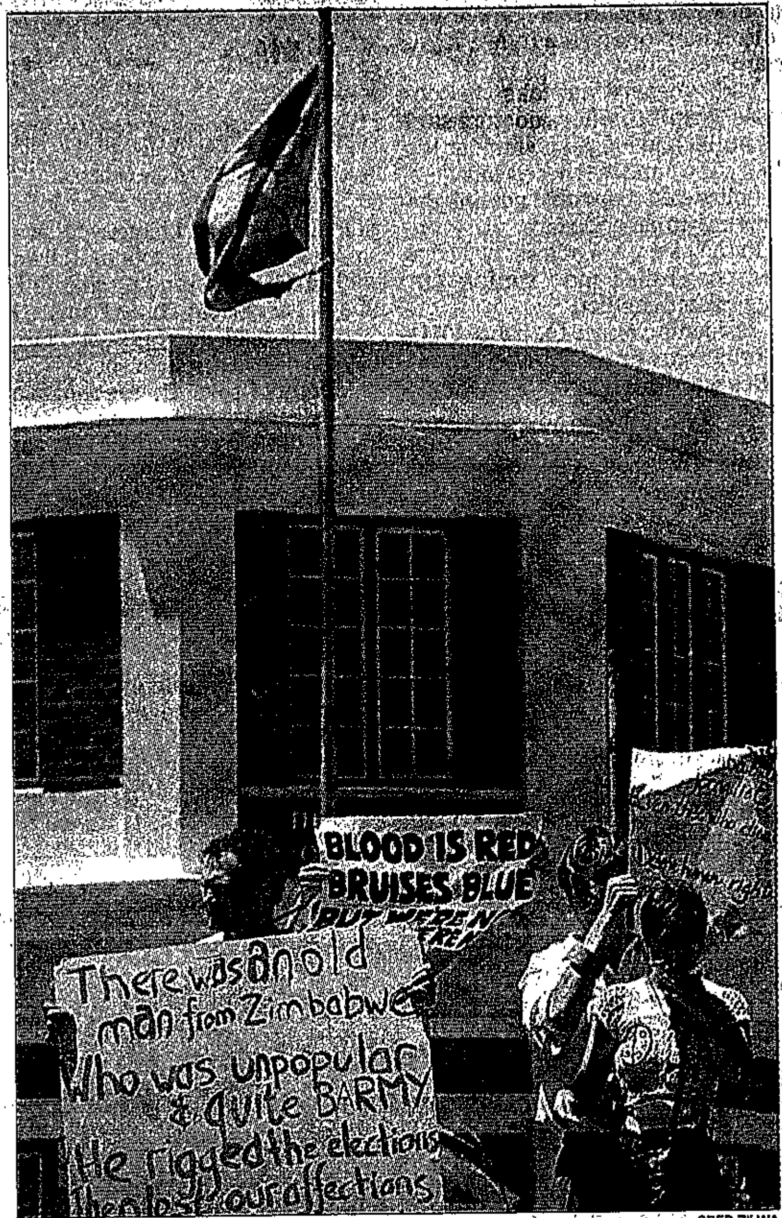
Yesterday's demonstration coincided with a nationwide vigil being held in Zimbabwe.

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".



OBED ZILWA

Protest: a poster attacks Robert Mugabe at yesterday's Zimbabwean consulate demo

Zimbabwe cops teargas protesters

Harare – Riot police have fired teargas 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 teargas, ringed parliament and closed the city's Africa Unity Square.

As protesters including journalists and lawyers approached a government complex, they moved in, firing teargas 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

(362) CT 27/11/99

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 Chinamassa to demand an inquiry into the alleged abduction and torture of journalists Mark Chavunduka 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". — IFS

REST OI

Police fire tear gas at lawyers

(3b2)

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

BD 27/1/99

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 superintendant 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 superintendant 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'

(362) BD 28/1/99

Nomavenda Mathiane

A ZIMBABWEAN counsellor 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 Matabeleland in 1983 to deal with their trauma.

Shari 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 issue of what happened during the three years of terror perpetrated 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

BD 29/1/99

(362)

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 1984) 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 resumption 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 5-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 1980 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 here.

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 50 000 mixed race group recently claimed British ancestry and emigrated to the UK.

Last week 800 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

(362) ARG 30/1/99

Harare – Western nations have protested to the Zimbabwean government over the illegal detention and torture by the military of two Zimbabwean journalists.

Envoys from the European Union, Australia, Canada, Japan and the United States delivered a protest note to acting foreign minister Nathan Shamuyarira.

The note, released by Germany, the president of the European Union, called on Zimbabwe to demonstrate its commitment to international standards of human rights and investigate, without delay, the torture charges and punish any perpetrators.

Mark Chavunduka, 34, editor of the independent Standard newspaper, and reporter Ray Choto, 37, were detained by military police after they published a report on the arrest of 23 soldiers who allegedly plotted a coup in December last year.

The government denied the report and described it as treasonable.

The journalists said they were tortured to reveal sources of the report released on January 10. Evidence of such torture was confirmed by a medical report commissioned by their newspaper.

The note said the Western nations were particularly concerned about the detention of civilians by the military, the violation of human rights by using torture, the violation of press freedom and the threat to the independence of the law after the military twice ignored a High Court order to release Mr Chavunduka.

The note said: "The above mentioned actions have done serious damage to the image of Zimbabwe."

Switzerland, meanwhile, said its authorities intervened to stop cluster bomb sales to the Zimbabwean military by a Swiss arms dealer.

Swiss Ambassador Catherine Polejack said in Harare the firm Aerotech SA had not received clearance to export the bombs worth several million dollars.

Swiss regulations required approval of all exports that could be used in "situations of volatility and tension", she said. – Sapa-AP.

Zimbabwe cries, but the president is deaf and blind

(362)

CP 31/1/99

As Zimbabwe's economy worsens and the country slides further into despair, the question on everyone's lips is when the autocratic, austere President Robert Mugabe will step down and when the suffering of the country's citizens will end. City Press political editor SEKOLA SELLO reports.

AS THE economic situation in Zimbabwe bites deeper, the question being asked by many observers is how long will President Robert Gabriel Mugabe manage to keep the lid on discontent before the country implodes?

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

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

But at 75, that cannot be far off.

Another disappointment is that the ruling Zanu-PF (an amalgam of the Zimbabwe African National Union and the Zimbabwe African People's Union), which must take a great share of the blame for the current economic woes, looks 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 biting deep in Zimbabwe and the price of goods, including the staple maize, has doubled in the past 12 months.

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

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

These have traditionally been the power-base of the ruling Zanu-PF, made up of the country's two major tribal groupings, the Shona (Zanu) and the Ndebele (Zapu).

A leading Zimbabwean journalist and political analyst, who asked not to be identified, said that in spite of the increasing hardship for the majority of ordinary 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 apathy among most voters – expressed by a poor turnout in a number of by-elections – favours 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 fractured and lacks the dynamism to counter 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 bereft of 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 what is becoming the norm in Zimbabwe: that the rule of law is no longer respected and that governance now revolves around the persona of Mugabe.

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

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

While most Zimbabweans sympathised with the war veterans and recognised that they needed help, economists were appalled with the manner in which the government raised the four billion 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 overseas trips that government officials make. 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 stalemate, then the government finally backed down.

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

This, it is believed, is costing the battered Zimbabwean economy an estimated R3 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 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 nice 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 regurgitating 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 seem to have 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 118 farms it has already purchased.

'INVITING ANARCHY'

Judges warn Mugabe about ignoring courts

(362)

CT 1/2/99

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 McNally, Simbarashe Muchechetere 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 Chavunduka, 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.

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 Moven 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, Reuter

Judges take Mugabe to task over torture

(3ba)

Star 1/2/99

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 editor 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 Chavunduka.

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

"We ask ... that Your Excellence 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 their petition was obtained by the *Standard*.

"We ask that you recognise the concern of the judiciary in relation 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 journalists.

"What is of great consequence is the public perception that the army and/or the CIO (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. – Sapa-AFP.

Zimbabwe abuses anger HRC

Star 2/2/99

(362)

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 Pityana said while he understood the need for co-operation between SA and Zimbabwe, it was important that such a relationship be based on international human rights standards.

"Our 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."

Pityana 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

Michael Hartnack (3b2) BD 3/2/99

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 Kangai 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.

Kangai said 200 000 tons was stockpiled, but also repeated accusations that millers were hoarding grain in a bid to force the controlled price of meal 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 human and 400-500 000 ton livestock demand.

The grain producers' association estimated this year's harvest at 1,3-million tons while the Government Central Statistic Office forecast 1,47-million tons.

Mugabe turns the screws on the press

The battle being fought against the Zimbabwe government by the independent press is one it cannot afford to lose, says Trevor Ncube, editor in chief of the Zimbabwe Independent newspaper

(362)

OD 4/2/99

A COMBINATION of factors including setbacks for Zimbabwe's forces in the Congo and a litany of economic problems due to years of corruption and mismanagement have seen President Robert Mugabe's government turn the screws on the small but vibrant independent press.

In a media landscape dominated by sycophantic government-controlled newspapers and a broadcasting service where the only voice heard is Mugabe's, an increasingly restive public has turned to the privately owned press to ventilate their anger and their hopes for a better future.

But instead of attending to the real concerns voiced by Zimbabwe's disaffected populace the panic-stricken government has decided to shoot the messenger.

Even though government's intolerant attitude towards the press is now legendary, last month's illegal arrest, detention and torture by the military and the Central Intelligence Organisation of journalists from the Standard newspaper for publishing a report on a foiled attempted coup was a new low.

At a press conference called to respond to the Standard's story, a livid Moven Mahachi, Zimbabwe's excitable defence minister, threatened that: "The paper cannot be allowed to get away with it. Appropriate action will be taken."

As things turned out, that appropriate action was to be the detention and torture of Standard editor Mark Chavunduka and his senior reporter Ray Choto in violation of the law and their rights enshrined in the country's constitution.

Clearly the intention in the military's handling of this matter has been to send a message to journalists that the army and its conduct in the Congo war are off limits. Home Affairs Minister Dumiso Dabengwa threatened that the government would have to resort to the Law and Order (Maintenance) Act, a draconian colonial instrument designed to suppress African nationalism and due for repeal this month, to protect the military against what he called a hostile press.

In its determination to punish the journalists the ministry of defence ignored at least three high court orders to release the journalists from unlawful detention precipitating a constitutional crisis.

Defence Secretary Job Whabira, on being served with a court order, declined to accept it, declaring that the courts did not have the jurisdiction to tell the military what to do. It was his view that anybody who "meddled" in military affairs should be subjected to military law.

Acting President Simon Muzenda has subsequently endorsed this view although no such provisions exist in the Defence Act.

The publication of the coup story had obviously touched a raw nerve as it came against a backdrop of widespread discontent in the military with Mugabe's efforts to bolster embattled Congolese ruler Laurent Kabila. A Gallop poll commissioned by the Catholic Commission for Justice and Peace found that 70% of those interviewed were opposed to the costly foray into the Congo.

While raising the profile of the military in Zimbabwean politics, growing public discontent over the wisdom of the war has inevitably been reflected in the military itself.

Leaks abound as officers and men express reservations about a war that, as the independent press forecast, has proved unwinnable. The problem is compounded by an opaque defence ministry that refuses to disclose even elementary information.

It has for instance been impossible to pin down the exact number of the casualties. Efforts to discipline the dissenting voices within the military have attracted the attention of the private media but met flat denials from the military establishment.

Stories abound of senior members of Mugabe's government and army officers involved in corrupt business deals in the Congo. More damaging than any of this has been the suggestion that Zimbabwe's much-vaunted offensive in the east has failed; that the nation's over-staffed and heavily pampered military machine — the recipient of the second largest budgetary allocation and a vast field of patronage for Mugabe's party — has failed in its first major test. Very simply, it is not worth the cost. This realisation has inevitably ruffled high-level feathers and bruised the already overweening ego of the commander-in-chief himself.

But Mugabe's government has never pretended that it likes the private press. It regards press freedom as a gift from a magnanimous regime to be curbed whenever it thinks necessary. The president has frequently lashed out at what he calls "the gutter press" whenever it has published unflattering reports about himself or those close to him. The rhetoric against the privately owned newspapers has now reached fever pitch following mounting economic problems and increasing evidence of corruption among those around Mugabe. The president has also been stung by criticism carried in the British and SA media.

The independent media has been on the receiving end because of its campaign to expose misrule and corruption in government.

The independent press has exposed the irregular disposal to a Malaysian consortium of the Hwange Thermal Power Station in a deal facilitated by Mugabe and Malaysian Prime Minister Mahathir Mohamad.

The International Monetary Fund has joined the chorus of those calling for the reversal of the deal.

The government's latest attack on the press is a message to journalists that the army and its conduct in the Congo war are off limits.

The private press's revelations of the abuse of projects intended to benefit the poor has not gone down well with the political establishment.

Examples include the looting of a low-income housing fund by senior government and party officials and those close to Mugabe including his wife Grace.

The private press also exposed the abuse of a rural borehole drilling project intended for peasant farmers in arid areas which was diverted to the estates of the rich and politically well-connected — mostly in Harare's posh suburbs.

It invited the ire of the establishment by exposing the pillaging of a war victims' compensation fund by those close to the president, some of whom never participated in the liberation war.

It has also stepped on a number of sensitive toes by focusing on the abuse of human rights by the government and by demanding good governance, transparency and accountability in the management of the economy.

It has demonstrated time after time that the diversion of resources to the upkeep of a privileged political elite has prejudiced national development.

Its campaign for constitutional reform and a transparent land reform programme has attracted the wrath of the government which claims the country as a prize of the liberation war and prefers revolutionary posturing to concrete progress.

As a robust critic of government policies and performance it has been labelled unpatriotic by a regime long accustomed to a praise-singing media.

The government's refusal to repeal restrictive press laws originally enacted by the colonial government to suppress African nationalism reflects its preoccupation with press regulation. The law of defamation, particularly criminal defamation, is a serious impediment to the press's role as a public watchdog. The Official Secrets Act has nurtured a culture that public information is the domain of those in power. Given the prevalence of corruption, Zimbabwe is in desperate need of legislation that compels public officials to divulge information on request by the press or the public.

Freedom of the press in Zimbabwe is under threat if recent calls for further tightening of the already restrictive legal environment is anything to go by. Information Minister Chen Chimutengwende has called on government to tighten libel laws so that "the independent newspapers can be asked to pay stiffer penalties when they publish articles regarded as defamatory by the individuals concerned".

And Mugabe has also threatened that the government will not stand by and watch the press invade the privacy of individuals — particularly those around him.

However, a more ominous development is the setting up of a government task force last week to formulate an information policy to regulate the operations of the media.

It is the task force's brief to "create a regulatory framework for the registration and licensing of media".

Analysts see this as a strategy to deal once and for all with newspapers and journalists critical of the government. With national elections due in 2000, this move to eliminate critical voices comes at a crucial time for a regime with a shocking record of misrule over almost two decades. Those in the state-owned media have been cheering the government on in its campaign to erode press freedom.

As Mugabe's popularity nose dives, he studiously ignores the underlying causes of poverty which has its roots firmly in the misallocation of national resources. Instead, he chooses to lash out at the small but growing privately owned press.

In all this it is instructive to note that the freedoms the press currently enjoys were not a gift from a benevolent administration but were wrestled from it. The privately owned press and civil society are determined to hold onto these hard-won freedoms and improve on them through a broad-based constitutional reform exercise. The battlelines have been drawn.

The Zimbabwe Independent is a privately owned business weekly based in Harare

AFRICA

IMF under political pressure not to give Zimbabwe a loan

(362)

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 governor 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 has appeared reaffirming that full compensation will be paid to farmers.

BD 5/2/99

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 thje 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. (3b2)

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

REPORTS: Reuter, Sapa-AP.

Zimbabwe faces food crisis within weeks

(362)

Heavy rains hit maize crops amid supply chaos

IAN MILLS ARG 5/2/99
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

Star 5/2/99 (36a)

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

By Ian Mills
Harare

As if war and a despotic 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 blighted 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 fall 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. SA is at the end of its season and might not have exportable stocks.

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

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.

Trade union body says this is the worst crisis in decades

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

ZIMBABWE 362

SO WHAT? LET THEM EAT CAKE

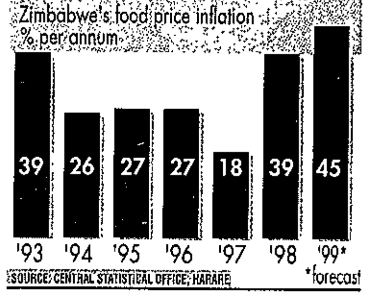
When Zimbabwe's tripartite negotiating forum — of government, labour and business — meets this week, it will have a new item on its agenda. Food security.

The reason is that the long-predicted shortage of maizemeal, 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 on to 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.

CANTERING COST OF FOOD



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 600 000 t-700 000 t 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, Tsumba 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, Tsumba's efforts to stabilise the Zimbabwe dollar will end in tears.

Special Correspondent

Mugabe rails against judges

BD 8/2/99 (362)

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 Coltart 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 atone 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 arms of 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 Muchechetere, and by Judge Ishmael 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 "flat 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

BD 8/2/99 (362)

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

BD 8/2/99 (362)

Charles Mubambe

LUSAKA — Zambia's central bank is to get more teeth with the strengthening of its supervisory capacity of the sector, a capacity which will also be extending 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 Meridien Biao, 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 1998 led to an increase in the number of nonperforming loans and created difficult industry 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 Mahtani.

Mahtani'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 Zambia's largest indigenously owned commercial bank, ranked fifth in the country. Tom Mtine, a prominent local businessman, has since replaced Mahtani in managing the bank.

Attack on judges plunges Zimbabwe into constitutional crisis

(362)

CT 8/2/99

TIRADE: Robert Mugabe

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," prominent lawyer and human rights activist David Coltart said.

"To all intents and purposes this is now a military regime," he added.

In a nationally televised address a visibly furious Mugabe lashed out at the country's top judges, white human rights activists and Britain.

He accused the judges of "an outrageous and deliberate act of impudence", and the others of trying to topple his government.

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, Mugabe said 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".

Without referring to the fact that it is against the law for the military to detain civilians, or to the alleged torture of the journalists, Mugabe appeared to suggest they got what they deserved.

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.

"Propelled by the unquestionable loyalty and commitment to the defence and security of the state, they wanted to establish the source of the falsehood and so they proceeded in the manner they did. If the *Standard* had not behaved in such a blatantly dishonest and unethical manner, the army would not have acted the way they did," Mugabe said.

Mugabe also attacked some journalists and human rights activists, saying "they have pushed our sense of racial tolerance to the limit".

Coltart, one of the activists named, said he took the threat "very seriously, given the nature of this regime and what they've done in the past few weeks."

But, he said: "The big issue is the independence of the judiciary and the respect for the rule of law. I think we have to see the president's statement as coming from a person and a government which is embattled ... and they are now going to rely on the military to remain in power."

The two 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".

"Their heinous objective was to plant an idea of a coup, thereby causing disaffection in the army and to instil alarm and despondency among the peace-loving Zimbabweans," he said.

"The likes of Clive Wilson and Clive Murphy, complemented by the Aurets (Catholic Commission for Justice and Peace chief Mike Auret) and Coltarts of our society, are bent on ruining the national unity and loyalty of our people and their institutions.

"But we will ensure that they do not ever succeed in their evil machinations. Let me state this and quite emphatically: They have pushed our sense of racial tolerance to the limit. Let them be warned therefore, that unless their insidious acts of sabotage immediately cease, my government will be compelled to take very stern measures against them and those who have elected to be their puppets."

Mugabe, who is facing unprecedented opposition to his 19-year rule, also accused "British agents, planted or recruited in Zimbabwe" of attempting to "bring about disaffection among us, with the object of undermining a legitimate government". — Sapa-AFP

Mugabe sparks new crisis in Zimbabwe

ARG 8/2/99 (362)

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 states 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.

Mugabe: shocked

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 distraught 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 it did."

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

He named among white dissidents the independent "Sunday Standard" newspaper proprietors Clive Wilson and Clive Murphy, Michael Auret of the Roman Catholic Justice and Peace Commission, and Bulawayo human rights lawyer David Coltart.

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 Muchechetere, 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 four repeated contempt of court orders. – Sapa-DPA

Mugabe sides with military over detention of journalists

Mar 8/2/99 (362)

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

BD 9/2/99 (163)

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.

As part of his new responsibilities, Mdladlana is to establish processes to ensure proper co-ordination between affected government departments so that projects agreed to are implemented.

In recent weeks, President Nelson Mandela and his deputy, Thabo Mbeki, have raised the issue of reviewing labour legislation. Mdladlana said this issue was not agreed to at the job summit, but taken up by Mbeki who referred it back to the labour department.

Labour and business, he said, had raised concerns about the legislation — labour was worried about job security while business said the legislation created burdens and made hiring unattractive.

However, they had never indicated that there was anything fundamentally wrong with the legislation. Discussions would be initiated in the National Economic, Development and Labour Council's labour market chamber and a tripartite task team would be appointed to review government's five-year plan for any elements which hindered job growth.

Zimbabwean journalists arrested

Michael Hartnack (362)

BD 9/2/99

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, Farai 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.

Comment: Page 11

Zimbabwe police arrest more journalists

(362) CT 9/2/99

HARARE: Police arrested three journalists here yesterday, a day after President Robert Mugabe threatened to intensify curbs and punitive action against independent newspapers.

Five journalists have been arrested this year over reports linked to Zimbabwe's involvement in the six-month-old Congolese civil war.

Detectives took Grace Kwinjeh, a reporter with the independent weekly *Zimbabwe Mirror*, from the newspaper's offices, chief editor Ibbo Mandaza said.

The detectives said they wanted to question Kwinjeh over an October report on the return of the bodies of Zimbabwean soldiers from Congo. About 8 000 Zimbabwean troops are backing President Laurent Kabila of the Democratic Republic of Congo.

The *Mirror's* news editor Fernando Goncalves and Farai Mungazi, who worked on the paper when Kwinjeh's article appeared, were also arrested.

"This is designed to intimidate the media from doing its work. We are not afraid and we will confront and resist this intimidation," Mandaza said.

One of Kwinjeh's articles reported that only the head of a Zimbabwean soldier killed in the Congo was returned to his family for burial. The military denied the report.

Mandaza said *Mirror* journalists were being questioned by the same detectives who charged Mark Chavunduka, editor of the *Standard*, and reporter Ray Choto. They were arrested for reporting a suspected coup attempt, which they said was fuelled in part by the Congo deployment.

The government denied that report and described it as treasonable.

The *Standard* journalists said they were tortured by military police seeking the identity of their sources. Medical experts confirmed they had suffered beatings, electric shocks and suffocation by near-drowning.

Four Supreme Court judges protested against the abuse and illegal detention of the journalists by the military.

In a national broadcast on Sunday Mugabe accused the judges of political bias. He challenged them to resign.

Mugabe attacked independent newspapers and warned stern measures would be taken against what he described as "acts of sabotage" by opponents, including human rights activists and journalists.

Mugabe condoned the torture of Chavunduka and Choto, saying the army, "propelled by unquestionable loyalty and commitment to the defence and security of the state ... wanted to establish the source of the falsehood and so they proceeded in the manner they did". Also, media organisations failing to publish what he termed the truth would forfeit the right to publish. — Sapa-AP

'Not our business'

ANDRE KOOPMAN
PARLIAMENTARY BUREAU

SOUTH AFRICA'S image as a human rights champion took a beating yesterday when Foreign Minister Alfred Nzo described human rights abuses in Zimbabwe as a "domestic affair".

Nzo remained mute on the looming constitutional crisis in Zimbabwe which followed the illegal detention and torture of journalists. Speaking to diplomats and journalists during a briefing at Parliament, he said South Africa would not presume to lecture Zimbabwe on its internal affairs.

Asked to comment on the human rights abuses which sparked the constitutional crisis Nzo said: "It is purely a domestic affair."

MUTE: Alfred Nzo

Nzo did however say that "some of the things that are happening there, (Zimbabwe) will not happen in South Africa".

● See Page 17

More held in Zimbabwe press clamp

(362)

ARG 9/2/99

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 Ibbo 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 Mandaza 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 Maforere, who died while serving in the Democratic Republic of the Congo, had been forced to bury only Mr Maforere's decomposing head.

The Zimbabwean army has denied the report and members of Mr Maforere'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". – Sapa-Reuters

Zimbabwean towns fall into disrepair

CT 10/2/99 (362)

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 street lights and the underground drainage having collapsed in most areas. The situation is worst in the townships where effluent and sewerage runs 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 56 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, ministers 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 retrench 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. – IFS, AIA

Zim plunged into crisis

President Robert Mugabe's outburst against Zimbabwe's judiciary and press could harm the chances of international support (362)

Sowetan 10/2/99

HARARE – 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 distraught 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.

He named among leading white dissidents the *Sunday Standard* proprietors Clive Wilson and Clive Murphy, Michael Auret of the Roman Catholic Justice and Peace Commission and Bulawayo human rights lawyer David Coltart.

Coltart, with Auret one of the authors of a recent report on the murder of up to 20 000 Mugabe opponents in Matabeleland 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 deprecate insidious attempts by British agents planted or recruited in Zimbabwe to bring about disaffection amongst us, among our arms of government, with the object of undermining our legitimate government of the

President Robert Mugabe plunged Zimbabwe into a constitutional and diplomatic crisis on Sunday when he attacked the country's judges and accused 'British agents' of seeking to foment an army coup.

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 affecting 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 Ishmael 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 contempts 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 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 Harare 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 60 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 hinged on pledges he gave the IMF on governmental reform, now in doubt. – *Sapa-DPA*.

Zimbabwe police fight students

(362)

BD 11/2/99

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 refile 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 Gubbay, 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 Moven 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 Whabira and military police major Fidelis 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 to Japan.

The decision, taken by Cites's standing committee, will allow Zimbabwe to sell up to 20 tons and Namibia up to 13,8 tons under strict conditions laid down by the body. Botswana, which has declared stocks of 25,3 tons, will have to await the outcome of a further study.

The move has met strong opposition from some environmental groups but is in principle supported by the conservation group, World Wide Fund for Nature.

An international ban on the sale of elephant parts from Africa has been in place since 1989, but most wildlife experts agree with Cites that elephant populations in the three countries are no longer under threat.

In 1997 Cites proposed allowing a limited amount of ivory from Namibia, Zimbabwe and Botswana to be shipped to Japan in an experiment to support conservation and community development projects.

Members of Cites's standing committee are meeting in Geneva this week to discuss the ivory shipment and other matters, which include measures taken to control trafficking in parts and products from tigers. — Reuter, Sapa-AFP

(362) ([redacted]) BD 11/2/99

'WE'LL TELL IT AS WE SEE IT'

Media refuses to be cowed by Mugabe

(3b) CT 11/2/99

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

MORAL 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 Ibbo 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 Gonclaves and Farai Mungazi, who were accused of publishing reports which the authorities described as inaccurate.

Charges against Gonclaves and Mungazi were dropped. Their arrests followed those of Mark Chavunduka 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 Pollecut 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.

"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," Pollecut 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 Eronini 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 its a case of a dictator who is trying to hang onto power in his dying days," Megwa said.

Heneri Dzinotyiwei 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 Matchaba-Hove, chairperson of Zimrights, 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

(313)

CT 11/2/99

HARARE: Zimbabwean 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 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 donor countries these demands would be met, Mugabe has said Zimbabwe would go "its own path, paying farmers only for the improvements and not for land, when and if we are able to". — Reuter

Zim infrastructure faces collapse under debt crisis

(362)

ARG 11/2/99

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.

Infrastructure has broken down. Potholes mar the roads, street lights are 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 businessman are also major bad debtors.

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

ARG 11/2/99 (3b2)

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.

Learnmore 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

(3625)

Setback for land-grab plan in Zimbabwe

11/2/99

Harare – Zimbabwean government plans to acquire 841 white-owned farms to give to landless blacks have suffered a major blow from a court ruling that it can take well under half of the intended farms.

The government can compulsorily take only 321 farms of the 841 it had earmarked in November 1997, under an administrative court finding this week which was made public yesterday in the government-controlled *Herald* newspaper.

The reason is that authorities have delayed filing applications confirming their intention to acquire much of the land by more than a year.

In a case between the lands ministry and a white farmer, Johannes Fick, who contested plans to acquire his farm, the court ruled that it was a legal requirement under the Land Acquisition Act of 1992 that acquisition orders be confirmed within 12 months of the notice date.

Only 321 of the applications were filed on time.

If the government of President Robert Mugabe wants to proceed with the process, it will now have to start afresh.

The government has been planning to acquire 5 million hectares of land from whites to resettle hundreds of thousands of black peasant families in overcrowded communal areas over the next few years.

Whites, who make up under 1% of the population, hold about 30% of the country's land.

■ Riot police blockaded the University of Zimbabwe campus in Harare and patrolled the capital yesterday to prevent a demonstration against Mugabe's increasingly beleaguered government.

The police fired teargas to prevent hundreds of students leaving the campus to march into town, witnesses said.

They had planned a protest against government corruption, Zimbabwe's intervention in the Democratic Republic of Congo conflict, a crackdown on the media and delays in the payment of student grants.

By mid-afternoon the campus was calm as students boycotted classes while meeting to decide whether to attempt the march again today. – Sapa-AFP

REST OF AFRICA

'Disaster' if Zimbabwe judges quit

(362)

The chief justice is expected to seek a private audience with Mugabe to try to ameliorate relations

BD 12/2/99

Michael Hartnack

HARARE — Zimbabwe's judges believe the country will "descend into chaos" if those disenchanted with President Robert Mugabe's human rights record obey his call for them to quit, legal sources say.

Chief Justice Anthony Gubbay is expected to seek a private audience with Mugabe to try to ameliorate relations with the judiciary.

Mugabe's call for the judges to quit comes at a time of constitutional crisis triggered by the detention of journalists who reported about an abortive coup plot. A diplomatic confrontation also looms with Tony Blair's Labour government and the European Union over Mugabe's claim that "British agents" had tried to foment his overthrow.

Bulawayo-based judges are flying to Harare tomorrow for a meeting of all 30 members of the supreme court and high court benches, after which the habitually soft spoken and reticent Gubbay may issue a statement responding to Mugabe's challenge to the judiciary.

Mugabe made the statement in an emotional emergency broadcast to the nation on February 6.

He forced the retirement of Gubbay's predecessor, the internationally respected Enoch Dumbutshena, after a series of court rulings against the government.

Zimbabwe's law society, to which all the country's legal practitioners are required to belong, met yesterday to consider an approach to Justice Minister Emmerson Mnangagwa, who has supported Mugabe saying it bothered him that "judges could hold the government in such contempt and low esteem".

Mugabe implied judges who had called for reassurances on observation of the rule of law were guilty of misconduct, for which they might be thrown off the bench. He accused them of an outrageous and deliberate act of judicial impudence" and "going into the political forum". However, experts said yesterday Mugabe had no constitutional right to dismiss the judges unless they committed a criminal offence.

The judges have hearings pending on the planned takeover of 321 white-owned farms and the right of government critics to hold peaceful protests or politically motivated work stoppages.

Police cordoned off the University of Zimbabwe campus again yesterday to forestall demonstrations, while the Zimbabwe Congress of Trades Unions executive met to consider its next move.

Government attempts to expropriate 520 farms have temporarily fallen away, since papers were filed out of time with the administrative court.

Deputy Agriculture Minister Olivia Muchena said yesterday resettlement would start immediately on 120 farms already obtained on a "willing seller" basis.

One judge, who asked not to be named, reportedly told the independently owned Zimbabwe Financial Gazette: "The mood among the judges is that we will not be forced to resign, we will wait to be sacked, which is not possible under the constitution."

Another judge predicted "total chaos" and "disaster for the country" if judges quit wholesale or saw their rulings repeatedly ignored, as happened four times during the detention of Sunday Standard editor Mark Chavunduka and reporter Ray Choto. They alleged they were tortured by interrogators seeking possible SA security sources for the coup story.

SA Bar takes stand over Zimbabwean govt action

BD 12/2/99 (362)

Taryn Lambert

THE General Council of the Bar of SA expressed "grave concern" this week over the Zimbabwean government's continued defiance of court orders issued by that country's judiciary.

The council said it supported the judiciary's stand against political interference from Zimbabwe's leaders.

Zimbabwean police arrested four journalists on Monday on charges of publishing a false report to create alarm and despondency. Ibbo Mandaza, publisher and editor of the Zimbabwe Mirror and reporter Grace Kwinjeh were arrested and detained. Newly appointed Mirror news editor Fernando Goncalves and his predecessor, Farai Mungazi, were released after their arrests.

Bar council chairman advocate Peter Hodes said it was clear that the independence of the Zimbabwean judiciary — "a fundamental pillar of a democratic state" — was under threat.

The council was "deeply concerned by the recent defiance of court orders by executive agencies in Zimbabwe". It viewed "with anxiety" reports of the detention and torture of journalists in Zimbabwe and the Zimbabwean cabinet's response to public protests.

Zimbabwean President Robert Mugabe demanded last Saturday that judges who criticised 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 as an outrageous 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.... By suppressing freedom of speech and detaining journalists you are doing damage to Zimbabwe's international image," chairman Amanda Visser said in a letter to the Zimbabwean high commission.

CAPE TIMES
FRIDAY, FEBRUARY 12, 1999 ★

'CONTEMPT' FOR LAW CONDEMNED

Judges refuse to quit, 'wait to be sacked'

CT 12/2/99

(36A)

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 a 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 orders of court, especially concerning the freedom 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." — Reuter

Zimbabwe judges adamant they will not bow to Mugabe's call to quit

(3b2) Star 12/2/99

Harare – Zimbabwean judges will not quit over a row with President Robert Mugabe over the independence of the country's judiciary, a newspaper reported yesterday.

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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.

Meanwhile, Amnesty International yesterday urged Zimbabwe's neighbours to approach Mugabe over what it sees as a growing human rights crisis in Zimbabwe.

The London-based human rights group's South African chapter said that besides cracking down recently on journalists, the Zimbabwean government had over the years also victimised homosexuals.

"We would urge southern African leaders to speak with their Zimbabwean counterpart to reaffirm the importance of the rule of law, freedom of the press and the independence of the judiciary," Amnesty said. – Reuters

(362)

MTG 12-18/2/99

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 criticises his army's performance in the Democratic Republic of Congo or challenges his arthritic grip on power.

Four journalists from the weekly *Zimbabwe Mirror* were arrested on Monday. Editor Ibbo Mandaza and reporter Grace Kwinjeh appeared in court on Tuesday on charges of 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 newpaper on the army's role in Congo.

The arrests have been linked to threats made by Mugabe in a televised address last weekend. Claiming there was a plot by British agents to destabilise his regime, he warned of "stern measures" against the media and said that newspapers publishing stories he deemed to be untrue forfeited their right to the 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 fuelled a growing constitutional crisis by blasting 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's* 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 criticised *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's* journalists.

The *Zimbabwe Mirror* has in the past carried stories on Cabinet opposition to the Congo war and the return from the battlefront of a soldier's body without a head. The report infuriated the Ministry of Defence, which exhumed 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 appeal 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 Chen Chimutengwende 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 autocratic 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.

Roads, street lights, drains – it's all falling apart in Zimbabwe (362)

By JULIUS ZAVA
INDEPENDENT FOREIGN SERVICE

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 R29,4-million. All the other main towns have relatively huge deficits compared with their annual incomes.

Infrastructure has broken down. Potholes mar the roads, street lights are in disrepair or nonexistent, and underground drainage has collapsed in most areas. The situation is worst in the townships where ordinary workers live. Effluent and sewage is now running openly in the streets.

The waiting list for housing has grown to more than 2 million people, which will need R1-billion to clear.

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, leaving virtually nothing for projects and development.

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

Other services are suffering badly. Harare needs 56 ambulances but has only eight, which constantly break down, putting residents' lives on the line. Bulawayo is having problems collecting refuse because there are 12 refuse trucks instead of the required 23.

Non-payment of dues by residents is making the problem worse. If all the debts owed to councils were recovered, some councils would wipe out their deficits. The government, politicians, ministers and businessmen are also among the 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, which cannot be challenged by the courts.

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

The Association for Urban Councils says councils are collapsing because of financial mismanagement. It has embarked on an education campaign to train staff. – Africa Information Afrique

Star 13/12/99

Mugabe goes on offensive against media 'agents'

(362)

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, Chen Chimutengwende, said media laws were too relaxed, allowing the infiltration of foreign-funded newspapers with an ulterior motive: ousting Mugabe.

ROBERT 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 four claim to nave 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: "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 condoned 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 Auret, 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 deprecate 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 not only constitutional but economic and political crises, posing the greatest challenge yet to Mugabe's 19-year rule.

Stanbic hikes interest rates in Zimbabwe

BD 15/2/99 (3b2)

Martin Rushmere

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 CEs. 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 web page 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 551 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

BD 15/2/99 (362)

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 impudence" — 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

(362) ARG 15/2/9-

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

Harare is morose under the rains, drenching this year more than last, for longer than most can remember – 5-7cms day after day.

The water table has risen so high that water lies permanently on the surface. Sewage floats in it for the city's long-neglected sewerage system is on the point of collapse.

Angry residents contemplate the magnificent mansion that Mayor Solomon Tawengwa is building for himself, and the Mercedes cars he and his municipal cronies drive.

Even angrier are the council workers whose pay cheques all bounced last year. They went on strike, unheeding President Robert Mugabe's ban on strikes, in the wake of the second round of urban riots.

The first were caused by rises in food prices and the second by fuel price hikes – the result of the 60% devaluation of the Zim dollar last year.

The strike ban is aimed mostly at the mass stay-aways organised by the Zimbabwe Congress of Trade Unions (ZCTU), which has managed to channel the discontent of the urban poor.

The potholed roads and drifting sewage derive from municipal corruption, while the fact that most phones do not work is due to the telecom strike.

The occasional power and water cuts are a bit harder to fathom, as is the fact that bank computers no longer seem to work, sending out crazy statements every month.

There is no mealie meal – the staple diet – in the shops, apparently because of foul-ups by the government's marketing board. Bread, rice, potatoes and other substitutes are sold out. Inflation is running at 47% and shopkeepers often opt for pre-emptive price increases.

With interest rates at 55%, car sales have halved and the property market has frozen solid. The whites flocking abroad are renting their houses.

The Zimbabwe Human Development report (funded by the UN Development Programme) is eloquent on the straits to which the Mugabe regime has reduced Zimbabwe, hitherto one of Africa's richest and most developed countries.

Per capita income has fallen back to what it was a generation ago and the grotesque expropriation of wealth by the governing elite has produced one of the most unequal societies in the world.

As the UNDP report puts it: "In addition to the mis-targeting and inefficiency of social spending programmes, corruption contributes significantly to poverty and inequality.

"The tax base is shrinking due to tax-evasion, the maldistribution of resources, poor tax administration and disproportionate exemptions favouring the better-off and well connected."

Zimbabwe has fallen from 111th place in the 1991 human development rankings to 130th place last year.

The Zimbabwean state is, at many points, ceasing to function.

The parastatal oil company Noczim has run up a debt of Z$4-billion. And the department of social welfare has no transport to ship grain to 54 000 families in Guruve district.

Zimbabwe has some of the best sugar-growing land on the planet. For over 10 years the government has talked of building the giant Tokwe-Mukovsi dam to create several huge sugar projects in the Masvingo area.

Work on the dam finally began last April, but has halted because the government has failed to pay the Italian contractor.

The delivery of public services is so poor that there is increasing talk of tax and rates boycotts.

Ordinary Zimbabweans have never got over the president's wedding-of-the-century to new wife Grace, and are still agog that a Catholic archbishop chose to solemnise a wedding attended by the already grown children of this previously adulterous union.

His late wife Sally exploited her position to become so rich that Bob had to prevent the public hearing of her will.

> *'The tax base is shrinking due to tax evasion and the maldistribution of resources...'*

Already Grace has shown herself willing to shoulder the burdens of this tradition.

Mugabe's deputy, Joshua Nkomo, has interests in 16 farms. Army chief General Solomon Majuru – who, as Rex Nhongo, led the first guerrilla attack on a white farm – changed his name by deed poll to avoid the embarrassment of being known as the country's largest landowner with 17 farms.

He forgot that name changes had, by law, to be published in the press.

Comrade Bob still periodically declares his devotion to the principles of Marxism-Leninism.

Together with his vehement threats to expropriate property without compensation, this is more than enough to ensure that foreign investors give Zimbabwe a wide berth.

Given the government's spendthrift ways, its steady refusal to slim down the bloated patronage state administration and the elite's determination to steal everything not nailed down, the result has been to deliver Zimbabwe into the hands of the IMF/World Bank.

Meanwhile ministers bilk on whatever bills they can, the infrastructure falls to bits before one's eyes and the state searches ever more desperately for revenue.

> *'Mugabe will do anything to win next year's elections, including rigging them if necessary'*

All imported luxury goods are subject to a 100% tariff and in March a further 100% will be levied.

Mugabe angrily rejects the criticism of those who blame the government for the economic crisis.

It is, he says, the fault of greedy western powers, the IMF, the Asian financial crisis and the drought. This latter explanation causes a quizzical raising of eyebrows as the daily torrent continues to bucket down.

Zimbabweans date the origins of the present crisis to the 1997 pension demonstrations by ex-Zanla guerrillas led by Hitler Hunzvi.

When Mugabe gave in to the veterans' demands, he attempted to finance the increase from a new development levy. This was then thrown out as a result of mass popular protest, led by the ZCTU.

Above: teargas and rioters on the streets of Harare. **Inset:** Robert Mugabe and his wife Grace at the Cape Sun Inter-Continental Hotel

REUTERS

Press under fire: Zimbabwe Mirror journalist Grace Kwinjeh outside Harare Magistrate's Court last week. She is one of seven journalists charged under the Law and Order Maintenance Act for publishing a story that may cause alarm and despondency

The land question: a woman hoes on the outskirts of Harare. Inappropri...

Then came the decision to intervene in the Congo war – opposed, polls show, by 70% of Zimbabweans but necessary to protect various mining interests acquired by Zimbabwean politicians.

There is a murmur that the war costs Z$1-million a day; that the Congo rebels are experienced fighters and that Zimbabwean casualties are far greater than the authorities are admitting; that many soldiers have deserted and some have been executed.

Besides Mobutu's military dictatorship, all manner of outsiders have attempted to quell Congo's armed violence – the UN, the CIA, French paras, South African, French and British mercenaries and so on.

No one has succeeded for long and 40 years on the auguries hardly seem better for the current motley band of Namibians, Angolans and Zimbabweans.

Such was the mood surrounding the publication by the Sunday Standard of rumours of an attempted army coup that had led to the imprisonment of 23 mutinous soldiers who, allegedly, had been in touch with an MP and a leading cabinet minister.

The authorities' response was ferocious. The offending editor and journalist were arrested, handed over to the army, held and tortured – finally released on bail and charged under the infamous 1960 Law and Order (Maintenance) Act.

The burly minister of defence, Moven Mahachi, angrily insisted that the story that the two journalists had been tortured, though authenticated by several doctors, was "lies, all lies – and he even suggested that the two men had scratched themselves.

The affair has created utter consternation and, though Mugabe kept a low profile throughout, no one doubts that he sanctioned it. It was

e modern-day Zimbabwe

(362) ARG 15/2/99

ALAN TAYLOR

REUTERS

of Harare. **Inset:** Robert Mugabe and his wife Grace at the Cape Sun Inter-Continental Hotel in August 1996

REUTERS
... Grace
last week.
... the Law
a story that

ASSOCIATED PRESS

The land question: a woman hoes on the outskirts of Harare. Inappropriate land distribution is the major cause of unrest

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The affair has created utter consternation and, though Mugabe kept a low profile throughout, no one doubts that he sanctioned it. It was left to human rights NGOs, lawyers, journalists and some judges to add their opposition to the torrent of international protest.

The ruling party realised that the appalling publicity caused by the incident might cost it dear. And this, of course, is the crunch.

Disgusted donors are pulling back in droves, pledging only $700-million instead of the budgeted $2,5-million.

Discussions continue about the release of a further IMF tranche of $53-million and a World Bank $300-million credit facility, with a further $100-million under discussion with the EU and other donors.

A broad front of trade unions, human rights groups and other NGOs sees constitutional reform as the only peaceful way out.

Popular independent MP Margaret Dongo has now launched a new party, the Zimbabwe Union of Democrats, to fight the election.

Attention is focused on the attempt by ZCTU and National Constitutional Assembly leader Morgan Tsvangirai to call a national convention 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 talks 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 240-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 genuine reform.

But the reformers face an uphill task. "Mugabe always wants revenge on those who criticise him", one hears. "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, them if necessary."

The government's currently 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.

But first Tsvangirai, ZCTU and the NCA have got to get through the next two months.

As the 20% food price increases ripple through this month, to be followed by the 100% tariff increase in March, the potential for a further explosion of food rioting and social despair is bound to grow.

Tsvangirai is walking a tightrope 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, "no easy walk to freedom", but fighting for the same things against the corrupt and entrenched forces of African nationalism is no easier.

■ *With acknowledgments to the Helen Suzman Foundation and Focus Magazine (February issue)*

BD 16/2/99

Zimbabwe govt told to drop pension age to 40

300 (362)

Michael Hartnack

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 Mutasa announced yesterday.

"We do not foresee any hitches with that because it is something which has already been approved by the politburo. The changes should be made expeditiously," Mutasa, 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 Mutasa's announcement. Experts were not clear how the state might compel the private sector to offer an option of retirement at age 40, but Mutasa 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

CT 16/2/99

(362)

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

(362)

27/12/99

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 governing 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 laws 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 programme, 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 Alford, 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

A million

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AN HORN

'SA media trying to bring Zimbabwe down'

(362) Star 16/2/99

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 Mamabalo, 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 militarist," 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

(362) BD 17/2/99

Michael Hartnack

HARARE — Zimbabwe's Society for the Prevention of Cruelty to Animals (SPCA) vowed yesterday to prosecute those who are mobbing 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 raided gardens on Harare's northwestern outskirts 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 Magwegwe suburb.

In December, wardens tried to drug-dart and translocate a hippopotamus wandering up a watercourse into 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.

Meryle Harrisson, 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 strays 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'(362)

Michael Hartnack BD 19/2/99

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

BD 19/2/99 (362)

Human rights crisis may halt IMF aid, writes **Michael Hartnack**

HARARE — The economic and constitutional crisis in Zimbabwe shows signs of deepening as the nation goes into 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), and Industry and Trade Minister Nathan Shamuyarira, fearing new food riots, ordered bakers yesterday to reverse 18% bread price rises.

Both the judiciary and Parliament, in which Mugabe's party holds a 147-3 majority, were reported to be restive following his crackdown on critics of the defence ministry's contempt of court and alleged torture of two journalists 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 prices for staples such as bread, without regard to input costs, breaches pledges of economic liberalisation given since 1991.

Meanwhile, branches of the ruling Zanu (PF) party are organising countrywide dinner-dances with ticket prices nearly equalling the monthly minimum wage for an unskilled worker — Z$500. The state-controlled newspapers are planning large supplements dedicated to birthday congratulatory messages.

The traditional centrepiece of the festivities will be birthday parties organised by the ruling party's wing for under-14s, called the "21st February Movement", which urges parents to give their children presents to mark the anniversary of Mugabe's birth.

However, risking prosecution for contempt of Parliament, the Zimbabwe Financial Gazette reported yesterday that a house subcommittee was planning to warn that Mugabe's ban last year on the protest strikes organised by the Zimbabwe Congress of Trades Unions was unconstitutional. The strikes were to protest against alleged chronic misrule which has put 60% of Zimbabweans below the poverty line.

Legal sources said despite the qualms of a few of the 30 members of the supreme and high court benches, judges still wanted a deputation to meet Mugabe following his demand that those dissatisfied with his human rights record should quit.

None had any intention of resigning, sources said, and the bench collectively persisted in its quest for pledges that the executive would "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 Chavunduka and reporter Ray Choto, who had reported a witchhunt for unrest in the army. Mugabe accused the judges of causing a national crisis by "an outrageous and deliberate act of judicial impudence".

Three editions of the state-controlled Herald this week contained attacks on the foreign and independent media. University lecturer John Makumbe predicted that Mugabe's next response to the crisis would be regulations to control the independent media and curb its receipt of foreign funding.

A ruling party official said: "He might be turning 75, but he still has a lot of bite."

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IMF

PLAYING BY A DIFFERENT SET OF RULES IN ZIMBABWE

FM 19/2/99

Questions over why Washington will disburse new funds

Early in March the International Monetary Fund (IMF) will decide whether to disburse US$53m 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 propping up 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 supply growth in 1998, were all missed — in the case of inflation, by about 28%. Zimbabwe has reimposed a number of controls to bolster the exchange rate. It has imposed informal price controls, which the IMF claims will soon be reviewed, and recently pressed the banks into a managed exchange-rate system, which central bank officials insist reflects market forces.

It contradicts fund policy and principles. Yet the smart money is on the IMF disbursing next month and, if it does, the World Bank following suit not long afterwards. Why? The most logical explanation is that the IMF believes that if it does not disburse, Zimbabwe's economy will deteriorate rapidly. A second, similar, explanation holds that if the IMF does not lend now, government will revert to full-scale State intervention in the economy — including exchange and import controls.

Some in business and especially farming believe the IMF loan will — miraculously — turn the economy around. Many others reject this, arguing that IMF approval is not enough; the Mugabe government has passed the point of no return.

"The issues in Zimbabwe today have gone beyond economics. It's a political solution the country now needs," says one analyst. It's a solution the IMF cannot provide. Nor, apparently, can the Mugabe government. Its answer to a worsening economic situation is to blame the independent and foreign media.

It's a simple strategy: keep the people in the dark and shoot the messenger. It's been tried in many countries and hasn't worked. Zimbabwe is unlikely to be any different.

Special Correspondent

WHY IT SHOULDN'T

- Assurances on land resettlement unconvincing.
- Fears about human rights after row with judges over alleged torture of detained journalists.
- Doubts over funding of military involvement in the Democratic Republic of Congo.
- Failure to meet key economic targets agreed with the IMF.

WHY IT PROBABLY WILL

- US State Department believes the IMF should be used to put pressure on government.
- IMF believes if it does not disburse, Zimbabwe's economy will deteriorate and government will revert to full-scale State intervention.

Bank's results boosts market

BD 19/2/99

(362)

BD 19/2/99

HARARE — Banking group Barclay's 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$622,6m, despite raising the bad debt charge 190% to Z$267m.

"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. — Reuter.

BD 22/2/99.

Mugabe turns his wrath on Cyril

Michael Hartnack (362)

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.

"You know 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-$88m budget support, Mugabe said 841 white farms would be taken over despite setbacks in the courts, and their white owners would be given IOUs. Last week the Administrative Court ratified pledges that the Oppenheimer family would within 60 days be paid the full Z$2,35m sought for its 5 000ha ranch 400km 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 unlikely: Page 9

IMF support for Zimbabwe unlikely

(36a)

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 $515m 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 $53m-$88m 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, Kiambi and Moba," it said, claiming "scores of Congolese rebels are giving themselves up".

BD 22/2/99

'Out of touch' Mugabe goes off pop over press

(362) CT 22/2/99

HARARE: President Robert Mugabe fiercely attacked his critics in a television interview this weekend and scorned 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 Auret 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 relive 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 scorned Western governments.

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In a television interview, Mugabe blamed the country's economic crisis on a white plot and accused Western embassies in Harare of trying to "subvert" 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.

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The political situation, he said, "is good, in respect of the black community."

But he said whites "trying to relive 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."

Sowetan 22/2/99

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.

Star 22/2/99

(362)

Students' state funding set to dry up

HARARE — The 203 Zimbabweans currently receving state funding for tertiary study at SA universities and colleges may be the last, as the government moves to save Z$50m in foreign currency.

Those already placed would be permitted to finish their courses, but applications for future students would be frozen, sources said yesterday.

Higher Education and Technology Minister Ignatius Chombo announced last week that the sharp fall in the value of the Zimbabwe dollar and skyrocketing cost of SA courses had prompted a move to suspend support for new loan applications.

In the next five years seven more universities would be opened in Zimbabwe, he said. — Michael Hartnack.

(362)

BD 23/2/99

Red faces over gas field flare-up

Martin Rushmere (BD 23/2/99) (362)

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 Zimasco says assertions that Z$2bn (about R400m) has been spent on exploring a coalbed methane deposit is "too fanciful to warrant further comment". It is understood that the actual sum is less than 5% of this, although Zimasco 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."

Zimasco 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 3 000 jobs.

Zimbabwe firms buck economic troubles

BD 23/2/99 (3b2)

Martin Rushmere

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$622m (about R100m) for the year to December 31.

The Zimbabwean subsidiary of SA medical supply group Macmed recorded a 63% increase in net profit to Z$33m, 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 R10 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

Michael Hartnack

HARARE — President Robert Mugabe said yesterday that failed banker Roger Boka, who died on Sunday on a plane bringing him home to face questions about a Z$1,3bn banking fraud, was a victim of a white racist conspiracy.

"Precisely because Comrade Boka threatened the racially ordained order in the economy, he became a target of a vicious and racially motivated campaign which was repeatedly played out through the rightwing media both in the country and beyond," Mugabe said.

Mugabe may join cabinet ministers and black empowerment militants at Boka's funeral, scheduled for today near his birthplace in eastern Zimbabwe.

Boka, 54, was said to have died 30 minutes before touchdown on a foreign-registered charter. His family said he was suffering from sugar diabetes and hypertension.

Boka, whose Z$3bn financial empire floundered because of "poor quality and unrecoverable loans", according to a Reserve Bank report, may have taken to his grave the secret of his influential clients, whom he threatened to name if prosecuted.

The flamboyant black empowerment campaigner perpetrated a Z$1,3bn fraud — the largest in Zimbabwean criminal history — by issuing bills on the parastatal Cold Storage Commission without authority. The government was forced to underwrite replacement long-term bonds to save a wave of collapses in the financial sector.

Before 1980 independence he was a mission-school teacher and started in commerce as a cooking oil salesman. He received preferential access to scarce foreign currency and a monopoly for importing school textbooks.

In 1996 Boka built what he claimed were the biggest tobacco auction floors in the world, alleging that Zimbabwe's existing Z$8bn-a-year industry was "a white conspiracy to rob the indigenous people". The Z$110m floors have remained largely unused on land for which the Harare City Council has not been paid.

Last year the central bank withdrew the licence of Boka's United Merchant Bank, but investigators arrived after computer files had been erased and truckloads of records destroyed. A central bank report said Boka converted $200m from clients' accounts to ones abroad in his own name.

(362) BD 24/2/99

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 demarche.

"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, Rofina 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 newsmen. — Sapa-DPA

CT 25/2/99 (362)

Economists doubt Zimbabwe's political will to target inflation

CT (BR) 25/2/99 (362)

Godfrey Mutizwa

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 1991, 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.

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 Muzulu, 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 cheques 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 Murerwa, Zimbabwe's finance minister, said he had 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 outturn of the 1998 financial year which saw the deficit come down to 4,9 percent of GDP (gross domestic product), the lowest in recent memory," Murerwa 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 44,2 percent and seen as stifling growth. It has set a target to halve it to 24 percent by the end of 1999.

The IMF board will meet in March to discuss disbursement of $53 million of a $175 million credit package held back in November by concerns over Zimbabwe's land reforms and involvement in the Congolese war.

"Once the fund releases the $53 million, I expect that the African Development Bank will also release about $40 million out of a $200 million commitment," said Murerwa.

Mugabe rebukes Lloyd

Diplomatic observers believe the protracted interview 'went badly'

(3b2) BD 26/2/99

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 deploring 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

(362)

ARG 26/2/99

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 envoys 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.

Britain's minister at the Foreign Office, Tony Lloyd, said in Harare that he had raised the issue of the two journalists yesterday in a meeting with Mr 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 contempt of court.

These related to refusing to obey court orders to release Mark Chavunduka, 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 embassy 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 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 and incompetent administration under mayor Solomon Tawengwa, a close associate of Mr Mugabe.

The city is facing a cholera epidemic, refuse collection is in chaos and the sewerage system is collapsing. – Sapa-DPA

Army erred in detaining newsmen, Zimbabwe defence minister tells court

(362) ARG 27/2/99

Harare – A minister in Zimbabwean President Robert Mugabe's cabinet has acknowledged the military erred in detaining two journalists who later alleged they were tortured while in custody.

Answering contempt-of-court charges in the Zimbabwean high court, Moven Mahachi, the defence minister, said he was out of the country when Standard editor Mark Chavunduka and senior reporter Ray Choto were arrested over a story alleging 23 officers and soldiers had tried to stage a coup against Mr Mugabe.

"When I returned from Namibia I was briefed by the army commanders that an arrest had been effected and I told them that they should not have proceeded to do so," Mr Mahachi told judge president Justice Godfrey Chidyausiku.

He said the military had acted out of "anger".

Judge Chidyausiku reserved judgment in the case, in which Standard managing director Clive Wilson is seeking costs. Lawyers said the attorney-general might press criminal charges against the defence ministry.

The case against Mr Mahachi, defence secretary Job Whabira and the director of military intelligence arose from the army's refusal to release Chavunduka and Choto in spite of a court order to do so.

The government has called their January 10 article about a coup plot "a big lie".

The journalists' allegations that they were tortured while in detention sparked international condemnation and calls by Western powers for an independent investigation.

Mr Mahachi denied defying the court order to release the journalists and said the second order should not have been served on Mr Whabira, who he said was merely the ministry's accounting officer.

In his absence, the order could have been served on the ministers of home affairs or justice, he said.

The government's alleged refusal to free the journalists despite three court orders led Zimbabwe's top judges to write to Mr Mugabe, questioning his commitment to the rule of law. Mr Mugabe accused the judges of meddling in politics and asked them to resign. They refused.

The journalists have since been charged with publishing false information and their trial provisionally set for the end of next month pending finalisation of their application to receive medical treatment in Britain. – Reuters

Zimbabwe move hurts its coal maker

(362)

Martin Rushmere

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.

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 R100m. 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.

BD 1/3/99

CAPE TIMES
TUESDAY, MARCH 2, 1999

Major threat to Zanu-PF in next Zim elections

(362)
CT 2/3/99

CHRIS BISHOP
INDEPENDENT FOREIGN SERVICE

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 railed against the ruling Zanu-PF party in a three-day meeting and declared that the present state of the economy 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 700,000-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 Tsvangarai, has been dismissed as a mere populist by the government. Chen Chimutengwende, the Minister of Information, has said: "Tsvangarai is not a 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

By Chris Bishop
Star Foreign Service

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 next year's general 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 railed against Zanu (PF) at a three-day meeting and said the present state of the economy 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 all delegates had agreed on the launch of an opposition party in the next six months and were sending people to the grassroots countrywide to organise.

A lawyer at the conference said: "Never before have people in Zimbabwe, from all walks of life, got together to work like this. The writing is on the wall."

■ The trial of a newspaper editor and reporter accused of publishing a false story about the army was set for April 30 by a Harare court yesterday, **Reuters** reports.

The government charged *Zimbabwe Mirror* editor Ibbo Mandaza and a journalist on the paper, Grace Kwinjeh, with lying when they reported last year that a family was forced to bury only the decomposing head of a soldier who died in the Democratic Republic of Congo.

Star 2/3/99 (362)

Zimbabwe to go ahead with tsetse eradication plan

(362)

BD 2/3/99

Michael Hartnack

HARARE — Despite fears voiced by conservation groups, Zimbabwe's department of tsetse and trypanosomiasis control plans to go ahead with eradicating tsetse flies from the rugged 3 000km² Matusadonha National Park on the southern shore of Lake Kariba.

Large-scale eradication programmes in the Zambezi Valley in the 1980s led to ecological disaster as thousands of people flooded in with cattle, felling forests and claiming squatters' rights on fragile soil.

Conservation groups confirmed last week that the government planned to clear tsetse from Matusadonha to protect neighbouring communal farming areas. The fly carries deadly nagana to cattle and sleeping sickness to humans.

Among conservationists' major fears is that wildlife will lose immunity to trypanosomes, the blood parasites carried by the insect.

The Zambezi Society, a pressure group with branches in Britain, Zimbabwe and Zambia, said it had learned of the department's decision to use "targets", black plastic traps impregnated with special insecticide. These would be placed throughout the park, making it necessary to construct a network of access tracks for maintenance.

"A wilderness is not, by definition, riddled with tracks and tsetse targets," said a society bulletin. "One target might arouse some curiosity, but hundreds constitute an eyesore." The society questioned the wisdom of deliberately eliminating an ecosystem component in an area dedicated to biological integrity.

The society said SRK Consulting of SA had been appointed to co-ordinate environmental impact studies for the Z$67bn Gokwe North thermal power station being built 80km from Matusadonha.

Prime concern was the likelihood that the power station would attract job seekers and hawkers, and the lack of provision for this.

New labour-backed party may be serious threat to entrenched Mugabe

Star 3/3/99 (362)

Own Correspondents

Harare – Observers have sat up and taken notice after plans were announced on Sunday to form an opposition grouping supported by the powerful Zimbabwe Congress of Trade Unions (ZCTU). This is seen as the first big challenge to President Robert Mugabe's Zanu-PF party since 1980.

Two former stalwarts of the ruling party, MP Margaret Dongo and ZCTU leader Morgan Tsvangarai, have also staked claims for next year's general and presidential elections.

The ZCTU gathered more than 40 civic groups at a three-day convention, which ended on Sunday.

Policies adopted included calls for a new constitution before the 2000 elections, new measures to arrest the country's economic decline, rescheduling of the national debt, negotiation of a new social contract and implementation of a sound land reform programme.

Mugabe has ruled since independence in 1980. But worsening poverty last year – inflation rose to a five-year high of 46,6% – have shaken his grip.

Trevor Ncube, editor-in-chief of Zimbabwe's *The Independent*, is optimistic the alliance could challenge Mugabe, reports Peter Fabricius.

Speaking at the Freedom Forum in Johannesburg on the Zimbabwe media's battle with the state, Ncube said the country's problem was that it had never had a vibrant opposition. The new party "is a hope that things are moving fast".

He said it was the absence of a viable opposition which had forced the independent press to assume the role of opposition, which it did not want to play.

The root of Zimbabwe's present problems was a government which had been in power too long with almost no opposition. Zanu-PF had all but three of the 150 seats in Parliament.

Ncube said he believed the new party could offer the first serious challenge to Zanu-PF.

Tsvangarai, a charismatic orator who led successful strikes last year, appears to have street credibility. Sceptics say the grouping will go the same way as the others, but the backing of his union could turn the party into a threat. – Star Foreign Service

Press is Mugabe's only opposition

BD 3/3/99

Independent newspapers have become the scapegoat for most of Zimbabwe's problems

(3b2)

Claire Pickard-Cambridge

THE independent media was under siege in Zimbabwe because it was occupying the vacuum that an opposition party should fill, and because government needed a scapegoat for its problems, speakers said at a Johannesburg forum on Monday.

The editor in chief of the Independent in Zimbabwe, Trevor Ncube, said although President Robert Mugabe's government had never hidden its hatred of the private press, relations between them were deteriorating for a combination of reasons.

The first was the declining socioeconomic climate that had been brought about by government mismanagement.

"Citizens are demanding that government be sensitive to their needs, but government sees this is a challenge to its authority," Ncube said.

Secondly, the independent press had grown fast and was becoming the mirror of the nation.

"Government does not like the image it is seeing and wants to break that mirror."

Thirdly, the absence of a political opposition meant the media was occupying the space opposition parties should.

Ncube's comments came after Mugabe's threats of sweeping arrests of "lying journalists", and curbs against the private media.

Ncube said the roots of Zimbabwe's difficulties lay in the fact that Zanu (PF) had been in power for too long, and the 1980 Lancaster House constitution which did not enshrine sufficient freedoms, making it possible to suppress human rights.

Basildon Peta, secretary-general of the Zimbabwe Union of Journalists, said his union was fighting for a new constitution to foster democracy.

"Our constitution does not guarantee freedom of the press in a sufficiently specific way. We want constitutional guarantees on access to information that ... is in the interests of the public."

In addition, the Official Secrets Act made it a criminal offence to receive information from an official who was not authorised to release it, while a section in the Law and Order Maintenance Act barred the passing on of information said to be false and liable to create alarm and despondency.

Raymond Louw, representing the SA National Editors' Forum, said the forum was gravely concerned about the vicious campaign mounted in Zimbabwean government circles against the private press and foreign correspondents, particularly those working for the SA press.

Labour party for Zimbabwe

BD 3/3/99 (362)

As Mugabe steps up backing for Kabila, unions mount challenge, writes Michael Hartnack

HARARE — Leaders of the Zimbabwe Congress of Trades Unions (ZCTU) have unveiled plans to form a political wing, challenging President Robert Mugabe's ruling Zanu (PF) which won power in elections 19 years ago.

John Makumbe of the University of Zimbabwe described the move as "a real watershed, the last straw for Zanu (PF)". However, other observers fear the new party faces grave problems with funding, repressive laws and its socialist ideals, including nationalisation of land.

"Land should be recognised as a national asset, and should therefore remain in state ownership," said a declaration agreed on Sunday by the Working People's Convention. The convention prepared the way for Monday's announcement in Bulawayo of the launch of a party within six months to represent ZCTU's 200 000 members' interests.

The policy declaration said individuals' land rights should be safeguarded by "tradable" 99-year leases, and the state should temporarily intervene, with subsidies if necessary, if "market forces" prevented popular access to "food, shelter, health and education".

Radical economic reforms, backed by international financial institutions and western donors since 1991, have aimed to reduce the state role.

Economists say liberalisation has failed to stimulate growth, despite eradication of much bureaucracy, because of continued high state spending on political priorities.

Mugabe, who returned yesterday from a summit with his allies in Kinshasa, announced an escalation of the war in the Congo, where he has troops deployed. Three high-level British and US emissaries have visited Harare in the past five days seeking his support for peace initiatives.

"We have come to the conclusion we have to re-examine other means to put an end to the aggression," Mugabe said in a state radio broadcast, announcing unspecified additional backing for President Laurent Kabila and possible extension of the war effort against Angolan rebels.

At a series of rallies marking his 75th birthday, Mugabe has said his main internal foes are "Rhodesians" manipulating "unpatriotic" black Zimbabweans.

At a capacity meeting at Bulawayo's city hall, ZCTU secretary-general Morgan Tsvangirai said: "Our target is the 2 000 election and, depending on the people, we will start working on the party in the six months."

An opposition base since the 1982-87 atrocities against Ndebele civilians, Bulawayo has also been the scene of recent attempts to re-launch Vice-President Joshua Nkomo's defunct Zapu party.

"The struggle will have casualties," Tsvangirai warned, in a reference to the 7000 to 20 000 people slain by Mugabe's North Korean-trained Fifth Brigade. "It is not going to be easy. We are asking everyone to be bold."

Tsvangirai announced ZCTU was quitting the "tripartite forum" that links government, employers and unions established last year to negotiate a new "social contract".

Mugabe's use of special powers to ban protest strikes reduced talks to "chasing a mirage. It does not help to talk to people who are not serious."

Makumbe predicted Mugabe would counter the launch of the party with "worn-out slogans" that its support and possible finance from veteran white liberals meant it was a reincarnation of Ian Smith's white supremacist Rhodesian Front, which ruled from 1964-79.

The only other source of funding, needed to challenge Mugabe's access to state coffers through the Political Parties (Funding) Act, was from abroad, he said.

Reliance on funding from abroad may expose the party to allegations of foreign manipulation. Black businessmen risk revocation of licences if they anger Zanu (PF).

Makumbe said reintroduction of the state of emergency, which lapsed in 1990, was another possibility, as the new party mobilised both urban workers and their destitute rural relatives.

"They will bring Zanu (PF) to the edge of the precipice, but that will only speed up the process of change," Makumbe said.

"Zanu (PF) is forced to become more authoritarian and despotic, but I think the international community will see that the legitimacy of the Mugabe government is clearly in question."

To win power through the ballot box, the new party will have to capture 75 of the 120 parliamentary seats. Mugabe, whose term runs to 2002, nominates a further 30. His victory at the 1980 elections, with 57 of the 80 African seats, became apparent 19 years ago to the day. That was two years after former prime minister Smith signed an agreement to hand over to Bishop Abel Muzorewa's Zimbabwe-Rhodesian government.

Zimbabwe military has 'partly taken over in subtle coup'

Stan 4/3/99 (362)

By Peter Fabricius
Star Foreign Service

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 Chavanduka and journalist Ray Chito might have given the Zimbabwean military the taste of power.

He and Basildon 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" whereby top military officers were gradually taking over the important government agencies.

He mentioned the police and Central Intelligence Organisation.

Peta said he believed

Mugabe turns to last ally

the military was moving into a position to determine the successor to Mugabe.

Ncube expressed concern that Zimbabwe's military intervention into the Democratic Republic of Congo (DRC) and the government's tolerance of the military's abuse of Chavanduka and Chito had raised the profile of the military and "put ideas into its head" about power.

He said 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 the taste and acquire aspirations for State House," he warned.

Ncube said the independent press and ordinary Zimbabweans were thoroughly disappointed" at President Mandela's and Deputy President Thabo Mbeki'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 look the other way when their colleagues trash their critics, and South Africa is going the same way."

Journalists to go to torture centre

(362)

Michael Hartnack

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 Omerjee 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.

BD 4/3/99

BD 5/3/99

Zimbabwe pegs bread price

(362)

The recent 16% price increase has been declared null and void by the government

Michael Hartnack

HARARE — Bakers and economists warned yesterday of an imminent bread shortage after Industry and Commerce Minister Nathan Shamuyarira countermanded a recent 16% increase and pegged the price of a standard loaf at January's Z$8,72 level.

"If price controls were to work, the government should control the whole production chain, which means the price on inputs also," said John Makmure, chief economist of the Zimbabwe National Chamber of Commerce.

Shamuyarira said he had told bakers: "The prices they announced are null and void and they will not be implemented. The price of flour will also remain where it was last January.

"That is the resolution we have taken as a government and that is the official position."

Millers and bakers say they cannot produce unless the price of wheat, sold by the parastatal, Grain Marketing Board, returns to Z$5 100/t from Z$7 900/t. Many smaller bakeries have already stopped bread production to concentrate on buns marketed through informal sector vendors.

The health ministry and municipal health departments are trying to crack down on informal sector food vending after a cholera outbreak that has claimed 100 lives.

Shamuyarira said the maximum prices for bread and flour would be prescribed in this week's Government Gazette.

However, economists said he had made no mention of a return to wheat or flour subsidies, which would break assurances given by the International Monetary Fund (IMF) and World Bank when reforms were launched in 1991, and push the budget deficit beyond agreed targets.

Zimbabwe still hopes that $53m in budget support will be agreed to at an IMF board meeting in Washington in March.

"There is really no possibility for us to continue when we are doing it for a loss," said an executive. Controls last year cost millers and bakers Z$1,5bn, most of which would have been invested in upgrading capital equipment.

In January 1998 eight people died after troops and tanks were deployed in townships to control food riots triggered by a 30% increase in the price of maize meal.

Information Minister Chen Chimutengwende claims the riots and price riots were a conspiracy by whites to topple President Robert Mugabe's government.

Industrialists said controls crippled their ability to compete with SA.

"Clearly this has an impact on the ability of industry to grow," said Shingai Mutasa, CE of TA Holdings group.

"If we don't equip ourselves to compete effectively, we will become a province of SA. The consequences of price controls are destruction of local industry. This happened in Zambia and Malawi where milling companies have ceased to operate."

Mugabe in scramble to avoid new bloodshed

(362)
ARG 6/3/99

EMELIA SITHOLE

Pretoria – Zimbabwean President Robert Mugabe said after a mini-summit in South Africa yesterday that regional leaders were scrambling to defuse a potential conflict between Angola and Zambia.

Mr Mugabe was addressing a news conference after talks in Pretoria with President Nelson Mandela and Namibian President Sam Nujoma on the rising tension between Angola and Zambia over Luanda's accusation that Zambia backs Angola's Unita rebels.

"The allegations continue to be made by Angola and so we have a situation of potential conflict and we are looking at ways of ameliorating it," said Mr Mugabe.

Zambia has denied the charges, which officials say stem from Lusaka's refusal to let Angolan troops fight Unita from Zambian soil.

South African and Zambian government officials said Mr Mandela had spoken by telephone to Zambian President Frederick Chiluba yesterday and that he would meet Mr Chiluba in a few days.

Mr Nujoma said there was no hard evidence to support the Angolan charges, but Mr Mugabe said the Southern African Development Community was investigating.

"We don't have the concrete evidence as to whether weapons brought in to support Unita are channelled through Zambia," said Mr Nujoma.

Mr Mugabe added: "We will continue to look at the evidence that Angola is compiling so we can present it to Zambia."

Tensions have been running high between Zambia and Angola since December when Angolan President Jose Eduardo dos Santos's government accused Zambia, Rwanda, Uganda, Togo and Burkino Faso of giving military support to Unita leader Jonas Savimbi.

Mr Mugabe is a key ally of Angola with both countries providing planes, troops and equipment to back President Laurent Kabila of the Democratic Republic of Congo against a rebellion supported by Uganda and Rwanda.

The leaders also discussed the war in the Congo. Mr Mugabe said they expected progress towards securing a truce "within weeks". – Reuters

'Corruption has cost Zimbabwe Z$17bn'

(362)

Michael Hartnack

HARARE — Publicised cases of corruption have cost Zimbabwe Z$17bn 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 and 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 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.

BD 8/3/99

Zimbabwe's economy faces tough fight

(362) BD 9/3/99

Data shows encouraging signs but high inflation and unstable exchange rate continue to hamper country's performance

HARARE — Zimbabwe recently unveiled encouraging data for the economy in the long term, but the country was a long way from tackling serious issues of an unstable exchange rate, high inflation and high interest rates, analysts said yesterday.

The Reserve Bank of Zimbabwe published statistics last week showing that annual money supply growth almost halved to 14,1% in December from 27,1% in November following a fall in foreign assets.

A week earlier, Finance Minister Herbert Murerwa announced a budget deficit for the 17 months to November of 4,9% of gross domestic product, the lowest since independence in 1980.

However, economists said the numbers left the economy's main problems unsolved, including the unstable exchange rate and high inflation.

Zimbabwe's annual consumer inflation hit a five-year peak of 46,6% in December after the local currency tumbled more than 50% against the US dollar last year on lower exports.

Analysts said inflation was likely to stay above 40% during the first six months this year before beginning a slow decline to close the year at about 30%, provided Zimbabwe regained international donor support.

Poor export performance last year hit economic growth, now officially estimated at no more than 2% and expected to stay at the same level this year, mainly due to high inflation.

Output in the key agricultural sector has been hit by excessive rains while the manufacturing and mining sectors are suffering from depressed demand and poor prices respectively.

Economists said the government was able to obtain the record lower budget deficit because it collected more in taxes and spent less, including in critical areas.

For the past decade Zimbabwe's budget deficit has averaged more than 10% of GDP, fuelling an inflation spiral that culminated in a record 49,1% budget deficit in 1992.

Zimbabwe was hit by a spate of strikes last year as workers protested against a wave of price increases.

International donors, angered by the government's handling of its land reform programme to redistribute commercial farm land to black peasants, have withheld funding. They are providing just Z$699m against a projected Z$2,9bn in the 17 months to November last year, according to official figures. — Reuter

Publisher forced out in Zimbabwe

Michael Hartnack

(362) BD 9/3/99

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 comes 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 1965, 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 Zimind and Standard Press, would be taking over Murphy's holdings in the two papers' 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 from Zimbabwebut 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 seized 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 the Democratic Republic of Congo.

Prison band leads march against judges

BD 9/3/99 (362)

Michael Hartnack

HARARE — Demands for the resignation of Zimbabwe's judges continued at the weekend when demonstrators led by a prison service band and drum majorettes marched through Harare to petition for an investigation of Chief Justice Allan Gubbay and judge of appeal Ahmed Ebrahim.

Official news agency Ziana linked the demonstration to President Robert Mugabe's call for judges critical of his human rights record "to pack and go".

The march, led by militant black empowerment group Sangano Munhumatapa, evidently included members of the ruling Zanu (PF) party women's league, whose placards demanded execution for anaesthetist Richard McGown, now appealing against a six-month jail term for culpable homicide and Z$10 000 fine for failing to ensure adequate post-operative care for two children.

A parliamentary committee triggered a nationwide outcry in 1993 by accusing him of murdering many black women and girls in illegal experiments for morphine tolerance. The allegations were later dropped.

The state-run Zimbabwe Broadcasting Corporation last week claimed it knew of a leaked draft of an appeal judgment by Judge Ebrahim, upholding the convictions and fine, but remitting the jail term imposed three years ago by Judge Paddington Garwe.

McGown, once one of the most respected medical figures, has been on bail and prevented from practising for nearly six years. Demonstrators carried placards demanding "Hang McGown", "Blacks demand justice" and "Gubbay and Ebrahim must resign".

A petition presented to parliament made allegations against individual judges similar to those made by Mugabe against journalists. It said judges were "agents of external groups whose mission is to cause socio-economic mayhem and public disorder".

Justice secretary Augustine Chikumira and prisons deputy director Washington Chimbodza said they did not know the demonstration was demanding the resignation of the judges when they sanctioned participation of the Zimbabwe Prison Service Band. The education ministry made no comment on participation by drum majorettes from state schools.

Unpaid Zimbabweans seek govt intervention

(362)

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 lie 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, hailed 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 Z$3,3bn 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 — 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 Z$1,6bn 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.

ZIMBABWE

FM 12\3\99

MUGABE FACES HIS BIGGEST POLITICAL CHALLENGE

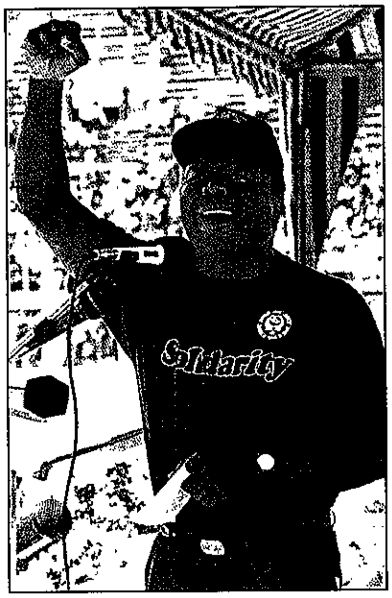
(3b2)

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 19-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 ensconce its post-liberation aristocracy 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.



Morgan Tsvangirai . . . a match for the garrulous Mugabe?

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 hobbled 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' rolling mass 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 Chimutengende 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 Chitauro 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 house all the civic groupings such as churches, human rights organisations and other opposition parties such as Margret Dongo's Zimbabwe Union of Democrats.

One man who must not be left out of all this is Professor Heneri 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 Ncube

Zimbabwe union slated for links to new party

Star 13/3/99 (362)

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 Chitauro 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

ARG 18/3/99

(362)

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 reports today.

Life expectancy in Zimbabwe is 39, 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 Stanecki, 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 40 years; Burkina Faso, 55 to 46; Burundi, 55 to 46; Cameroon, 59 to 51; Central African Republic, 56 to 49; Republic of the Congo, 57 to 47; Congo, 54 to 49; Ethiopia, 51 to 41; Ivory Coast, 57 to 46; Kenya, 66 to 48; Lesotho, 62 to 54; Malawi, 51 to 37; Namibia, 65 to 42; Nigeria, 58 to 54; Rwanda, 54 to 42; Swaziland, 58 to 39; Tanzania, 55 to 46; Uganda, 54 to 43; and Zambia, 56 to 37.

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 6%.
- About 96% of world population increase now occurs in the developing regions of Africa, Asia and Latin America. – Sapa-AP

Tourism tie-up 'not helping Zimbabwe'

ST(BR) 18/3/99 (262)

CHRIS BISHOP

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 30 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.

Hoteliers and the National Railways of Zimbabwe, which charges a fee on all foreign trains, are the only Zimbabwean organisations to gain. Even so, the hoteliers 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 Cooke, who operates Rail Safaris, a train service whose South African trips end 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 $150 million in 1998.

Tourist arrivals rose 40 percent last year to almost 2,5 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.

of Pretoria after receiving an

AFRICAN B

Stock exchange is rising, but business confidence has been shattered

Zimbabwe 'hostage to politics'

ET (AR) 18/3/99 (362)

CRIS CHINAKA

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 by 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 5,8 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 by churches, academics and trade unions that he is tired, lacks vision, is complacent and is incapable of dealing with government corruption and incompetence.

Mugabe denies the charges, saying his opponents are just out to topple him and have in the past two years sponsored a series of violent protests over taxes, wages, food prices and his decision to deploy over 6 000 Zimbabwean troops to back President Laurent Kabila in the war in the Democratic Republic of the Congo.

DRAWING FLACK *Robert Mugabe, Zimbabwe's president*

Mugabe said the country's farm-based economy, which has grown at an average 1,8 percent a year over the last decade against a target of 5 percent, had suffered from intermittent droughts and low commodity prices.

John Robertson, a private economic consultant, said: "Those 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 privatisation 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

(362)

Defence minister urges country to get involved in regional conflicts

Star 19/3/99

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 sacrifice was necessary to defend the Kabila government from a rebel onslaught and to restore peace and stability in this potential African power, 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 is territory. 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.

(362)

FM 19/3/99

ZIMBABWE MINING

AUSSIES TO FLY THE COOP?

Will BHP sell off Hartley?

Australian 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$450m 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 Zimbabwe 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.

Special Correspondent

SA whites blamed for tensions with Zim

Star 20/2/99 (362)

By SHALO MBATHA

Zimbabwean Safety and Security Minister Sydney Sekeremayi, has accused whites in South Africa's civil service of being responsible for tensions between Harare and Pretoria over trade and the conflict in the Democratic Republic of Congo.

"Whites who we fought against when supporting the guerrilla movements are the ones responsible for the disaster in our trade relations. This is the only chance they have to retaliate," said Sekeremayi, who added that the squabbles between the two countries over trade "are a waste of time".

"We should be concentrating on what we have in common and improve on it," he said.

Sekeremayi's remarks were made in an exclusive interview with the *Saturday Star* after a press conference in Pretoria this week in which he and his colleague, Defence Minister Moven Mahachi, were damning of South Africa's role in the DRC and elsewhere in Africa.

They lashed out at SA for not having the political and moral will to put an end to the regional holocaust, adding that they took exception to the fact that SA says all parties involved in the Congo war, including Zimbabwe, are "aggressors".

"Despite the fact that there is a new dispensation in South Africa today, South Africa is the region's bully and it remains morally bound to sort the mess created by apartheid in Angola," they added.

Sekeremayi admitted the Zimbabwean economy was suffering, but noted it was in SA's interests that our northern neighbour got on the road to recovery. He added that Deputy President Thabo Mbeki's vision of an African Renaissance "is in the right direction".

"For once we have someone looking at us as a regional economic bloc. If only both governments and our respective black businesspeople in both countries pulled together, the whole world will stop and learn lessons. There was no magic formula that created the Asian tigers. They pooled their resources together and look at them today.

"Unlike South Africa's Gear economic policy, the African Renaissance has no clear economic guidelines, and perhaps it's up to the intellectuals in the region to make it work." If that happened, said Sekeremayi, "the whites would be incidental to our economies".

The minister lashed out further at what he claimed was white influence in the media coverage of events in his country.

Sekeremayi said the "white-owned media" in SA "does not want peace in Zimbabwe. If they can't find the trouble they are expecting, they create it."

He labelled as a "fabrication of their imagination" claims by Zimbabwean journalists Ray Choto and Mark Chavunduka that they were tortured, saying "a report will be released soon exonerating the police".

On relations between the government and the independent press in Zimbabwe, Sekeremayi said: "As a government we have taken the steps of setting up a press council to be a neutral umpire between ourselves and the media. This body will be independent and will help us sort out and tie up all the loose ends that exist today."

He also criticised SA's "xenophobic tendencies", especially the use of derogatory terms like "amakwerekwere" (foreigners). With better trade and investment from SA, "Zimbabweans won't have a reason to want to come to South Africa and take less income than stipulated by the law".

Brokers deny insolvency

BD 23/3/99(362)

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, Z$420m was outstanding. Last 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 Boka'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

OD 24/3/99 (362)

Martin Rushmere

HARARE — Anglo American's timber manufacturer in Zimbabwe, Border Timbers, has severely criticised the policy of a fixed exchange rate being pursued by the Zimbabwe government.

Chairman Philip Baum says that the currency slide last year was the saving grace for the company, and for many exporters. "The continued depreciation of the currency has allowed the group to re-enter some export markets and increase sales to others. Without this relief the viability of operations and the majority of jobs would have been threatened.

"Those who advocate fixed exchange rates need to take these realities into account as well as factor into their equation the loss of foreign exchange earnings should the future of important export businesses be threatened by the introduction of an arbitrarily imposed exchange rate."

For the year to the end of December 1998 export turnover rose 29% to Z$362m. However, there was a significant, 24% drop in profit over 1997, with after-tax profit falling to Z$26m.

This result also contradicted the mood of optimism on the Zimbabwe market, which had bid up the price of Border 19% recently to Z$7,50.

A change in tax policy boosted the net profit.

The pre-tax performance verged on the dismal, being 71% lower than last year.

The poorer performance for the year hides a distinct improvement in the second six months, as the first half of the year recorded a loss of Z$29m.

Baum attributes the huge swing in the second half to increased demand locally and regionally; the establishment of a market in Britain for rough sawn timber; the re-emergence of South Korea as a market; as well as the considerable depreciation of the Zimbabwe dollar.

Prices on the international market fell 25% to 30% in US dollar terms.

Total volume of timber cut down was 425 000m³, 16% lower than the previous year. Output from the sawmills was 11% below budget.

Zimbabwe is a tax heaven, says receiver

(362)

BD 24/3/99

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 about 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 Matambo, 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.

UK 'biased' against Zimbabweans

BD 27/7/99 (362)

Michael Hartnack

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.

Missionaries refute Mugabe's charges

(362) Star 26/3/99

Harvestfield Ministries has difficulties explaining a large cache of firearms on their return from Africa

By Rich Mkhondo
Washington

Jonathon Wallace is a man of God who is involved in an international mystery. His bible and gun-toting men could get life sentences in prison, or worse if found guilty of terrorism, sabotage and espionage and plotting to kill Zimbabwean leader Robert Mugabe and President Laurent Kabila of the Democratic Republic of Congo (DRC).

Wallace (43) leader of a 13-member religious and charity organisation, Harvestfield Ministries, is finding it difficult to convincingly explain to his fellow Americans and the US government why his three missionaries, Gary George Blanchard (34), John Lamonte Dixon (39), and Joseph Wendell Pettijohn (35), were found with an arsenal of weapons; including an AK-47 assault rifle, seven revolvers, a Burger rifle, four Remington rifles, six telescopic sights, silencers, binoculars, ammunition, camouflage face paint, sniper rifles, and two-way radios.

The cache was found in a truck the men had left parked near Harare airport.

Wallace denies his men were mercenaries posing as missionaries: "These charges are all false. These three men are a part of our ministry team. We are all missionaries to the DRC. Our men were arrested in Harare while they were on their way back to the US," Wallace said in an interview

Zimbabwean officials accuse them of being agents for the US government, operatives out to destabilise southern Africa, assassins bent on taking out the presidents of Zimbabwe and DRC and supporting the rebels bent on toppling Kabila. Wallace denies all this, as does the US State Department.

It's hard to know who's telling the truth, Zimbabwean prosecutors or Wallace and his followers, including the wives of the men on trial 19 000km away. That is where geopolitics comes in: Zimbabwe has never been friendly with the US.

Now Mugabe is losing face at home. The Zimbabwean economy is in a shambles. Inflation is sky-high, unemployment is worse.

Line-up ... US nationals Joseph Wendell Pettijohn, Gary George Blanchard and John Lamonte Dixon were commissioned to bring the weapons back home, says their leader, Jonathon Wallace.

The country which became independent 19 years ago, has been rocked by riots, strikes, demonstrations. There is general unease and restlessness.

One may ask, is the Indianapolis-based Harvestfield Ministries the genuine religious and charity organisation it claims to be, or is it a soldiers-for-hire organisation like South Africa's Executive Outcomes?

"Here are the facts. We are a group of 13, including women and children with a desire and a call to help the people of the DRC," Wallace said.

"In December 1996, I as president of Harvestfield Ministries, was formally requested to minister in Zaire, now the DRC.

"I was later asked by a large church organisation there to be their US missionary representative.

"We lived in various US states. Eventually our team grew to 13. We made short-term trips to the DRC. We felt we could serve the people better by establishing a base there.

"In November 1997, we shipped everything we felt we could use while in the DRC, including our rifles and pistols.

"We preached and distributed bibles. We distributed thousands of dollars worth of seeds.

"We distributed thousands of dollars worth of medicines. We brought in complete water-drilling equipment to drill wells for the people. We have distributed food, blankets, clothing, powdered milk for the babies, money, etc. We do all we are able to help meet the needs of the people.

"We also minister in countries all over the world. Over the past years, we have ministered in Belgium, England, Germany, the Philippines, Romania and Hungary," he said.

Surprisingly, Wallace and his group took no guns to these countries.

The DRC and Zimbabwe are short on law and order these days. But it is hard to imagine an armed missionary, which is why Wallace's guns trouble other US religious organisations.

"Our missionaries would never carry guns," said a spokesperson of the Assembly of God.

But Wallace said he knows many missionaries in southern Africa who carry arms.

"It's a very complicated thing. We freely admit to having firearms, but there are no machineguns, and there are no sniper rifles, there are no fully automatic weapons of any kind.

We took guns for protection

"Most of our firearms are hunting rifles and handguns. We took them for self-protection and also to be able to hunt signal game for food, something we never had time to do. Every missionary I know in the DRC – and I know a lot – has guns.

"For the sake of the pastors in the DRC, who knew nothing about the firearms, we knew we must bring them home to America. We agreed that Joseph, John and Gary should return to the DRC, pay our rent and utilities and bring the firearms home. Every firearm in every suitcase was completely disassembled, and parts were mixed between the suitcases, so no firearm could be assembled by anyone. Because of our ministry in the DRC, many pastors there have been arrested.

"We want to see our men and the pastors released as soon as possible," Wallace said.

The US Bureau of Alcohol, Tobacco and Firearms (ATF) has been asked by the Zimbabwean government to trace the origins of the weapons. That could take several weeks. Wallace says the guns were purchased legally in the US.

Wallace is a controversial figure. He is a preacher but not recognised by any denomination. He says Harvestfield helped about 2 000 churches in the region, but declined to name them saying his African colleagues would be in jeopardy if the authorities knew their identities.

God supplied the funds, says Wallace. – *Star Foreign Service*

Margins force Hippo Valley to restructure

(362) BD 26/3/99

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 Huletts, to cancel plans for a major venture in Zimbabwe's northeastern Mazowe valley. It should have created employment for thousands of local sugar farmers.

Hippo MD Sydney Mtsambiwa 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 while 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 Z$1,2bn gross turnover.

Zim's homo-media-phobia

MtG 26/3-1/4/99 (762)

Mercedes Sayagues

While Zimbabwean MiGs drop bombs on eastern Democratic Republic of Congo, back home the independent press is bombarded with other ammunition.

Last Friday, 150 toyi-toying, 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 offices 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 feeding 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 bum, ignoramus, obese lunatic lies," wrote Bornwell Chakaodza, 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 neocolonised imbecile" in the government-owned *Sunday Mail*.

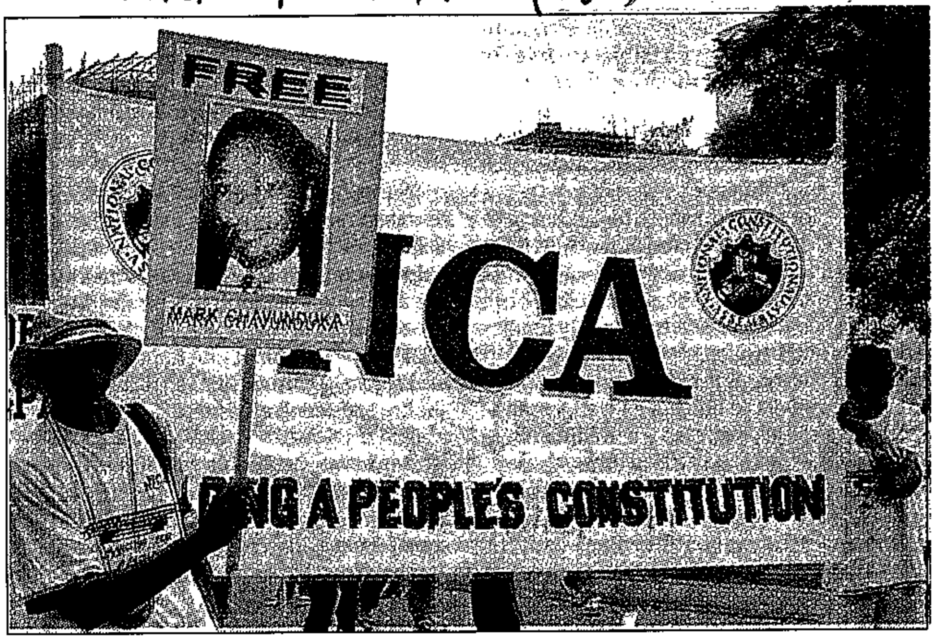
Since it was launched in May 1996, *The Independent* has consistently exposed government corruption. It has named top officials as looters and abusers of public funds — including some at the Ministry of Information.

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 scuppered an illegal sale of British-made cluster bombs to Zimbabwe via a Swiss company.

Not to forget an unforgettable sin: in 1995, 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 misgovernance reported by the private press addressed. It is a case of killing the messenger who brings the bad news.



Pressing issue: Members of the public protest against Mark Chavunduka's arrest earlier this year. PHOTOGRAPH: MERCEDES SAYAGUES

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 threatens a new arrival on the local media scene, Associated Newspapers of Zimbabwe (ANZ). The ANZ is 60% 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 Chiwewa 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 role 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 watchdog body Article XIX, 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; 80% 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 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.

To quote one philosopher cherished by Zanu-PF: "The reactionaries will lift a rock to hurl at us — and drop it on their feet." So said Chairman Mao.

AFRICAN

Mugabe relaunches bid to grab 520 white-owned farms

CT(MR) 29/3/99 (362)

From AP

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 800 000 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 1890 and 1980. A third of its farmland still belongs to white families.

Mugabe begins new takeover bid

BD 29/3/99 (362)

Michael Hartnack

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 reinstituted," 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 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 Pettijohn 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 Mangwende, minister with special responsibility for their welfare. They demanded a further Z$450 000 in gratuities, beyond the Z$50 000 given 54 000 of them in 1997.

Government gives itself more power over animals and hunting, but some fear corruption will follow

Harare raises hackles in wildlife industry

(362) CT(BK) 30/3/99

TAWONA TAVENGWA

Harare — The move by the Zimbabwean government to take control of all wildlife operations in Zimbabwe is causing concern in the industry, which believes that corruption and discrimination will follow.

The Customs and excise and the national parks departments have been empowered to issue permits for wildlife trophy imports and exports.

Safari and tour operators now have to get government permission to take non-Zimbabweans on safaris or hunts. And animals that are threatening life or property will have to be dealt with by the parks department, not the owners of the land affected.

On top of this, the government has issued a draft policy paper that proposes government control of ownership of wildlife, a departure from the policy which allows landholders free use of wildlife.

"We are abandoning the current approach, which is highly successful and which other nations have followed, and (are) reverting to the failed scenario of 30 or 40 years ago," says Graham Child, a former director of national parks who retired in 1986.

"Is this really progress? Like centrally planned economies, centrally regulated wildlife management is a recipe for disaster.

"It ignores the reality that, although wildlife conservation is about biological systems, it is a socio-economic process."

"This is a disaster for wildlife conservation in Zimbabwe," says Nick O'Connor, the chairman of the 4 000-member Wildlife Producers Association.

"This is the end. Most of us are finished. It has the potential to be discriminatory against individuals."

He says the introduction of permits has involved members in unnecessary expenses, curtailed their flexibility in the marketplace and undermined investor confidence in the sector.

"Even rural communities ... are affected," says Jockonia Nare, the chairman of the Campfire Association, a representative body for rural wildlife producer communities.

"We cannot effectively deal with problem animals under these new regulations. The ensuing conflict between humans and animals makes an otherwise successful programme unpopular with communities."

So strong was the opposition from the wildlife and tourism industries to the new restriction on non-Zimbabweans that a temporary suspension was allowed. This has since been removed.

Speculation on why the government has taken this new path centres on pressure from foreign governments, the opportunity for greater corruption, and the fact that the parks board is no longer part of the government and has to be self financing.

"There are a few bureaucrats in the department who want to control the issuing of permits so that they can accept bribes in the process," says O'Connor.

The government, for its part, says there has to be greater control on the sale of wildlife products to comply with the Convention on International Trade in Endangered Species (Cites), which allows Zimbabwe and neighbouring countries to sell ivory under strictly regulated conditions.

The World Bank has lent Zimbabwe $5 million to overhaul and improve the facilities within its national parks.

One of the conditions for this was that the government had to draw up a comprehensive wildlife policy.

Whether it favours the parks department as the sole authority is not yet known.

"This policy," says Willas Makombe, the parks director, "is being developed for our grandchildren and their grandchildren. There is and should be no discrimination in it."

But Makombe's reputation has suffered since he admitted that he had illegally claimed money for expenses at the Cites convention in Harare in 1997.

Some industry watchers say the department is using the new regulations to bring in more money. — Africa Information Afrique and Independent Foreign Service

Rain reduces gardeners' output

BD 31/3/99 (362)

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 67 032 tons worth $136,5m, 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

CT (BR) 31/3/99 (362)

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.

Many people find out what goes on on their doorstep by trawling Internet sites

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.

Benny 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?"

The Internet raises issues of taxation and 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 is going to succeed in this or not is yet to be seen.

However, one thing is definitely certain: Anything is possible with the Internet.

In the present climate, anything is also possible from the Zimbabwean government. — Independent Foreign Service

Mugabe blames the West amid political and economic collapse

ARG 31/3/99 (362)

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 50% 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 12 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 Heneri 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

ZIMBABWE

DEAFENING SILENCE AS THE BUBBLE SWELLS

(362)

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 officialdom has 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 Z$31,6bn in mid-February — from Z$19,3bn a year ago, the budget deficit is increasing rapidly. In the 1999 budget, a total of Z$10,1bn

>> The Zimdollar could come under renewed pressure as the IMF money is unlikely to be paid over for at least another month and the tobacco auctions are not due to start until April 21 <<

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 Z$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 US$50m 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 Zimdollar 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

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

(362)

BD 7/4/99

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 railed against local newspapers that have criticised his government, calling them "filthy tabloids" 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 Zanu's authoritarian style 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 Zimbabweans 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 before independence. "They have nothing else left to offer the people. 'We are going to take the white land' — it is the only thing left."

Since the mid-1990s, 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 outspokenness".

Robert Mugabe is cheered by supporters in happier days. One of the biggest threats to him and his party is likely to come from the trade union movement

Ncube says the rise of new political parties and civil rights organisations — many have joined the National Constitutional Assembly, a pressure group, in a battle for 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 constitutionality, 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 Zanu 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 is 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 two particular dangers. First, opposition groups, instead of presenting a united front, might fight among themselves and lay themselves open to 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 the 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.

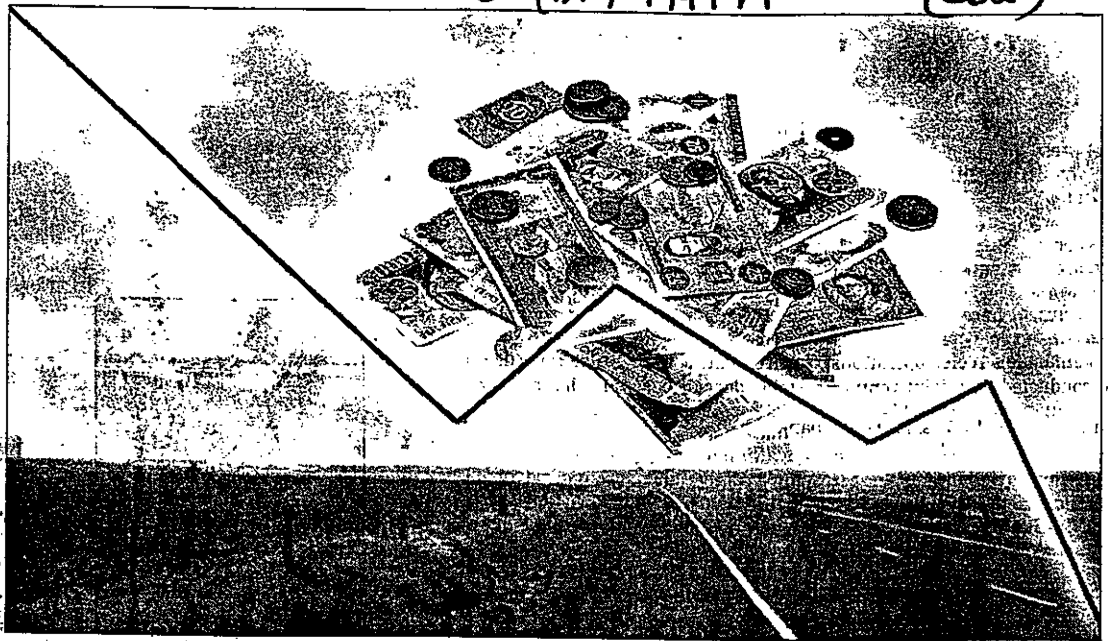
"There is a militarisation of key national institutions which is very worrying," says Ncube.

ZIMBABWE

Three critical weeks for embattled economy

CT (BR) 7/4/99 (362)

Jason Nisse



Within three weeks Zimbabwe could face the greatest financial crisis of its history.

Not just the 20-year history since it gained majority rule, or the 33 years since it turned its back on Britain, but since the days when Cecil Rhodes opened the potential of what was then Southern Rhodesia more than a century ago.

To be blunt, Zimbabwe is running out of cash. It is on the threshold of a full-scale default on its foreign debt which could knock it from its position as a small but exciting player in the world economic system to another African basket case.

The default, which senior business figures in Harare talk about sotto voce, would undo a decade of good work. It could have a knock-on effect for British companies such as Standard Chartered, Barclays and BAT, which have billions of pounds invested in the country.

The trigger is likely to be the tobacco "floor" in a little over two weeks, when prices for the country's main cash crop are set. But the trouble has been brewing over a period, which an official of Stanbic, the country's largest bank, calls "a mad 500 days".

A year and a half ago Zimbabwe was thriving. In the mid-1990s it had a genuinely booming economy. Agricultural exports, notably tobacco, were strong, mining was thriving and tourism was becoming a genuine engine for growth.

The country has the highest literacy rate in Africa, a well-trained and willing workforce and, after South Africa, the best-developed financial system in the sub-Saharan area.

So the country had external debts of about £3 billion, 77 percent of the gross national product. It had never defaulted on an external loan, and both the International Monetary Fund (IMF) and the international community loved it.

Then President Robert Mugabe effectively shot the economy in the foot. First he resurrected plans for land reform that had been smouldering on the back burner since he came to power in 1980.

He said the country would confiscate 1 400 farms owned by white farmers and redistribute them to poor black workers. This controversial plan has since been watered down to 800 farms and is rather off the main political agenda at the moment.

However, as the land reform row died down, Mugabe agreed a surprise Z$3,5 billion (about R562 million) package of payments to war veterans. This was seen as a political move that threw the economic calculations out of line.

In one day the Zimbabwe dollar fell from 14 to the US dollar to 26. It now stands at Z$38 to the US dollar.

The run on the currency brought uncertainty and undermined confidence. But a deal was struck with the IMF for emergency funds, and the government pursued a tight fiscal policy.

Then last October Mugabe decided to intervene to support President Kabila of the Democratic Republic of Congo (DRC). Half the Zimbabwean army is now in the DRC, a move that has already cost more than Z$3 billion and has thrown the economic calculations out of line again.

The IMF is unhappy. It was supposed to release $53 million in support funds last month. It didn't. The US is said to have suspended about $120 million of aid because of human rights violations, notably the torturing of two local journalists arrested last year after reporting an alleged attempted coup against the Mugabe government.

Yet the banking sector has been able to support the Zimbabwe dollar and hold an uneasy calm in the markets for the past three months. It stepped in when the currency fell below Z$40 to the US dollar. There has since been a recovery in the lively Zimbabwe stock market, with the industrial index rising more than 40 percent this year.

Tony Barfoot, the chief executive of the exchange, points to a whole series of good results posted by leading Zimbabwe companies such as Meikles, the hotel and retailing group, and Econet, the mobile phone franchise.

"The listed companies have been doing well, while the currency is under pressure as it makes their exports cheaper," Barfoot says. There is one exception: the beleaguered textile industry, which has been hit by bad weather.

This is particularly bad news for Lonrho Africa, which is trying to sell its majority stake in David Whitehead, Zimbabwe's largest cotton producer. Offers of Z$300 million for the stake have fallen well short of expectations.

In the next few weeks Zimbabwe's minor equities boom could fall apart. The commercial banks are running out of patience. They are pleased their intervention has worked but do not want to be effectively underwriting an overvalued currency for much longer.

"We have to see a return to market forces," says Barry Hamilton, the chief executive of Standard Chartered in Zimbabwe, the country's largest foreign bank, which has about £250 million extended to Zimbabwean businesses.

Harare's business leaders say that if the worst comes to the worst, the country could run out of foreign reserves within weeks.

This scenario presupposes the prices at the tobacco sales would be disappointing; the Zimbabwean army would remain in the DRC; and the IMF, World Bank and US would not come up with any more money because Zimbabwe had not met the criteria set in the various loan and aid agreements struck over the past couple of years; and the government kept its anti-US stance.

To avoid a liquidity crisis, the Mugabe government would have to immediately impose quite draconian exchange controls, the like of which have not been seen in Zimbabwe for more than a decade. It could even default on its debt payments.

Alternatively, the tobacco sales could go well, Mugabe could withdraw his troops from the DRC, the IMF could release its $53 million and the US could pay its $120 million of aid. There would be the small matter of inflation running at about 50 percent and political uncertainty about who might succeed the 75-year-old Mugabe, who has said he would retire by 2002.

But as Mervyn Ellis, a consultant economist who works for the World Bank among others, points out: "This country has never had good government. Yet the economy seems to come through all sorts of man-made disasters." — *The Times, London*

US slams Zimbabwe on trade, investor policy

SA gets off lightly in Washington's annual trade office report, but Harare is attacked for cronyism, corruption and unfair tariff barriers

(362) BD 8/4/99

Simon Barber

WASHINGTON — The office of the US Trade Representative (USTR) has issued a scathing critique of Zimbabwe, citing corruption, cronyism, high tariffs, threatened land seizure, lack of "national treatment" for foreign companies and fears that the government may reimpose exchange controls as major deterrents to foreign investors.

SA, by contrast, received relatively mild treatment in the office's latest annual report on barriers facing US trade and foreign investment, notwithstanding US trade representative Charlene Barshefsky's recent criticism of government procurement practices and the row over medical patent protection.

SA and Zimbabwe are the only southern African countries the report considered in any detail. Aside from intellectual property issues, the report's biggest complaint about SA was that the Board of Trade and Tariffs had raised tariffs on chicken parts "in response to pressure from one large SA chicken producer, which is part of a corporate conglomerate".

The report pulled few punches on Zimbabwe. Harare's record on privatisation, and the related goal of "indigenisation" to increase black ownership of assets, was "poor", with "government friends and ruling-party allies" appearing to be favoured at the expense of independent black entrepreneurs.

"US firms have also complained of official attempts to dictate their choice of partners ... under the guise of indigenisation." USTR noted that although the government had established the National Investment Trust to help finance empowerment through privatisation, "funds budgeted for this purpose never made it to the NIT".

The report charged that President Robert Mugabe's declaration of a "settle now, pay later" policy on land redistribution "flies in the face" of agreements made last September with international donors.

Expropriation without "immediate and fair" compensation would have a "crippling effect on local and foreign investor confidence" and would "seriously disrupt" Zimbabwe's key agricultural sector.

There appeared to be a "troubling lack of consensus" within government on the issue, with some senior ministers adopting "a decidedly more conciliatory tone" than the president.

The government was not living up to commitments it had given the US Overseas Private Investment Corporation and the World Bank to extend equal treatment to foreign and local investors or scrap the "sizeable reserve list" of sectors closed to foreign firms.

Irregularities in the government's tendering process had been subject to official protests by the US, UK, Japan, France, Belgium and Italy. In one case — the proposed privatisation of the Hwange power station — government "not only disregarded established tender procedure ... but dismissed the responsible board for criticising its unilateral decision and lack of transparency".

Foreign companies also faced "chronic delays and a lack of transparency" in obtaining Reserve Bank approval for investments in both new and existing operations, and even in securing work permits for expatriate managers. One senior executive of a major US company could not get his permit renewed on the grounds he was too old (63).

"Corruption is a growing problem and little is being done to address it," the report said. Harare has set up export zones to promote foreign investment, but their attractiveness has been limited by customs' practice of levying duties on inputs and equipment that are supposed to be exempt.

The ban on foreign-currency bank accounts imposed in late 1997 following a 40% devaluation has caused problems for firms that rely on imports and exports. There remains "serious concern that the government may resort to the reimposition of foreign-exchange restrictions or a fixed-rate regime to prop up the local currency".

Disenchanted advertisers abandon state newspapers

BD 9/4/99 (362)

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$37m, 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 comparision 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 Bornwell 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 decision

(362)

BD 9/4/99

Analysts feel that effective regulations could ensure that detailed records would have to be provided by brokers and companies

Martin Rushmere

HARARE — Zimbabwe stock exchange clearance for a huge transfer of shares in newly listed Cotton Company of Zimbabwe (Cottco) has been greeted with dissatisfaction by brokers, who say that it exposes a need for effective insider trading rules.

No specific rules exist to punish deals based on privileged information. A draft law was sent to the government four years ago, but nothing has been done.

A total of 80-million Cottco shares, 12% of the total equity, changed hands soon after record profit was unveiled at a directors' board meeting, and before the figures were made public.

The shares were bought by a nominee company through one broker with links to the board of directors, and the price rose from Z$1,20 a share to Z$1,70 in a week.

The stock exchange says that "there has not been any insider trading whatsoever. The shares were bought by a local institution on behalf of someone else." Officially, this is a foreign client, but it has not been identified.

The reaction of the market was summed up by an analyst for an international firm of brokers: "The problem is that the exchange authorities have no power to get to the nitty-gritty of the deals. We all know who the deal was done through, the nominee company and its supposed principals, but the exchange needs to find out who the actual beneficiaries were. If we had effective regulations, detailed records would have to be provided by the broker involved and the nominee company.

"If they refused, both the dealer and the listed company would risk suspension."

A partner of a local broking house said strict rules were also needed for transactions involving more than 10% of a company's equity. Under existing rules, buyers only have to declare their identity when more than 30% is sought or bought.

During the Cottco investigations, the stock exchange also found evidence of considerable short-selling throughout the market, which is "frowned on", but not banned.

"The existing rules are more suited to a gentleman's club of 50 years ago", said the partner. "As an example, my name cannot even be used because it is construed as advertising. It is all so outdated."

"In the last four years the volume of shares traded has gone up fivefold and there are many more brokers," said one dealer. "There is an obvious need for action but everything seems to be moribund."

Harare cuts World Bank ties

BD 12/4/99 (362)

Martin Rushmere

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 farm land 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 survive 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 farm land 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 farm land although it agreed last year to go ahead with a pilot programme to resettle landless peasants on 1-million hectares, paying market prices.

In the past ~~18~~ months, the government has fudged on undertakings to let the exchange rate float. In the past 16 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 shortlived "home-grown reforms" in order to keep power. He eventually had to abandon a one-party state.

Zimbabwe severs its IMF links

ET(DR)12/4/99 (362)

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 $53 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-ruled 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 to 'cut ties' with IMF

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HARARE: Zimbabwe's ruling Zanu-PF party says the government will "cut ties" with the International Monetary Fund and World Bank over delayed financial aid, the state-owned *Sunday Mail* reported.

"The ruling Zanu-PF party decided at its last politburo meeting in Harare to cut ties with the International Monetary Fund and the World Bank after repeated trips to Washington for support over the past few weeks yielded nothing," the *Sunday Mail* said.

The newspaper reported that the party's information and publicity secretary, Industry and Commerce Minister Nathan Shamuyarira, had said last week the government would seek alternative ways to fund programmes.

The IMF has withheld \$53million in balance-of-payments support to Zimbabwe since last August, demanding transparency in government policies. — Reuter

CT 12/4/99

REST OF AFRICA

Ties with IMF, World Bank 'not cut'

(362)

Zimbabwe denies it has severed its links with the Bretton Woods institutions

Martin Rushmere
and Claire Pickard-Cambridge

HARARE — Zimbabwe's government has denied it has cut links with the International Monetary Fund and World Bank.

A government newspaper, the Sunday Mail, quoted ruling Zanu (PF) information secretary Nathan Shamuyarira as saying government had abandoned programmes with the two institutions.

Shamuyarira, who is also commerce and industry minister, says he was incorrectly reported, and the subject was not discussed by the party's political decision making body, the politburo. However, observers say President Robert Mugabe has criticised the IMF in the past and said the country does not need its help.

Finance Minister Herbert Murerwa said yesterday "contacts with the fund are at the highest level. The Bretton Woods institutions have actively supported Zimbabwe's development programmes and intend to do so in future".

At the same time the government has tacitly admitted for the first time that the IMF has postponed $53m balance of payments support. The money was to have been released at the end of March, but Murerwa says the fund's board of directors will discuss Zimbabwe on May 5.

Thomas Allen, World Bank resident representative in Zimbabwe, said yesterday it was untrue ties had been cut. "The World Bank is putting together a structural adjustment programme for the country and discussions are continuing."

Allen also said World Bank-sponsored projects remained on track in the energy, health, wildlife and agricultural sectors.

Claims of inaccurate reporting are seen as somewhat hollow by media watchers in the country. Despite the official denials, the private sector has reacted with increased nervousness.

"Foreign investors are probably seeing this as yet more evidence of the lack of any coherent economic policy," said a stockbroker. "They are not exactly gung-ho over the country, but fortunately for us the denial came out before the market opened and prices stayed steady."

Shamuyarira says he did speak to the paper. "The reporter asked me whether money was coming from the IMF. I said 'no' and he asked me what the government was going to do with the IMF-sponsored projects, to which I said we would have to mobilise our own resources and look for funding alternatives."

Observers say the confusion reflects a long standing and growing political split within the party and the politburo. "There is the old guard centred around President Robert Mugabe, and including Shamuyarira, that wants a return to complete control of politics and economics by the party, with no advice or orders by outsiders tolerated," says a political analyst.

"Then there are those who are aware of reality and what is happening who know we have to live with the outside world to survive. They include Murerwa."

"It is extremely difficult to believe the most slavish government newspaper would fabricate a claim that the matter was discussed by the politburo," says the analyst. "This could be a ducks and drakes with the IMF and an implied threat that Zimbabwe will not follow its policy."

"As to Shamuyarira implying the newspaper took the initiative in approaching him, that's nonsense. Reporters get orders to go to ministers' offices for interviews. What they write is vetted," says an executive of an independent newspaper.

The private sector is unanimous that the consequences of spurning the IMF would be the economic equivalent of putting the nation back in the Dark Ages.

BD 13/4/99

Comment: Page 9

Zimbabwe says IMF, Bank links still intact

(362)

LUKANYO MNYANDA

CT(BR)13/4/99

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 still 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 $53 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.

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.

Harare stalls $80m Anglo platinum mine

BD 14/4/99 (362)

Government is said to be inflexible on tax breaks, demands for an unpaid stake of at least 20% and parastatal control over sales

Martin Rushmere

HARARE — Development of Anglo American's $80m Unki platinum mine in Zimbabwe is being stalled because the government is refusing to grant tax concessions, demands a minimum 20% stake without paying and wants to control sales.

Work should have started at least six months ago, with full production being reached after 30 months at the Shurugwi site about 300km from Harare. Planned production is 60 000 ounces of platinum a year and 50 000 of palladium plus gold and base metals.

Officially, Anglo refuses to comment, saying only that "discussions are continuing with the government". However, executives connected with the project say government is unbending.

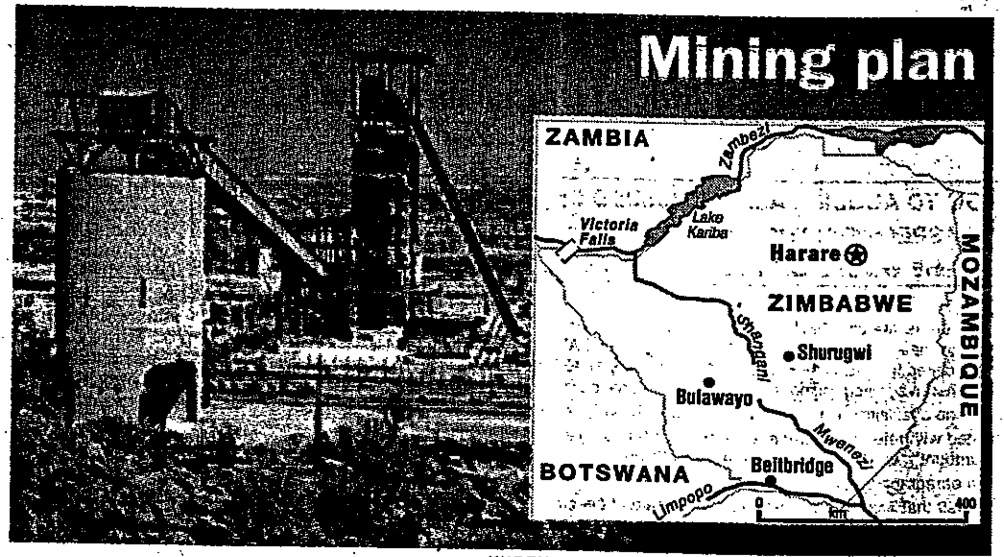
"Probably the most immediate difficulty is getting the government to waive import duties on capital equipment," says an official.

"It is unfair that this concession was granted to BHP, a foreign company, but is not extended to a local company that is committed to the country.

"A few years ago import duties would not have been such a problem, but the currency has collapsed, duties have doubled in certain cases and interest rates are prohibitive. With big projects of this sort, import duties can knock the viability for a six."

The government's insistence that its Minerals Marketing Corporation takes charge of sales is not seen as an insurmountable problem.

Against the background of international pressure for privatisation, it is thought that time has run out for parastatals such as this, and that by the time the mine is working, marketing will again be in the hands of the private sector.



KUBEN DAVID Source: COLLINS ATLAS OF THE WORLD

The industry unanimously views the marketing corporation, which takes just under 1% of the value of all mineral exports except gold, as inefficient and interfering. Anglo had direct experience of this when a ferrochrome contract was lost because of bungling. The group won compensation from the corporation through the courts, but it feels aggrieved that BHP won the right to do its own marketing.

As for a 20% government stake, there is no objection. "They just have to pay for it, that's all," is how a mining industry analyst put it. "In fact, Anglo would be quite relieved for someone else to share the costs, but there is no way it will agree to the old government trick of theoretically paying out of dividends. With interest rates knocking 60%, it would be impossible to carry this sort of load."

Ironically, it was Anglo that started the habit of allowing the government to pay back from dividends, when it sold Wankie Colliery in 1983. Despite vociferous opposition from minority shareholders, a special class of share was created for government, which led to minorities losing heavily through dilution.

Industry observers emphasise that Anglo is not desperate to make a start on Unki.

"It can wait because it has such a broad spread of business," says a minerals economist. "But it is sad that a project that will earn money and create jobs is being blocked, whereas the government considers it more important to go around borrowing money from the IMF and others."

The difficulties with Unki are bound to make potential foreign suitors for BHP's Hartley Platinum even more nervous. Political risk is being cited as one of the reasons why interested buyers are asking for a discount of as much as 50% on asset value.

The Star ... Wednesday April 14 1999

Harare ivory auction worries conservationists

(362)

Zimbabwe defends auction of 20 tons of existing ivory stock to Japanese buyers

Star 14/4/99

REUTERS
Harare

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 650 000 in 1989.

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 put 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

(360) BD 15/4/99

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 Cottco, 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 Z$4bn 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 profit increases of more than 100% were recorded on listed companies.

Only two companies, both in the transport sector, have fallen below 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 orgy.

"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 365% 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, when 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

NOT THE FIRST TO COCK A SNOOK

But cutting ties with IMF and World Bank seems unlikely

(362) FM 16/4/99

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 ex-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 belligerent 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 no 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.

Journalists scoff at the claim that the Minister was misreported, noting that such an important story would not have been published without it being checked.

So if the cock-up theory is rejected, what else remains as a possible answer?

One possibility is that Shamuyarira thought such a threat would force the IMF to backtrack on its demands. It would not be the first time such a ploy had worked, and might have a greater chance of success at a time when the fund's image is, deservedly, lower than ever.

A more plausible theory is that the interventionist Shamuyarira, who has threatened to gazette bread prices and roll back price hikes announced by millers and bakers, was upping the stakes in his campaign against Murerwa and other "moderates" in government, committed to a deal with the IMF.

In so doing, he would have had President Robert Mugabe's support along with that of the majority of both Cabinet and parliament.

Whatever the truth, the episode suggests that as the economic crisis deepens, Zimbabwe is lurching towards increased State intervention in the economy.

In the past six months, import tariffs have been hiked, some exchange controls reimposed, price controls reintroduced and a policy of managing the exchange rate put in place.

But none of these policies is working and the time cannot be far off when government will either, like Moi, have to go cap in hand to the IMF, or go the whole hog in reimposing exchange and import controls.

Before they do that, Mugabe and Shamuyarira would be well advised to read last week's *Global Development Finance report* published by the World Bank.

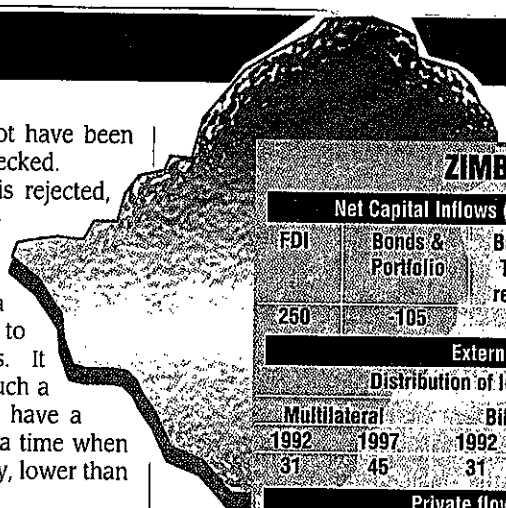
This shows that since 1992, about 90% of capital inflows to Zimbabwe have come from official sources — the World Bank, the IMF and the donor community. Private foreign direct investment has been a mere US$250m — a chunk of that in Australian mining company BHP's unsuccessful Hartley platinum mine — and 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

Net Capital Inflows (1992-1997) – US$bn

FDI	Bonds & Portfolio	Bank & Trade related	Official	Total
250	-105	-33	2 688	2 800

External Debt

Distribution of long term debt (%)

Multilateral		Bilateral		Private	
1992	1997	1992	1997	1992	1997
31	45	31	29	38	26

Private flows – US$bn

FDI (1997)	Official flows (including grants) 1997
70	253

Use of IMF Credit – US$bn

1990	1991	1992	1993	1994	1995	1996	1997
7	0	216	282	376	461	437	385

Zimbabwe may cut ties with IMF

BD 19/4/99

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 farm land 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. — Reuter.

(362)

Mugabe threatens break with IMF

(362) CT (BR) 19/4/99

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?"

'NO PUPPET' *Robert Mugabe has defended his IMF stance*

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 $53 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'

BD 20/4/99 (362)

Michael Hartnack

HARARE — Zimbabwe's government abruptly ended its "grain loan scheme" yesterday which has been a main 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 Zunde 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 Z$200m distributing grain to about 4-million beneficiaries, while Z$79m 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 Matabeleland and Masvingo areas near SA, source of most of the 1-million illegal migrants from Zimbabwe.

NTERNATIONAL BUSINESS

Govt faces crunch as tobacco auctions start

(362) BD 21/4/99

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 Z$15bn 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 Z$6bn and yielded the government Z$600m 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 Z$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 SA

Sasol confirms that fuel importer Noczim was a customer through a US agent

Tim Cohen

CAPE TOWN — Police investigations into allegations of fraud worth Z$41,5bn involving Zimbabwean state fuel importer Noczim are being extended to SA, says internet website MBendi.

The investigations follow the dismissal of the entire board of Noczim and police raids on the homes of suspended senior managers, their relatives and associates of the organisation.

According to MBendi, an African business site, the managers are accused of defrauding Z$1,5bn from Noczim, which has a monopoly on the importation of petrol and diesel to Zimbabwe.

Investigations into Noczim has shown that fuel exported to Zambia since 1996 has yet to be paid for. It also found that more expensive road transport was used to import fuel instead of via the Beira pipeline.

According to Zimbabwean press reports, Noczim was buying fuel via middlemen, one of which was US-based company Schuman & Steier. The Zimbabwean government is withholding payments of Z$35m to Schuman & Steier until manager Arthur Steier visits Zimbabwe to assist the investigation.

Meanwhile, a Sasol spokesman has confirmed that Noczim had been a customer and that it had bought both petrol and diesel via its agent Schuman & Steier at market rates.

The use of agents to secure the best price for fuel is common in the business, the spokesman said.

The amount of fuel sold to Zimbabwe from SA suppliers is not known but, according to one source, it might amount to as much as 30% of Zimbabwe's total fuel requirements.

The nature and scope of the inquiry by Zimbabwean police into SA suppliers has not been disclosed.

The investigation follows the decision by the Zimbabwean government in February to suspend all senior managers of the state procurement agency.

Transport and Energy Minister Enos Chikowore said at the time that a preliminary government probe into Noczim had shown the company had lost more than $35m since 1994. It was rescued by the government last year.

The organisation suffered losses of Z$1,7bn to December 31, believed to have resulted from its inaction following the increase of fuel prices after the Zimbabwean dollar crashed in mid-November.

Fearing public reaction, Noczim apparently delayed raising fuel prices in line with foreign currency costs, even though it was running a Z$400m loss a week.

(362)

BD 21/4/99

Zimbabwe foreign ministry runs out of cash

BD 22/4/99 (362)

Michael Hartnack

HARARE— Zimbabwe's foreign ministry exhausted its Z$391m budget during the first three months of the current financial year because of the Zimbabwe currency's crash against the US dollar, says Foreign Minister Stan Mudenge.

As a result officials were paid late and the national airline, Air Zimbabwe, refused to transport the baggage of Gift Punungwe, Zimbabwe's ambassador to Germany. Instead of being shipped to Bonn it was returned to relatives in Harare.

The national carrier, which has multi-million-dollar debt problems of its own, claims it is owed Z$8m by the ministry, the cornerstone of President Robert Mugabe's high profile campaign on the world stage.

Zimbabwe maintains about 100 embassies, many in nations like Burkina Faso with which Zimbabwe does virtually no trade. Persistent suggestions have been made in Zimbabwe that if Southern African co-operation means in anything in practice, neighbouring states should share representation to help cut taxpayers' costs.

"There is nothing unusual about the picture. By the time I defended the budget before parliament, the local currency had already lost 25% of its value against the US dollar, and that was before the local currency experienced its most dramatic fall against major currencies," Mudenge told the state-controlled Herald. In the past year, the Zimbabwe dollar has lost almost 70% its value against the US dollar.

Since 90% of the ministry's spending is in foreign exchange, it has been given access to a Z$238m "equalisation fund", but the value of this in hard currency has not been disclosed.

Mudenge said an undisclosed supplementary vote had been given to the ministry by Finance Minister Herbert Murerwa. This will have to be ratified by the next session of parliament.

The Herald reported that the ministry saved Z$127m by cutting 84 "posts" — individual appointments rather than foreign stations— last year.

"It also rationalised the salaries of the country's envoys, some of whom were earning salaries and allowances which were out of this world," it said.

Foreign postings have been a major source of patronage for Mugabe since he took power after the elections held in 1980.

Tobacco auctions off to a good start

BD 22/4/99

Prices are higher than at last year's dismal sales

(362)

Michael Hartnack

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 salesin March last year.

That tobacco auction was marred by unhappiness when 73% of growers tore their tickets at prices that fell to $0,80, temporarily halting the auction.

However, auctioneers reported that 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" both as a result of the government's continuing 10% levy on the proceeds of every bale suctioned and feared 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 38 against the US dollar.

Tate said Zimbabwe needed to resume producing more than 200-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 $594m last year to $322m. "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 "neocolonialist" 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.

CT (BR) 22/4/99

Rhetoric 'is hurting Zimbabwe'

CRIS CHINAKA (362)

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 paltry stand-by facility because without IMF support other international donors would stand aside.

"The IMF nod is critical for giving confidence to other donors that Zimbabwe is deserving of support and a safe place to invest in," the Independent paper said.

One columnist accused Mugabe of sabotaging the economy, saying Zimbabwe needed the IMF while the IMF could do without Zimbabwe. – Reuters

Zimbabwe optimistic over tobacco season

(362)
CT(BR) 22/4/99

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 5 percent for buyers, regardless of whether a profit had been made. – Independent Foreign Service

Economy & Business

ZIMBABWE (362)

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 incessant 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$300m-$310m — down 17% from $370m in 1998. Exports, which peaked at $730m in 1996 when the price averaged almost $3/kg, are expected to decline to around $375m in 1999 — the lowest since 1990.

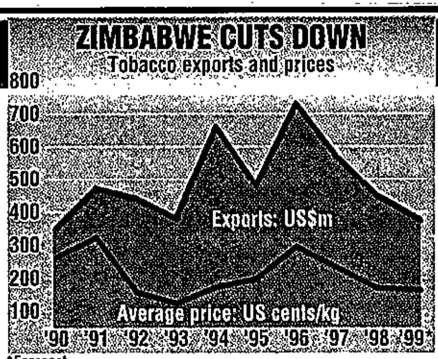
But there is some good news for growers. Government has agreed to ease the burden of the 10% turnover tax on tobacco auction revenues. Farmers' demands that the tax be cut, or abolished, have fallen on deaf ears. But the Finance Ministry has agreed to cancel the "tax on tax" element so that turnover tax paid on floor sales will be credited to a farmer's income tax.

Devaluation is the second bit of good

FM 23\4\99

news. Last year, when the price averaged $1,72, growers got Z$34,75 — 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 militant mood, seeking a wage award ahead of inflation, just below 53%. 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 informally 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$53m. Indeed, President Robert Mugabe's weekend outburst — "that monstrous creature", he called the IMF — has made early resumption of lending less likely.



*Forecast

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

(362)

FROM SAPA-DPA

CT(BR) 23/4/99

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 raised the price of maize from Z$3 000 (R479) a ton to Z$4 900 a ton, the Herald, a daily state-controlled newspaper, said.

However, 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$2 400 a ton to Z$4 200 a ton.

"We will be finished for good if we procure maize at that price," said Misheck Nyampingidza, the chairman of the Millers' Association of Zimbabwe. It would entail a loss of Z$2 900 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 "destabilise" the government.

> *Millers say they will be finished for good if they buy maize at Z$4 200 a ton*

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 announced yesterday it had 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

(362) BD 23/4/99

Martin Rushmere

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$34m 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 stock-broking 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 Edziwa, 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 Petrow in SA and Germany's Ferrostaal this year. He says this is evidence that the parastatal is on the road to recovery and profitability.

REST OF AFRICA

Zimbabwe on the brink of yet another maize crisis

Michael Hartnack (362)

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 lands and agriculture ministry had advised that the parastatal Grain Marketing Board would continue selling millers grain at Z$3 000 a ton and not the newly announced Z$4 900, reflecting a new Z$4 200 producer price, increased from Z$2 400. Millers stopped buying from the board after the hike, saying it was no longer affordable with the wholesale price of maize meal fixed at Z$5/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 the budget deficit were crucial to the economic reform plans sponsored by the World Bank and International Monetary fund since 1991.

A final breach with the international institutions on repeatedly shelved $53m budget support will, it is predicted, lead to a return to full scale price controls, subsidies, exchange controls and a centralised command economy, but this has been strongly denied by Finance Minister Herbert Murerwa.

In January last year, a temporary 30% increase in the price of maize meal lead to rioting throughout Zimbabwe and ended when President Robert Mugabe deployed tanks and troops and reversed the rise.

BD 26/4/99

Tighter press curbs mooted

BD 26/4/99 (362)

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 pen as a bloody sword ... on 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 lurches 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 election 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."

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

BD 26/4/99 (362)

Michael Hartnack

HARARE — Zimbabwe has lost a R50m 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.

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.

Mugabe vows clamp on 'bloody swords' of media

ARG 26/4/99 (362)

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 journalists should be seen to be equal to every one else.

"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 Chimutengwende 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 BD 28/4/99 (362)

HARARE — Standard Chartered, Zimbabwe's largest commercial bank, has all but accused the Zimbabwe 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, privatisation and payment for commercial farms acquired for peasant resettlement were the two obstacles to the release of $53m 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

CT (MR) 28/4/99 (362)

GODFREY MUTIZWA

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 $53 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, had 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 Z$15 billion (R2,39 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 $53 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 Z$7 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

F AFRICA

Zimbabwe's state papers admit forex concerns (362)

BD 30/4/99

Martin Rushmere

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 Tsumba told the Bankers Association recently that there were enough reserves for two months' import cover.

This is viewed with scepticism in the money market, with traders confirming that it is becoming increasingly difficult to process import payments.

The worsening 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".

Commission to rewrite constitution by year-end

BD 30/4/99 (362)

HARARE — Zimbabwe President Robert Mugabe has appointed a 395-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 Dzinotyiwei 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. — Reuter.

CAPE ARGUS ISSUES

Mugabe's square dance with chaos

President will take the nation down with him rather than admit failure, says EU report

(362)

ARG 11/5/99

Zimbabwe's President Robert Mugabe will cling on to power in spite of increasing chaos in the country, says a European Union document. JAN RAATH reports from Harare

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 an 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 Mr 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 Mr 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 Mr Mugabe will stay in power until 2005, the country "will fall deeper into economic depression" and Mr Mugabe will increasingly use repressive tactics to maintain his control.

Mr 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 step 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 here emphasise that the document is not an official reflection of EU policies.

"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.

Western diplomats say the paper will carry considerable weight in Brussels and can be expected to become a basic guide for dealings with the Zimbabwe government.

Its blunt criticism of the 75-year-old leader in his 20th year of autocratic rule is seen as a new low in Mr Mugabe's speedy decline from being regarded as a distinguished African statesman to a crooked, incompetent dictator who "assumes god-like powers" for himself.

> *'Outbreaks of violence are a direct result of blatant corruption among the ruling elite'*

"Mugabe's withdrawal from the leadership position would certainly remove one major factor in the disruptive economic policy-making and thus bring more rationality to the economic sphere," it says.

The paper says that Zimbabwe was once "one of the few safe islands in a war-torn and polarised Southern Africa".

It was the "natural partner" with South Africa, following the end of apartheid, to lead the subcontinent into economic growth and democracy.

But, one of its authors says: "I do not believe the Mugabe regime has any capacity to arrest the economic and currency meltdown.

"I doubt very much that any of Mugabe's cabinet colleagues actually know what to do under the present crisis.

"Nor does the government have the ability to check the shameless self-aggrandisement of the political elite at the cost of the ordinary people."

In Mr 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 among 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 Mr Mugabe are rated as the least likely.

His removal from power by figures within his ruling Zanu (PF) party are also rated low.

It says there is a stronger likelihood of Mr Mugabe losing in the next elections to a new political party pressing for democratic reform.

But, it concludes, "neither the opposition to Mr Mugabe inside or outside Zanu (PF) seem strong and resourceful enough to make a bid to oust him".

The most likely outcome is that if the Zanu (PF) wins parliamentary elections next year, Mr Mugabe wins 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 aid to constitutional reform and to government institutions to improve fiscal management and detect corruption. But it cautions against getting involved in the struggle over Mr Mugabe's succession.

"There are hardly any possibilities for the EU to contribute towards the political retreat of President Mugabe, besides hoping that democratisation paves the way for a non-violent change of the country's leadership," it says. – Sapa-DPA

Blow to media in Zimbabwe

Star 1/5/99 (362)

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.

INVESTMENT CURB: President Robert Mugabe

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

BD 4/5/99 (362)

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 Kumbirai Kangai cannot rescind an order made last year compulsorily acquiring a 3 200ha farm north of Centenary, for which he was prepared to pay only Z$5m, when official valuators placed a Z$18,2m price tag on it.

The owners are seeking Z$35m, citing the crash in the value of the Zimbabwe dollar since the valuation. Alfred Jackson, his wife and son, directors of AO Jackson Farms, fought Kangai's move to set aside the sale as — three months into the financial year — the ministry had run out of money for land purchases. The move was "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.

"The minister made a considered act of acquisition in full knowledge of the consequences," said Cutler. "Acquisition of land in Zimbabwe is of major importance. 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).

"Acquisition is a serious matter and must be seen to be treated seriously. From a moral standpoint it would do little good to the populace as a whole as well as the landowners if it was felt that (the government) could acquire land; then change its mind and give it back."

Cutler said this would lead to the public being disgruntled, while farmers would be unable to obtain finance for cropping. He said the government was not in the position of a private individual who, should he run out of funds, might 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 30 years, but Alfred Jackson was near retirement age and his son wished to pursue horticultural interests closer to the capital.

Farming sources have cited Mount Pleasant farm near Harare as an example of what can happen once an owner relinquishes a title. Neighbours alleged it was abandoned and in a near-derelict 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

(362)

Michael Hartnack BD 5/5/99

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 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 white-owned farms, deployment of 8 000 troops to support Democratic Republic of Congo President Laurent Kabila, and reintroduction of price controls on staple commodities.

Mugabe performed 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, in favour of 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 Iran. "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 (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 "fast track" 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 YTL's 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 "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 board has nothing to say about it."

Some US state department advisers have urged the IMF 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.

Trade union party gears up to challenge Mugabe

(362)

'The pregnancy is there: go home and prepare the nappies

Star 5/5/99

By Vincent Murwira
Harare

A new political party driven by Zimbabwe's trade unions will be launched in July, Zimbabwe Congress of Trade Unions (ZCTU) leaders announced this week, as talk increases of another opposition party to be launched soon.

Meanwhile, speculation is mounting that Mugabe will not offer himself for re-election when his current term ends in 2002, and the issue of who in the ruling Zanu-PF is to succeed him is increasingly taking political centre stage.

Addressing May Day rallies at Harare's Rufaro Stadium, Gibson Sibanda, the ZCTU president said of the new party: "The pregnancy is there, just go home and prepare the nappies."

Sibanda made the intentions of the party clear when he referred to Zambia, where the labour body there challenged President Kenneth Kaunda and ousted him from power through the ballot box.

He also told the 15 000-plus workers that the ZCTU was calling for minimum wages of Z$4 200 (R646), about Z$3 000 (R461) more than the present minimum wage in the country.

Addressing the same rally, the ZCTU Secretary-General, Morgan Tsvangirai warned all employers who have not yet awarded their workers a 20% cost of living adjustment, called for by the labour body last year, to do so or risk a work sit-in on May 14. Some 75% of the Zimbabwean workforce has already heeded this call.

In Matebeleland, once the industrial heartland of the country, the political movement Zapu-2000 is drawing on popular resentment over the neglect of the western region and perceived hegemony of the majority Shona ethnic group at the expense of the Ndebele who make up 20% of the population.

Support is growing for change

Zapu-2000 is not yet a political party, but reportedly intends to stand in coming elections.

The Zimbabwe Union of Democrats, the only opposition existing party which has stated its policy in the next general elections scheduled to take place next year also seems to be gaining ground.

Mugabe's ruling Zanu (PF) has dismissed any threat from these new parties and says none of them have credibility.

The party's Publicity and Information Deputy Secretary, Chen Chimutengwende says: "Most of these parties are there because they are getting some money from the Americans. We will defeat them as usual in the next general elections."

"There is a groundswell of support for a political change," Tsvangirai told IRIN.

"People have realised that it's time to move from talking about what's wrong to fighting for it."

The ZCTU is planning an extraordinary conference in June to "define the way forward" for the proposed new "worker-friendly" party, he added.

"The situation is unprecedented since independence and it all has to do with the crisis of governance," Tsvangirai said.

"The system is rotten through and through. It centralised power and didn't allow for democratic discourse. It is power by control and not power by consent. People realise the question is no longer about wages – it's political."

Mugabe (75), has not attempted to quash the reports about his unavailibility.

Analysts suggest the leadership is trying to test public opinion over the possible retirement of the man who has led Zimbabwe since independence in 1980, ahead of the party's congress in December.

Mugabe has consistently said he would not name a successor, and expects his political heir to emerge naturally from within the party.

Jockeying for position is already under way by potential contenders in a field widely believed to be led by Justice Minister Emmerson Mnangagwa and State Security Minister Sydney Sekeremayi.

Mugabe, if he does stand down as a presidential aspirant, is expected to follow the model of retired Tanzanian president Julius Nyerere and remain on as Zanu-PF party leader. - Star Foreign Service

REUTERS

On his way out? ... President Robert Mugabe has not denied rumours that he might depart in 2002 when his term ends.

Mining industry calls for abolition of government's 'middle man'

(362) BD 6/5/99

Martin Rushmere

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 0,875% 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 unproved 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 BHP's Hartley mine, which was negotiated 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 77 700 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 Metekaire Kuda said resettlement selection would be based on experience and financial backing. — IFS

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Land reform tension eases in Zimbabwe

Star 6/5/99

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, 19 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 part-funded by donors, calls for the resettlement of 77 700 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

BD 7/5/99 (362)

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, 75% in the price of fats, and other essential inputs by amounts ranging from 30%-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$200m 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 Gavhera.

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

(362) CT 7/5/99

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 Diye 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 a spurt of applications to quit the army from officers unwilling to fight in the DRC. The sources also 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. — IFS

Zimbabwe set to get far worse

By Jan Raath

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 step 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 policies.

"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.

HOWARD BURDITT, REUTERS

Today's lesson ... a University of Zimbabwe student throws back a teargas grenade at riot police during campus clashes last month.

Star 7/5/99 (362)

Western diplomats say the paper will carry considerable weight in Brussels and can be expected to become a basic guide for dealings with the Zimbabwe government.

Its blunt criticism of the 75-year-old leader in his 20th year of autocratic rule is seen as a new low in Mugabe's speedy decline from being regarded as a distinguished African statesman to a crooked, incompetent dictator who "assumes god-like powers" for himself.

"Mugabe's withdrawal from the leadership position would certainly remove one major factor in the disruptive economic policy-making and thus bring more rationality to the economic sphere," it says.

The paper says that Zimbabwe was once "one of the few safe islands in a war-torn and polarised Southern Africa".

It was the "natural partner" with South Africa, following the end of apartheid, to lead the subcontinent into economic growth and democracy.

But, one of its authors says, "I do not believe the Mugabe regime has any capacity to arrest the current economic and currency meltdown. I doubt very much that any of Mugabe's cabinet colleagues actually know what to do under the present crisis.

"Nor does the government have the ability to check the shameless self–aggrandisement of the political elite at the cost of the ordinary people."

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. His removal 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 and resourceful 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 succession.

"There are hardly any possibilities for the EU to contribute towards the political retreat of President Mugabe besides hoping that democratisation paves the way for a non-violent change of the country's leadership," it says. – Sapa-dpa

REST OF AFRICA

Zimbabwe maize price to rise

BD 10/5/99 (362)

Minister expects retail increase, in response to new producer prices, to be affordable

Michael Hartnack

HARARE — Zimbabwe's Industry and Commerce Minister Nathan Shamuyarira has warned the country's 12,7-million people to prepare for a rise in the price of their staple food, maize meal, at the end of this month.

In a statement from Beijing, where he was accompanying President Robert Mugabe on an investment-seeking mission, Shamuyarira said the rise resulted from a 57% increase in the producer price of maize from Z$2 400 a ton to Z$4 200 a ton.

Shamuyarira did not disclose the amount by which the retail or wholesale meal prices would go up but said it would be "modest and affordable".

Increases last year were in line with moves away from subsidies and price controls urged by the World Bank and International Monetary Fund (IMF). However, they led to food riots in which eight people died as troops and tanks were deployed in townships.

"We have had to increase the producer price of maize to enable both the communal and commercial farmers to meet rising input costs. As a result, the price of maize meal will go up at the end of May," Shamuyarira said in the Chinese capital.

The parastatal Grain Marketing Board is increasing its price to millers from Z$3 000 to Z$4 900 a ton after months of confusion, with millers, the board and the railways blaming each other for repeated local shortages.

Shamuyarira said that the Zimbabwean government had a financial responsibility to farmers in the communal areas for whom maize was the principal crop.

Agronomists note that most of Zimbabwe's maize — all but 60 000 tons of this year's 1,5-million ton national crop — is grown by the 10% of farmers that constitute the communal areas' best-off families. The 75% white commercial farming sector has diversified into export-oriented crops.

Zimbabwe's annual maize consumption is about 1,8-million tons. The state-run Herald newspaper at the weekend reported "bafflement" about continued Grain Marketing Board importation of 460 000 tons of mostly SA maize in view of claims it had a sufficient stockpile.

The state-controlled media have highlighted a statement in Beijing that the Chinese government fully supports the government's land redistribution plan and has pledged Z$60m to assist, particularly with provision of agricultural machinery.

Given IMF hesitance to provide US$53m budget support, the Zimbabwe Broadcasting Corporation (ZBC) said China "had agreed to make available Z$2bn". Of this, Z$1,2bn would be for a rolling mill at the state's debt-ridden Zimbabwe Iron and Steel plant near Kwekwe. The money would be "ready by June and the rolling mill would be in full operation by September", said the ZBC.

The rest of the money would be assistance to small or medium-scale enterprises at the forefront of Mugabe's plan for black economic empowerment.

However, the Herald quoted Shamuyarira saying the Chinese were offering Z$1bn at a "low" rate of interest.

Zimbabwe's largest trade deal with Beijing since independence in 1980 was conducted under a veil of secrecy when half the tobacco crop was bartered for 1960s-vintage MiG-21 jet fighter bombers.

Iranian President Mohammad Khatami, right, receives President Robert Mugabe of Zimbabwe in Tehran for talks on expanding relations between the countries. Picture: AFP

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IMF again delays Zimbabwe aid

CT (BR) 10/5/99 (362)

BERNARD MANDIZVIDZA

Harare — The International Monetary Fund (IMF) has again baulked at releasing the US$53 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 reviewing 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

'Tortured' journalists to face trial

(362)

27/6/99

BERNARD MANDIZVIDZA
INDEPENDENT FOREIGN SERVICE

HARARE: Two Zimbabwean journalists who were illegally detained and allegedly tortured by the military over a newspaper report alleging a foiled 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 reporter Ray 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*.

All four journalists were charged under Section 50 of the draconian act, which prohibits publication of news likely "to cause fear, alarm and despondency" in the public.

Chavunduka and Choto cut short the medical treatment they were receiving in London for injuries received while they were in detention, to return and appear in court here yesterday.

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.

Zimbabwe's Supreme Court judges eventually petitioned Mugabe to make a public statement that his government still respected human rights.

He in turn asked them to resign, arguing that judges had no power to instruct the executive.

They declined and remained on the bench, leaving the two branches of government in a stalemate.

Zimbabwe wants SA-EU trade pact updated

(362)

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 Kelibert 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 Zimbabwean 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 up-beat report on President Robert Mugabe's protracted tour of Asia, the Zimbabwe Broadcasting Corporation reported that China would provide Z$135m for a dam on the Gwaai-Shangani river system in northern Matabeleland.

Following earlier reports that China would source Z$2bn for Zimbabwe, Mudenge told the broadcaster that Peking was providing Z$1,1bn "at a time the International Monetary Fund (IMF) is dragging its feet".

The IMF has repeatedly deferred a decision on $53m budget support, stalling a further $400m aid which western donors have made conditional on IMF satisfaction with Zimbabwe's economic performance.

BD 12/5/99

Speculative EU paper angers Zimbabweans

BD 13/5/99 (362)

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 forces in Zimbabwe if 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 Mugabe 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 80-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 Mugabe's Zezuru section of the Shona and other ethnic groups.

"It regurgitates in modern white liberal format 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, seeking 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 preamble.

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, Eddison Zvobgo, the most influential politician among the southeastern Karanga group of the Shona people, is most likely to succeed Mugabe, if the latter steps down.

Strongly disagreeing with this view is a Zimbabwean academic commentator who suggests retired army commander Solomon Mujuru (Rex Nhongo), Justice Minister Emmerson Mnangagwa, Home Affairs Minister Dumiso Dabengwa and CIO head Sydney Sekeramayi are also strong contenders.

Should Zvobgo succeed Mugabe the EU must demand immediate, democratic elections and constitutional reforms "so as to prevent a mere continuation of an autocratic regime a la Mugabe", says the report.

Alternatively, should Matabeleland explode the EU should urge the Zimbabwean government "to act sensibly and observe human rights.

"In a situation that sees spontaneous 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 1980-88 unrest, of more than 1m Zimbabwean migrant workers now in SA, 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's author says all are, in any case, fearful of prosecution for corruption or bankrupting their private business empires if they break with Mugabe.

The report traced Zimbabwe's trouble to diversion of resources to political priorities, maintaining "a precarious balance of the various Shona factions and Ndebeles within the (ruling) party" and pleasing major strategic groups through allocation of economic patronage.

It says the problem of resettling land-hungry peasants has been overemphasised as a result of state attempts to make whites a scapegoat for social distress.

With 70% citizens 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 described 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

CT (BR) 13/5/99 (362)

From Bloomberg

Harare – Sugar producers in Zimbabwe, which has the world's lowest production costs, could start turning a loss because of government pressure to keep prices low.

The government is applying pressure on producers Tate & Lyle and Hippo Valley, in which Anglo American Zimbabwe is the biggest shareholder, to keep their domestic prices below their production costs in an attempt to rein in inflation, now at a record 53 percent.

Investec, the South African specialist banking group, said in a May 6 report: "Hippo Valley is only marginally profitable under present circumstances ... It threatens to drown in a sea of red ink unless domestic sugar prices are allowed to rise."

"The price of refined sugar in Zimbabwe is well below the price in neighbouring countries, leading to a rise in domestic demand as purchasers seek to smuggle sugar across the country's borders.

Zimbabwean sugar producers have to meet domestic demand before they can export their output.

Ted Garner, the vice-chairman of Triangle Zimbabwean sugar, said the government was exerting as much pressure as it could to prevent companies raising prices.

Sugar "sells at about 30 percent of the South African domestic price. This represents a massive arbitrage opportunity."

Zimbabwe produces about 600 000 tons of sugar a year, half of which is usually exported, representing about 9 percent of Africa's sugar exports.

John Clemmow, an analyst at Investec Securities in London, said: "Zimbabwe must be the only country in the world where if you cross the border and customs officials open your (car) boot and find bags of white powder you are in trouble if it turns out to be sugar."

"Operating margins at ZSR, a sugar refining company, fell by more than half, to 1,8 percent in the year to March 31 and exports plunged 35,5 percent in volume terms, according to Sagit Stockbrokers.

Clemmow said he would cut his earnings estimate for Hippo Valley.

ZSR refines sugar while Hippo Valley, and Triangle, which is owned by Tongaat-Hulett, Anglo American's subsidiary, produce raw sugar.

Hippo Valley shares have fallen 13 percent this year, last trading at Z$7,50 (R1,21) on the Zimbabwe stock exchange, while ZSR has fallen 8 percent, last trading at Z$3,30.

Breather for Zimbabwe tobacco farmers as quality hoists market

CT (BR) 13/5/99 (362)

GODFREY MUTIZWA

Harare – 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 flue-cured leaf rose to $1,33 a kilo on Monday, from $1,23 on April 21 when the floors opened. With 14 selling days gone, the industry has sold 12,3 million kg at its two auction floors, earning farmers $16,36 million versus the $13,69 million earned by the same time last year.

"This year looks a bit more positive, and it looks like the quality more 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 Z$623,3 million from Z$219,0 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 induced the Zimbabwe dollar's crash against major foreign currencies. The unit has been wobbly this year because of slower inflows from tobacco.

Zimbabwe's 1 650 commercial farmers and 6 000 small-scale growers are expected to produce about 186 million kg in the 1998-99 (November-April) season from 182,41 million kg last year.

The government has put 1999 earnings at $550 million, up from $372,3 million in 1998, but industry officials estimate them at $450 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

BD 14/5/99 (362)

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$53m 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 Z$500m 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 Z$1-$2bn Chinese funds 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."

Boost for Zimbabwe's land reform

(362)

World Bank funds pilot projects to remove uncertainty on redistribution, ensure productive use of land

Simon Barber

WASHINGTON — The World Bank has, after delicate negotiations, agreed to help the Zimbabwean government find more effective, less corruption-prone community-based approaches to land reform than compulsory acquisition and redistribution of farms.

The bank hopes that by supporting a series of pilot projects based on lessons from Brazil and elsewhere, it can convince Harare to abandon, once and for all, its heavy-handed, investor-scaring tactics and pursue a course that simultaneously serves the needs of the poor and leads to more productive use of land.

The bank's initial commitment of a \$5m interest-free 35-year loan — still contingent on board approval and government abiding by land policy pledges made to foreign donors in September — was small, but would be scaled up if all went well, said Barbara Kafka, the bank's country director for Zimbabwe.

The loan would help finance a two-year \$7m inception phase, agreed to by the Zimbabwean cabinet, that would ideally result in 1 000 poor rural families starting to make decent livings on 40 000ha of land, some already acquired by the state, but most to be obtained in willing-seller, willing-buyer transactions.

In the latter instance, "eligible self-selected" rural communities would identify suitable land, negotiate its purchase with willing sellers and then approach their rural district council for finance, according to a summary prepared for the World Bank's board.

The council would confirm that title to the land was clean, "no other condition threaten(ed) the effectiveness of the ... purchase" and the price was "consistent with market conditions".

Once the application was approved, the community would be eligible for loans and grants of up to \$5 000 for a household plus technical help "to establish the land settlement and improve the productivity of land".

The overall package — full purchase price of the land and upfront investment needed for the buying community to use it productively — would be financed from two accounts set up at a yet-to-be-named institution.

One account, funded by government, would be used to pay the seller. The second, containing bank and donors' funds, would be drawn on to make the new settlements viable.

The land itself would be treated as collateral. Repayment of the nongrant aspects would be made in cash, labour and kind, while the purchasing community would decide how the land should be distributed among households and the level of their corresponding obligations.

Much the same approach would be taken for distribution of land already acquired by government.

Kafka emphasised that World Bank funds would not be used to buy land, but rather to finance "complementary investments" to ensure communities that acquired the land were better off.

The summary, prepared for the bank's board, noted that there was much international experience on unsuccessful land reform programmes. Lessons learned, and hopefully to be applied in Zimbabwe, included:

□ Central government identification of targeted lands and attempts at expropriation tended to create legal disputes, delays, high administrative costs and often bred corruption;

□ It was better to involve those who benefited from the process in voluntary transactions with landowners; and

□ Centralised designation of beneficiaries was not effective as direct community participation worked better.

The summary said Harare had cut the list of farms listed for compulsory acquisition from 1 471 to 841. Nevertheless, the process of acquiring the properties would be "very slow, contentious and costly".

BD 17/5/99

Great Dyke's riches may be illusory

BD 19/5/99 BD 19/5/99 (3ba)

Another setback at Hartley threatens platinum producer's future

Martin Rushmere

HARARE — Another setback at Hartley platinum mine in Zimbabwe has brought the $450m project a step nearer to being closed or sold and has again highlighted that the apparent riches of the Great Dyke may be something of an illusion.

An opencast mining experiment has had to be abandoned after a year because the ore is unexpectedly complicated, making it uneconomic to be treated by the conventional methods in use. The processing plant was designed for the underground ore, which is of a different type.

Majority owner BHP is silent but junior partner Delta Gold of Australia (through its platinum subsidiary in Zimbabwe, Zimplats) says the problem is that the platinum group metals are "in a sub-microscopic form". This means ore grades are much lower than expected, leading to a small reward from a huge amount of effort and money.

The mine is now more than a year behind schedule and 20% over budget. Opencast mining was tried because underground conditions are so difficult.

Operations have had to be slowed drastically, with the result that production is at one-third of the planned rate of 180 000 tons of ore a month.

A domino effect has ensued, says Delta Gold. "No material production improvements are expected until key mining issues are resolved. These include consistent, correct demarcation of the mineralised horizon, improved drilling and blasting practices, improved ground support practices, eradication of bottlenecks in the ore transport systems, implementation of more rapid access to the orebody by accelerating the rate of development of underground haulageways and associated accessways into the orebody."

The Hartley experience and the general difficulties of mining platinum have led one of Zimbabwe's foremost mining analysts, John Holloway, to call for a totally new approach to the Great Dyke.

He notes that Anglo American is finding it tough going at Unki, and Zimasco (successor to Union Carbide) is restricting itself to a small operation at Mimosa, while Rio Tinto gave up at Zinca in the 1980s.

He says companies are trying too hard to get maximum gold and base metals grades along with the platinum and palladium. This, he says, is almost impossible because of the peculiar composition of the Great Dyke. He proposes that attention be concentrated on just the platinum group metals, which with the rhodium, would produce the equivalent of 7g a ton of gold. He gives detailed technical suggestions on changes to mining methods.

Holloway says it is unrealistic and unfair to ask the major companies to try these experiments and reckons donors such as the World Bank and others could be tapped.

$5m boost for Zim resettlement scheme

(362)

CT 19/5/99

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 granting was a "learning and innovation loan" and not the launch of full scale resettlement programme.

"This is a very positive development," said Barbara Kafka, 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. —Sapa

Modest land reform wins donor support

(362) BD 20/5/99

Michael Hartnack

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 preparatory $960 000 technical aid agreement.

This signalled the demise of President Robert Mugabe's plans for land seizures with indefinitely 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 $53m-$88m 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 recognise 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 $5m 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.

REST OF AFRICA

Zimbabwean banking system in stormy seas

(362) BD 20/5/99

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 afflict the commercial banks.

The country has seen two financial institutions collapse, including United Merchant Bank, after it issued fake 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.

Finhold is high risk and does not possess the attractions to the long-term investor that are apparent in Barclays. However, the share has good value at current levels in the short term.

It rates Commercial Bank of Zimbabwe as the least attractive of the listed commercial banks. Given the negative sentiment associated with the collapse of UMB, the bank remains vulnerable to depositor flight, due to its relatively poor brand image.

The report also warns that a new Banking Act and a new Reserve Bank Act may be promulgated soon. It has been suggested that such an act will see the central bank becoming a de facto division of the finance ministry, hence becoming less independent. This opens the way for further political involvement in the financial sector.

The report says 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.

It 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'

(3627) 1 . R . 21/5/99

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 Dzikamai 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 R1,1bn 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 protest a loss of rights

MtG 21-27/5/99 (362)

Mercedes Sayagues

Women activists in Harare are on the warpath after the Zimbabwe Supreme Court recently used customary law to disinherit a woman.

Angry women marched through downtown Harare last week to the court, where they delivered a written complaint about rulings that diminish women's rights.

The marchers bore colourful placards, some of which read: "We will not accept customary legalised tyranny"; "Discrimination against women is not compulsory in African society"; and "Are we going backwards into the year 2000?"

Venia Magaya (52), the eldest child of her father's senior wife, was made heir to his estate by a community court. Her younger half-brother, son of their father's second wife, appealed to a magistrate's court and won.

In July 1997 he kicked Venia out of the house in Mabvuku where she had lived with her parents until their death. She now lives in a shack in a neighbour's backyard.

Rita Makarau, a lawyer and MP, appealed on behalf of Magaya to the Supreme Court and lost.

The court ruled that, under customary law, only men can inherit and all family members are subordinate to the male head of the family; that the Legal Age of Majority Act, drafted in 1982 to ensure equality, does not apply to customary law; and that Section 23 of the Zimbabwe Constitution allows discrimination against women as "the nature of African society".

The ruling applies only to the estates of people who died before November 1 1997, when a law guaranteeing equality between male and female heirs was passed. It will, however, apply to a number of cases yet to be heard.

More alarmingly, it has opened the door for customary law to erode legal gains made by Zimbabwean women over the years.

Lawyers unhappy with the ruling argue that the concept of customary law is vague since every ethnic group has its own; that the court is reinstating discrimination against women that the Legal Age of Majority Act was meant to erase; and that Zimbabwe has signed international conventions on equality between men and women.

However, Pearson Nherere, a respected lawyer with a solid human rights record, says: "The decision is not palatable or desirable according to human rights, but it is correct according to jurisprudence."

He adds that the Act was ill-conceived and ill-defined. "We are in a confused situation," says Nherere. He suggests lobbying Parliament to change the laws, not the Supreme Court.

This feeds into a debate on the role of the judiciary in promoting human rights: should it be an activist Bench that promotes human rights or one that upholds the law and leaves law-making to the legislature?

Conversely, ask women activists, should the Supreme Court become the custodian of customary law at the expense of being the custodian of women's rights? And whose customary law is this anyway?

Yet this ruling was hardly a bolt from the blue. In recent judgments, the Supreme Court has narrowed the application of equality among men and women under customary law.

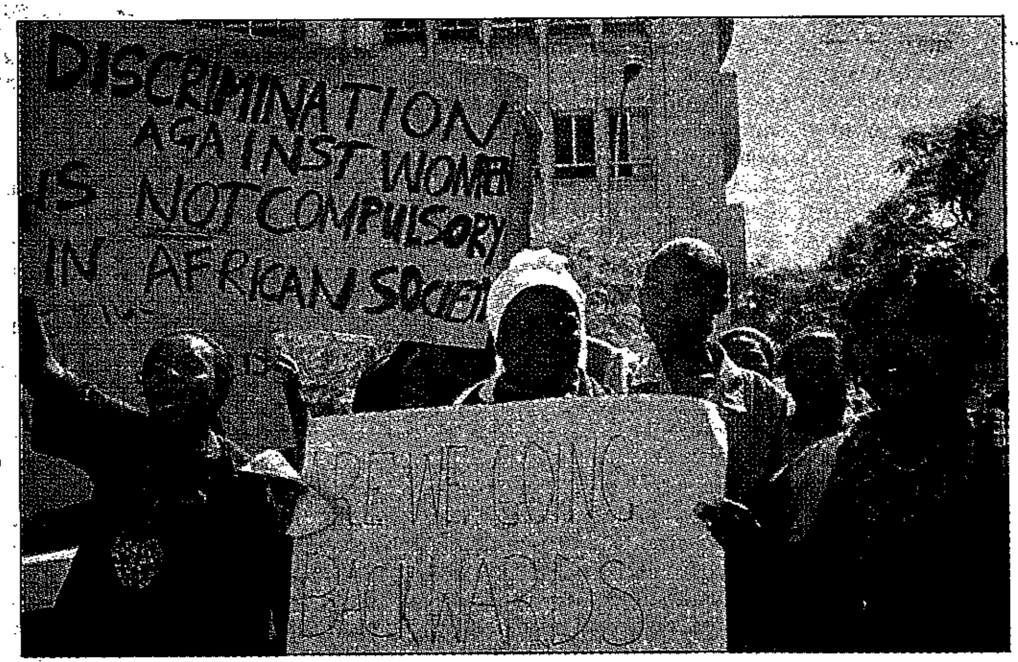
Most troubling in one recent ruling is that, instead of confining itself to that case, the court reversed previous judgments that upheld the Legal Age of Majority Act, stating they were wrong.

This alters jurisprudence. Lawyers cannot refer any longer to progressive judgments regarding women's rights issued by courts in the mid-1980s.

"With all due respect to the court, its thinking is unclear, muddled and confusing," says law lecturer Welshman Ncube. He believes that eventually the Supreme Court will have to reverse its decision and declare this judgment wrong.

Women activists, lulled into a false sense of security after the Act was passed, are now on the warpath.

"This is a clarion call to action, to make sure that in the new Constitution there are no ambiguities and no exceptions on equality," says Thoko Matshe, of Zimbabwe's Women Resource Network.



Supremely unimpressed: Women took to the streets of Harare to protest a recent Zimbabwe Supreme Court ruling that eroded women's rights. PHOTOGRAPH: MERCEDES SAYAGUES

Zimbabwe rattles sabres on farm deal

(262) BD 24/5/99

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 Msika again stirred controversy with threats of expropriation.

Msika, who chairs the national land redistribution task force, told peasant farmers at Siganda, near Bubi, in northern Matabeleland, 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 Swanepoel, lodged documents with the high court claiming the government owned more than 500 000 ha in Matabeleland which could be used for resettlement.

"I have written to Swanepoel and we will have a meeting with members of the white farming community," Msika said. "If they refuse to let go of some land, government will be forced to resort to compulsory acquisition."

Farming sources say much of the land in state hands is leased to parastatals or 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 Guinea Bissau, noted that the major cost in well-planned resettlement was not compensating departing whites but providing infrastructure to make incoming settlers able to run viable agri-business. 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 Zimbabwean leaders, particularly on land, had delayed aid. Nowak told the Financial Gazette Mugabe's threats to give evicted whites "IOUs" had "confused the issue and made it difficult to tell the government's position".

Meanwhile the Sunday Standard yesterday reported a growing row between Mashonaland West provincial governor Peter Chanetsa and ruling party mogul Charles Ndlovu over the pace of acquiring 16 white-owned farms for redistribution.

Nod to patriarchal traditions under fire

(362)

Women's groups are incensed by a new ruling on customary marriages, writes Michael Hartnack

BD 24/5/99

HARARE — With parliamentary elections only a year away, the legal, social and economic status of Zimbabwe's 6,5-million increasingly vocal women has been thrown into confusion.

Dynamic women are achieving increasing prominence in what was, until recently, an apathetic and patriarchal Zimbabwean political life. Women's rights are thus an emotive issue since most women see it as one of life and death amid today's AIDS pandemic, which is killing 1 200 Zimbabweans each week.

Male lawyers are guarded in their interpretation of a judgment recently handed down by the supreme court, but women's groups claim that "under the guise of 'family values', women will be forced to enter the 21st century with the same rights they had in the 19th century".

The case of Magaya v Magaya reflects on millions of black Zimbabwean men who fathered children and contracted customary law polygamous second marriages without consent of first wives who thought they had contracted Christian, exclusive unions.

Equally important, it affects the rights of women to own and inherit property. Rural African women are demanding previously unheard-of title to own farms under Mugabe's sweeping land redistribution plans.

In towns, millions of women have taken advantage of the right – granted only 17 years ago – to open financial accounts in their own name without the consent of a male "guardian" to run businesses in the formal and informal sectors.

Judge Simbarashe Muchechetere dropped a bombshell earlier this year when he rejected Venia Magaya's appeal against a magistrate's decision to appoint her younger half-brother Nakayi Shonhiwa Magaya as her father's heir. Muchechetere had the backing of all four of his colleagues – Chief Justice Anthony Gubbay and judges Nicholas McNally, Ahmed Ebrahim, and Wilson Sandura – all males, feminist campaigners note.

Counsel for Venia Magaya argued that traditional disabilities on African women under customary law were abolished by the 1982 Legal Age of Majority Act — the most far-reaching piece of legislation introduced by Mugabe after 1980 independence. Since 1982 the "general law" gave them equal status with men, they contended.

Venia's mother had married her late father under Christian rites. His second liaison, with Nakayi's mother, was not a "customary" or "polygamous" marriage but was illegitimate, Venia said.

Muchechetere ruled that all marriages registered under the African Marriages Act (as Venia's parents had been) were "potentially polygamous" and it was not for the court to interfere with African custom. Clauses in the 1980 independence constitution expressly "saved" customary law where it clashed with clauses guaranteeing freedom from discrimination.

Mugabe's role in liberating black women by passing the 1982 Legal Age of Majority Act, and simultaneously getting 3-million girls into schools has, up to now, been indisputable.

From 1890-1979 Rhodesian administrations baulked at interfering with the traditional lowly status of women in African customary law, for fear of offending progovernment tribal elders.

Chiefs have repeatedly attacked the Legal Age of Majority Act since its implications became clear in 1984, when former Chief Justice Enoch Dumbutshena ruled a woman, not her male guardian, was the only lawful claimant of seduction damages. Muchechetere suggested that this case was "wrongly decided" by Dumbutshena.

Traditionalists blame the Legal Age of Majority Act for the loss of parental control over promiscuous girls, but feminists say women must take control of their own lives to protect themselves against promiscuous patriarchs.

The women's rights issue also goes to the heart of the land reform debate. Lands and Agriculture Minister Kumbirai Kangai concedes one reason why small-farmer schemes have failed is that holdings are sought as "retirement homes" (on which redundant older wives may be dumped by wealthy men), not as potentially vibrant, intensive agribusinesses.

Much of small-scale agriculture management is in any case in women's hands. Agronomists say giving women title will be the key to any real reform.

For at least 50% of Zimbabweans, the issue of women's rights is where the AIDS epidemic, land reform and trying to cope with chronic economic distress all converge. The country's political process may be destined to be taken over by women if men fail to take the initiative.

Mugabe blames 'Rhodesians' for outcry at his frequent trips

BD 25/5/99 (362)

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$3,5m 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 Meikles 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 36-year-old wife Grace.

"Even elsewhere, presidents also undertake them. You can look at the Nelson Mandelas and the Tony Blairs — 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

Martin Rushmere (362) BD 25/5/99

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 a pound to $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 geese that lay 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'

BD 28/5/99

Michael Hartnack (362)

HARARE — Investors in the new 190km rail spur linking Bulawayo with Beitbridge via West Nicholson denied yesterday that the line, to open in July, would be a "gravy train" for Zimbabwe's ruling elite.

A SA Press Association report on Sunday alleged Zimbabwean government ministers stood to benefit from a policy of "cronyism" in dispersal of state-owned National Railways of Zimbabwe (NRZ) assets, starting with the Bulawayo-Beitbridge rail link.

Eitan Dvir, the CE of the Bulawayo Beitbridge Railway Company, said only 15% of the shares in the $70m project were held by NRZ, with the rest held by Nedcor, Genbel Securities, Old Mutual, Sanlam and New Limpopo Projects.

"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.

Younger brother displaces sister, against the wishes of their dead father, writes Mercedes Sayagues of The Star Foreign Service in Harare

Star 27|5|99

Sexist Zimbabwe customary law under fire

(362)

SASA KRALJ / AP

Decidedly undecided ... gender equality is proving a thorny issue as Zimbabweans revise their constitution. The status quo of women suits the male dominated community.

At the threshold of the new millennium, Zimbabwean women are challenging a centuries-old practice – customary law. Two weeks ago women activists marched through Harare, protested to the Supreme Court, and are lobbying hard with parliamentarians to ensure the new constitution enshrines gender equality without loopholes.

"When tyranny calls itself custom you have injustice". "Discrimination against women is not compulsory in African society". "Are we going backwards into the year 2000?" read their placards.

What triggered their protest was a Supreme Court ruling. Venia Magaya (52), the eldest child of her father's senior wife, was appointed heir to her father's estate by a community court. A younger brother, son of a junior wife, appealed in the magistrate's court and won – solely because he is a man.

On July 17 1997 he kicked Magaya out of the house in Mabvuku, a township in Harare, where she had nursed her parents until their deaths. Venia Magaya appealed to the Supreme Court and lost.

The court argued that under customary law, women are juveniles and only men can inherit from a father; that the Legal Age of Majority Act of 1982 does not apply to customary law, and that section 23 of the constitution allows discrimination against women because it is "in the nature of African society".

The ruling applies only to estates of people deceased before November 1 1997, when a law ensuring equality between male and female heirs was passed.

Since colonial times, Zimbabwe has had a dual system of laws: general (or western or modern, meant originally for settlers) and customary (for Africans).

Independence did not change this. Both systems coexist, uncomfortably. For customary law expresses the values of a patriarchal, agrarian society, while general law has evolved and gradually incorporated principles of gender equality.

This does not mean that customary law survives as fixed by the settlers.

Six years ago, researchers doing a survey on inheritance practices for a book interviewed 739 people across Zimbabwe. They did not hear that it was mandatory for the eldest son to inherit. People said it depended on the best interest of the family. And that all children should share the father's estate, however differently.

"We were shattered by our findings," says researcher and law lecturer Julie Stewart.

She argues that customary law is more flexible than interpreted by the courts. The courts base their findings on the writings of southern African authors in the 1950s and 60s. Things have changed in Zimbabwe since then. "We should get the people and the Supreme Court together, but the court has locked the gate," says Stewart.

Zimbabwean women activists thought gender equality was assured with the Legal Age Majority Act (Lama) of 1982, which declared both males and females majors at 18. In the mid-1980s, Judge Enoch Dumbutshena's Supreme Court issued several rulings that upheld Lama over customary law.

But today's bench is more conservative. Recent rulings are tugging at Lama. One found that women in customary unions had won the right to sue with Lama, but could not sue for new causes, such as a husband's infidelity.

Some lawyers argue that customary law does not recognise majority and minority, that this notion is alien to it. Effectively, in customary law women are minors, not allowed to sue and subordinated to the male head of the household.

On the other hand, lawyers argue that Lama should apply to customary law, that Zimbabwe has signed international treaties like the Convention for the Elimination of Discrimination Against Women and should abide by it.

In Magaya v Magaya, it is the reasoning more than the conclusion that irks activists. If the court had confined itself to Magaya's case, the impact on the ground would not have been too bad.

But the court went further. It reversed previous judgments that upheld Lama over customary law. "The impact on jurisprudence is tragic," says human rights lawyer Tendai Biti.

Lawyers cannot now argue a case referring to those progressive 1980s rulings. Magaya vs Magaya casts a long shadow over the courts, law practice, and family life.

"The Magaya ruling gives patriarchs, who are also not really democrats, the ability to bring back terror into the conduct of everyday life in families," warns sociologist Rudo Gaidzanwa.

Some lawyers suggest a wide survey of customary practices to investigate changes. "Customary law may survive scrutiny better than we think," says Stewart.

Perhaps. But activists now want watertight provisions against discrimination.

"This ruling is a clear indictment of the need for constitutional reform and for a thorough Bill of Rights that enshrines gender equality," says Biti.

Zimbabwe is in the process of revising its constitution, which is, in the words of law lecturer Welshman Ncube, "decidedly undecided on gender equality".

"Justice Muchecherere has alerted us to the need not to muck around when the new constitution is drafted, not to allow any clauses or articles that may bring discrimination," says Thoko Matshe, of the Zimbabwe's Women's Resource Centre.

Some people are starting to think the unthinkable: the unification of the dual system of laws.

Radical feminist Dr Patricia McFadden says: "Why does Africa trade with modern laws but deny these for its women?

"Customary law is archaic and backwards. It denies women human rights and perpetuates colonial differentiation."

The MP and lawyer who took Magaya's case to the Supreme Court, says she sounded out fellow MPs on this subject, and was told it would be hard for men to abandon polygamy.

Lawyers and activists agree that the court is out of touch with reality. "Sitting benches should be people-oriented and address the realities of people rather than adjudicating in a vacuum," said a letter to the Supreme Court signed by all Zimbabwe's major women's organisations. – Africa Information Afrique

'Protection puts clock back'

BD 27/5/99 (362)

Michael Hartnack

HARARE — Prominent Zimbabwean industrialist Eddie Cross voiced dismay yesterday at acting Industry and Commerce Minister Kumbirai Kangai'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, Kangai said all members states were distressed by penetration of their markets by SA exporters. Although SA was not a Comesa member, SA produce had "flooded" 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 members 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 Nedlac 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 found their way across SA borders, Mpofu said.

Zimbabwe banks want forex eased

BD 27/5/99 (362)

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 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 38,10/20, 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. — Reuter.

Soaring prices batter Zimbabwe's poorest

BD 27/5/99 (362)

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 Z$1 735,94. Other living requirements, including rent and electricity, add up to Z$3 730,03 a month.

The price of sugar recently leapt 20% to Z$9,44. A loaf of bread now costs about Z$12 up from Z$10,50. Another 20% is expected in a month's time. A litre of milk now costs Z$13,78 up from Z$11,98, an increase of about 15%. Sour milk, a cheap form of protein, has gone up from Z$12,88 to Z$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. It used to be the other way around.

According to the regional manager of the Consumer Council of Zimbabwe, Victor Chisi, many families now have had to do without basic commodities like bread and sugar. "The spate of price hikes has traumatised consumers," Chisi 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

(362)

BT 28/5/99

HARARE: The economically stricken 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. In it 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 Kuwaza, 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

TZI's flat results due to political, economic ills

(362) BD 28/5/99

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 Zambezi Industries (TZI).

MD 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, taxed profit was much better at $4m, because of losses last year on businesses that have since been sold. Turnover for the six months fell 16% from last year to $38m.

The company is registered in the British Virgin Islands but has its head office in Harare. SA's Insurance, a subsidiary of Hanover 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 contributors 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 International Monetary Fund support for Zimbabwe.

Trans Zambezi 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

BD 28/5/99 (362)

Michael Hartnack

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 Kuwaza, senior secretary to the treasury, declined to confirm or deny the debt repayment crisis. He said Zimbabwe's foreign debt stood at Z$90,2bn 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 $53m 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 Kuwaza 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$18,60 to the dollar in December 1997, had collapsed to Z$39,00 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

362

From Reuters

Harare – Zimbabwe can only lower inflation from its prospective peak of 65 percent by raising interest rates, analysts said this week.

"Even a conservative estimate would put inflation peaking at between 60 percent and 65 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 Helby, managing director of securities firm DCZ Holdings.

Analysts say the Reserve Bank has restricted short-term rates for fear of undermining already weak economic growth. The private sector is already groaning under lending rates of more than 60 percent, but, "be that as it may, we need interest rates to jump sharply ahead of inflation to curtail spending", said one money market trader.

Analysts say the biggest culprit fuelling inflation is President Robert Mugabe's government, which borrows heavily from the market to service its debt.

98/05/18

New party has Bulawayo on the boil

A new incarnation of Matabeleland's Zapu party has emerged to fight the 'Shonalisation' of Zimbabwe, writes **Mercedes Sayagues**

Bullish: Zapu 2000 is holding township meetings to generate grassroots support for its campaign for more autonomy for Matabeleland. PHOTOGRAPH: MERCEDES SAYAGUES

MG 30/4 – 6/5/99 (362)

Bulawayo is simmering. Part is fermented anger and part is soulful excitement.

The anger is rooted in the government's neglect of Matabeleland. That western Zimbabwe is poorer is obvious, from the threadbare airport to the barefoot, ragged children in dusty homesteads. To locals, the colonial buildings that make Bulawayo charming symbolise its lack of development since independence.

Matabeleland's infrastructure remains that built by Rhodesia. "We've been shouting about chronic drought for the past 15 years, but not one major dam was built here since 1980," says alderman Colin Lumsden.

Locals believe the ruling party, Zanu-PF, pursues a policy of discrimination against the Ndebele, who make up 20% of Zimbabwe's population of 12,5-million. Some, remembering the thousands killed when the Fifth Brigade swept across Matabeleland in a wave of destruction in the early 1980s, call it genocide.

Cont Mhlanga, Bulawayo's popular playwright, calls it "the Shonalisation of Zimbabwe".

The excitement that goes with the anger hinges on the revival of the old Zimbabwe African People's Union as Zapu 2000, a challenge to Zanu-PF's hegemony and control of the national agenda and purse.

Describing itself as a movement, not yet a fully fledged political party, it plans nonetheless to contest local elections next August, with good chances of winning some of Bulawayo's 29 councillor seats.

In next year's elections, it will field MPs. One might be Paul Siwela, an assertive marketing executive who ran independently in 1995 and polled 2 700 votes in Mpopoma. Zapu 2000 members are intellectuals, businessmen, the young and disenfranchised, and middle-class, middle-aged, old Zapu who never joined the ruling party.

Zapu 2000 defines itself as a broad, non-racial, non-tribal movement for the whole country, as the original Zapu was, which seeks a federation of five provinces with greater autonomy and equality.

Active in five provinces, it builds grassroots support through meetings in townships and rural areas.

"The mood has changed since Zapu 2000 was formed," says Mhlanga. "People are hopeful, especially the young." The young are the most disadvantaged with regard to access to jobs and education.

Bulawayo, formerly Zimbabwe's industrial powerhouse, has steadily lost jobs and investment to Harare. Locals call the capital "*Bambazonke*" (grab all). After independence at least six major industries relocated to the capital, close to the decision-making and forex source.

With the little there is, Ndebele people bitterly complain about systematic discrimination.

Even a Zanu-PF stalwart like Bulawayo's mayor Abel Siwela agrees: "There is a deliberate approach to exclude us."

He ticks off examples: the civil service and private sector are staffed up to 80% or 90% with non-residents. Out of 15 to 20 bank managers in Bulawayo, only two are Ndebele. "It is impossible to get a bank loan if you are Ndebele," says Abel Siwela.

He goes on. Only 15 % of the enrolment at Bulawayo's National University of Science and Technology are locals. This is due partly to discrimination against qualified Ndebele students and partly to the poor quality of education in Matabeleland. Out of 18 secondary schools in the region, only two teach science.

Gibson Sibanda, president of the Zimbabwe Congress of Trade Unions, says that most apprentices at the National Railways of Zimbabwe's headquarters in Bulawayo are not locals.

Language is a sore point. Where peasants speak little or no Shona, nurses, police and customs officers don't speak Ndebele. Two weeks ago, when the Ndebele-speaking old mother of George Mkhwanazi, a Zapu 2000 supporter, went to the clinic in Tsholotsho, the nurse could not understand her. Mkhwanazi still bristles at this.

Last year, an ad placed by the University of Zimbabwe (UZ) in the government-owned *The Herald* created a furore in Bulawayo. UZ turns out competent "Shona graduates", read the ad. As protest mounted, UZ cancelled the ad. *The Herald* blamed it on the advertising agency and the agency blamed it on computer gremlins. But, as Mhlanga points out, that the racial blunder was not picked up at any stage of production speaks for itself.

The undercurrent of simmering boils over at soccer matches. When local team Highlanders play, Zapu 2000 banners and T-shirts, chants and slogans liven up the match. The T-shirts have the old Zapu symbol, a bull, and catchy slogans: *Ulenkani*, stubborn as a bull; *Isilo samabandla*, feared among nations; Zapu 2000 for a new order.

The mood can turn ugly. Earlier this year, a youth was killed when police teargassed and shot rioting fans.

Zapu 2000 taps this deep-seated anger. At a meeting in Impopoma township last week, about 120 poorly dressed people, mostly men, listened with intense concentration.

"Amandla!" greeted one speaker, fist in the air. The audience cheered. The speakers talked about human and civic rights, against corruption and the war in the Democratic Republic of Congo, about pride in one's own culture and the need for change. People clapped, laughed and booed. At the end, when they sang *Nkosi Sikelel'i-Africa*, the energy was overpowering, like in a heartfelt church service.

Vice president Joshua Nkomo is very sick. Will the 1987 Unity Accord between old Zapu and Zanu hold? Some say it should be revised because it cemented Zanu's hegemony.

"For the love of money and for vanity, our leadership sold us out," says Thamsanqua Magonya of the pressure group Imbovane.

Within Zanu, the race to succeed Nkomo is on. Matabeleland North governor Welshman Mabhena, a freedom fighter with an honourable past now serving a second term as governor, has little to show for Matabeleland except excuses that *Bambazonke* leaves crumbs. The same applies to Zapu's old guard in government.

"They should read the barometer: they don't represent us," says Siwela.

The young are not accepting any more excuses. "The candle has been burning all along; the light is shining now," says Magonya.

Zimbabwe faces petrol price rise or rationing

UT (Pta) 31/5/99 (362)

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."

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's media runs into trouble

(362)

Michael Hartnack

BD 1/6/99

HARARE — Zimbabwe's media is reportedly running into political, industrial and financial trouble, with journalists in Harare staging a sit-in for allowances while a colleague in Bulawayo alleges he has 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 undercover agent of the Central Intelligence Organisation.

Home Affairs Minister Dumiso Dabengwa said when approached for comment about the alleged beating on Saturday of Foster Dongozi, 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 censured The Chronicle for reporting that a resident of Nkulumane suburb had bought himself a coffin after being threatened by police, and that there was a shortage of stationery at police stations.

Dongani, 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 Dongani 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 Organisation agent entered newspaper offices in Masvingo and assaulted four journalists for alleged anti-Zimbabwean reporting.

Zimbabwe Sun Hotels is thriving

Martin Rushmere (362)

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.

BD 3/6/99

REST OF AFRICA

Zimbabwe mourns as unsafe mine is shut

BD 4/6/99 (362)

'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 Zimbabwe Platinum Mines (Zimplats). Zimplats said the mine was unsafe for underground work.

Mines Minister Simon Moyo said he was examining various options to keep the mine open, including integrating it with new developments on the Great Dyke 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 Mhondoro Platinum Mining Project.

Australian analysts estimated the costs of care, maintenance and lay-offs to be at $19,2m for the year ending May 31.

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 $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 Ngezi 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 purchase will save us up to $40m on the Ngezi 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

(362)

BERNARD MANDIZVIDZA 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 Zimbabwe, which is battling to attract foreign investment to boost its dwindling foreign exchange reserves, into further economic chaos.

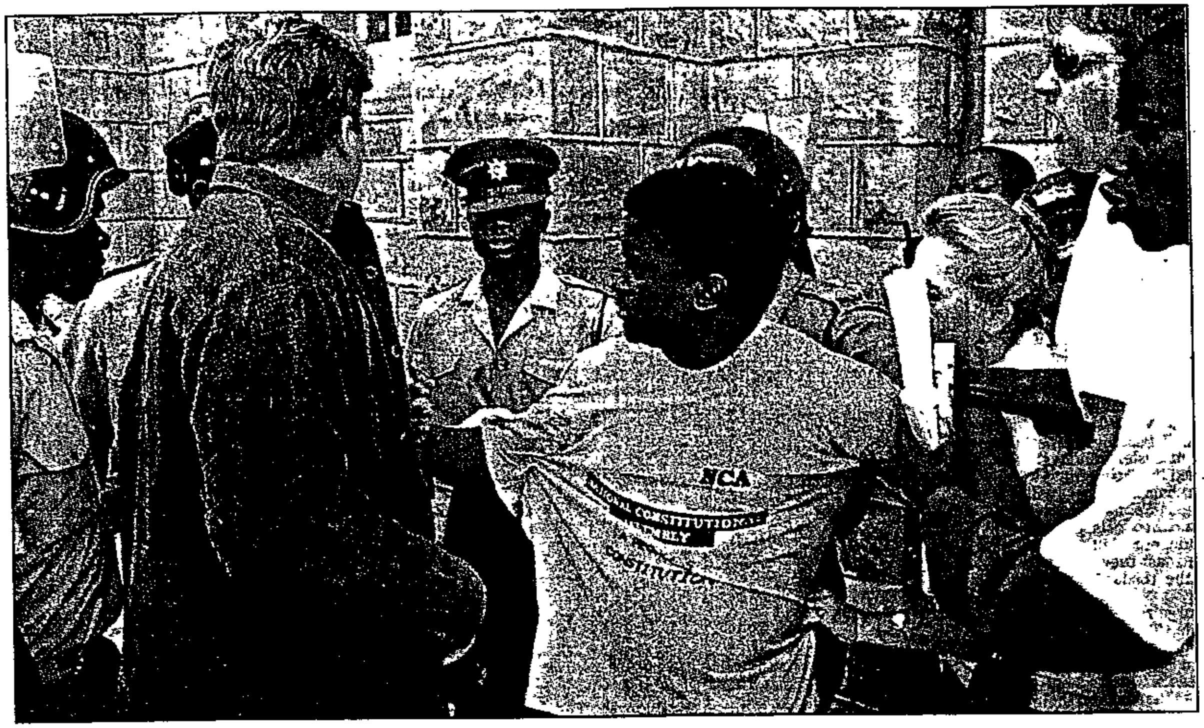
Simon Moyo, the minister of mines, environment and tourism, said in a statement yesterday that geological ground conditions at the mine had proved to be more fractured and faulted than predicted in the feasibility studies prepared in 1993. He said it was the government's wish that the workers get acceptable packages.

Johannesburg analysts and industry sources said the reasons behind 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 battled to bring in sufficient numbers of skilled employees because this was in conflict with the government policy of employing locals.

"Amplats could make a go of it if they started with a clean slate, but there is no way you could make it work with the structure its got," he said. — Independent Foreign Service

CT(BR) 4/6/99



STILL AT THE HELM... Almost twenty years after Zimbabwean independence Robert Mugabe (top) is still president of Zimbabwe.

VIOLENT ENCOUNTERS... Police and protestors meet in the streets of Zimbabwe (left and far left) as rising inflation, unemployement and poverty drive citizens to demonstrate against Mugabe's government.
■Pics: PICTURENET

Disillusionment and sports tribalism spell danger in Zimbabwe

Tough times in the House of Hunger

(362) CP 6/6/99

DISARMINGLY polite, yet on the verge of violence; a place of fun and a place of despair: Zimbabwe today is a place of extremes. VUKILE POKWANA recently visited this country still run by Robert Mugabe.

"You must take condoms with you," insisted Mapula in a polite tone. "I have strong Zimbabwean condoms," she declared.

I eluded her graceful plea.

Unknown to me the AIDS/HIV infection rate is high in Zimbabwe. Young and old alike are dying daily from the deadly virus.

Not that this is unique to Zimbabwe. In my own backyard, beloved South Africans are dying of the disease. The infection rate in our country is said to be 1 500 per day.

But AIDS is not what I want to write about. It is the House of Hunger that Zimbabwe has become which interests me. It is the madness, fun, despair, violence, tribal tension, misgovernance and plundering of state coffers which are quickly becoming legendary that fascinate me.

These tangy urban stories are related in Dambudzo Marechera's book House of Hunger, joint winner ed. At this point I left the stage and rushed to the bar.

Suddenly she appeared behind me and in a business-like tone inquired, "Are you from South?" I replied affirmatively.

Be warned, once things get pretty close and personal you might need Mapula's range of strong Zimbabwean condoms.

In fact a patron had warned me earlier that I would need to wear a condom before I greeted any vivacious local girl, lest I found her lying next to me the following morning. But that was not my intention. I left the club after a brief chat with Oliver.

Zimbabweans are nice people. They are humble and have a great spirit of loyalty. It was this spirit that swept their liberation hero, Robert Mugabe, to power in 1980.

It was the same spirit that saw them becoming a docile and cowed populace even when their gay-bashing Mugabe and his cronies were mismanaging the economy and [illegible] the differ- House of Hunger.

Zimbabweans do not fight or kill over mopane worms only. There is a simmering tribal tension between the Shonas and Ndebeles. According to commentators, tribalism manifests itself through soccer – and I had thought soccer was a unifying factor. My hopes were shattered on realising that tribal rage and fury have been taken to the sports field.

Imagine if all Xhosa and Zulu-speaking people would be divided along Kaizer Chiefs and Orlando Pirates respectively. Something white senior official at the club in question.

Racism is more repugnant in the House of Hunger because since independence in 1980 racial tolerance has not been well received by conservative people who still live by the ways of fallen Ian Smith.

Tich Mataz, the DJ who fell from grace in South Africa, is doing relatively well in Zimbabwe. He edged out two broadcasters to occupy prominent slots on both radio and television. He also owns a night club and a communications company and has little or no interest in in prestigious universities such as Harvard, Sussex, Cambridge and Oxford. The nose brigade in Zimbabwe, it is believed, are the ones who will restore hope to that country. After acquiring their high-quality education overseas they will hopefully come back to serve their country and ensure that the economy and other key sectors and institutions are properly managed.

But the sad story about Zimbabwe's parlous situation is that it is government officials and the post-liberation ruling class who are plundering the country. A housing leavers – is a real waste of human talent, especially when one considers that Zimbabwe produces some of the best students in Southern Africa.

The government's central statistical office revealed that 70 percent of people in rural areas and 40 percent in urban areas live below the bread line. Recently Mugabe awarded war veterans Z$4,5 billion while poverty-stricken people watched helplessly. The move was an attempt to put out the fire following protests by the war veterans that they were being overlooked in the new dispensation. Of course, they could not sit back and watch their comrades in government enjoy their prize of war.

- More than Z$3 million is spent by Mugabe and his aides on overseas trips. This is definitely extreme self-aggrandizement for a country whose standards of living have plummeted by 40 percent since independence.

Compounding the economic woes in the House of Hunger is its meddl- vehemently opposed speculation that he would not be contesting the forthcoming millennium elections. Surely the "mdala" has something to learn from Madiba. He has overstayed his welcome in office and should bow out with dignity instead of being forcibly ousted out by the revolution which is currently cooking in his country.

The people have had enough of him and want to see him out. The sleeping giant in them is waking up and they are jettisoning their deference and loyalty to Mugabe.

Under the leadership of the Zimbabwe Congress of Trade Unions, they have embarked on rolling mass action and have had skirmishes with Mugabe's regime – which is fast going the route of many post-colonial African governments in the strengthening hand of the military.

Mugabe's response to the protest by Zimbabweans has been a ruthless unleashing of state power and the muzzling of the press.

The independent press in Zimbabwe [illegible] patriotic

Tough Times in the House of Hunger

(362) CP 6/6/99

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These tangy urban stories are related in Dambudzo Marechera's book House of Hunger, joint winner of the Guardian Fiction Prize.

His fictional portrait of life in Zimbabwe still resonates. Harare and the country as a whole are still haunted by the perceptive and prolific writings of Dambudzo.

Coincidentally, Dambudzo died tragically young in 1987. He was HIV-infected.

My mission during my two-week long stay in Zimbabwe was to search for the lost soul and spirit of Dambudzo, lurking in the moist air. I raided the bookshops, the park in the city centre where he used to sit. I was inspired to pen a poem in his memory entitled Looking For Dambudzo.

It was in Boomerang, one of the hottest night spots in Harare, that Mapula's warning came into my head. Oliver Mtukudzi's guitar riff-raff grabbed me by the scruff of the neck and threw me to the dance floor.

With my spectacularly unco-ordinated free-style dance routine, wiggling my voluptuous buttocks and my trademark dreadlocks, I was able to touch the soul of one lady. I pretended not to notice as she was making a move. One of those hard-to-get stunts.

I looked Oliver in the eye until he winked at me. He was belting out a soul-stirring song. I danced until my backside was dripping with sweat. The lady in question followed me like a shadow. I grinned and in turn she smiled politely and seductively at me. I gave her that jump-into-the-nearest-lake look. She grew animated. At this point I left the stage and rushed to the bar.

Suddenly she appeared behind me and in a business-like tone inquired, "Are you from South?" I replied affirmatively.

Be warned, once things get pretty close and personal you might need Mapula's range of strong Zimbabwean condoms.

In fact a patron had warned me earlier that I would need to wear a condom before I greeted any vivacious local girl, lest I found her lying next to me the following morning. But that was not my intention. I left the club after a brief chat with Oliver.

Zimbabweans are nice people. They are humble and have a great spirit of loyalty. It was this spirit that swept their liberation hero, Robert Mugabe, to power in 1980.

It was the same spirit that saw them becoming a docile and cowed populace even when their gay-bashing Mugabe and his cronies were mismanaging the economy and shamelessly exploiting the deference of the people.

Harsh statistics

- **45% unemployment**
- **70% of rural people live below the breadline**
- **40% fall in living standards since independence**
- **Z$1million spent on war in Democratic Republic of the Congo daily**
- **Z$3million spent on overseas trips yearly by Mugabe's government**

I guess it is the same loyalty that has relegated these poor Zimbabwean souls to the House of Hunger that Dambudzo wrote about. They are paying the price for being sentimental about matters political.

If you are not used to pleasantries you will be annoyed in Zimbabwe. At one stage I responded rather foolishly to a bloke at my hotel who kept on calling me sir. I insisted that he must call me Vooks, but in no less than 10 seconds he was back to his habitual sir. I could not help but feel that it is such deference to people who do not even deserve it that has plunged Zimbabwe into the crisis it is faced with.

At the hotel, I had had enough of the Anglo Saxon diet and requested the locals to recommend a traditional dish. "Sadza (pap) and mopane worms," said a local lad emphatically.

A columnist in the Daily News noted that "mopane worms are a culinary sensation in Zimbabwe. One cannot even tell that in their short life, given the chance, the mopane worms eventually metamorphose into the majestic gladiator moth. But it is the worms that people jostle or even kill for. For it brought renewed hope to the drought-stricken people of Matebele land by replacing traditional agricultural procedure as a source of nutrition and income."

Phew, things are bad in the House of Hunger.

Zimbabweans do not fight or kill over mopane worms only. There is a simmering tribal tension between the Shonas and Ndebeles. According to commentators, tribalism manifests itself through soccer – and I had thought soccer was a unifying factor. My hopes were shattered on realising that tribal rage and fury have been taken to the sports field.

Imagine if all Xhosa and Zulu-speaking people would be divided along Kaizer Chiefs and Orlando Pirates respectively. Something needs to be done because the tribalism issue is just about to explode in a big and twisted way. Zimbabwe is on the verge of a catastrophe, both socially and economically, and innocent people stand to lose.

Surprisingly, racism has also been dragged to the sports field. A famed Zimbabwean soccer star, Moses Chunga, quit his coaching post in a huff after being called a kaffir. No need to guess it was a white senior official at the club in question.

Racism is more repugnant in the House of Hunger because since independence in 1980 racial tolerance has not been well received by conservative people who still live by the ways of fallen Ian Smith.

Tich Mataz, the DJ who fell from grace in South Africa, is doing relatively well in Zimbabwe. He edged out two broadcasters to occupy prominent slots on both radio and television. He also owns a night club and a communications company and has little or no interest in returning to South Africa.

On a lighter note, just like South Africa's Model C products, Zimbabwe has its own version, called the nose brigade because they speak English with a twang or British accent. They are products of such prestigious schools as Peter House outside Harare and Lomagundi close to Chinoyi.

But Zimbabwe's nose brigade have a vision. Some of them end up in prestigious universities such as Harvard, Sussex, Cambridge and Oxford. The nose brigade in Zimbabwe, it is believed, are the ones who will restore hope to that country. After acquiring their high-quality education overseas they will hopefully come back to serve their country and ensure that the economy and other key sectors and institutions are properly managed.

But the sad story about Zimbabwe's parlous situation is that it is government officials and the post-liberation ruling class who are plundering the country. A housing project for the poor was hijacked and the funds never reached the intended people. Instead, senior ZANU-PF supporters and the First Lady, Grace Mugabe, used the money to build themselves mansions.

More than 300 000 school leavers' dreams are shattered because there is no employment. Unemployment stands at 45 percent. And this – the inability to create jobs for school leavers – is a real waste of human talent, especially when one considers that Zimbabwe produces some of the best students in Southern Africa.

The government's central statistical office revealed that 70 percent of people in rural areas and 40 percent in urban areas live below the bread line. Recently Mugabe awarded war veterans Z$4,5 billion while poverty-stricken people watched helplessly. The move was an attempt to put out the fire following protests by the war veterans that they were being overlooked in the new dispensation. Of course, they could not sit back and watch their comrades in government enjoy their prize of war.

More than Z$3 million is spent by Mugabe and his aides on overseas trips. This is definitely extreme self-aggrandizement for a country whose standards of living have plummeted by 40 percent since independence.

Compounding the economic woes in the House of Hunger is its meddling with the affairs of the Democratic Republic of Congo. To date Zimbabweans have failed to understand the involvement of their country in Congo which sets them back Z$1 million a day. Their soldiers have been killed at regualr intervals by armed rebells in that senseless war. "It is definitely not our war but Mugabe's," said a drinking partner at one pub.

In a newspaper article Mugabe vehemently opposed speculation that he would not be contesting the forthcoming millennium elections. Surely the "mdala" has something to learn from Madiba. He has overstayed his welcome in office and should bow out with dignity instead of being forcibly ousted out by the revolution which is currently cooking in his country.

The people have had enough of him and want to see him out. The sleeping giant in them is waking up and they are jettisoning their deference and loyalty to Mugabe.

Under the leadership of the Zimbabwe Congress of Trade Unions, they have embarked on rolling mass action and have had skirmishes with Mugabe's regime – which is fast going the route of many post-colonial African governments in the strengthening hand of the military.

Mugabe's response to the protest by Zimbabweans has been a ruthless unleashing of state power and the muzzling of the press.

The independent press in Zimbabwe has been deemed unpatriotic because it does not push the propaganda of the government.

As I left Zimbabwe I got the sense that Uncle-Bob was cornered and his days in office may be numbered. As for my encounter with the lady of the night at the nightclub and the spread of AIDS in that country, my advice is if you are going to visit Zim, don't cock up without a condom.

Zimbabwean women up in arms about customary law

(362) ARG 7/6/99

Thanks to customary law, Zimbabwean women are all too often treated as minors, writes **MERCEDES SAYAGUES** from Harare

At the threshold of the new millennium, Zimbabwean women are challenging a millennium-old practice – customary law.

Since marching through Harare last month, women activists have been lobbying hard with parliamentarians to ensure the new constitution enshrines gender equality without loopholes.

"When tyranny calls itself custom you have injustice. Discrimination against women is not compulsory in African society. Are we going backwards into the year 2000?" read their placards, as they handed over a protest note to a Supreme Court official.

What triggered their protest was a recent ruling by the court. Venia Magaya, 52, the eldest child of her father's senior wife, was appointed heir to her father's estate by a community court.

A younger half-brother, son of the junior wife, appealed in the magistrate's court and won solely because he was a man.

On July 17 1997, he kicked Ms Magaya out of the house in Mabvuku, a township in Harare, where she had nursed her parents until their death.

Venia Magaya appealed to the Supreme Court and lost.

The court argued that under customary law, women were juveniles and only men could inherit from a father; that the Legal Age of Majority Act of 1982 did not apply to customary law, and that section 23 of the constitution allowed discrimination against women because it was "in the nature of African society".

The ruling applies only to estates of people deceased before November 1 1997, when a law ensuring equality between male and female heirs was passed.

Since colonial times, Zimbabwe has had dual systems of laws: general (western or modern, meant originally for the settlers) and customary law (for the Africans).

Independence did not solve this. Both systems co-exist, uncomfortably.

Customary law expresses the values of a patriarchal, agrarian society, while general law has evolved and gradually incorporated principles of gender equality.

This does not mean that customary law survives as fixed by the settlers.

Six years ago, researchers doing a survey on inheritance practices for a book interviewed 739 people across Zimbabwe.

They did not hear that it was mandatory for the eldest son to inherit.

People said it depended on the best interest of the family. And that all children should share the father's estate, however differently.

"We were shattered by our findings," says researcher and law lecturer Julie Stewart.

She argues that customary law is more flexible than interpreted by the courts.

The courts base their findings on the writings of southern African authors in the 1950s and '60s. But things have changed in Zimbabwe.

'When tyranny calls itself custom, you have injustice. Are we going backwards into the year 2000?'

"We should get the people and the Supreme Court together, but the court has locked the gate," says Ms Stewart.

Zimbabwean women activists thought gender equality was assured with the Legal Age Majority Act (Lama) of 1982, which declared males and females majors at 18.

In the mid-1980s, Judge Enoch Dumbutshena's Supreme Court issued several key rulings that upheld Lama over customary law.

But today's Bench is more conservative. Several recent rulings are tugging at Lama.

One found that women in customary unions had won the right to sue with Lama, but could not sue for new causes, such as infidelity.

Some lawyers argue that customary law does not recognise majority and minority, that this notion is alien to it.

Effectively, in customary law women are minors, not allowed to sue and they are subordinated to the male head of the household.

On the other hand, lawyers argue that Lama should apply to customary law; that Zimbabwe has signed international treaties like the Convention for the Elimination of Discrimination Against Women and should abide by it.

In Magaya vs Magaya, it is the reasoning more than the conclusion that irks activists.

If the court had confined itself to Magaya's case, the impact on the ground would not have been too bad.

But the court went further. It reversed previous judgments that upheld Lama over customary law.

"The impact on jurisprudence is tragic," says human rights lawyer Tendai Biti.

Lawyers cannot now argue a case referring to those progressive 1980's rulings. Magaya vs Magaya casts a long shadow over Zimbabwean courts, law practice, and family life.

"The Magaya ruling gives patriarchs, who are also not democrats, the ability to bring back terror into the conduct of everyday life in families," warns sociologist Rudo Gaidzanwa.

Some lawyers suggest a wide survey of customary practices to investigate changes.

"Customary law may survive scrutiny better than we think," says Ms Stewart.

Perhaps. But activists want watertight provisions against discrimination.

"This ruling is a clear indictment of the need for constitutional reform and for a thorough Bill of Rights that enshrines gender equality," says Ms Biti.

Zimbabwe is in the process of revising its constitution, which is, in the words of law lecturer Welshman Ncube, "decidedly undecided on gender equality".

"Justice Muchechetere has alerted us to the need not to muck around when the new constitution is drafted, not to allow any clauses or articles that may bring discrimination," says Thoko Matshe, of the Zimbabwe's Women's Resource Centre.

Some people are starting to think the unthinkable: the unification of the dual system of laws.

Radical feminist Dr Patricia McFadden says: "Why does Africa trade with modern laws, but deny these for its women?

"Customary law is archaic and backwards.

"It denies women their human rights and perpetuates colonial differentiation."

The MP and lawyer who took Magaya's case to the Supreme Court, said she sounded out fellow MPs on this subject and was told it would be hard for men to abandon polygamy.

Lawyers and activists agree that the court is out of touch with reality.

"Sitting Benches should be people-oriented and address the realities of people rather than adjudicating in a vacuum," said a letter to the Supreme Court signed by all of Zimbabwe's major women's organisations. – The Independent Foreign Service

Hartley shutdown leaves Zimbabwe reeling

BD 7/6/99 (1) (362)

Michael Hartnack

BHP of Australia plans to sell 67% stake to partner Zimplats for less than $3m

HARARE — The collapse of the largest single investment in this country — Broken Hill Proprietary's (BHP's) Hartley Platinum project — was still being digested here over the weekend.

Widely differing morals were being drawn from what has been described as "a disaster" depriving more than 3 500 workers of regular employment and thousands of contract work.

Major shareholder BHP of Australia has written off losses of $545m. It plans to sell its 67% stake in the collapsed venture to 33% partner Zimplats for under $3m — a "firesale price", say mining sources.

Jeff Mutandare, president of the Associated Mineworkers' Union of Zimbabwe, said the closure was "part of an international conspiracy to discredit Zimbabwe as an ideal investment destination".

In an atmosphere of continuing unreality, workers told The Herald newspaper that bosses at the vast open-cast mining project 100km west of Harare had been forced to conduct many traditional ceremonies to appease ancestral spirits angered by the development, but that this had been in vain.

Workers now feared not only prolonged unemployment in a country with more than 2-million jobless, but loss of company housing in the towns of Norton, Selous and Chegutu. Many had given up secure jobs in other parts of the country for the "greener pastures" and higher wages offered by Hartley Platinum since 1994.

The mine was intended to produce up to 0,4% of world platinum, plus related metals such as gold, palladium and rhodium. It was supposed to have a life of 50 years and contribute substantially to export earnings and gross domestic product.

The Sunday Mail claimed yesterday that the mine was being shut down by foreign investors because a five-year tax grace period was about to expire.

Columnist Tafataona Mahosa said free market reforms since 1991 had served only "the short-term gain of a small minority at the expense of the majority".

The Sunday Mail speculated that Anglo Zimbabwe, which has been negotiating to open its own Unki platinum venture near Shurugwe, 200km south of Hartley Platinum, might be involved in a rescue plan.

Anglo, whose CE Philip Baum has refused to comment so far on the reports, investigated Hartley Platinum with the apparent aim of achieving economies by merging aspects of the two projects.

Anglo is still arguing with government over marketing, tax relief and possible state involvement for Unki. Baum denies it is behind schedule.

Mining sources said previous owners of prospecting orders in the Hartley area had warned that the notoriously difficult terrain would be difficult to mine.

A Herald editorial said: "Several government departments, normally accused of frustrating investors, bent over backwards to facilitate the mine's development."

Official statements focused on the danger to workers and difficulty even of open-cast mining at Hartley, but mining experts said problems with skills development, and resultant contamination of ore with extraneous matter, had greatly exacerbated costs and management problems.

They said pledges made in 1994 — that Hartley would be able to recruit up to 60 expatriates — were ignored by the immigration department. Officials repeatedly arrested and deported experts who had been brought in on tourist visas after delays in obtaining work permits. There were frequent labour disputes and accusations of racism, particularly against supervisors recruited from SA.

One of Zimbabwe's major financial houses, Sagit Trust, said the closure should "serve as a warning to the government as to what can happen on a larger and wider scale if lending rates of about 40% and inflation above 50% do not improve". It said the closure was a blow to the country's investment drive.

Mining sources said it would never be known whether the difficult terrain would have forced curtailment of the project regardless, but psychological factors weighed heavily in sustaining any marginal enterprise, and management morale had been sapped by years of unnecessary problems.

"Politicians and unions never seemed to grasp that this was not a cash cow," said a mining industry veteran. "Perhaps they still don't. But investors know."

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Harare residents have no water or paraffin

Michael Hartnack BD 8/6/99

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 Z$1,82/*l* while the bulk price rose to Z$10,69/*l* 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 Z$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 Dairibord 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

BD 9/6/99 (362)

Martin Rushmere

HARARE — Zimbabwe's largest quoted industrial company, Delta, has reported a 69% 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$12bn.

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. Pretax profit rose 45% to Z$1,6bn.

"The 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, "are 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."

Ripples spread from collapse of platinum project

BD 9/6/99 (362)

Michael Hartnack

HARARE — Repercussions from the collapse of the $500m Hartley Platinum project have continued with workers reportedly demanding that expatriate managers be barred from leaving the country until all demands of 4 000 redundant employees are met.

The Herald reported that Zimbabwean MP Charles Ndlovu, editor of ruling Zanu (PF) party newspaper the People's Voice, said: "Sabotage could not be ruled out as the move was meant to destabilise the country when the firm has been enjoying tax exemptions from government.

"The party is supreme. Anyone who cannot stand up and be counted at this critical time, with a problem of this magnitude, is not a patriot," said Ndlovu, who chairs the party provincial organisation in the Chegutu area, where the giant opencast mine was situated.

The Australian-based Broken Hill Proprietory Holdings announced last week it was selling its 66% stake to former partners Zimplats for less than $3m, as it could not sustain further losses on the project, launched in 1993 and brought into production in 1996.

Ndlovu, who is a close relative of Industry and Commerce Minister Nathan Shamuyarira and was formerly known as Webster Shamu, demanded that in future the Zimbabwean government should "screen investors in projects of this magnitude for their commitment".

He urged an official investigation into the closure arrangements, which still have to be approved by government.

John Grubb, Australian president of BHP Minerals, said yesterday that financial underperformance at the mine, which aimed to produce 0,4% of world platinum output, was "due primarily to unstable ground conditions causing safety problems, loss of reserves and unacceptable dilution of the ore compared to the original feasibility study".

In an apparent reference to allegations of labour disputes and racism highlighted by The People's Voice, he said: "The government of Zimbabwe bent over backwards to help facilitate the development of the mine. Our relationship with Zimbabwe and its people is that of mutual respect, understanding and friendship."

Grubb said retrenchment packages would be negotiated for 3 573 workers and 70 kept for a "care and maintenance" operation to meet mining law criteria. Thousands of contract workers will not be eligible for packages.

During its lifespan, the mine ran into continual trouble with immigration officials over employment of expatriates and skills development, despite pledges that it would be allowed to import up to 60 experts.

Workers living in company accommodation in the nearby town of Norton were yesterday asking the company to cede their houses to them. Some reported that doctors were no longer accepting their medical aid cards, but demanding cash "up front" for treatment.

Meanwhile, negotiations are continuing between government and Anglo Zimbabwe about the planned Unki Platinum project, near Shurugwe, 400km south of Harare. Launch of the venture awaits agreement on taxation arrangements, relaxation of the state monopoly on mineral exports, and possible government participation.

Anglo was at one stage reported to be considering a rescue of Hartley Platinum and combination of some of its aspects with Unki, 200km further south along the Great Dyke geological feature.

Industry loses out as taps run dry

B62) BD 10/6/99

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$2m 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 Mabvuku 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.

bought a 10.5% stake in

Lonrho Construction closes, 3 000 lose jobs

BD 10/6/99 (362)

Michael Hartnack

HARARE — Lonrho Construction is closing with the loss of 3 000 jobs, says Max Mhembere, 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 Z$50m mansion for the capital's executive mayor. The building was originally scheduled to cost less than Z$5m.

"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 Mhembere.

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 Z$5m 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

(362)

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 or 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 if new officials are voted in August that they will be able to restore order," he said.

Chanakira's term as state-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 handshakes 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$55m.

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

(362)

Michael Hartnack

HARARE — The Danish government has suspended a Z$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 Chikowore told the Daily News newspaper he was not concerned by suspension of the Danish loan because "we have prequalified 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 Chancellor Diye yesterday denied reports that the 8 000 Zimbabwean contingent supporting President Laurent Kabila's government had suffered a signal defeat with the loss of Kabila's birthplace, Manono, in southeastern Congo.

A garrison of 94 men had made "a strategic withdrawal" suffering only four wounded, in the face of attacks by more than 3 000 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 800 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 "a gimmick" after a meeting with Namibia's President Sam Nujoma and Angola's President Jose dos Santos, who also supported Kabila with troops.

Chikowore 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.

9/6/99

Zimbabwe MPs agree to review 10% tobacco levy

(362) ZI(BR) 11/6/99

BERNARD MANDIZVIDZA

Harare – Zimbabwe's parliamentarians have agreed to review the controversial 10 percent tobacco levy that is threatening the continued production of the country's largest forex earner.

The levy was imposed on growers in 1996 and on Monday the politicians who originally approved the levy agreed it was a heavy burden.

Tobacco growers, who have been threatening to either stop or massively reduce the tobacco hectarage, have been involved in heavy lobbying to have the levy removed. This culminated in Monday's meeting with the parliamentarians in Nyanga.

The 50 MPs who attended the workshop agreed that the levy was causing viability problems in the tobacco industry, which accounts for at least 40 percent of Zimbabwe's total export revenue. They supported the idea of reducing the levy and spreading it across the entire farming sector.

The MPs said although they had initially approved the levy, they had been against the idea from the onset. Some said Herbert Murerwa, the finance minister, had bulldozed his way to have the levy approved, an allegation that he denies.

Murerwa says that when he tabled the idea of the levy in parliament, he had a 5 percent tax in mind but it was the MPs who had increased it to 10 percent.

Moses Mvenge, the parliamentary chief whip, said the MPs would now convene a meeting with Murerwa to discuss and finalise the issue and report to the Zimbabwe Tobacco Association (ZTA) before its congress next month.

Even Kumbirai Kangai, the agriculture minister, who only a few weeks back defended the levy, softened his position at the workshop and said the tobacco farmers' view must now be taken seriously.

Kobus Joubert, the ZTA vice-president, told the workshop that the government had collected more than US$154 million since 1996 from the levy. He said this year alone the government would levy the farmers US$30,2 million.

He said the ZTA had come up with alternatives to get rid of the levy and these had been submitted to the finance ministry.

The ZTA had asked the government to completely refrain from taxing certain tobacco farmers especially the small to medium scale this year and reducing the levy for others, Joubert said. – Independent Foreign Service

Harare council sacked over corruption charges

ARG 11/6/99 (362)

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

CT(BR) 11/6/99 (362)

BERNARD MANDIZVIDZA

Harare – Denmark has frozen Z$1 billion (about R161 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 Fijl, 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, Intertech, 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.

Fijl 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 economy ... also uncertainties 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 Chikowore, 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

FM 11/6/99

BEYOND THE LIMPOPO BANKS

SA's northern neighbour is choking on red tape and inflation

(362)

As 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 Zimuto, 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 Zimuto, who heads NMBZ's banking department, haven't embarrassed their country's banking authorities. In fact NMBZ, which made a profit of Z$1m in its first seven months of trading, has become one of Zimbabwe's premier banking institutions with assets of more than Z$4,4bn. In 1997, it listed on the stock exchanges of Zimbabwe and London.

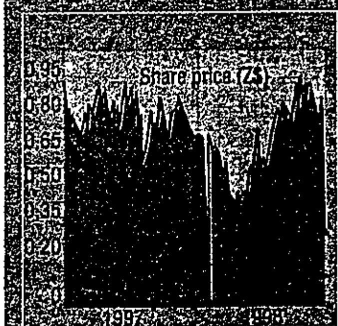
NMBZ's story illustrates how Zimbabwe's attempts to open its economy have faltered because of lingering red tape and an inability to create conditions for the prosperity of the private sector, which government has identified as the engine for economic growth.

Failure to create such conditions partly explains Zimbabwe's current economic crisis. Being a businessmen 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.

INTERFRESH



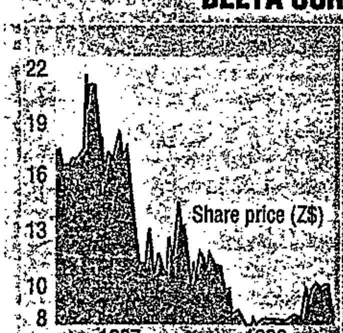
Background: Formed in 1953 and listed on the Zimbabwe Stock Exchange in 1997, Interfresh is involved in the production, processing and marketing of vegetables, fruits and horticultural products.

Comment: The devaluation of the Zimbabwe dollar benefited group exports but hurt imports of fruits and vegetables, which also suffered from the higher import duties that were imposed by the Zimbabwe authorities to curb growth of imports. The decline in the value of the dollar also increased the group's cost of importing the equipment for the dehydration line at joint venture Fresca, which dehydrates vegetables.

Recent Financials:

	March 31	
Net interest (Z$'000)	'99	'98
Turnover	729 019	369 617
Pre-tax profit	54 407	28 263
Headline EPS	13,87	7,05
Exports to sales	54%	39%

DELTA CORPORATION



Delta Corp, one of the largest industrial companies on the Zimbabwe Stock Exchange, is a mirror image of SA Breweries Plc. Delta is involved in beer brewing, production of carbonated soft drinks, hotel operations, gaming and retail outlets. SAB, which founded Delta in 1898, owns a 23% share of the group and has representation on its board. SAB also provides technical consultancy services to Delta's brewing and hotel interests. During calendar 1998, Delta produced 1,7mhl of beer, 4,5mhl of sorghum beer and 1,9mhl of carbonated soft drinks (Coca-Cola products).

Recent Financials:

	Year to March 31	
(Z$m)	'99	'98
Turnover	12 000,5	8 389,1
Attributable earnings	1,188,4	807,2
Headline EPS (c)	135,0	99,3

Comment: Delta's beverage (operating income up 44%) and retail (up 13%) operations were hit by the squeeze on consumers' disposable incomes. This performance compares with average inflation for the year of 37%. The star performers were the hotel (operating income up 87%) and agro-industrial (111%) businesses, whose foreign currency earnings were magnified by the devaluation of the Zimbabwe dollar. For the year to end March 31 2000, Delta expects to benefit from the funds generated by the demutualisation of Old Mutual.

FM 11/6/99 (362)

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 & 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 will 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 railage 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.

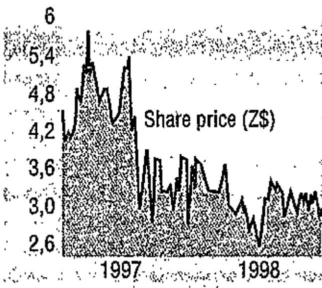
The high cost of borrowing money, and high inflation have prevented the export sector from leading an economic recovery. In addition, sectors such as textiles, a major source of employment, are handicapped by outdated machinery which inhibits their ability to compete internationally. It hasn't helped that in 1992 SA, Zimbabwe's main trading partner, increased tariffs on Zimbabwe 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 difficult one. But it's the only way Zimbabwe can encourage more Makonis to set out on the road to economic recovery and growth.

Jabulani Sikhakhane

ZSR CORPORATION



Background: Founded in 1935 and listed on the Zimbabwe Stock Exchange in 1947, the group's subsidiaries are involved in the refining, packaging and marketing of sugar, wholesaling, chemical sales and engineering operations. It also has operations in Botswana and Zambia. ZSR is part of Tate & Lyle, a UK-based group which is a global player in sugar, cereal, sweetener and starch processing.

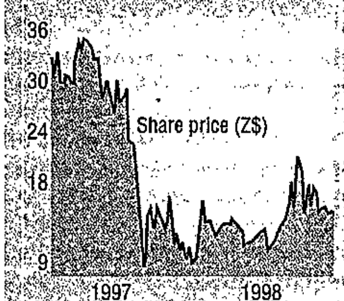
Comment: The sugar division's profit before tax fell 28,3% from Z$27,6m to Z$19,9m. Margins were eroded by the increased costs of fuel, railage and coal, which could not be recouped through price increases because of price controls imposed by government on certain basic consumer products. Price curbs on local sales also resulted in local traders buying sugar on the local market and exporting it. This resulted in a shortage of sugar in Zimbabwe, forcing ZSR to suspend exports during the latter part of the six-month period in order to ensure sufficient supplies on the local market. In ZSR's transport division, margins were adversely affected by the steep rise in maintenance costs after the devaluation of the Zimbabwe dollar.

ZSR group profits were underpinned by other group activities, including wholesaling, chemicals and engineering, which increased pre-tax profits from Z$22m to Z$42m.

Recent Financials:

	Half-year to March 31	
(Z$'000)	'99	'98
Group turnover	1 950 260	1 321 201
Pre-tax profits	88 332	71 707
EPS (c)	19,6	15,1

NATIONAL MERCHANT BANK OF ZIMBABWE



Background: Established in October 1992 by friends Julius Makoni, James Mushore and Francis Zimuto, NMBZ is involved in merchant, corporate and international banking. It also provides corporate finance advisory services, including mergers and acquisitions, and project finance. It listed on the Zimbabwe and London stock exchanges in April 1997. NMBZ has won the Euromoney award for the best bank in Zimbabwe for two consecutive years (1997 and 1998).

Comment: To maximise group earnings in the current difficult economic environment, NMBZ is placing more emphasis on corporate advisory and fee-generating activities rather than corporate lending. Profit margins on lending have been squeezed by the high cost of raising funds. With corporate Zimbabwe facing tough trading conditions, NMBZ increased provisions for doubtful debts from Z$19,9m to Z$35,0m. Group assets grew 39% from Z$3,1bn to Z$4,4bn. The rate of growth in assets would have been higher were it not for high interest rates and unfavourable trading conditions during the second half of 1998.

Recent Financials:

	Dececember 31	
Net Interest (Z$'000)	'98	'97
Income.	169 399	103 785
Other Income*	192 435	129 179
Pre-tax profits	159 007	122 704
Headline EPS	442,4	273,9
Shareholders' Funds	409 025	357 856

*Includes net commission and fee income (Z$44,9m vs Z$28,8m), and gains, minus losses, from dealing in foreign currencies (Z$116,96m vs Z$75,52m).

Zimbabwe confident it will get IMF $53m soon

(362)

Bernard Manizvidza

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, quoting anonymous sources, said the IMF board would announce a decision to disburse the money on Wednesday.

But 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

CT(BR) 14/6/99

CAPE ARGUS 13
TUESDAY
JUNE 15, 1999

15/6/99 (362)

Mugabe 'taking over top farm in secret'

FOREIGN SERVICE

Harare – Zimbabwean President Robert Mugabe, who is enmeshed 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 southwest of Harare.

The 400 000 hectare farm was originally owned by a deceased white commercial farmer and was acquired by the Ministry of Agriculture from the farmer's estate, ostensibly for resettlement, in 1996.

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 R1,4-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 trade talks

DT (BR) 15/6/99 (362)

Bontle Headbush

Johannesburg – The department of trade and industry yesterday said trade negotiators from Zimbabwe had asked for bilateral ministerial talks between Alec Erwin, the trade and industry minister, and his Zimbabwean counterpart, Nathan Shamuyarira, as tensions simmered 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 the motor vehicle industries and had called for talks between the two ministers instead, said Kesi.

"They have given a July 7 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.

Kumbirayi 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 are a step backwards in ties between South Africa and Zimbabwe, and if they persist, we might be forced to take protective measures," said Katsande.

BP

17/6/99 (362)

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 Matabeleland 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".

Sen Supt Jannie Claasen 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," Claasen said. "You can find 20 people living in a single room at a block of flats."

Mugabe sees end to Congo war

BS 17/6/99 (362)

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 domestic 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 Friday.

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 subcommittee of presidents for resolution.

Meanwhile, Nigerian President Olusegun 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 the "right 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.

Pillars of Africa: Page 4
Compensation: Page 13

Zimbabwe to cut tobacco levy

17/6/99 (362) BD

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 fighting 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 1 200 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 firmed 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-favoured-nation bilateral trade agreement.

Zimbabwe land plan 'favours govt cronies'

CT 18/6/1999 (362)

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 Matabeleland, 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

ZIMBABWE (362)

IMF RIDES TO THE RESCUE

FM 18/6/99

Economists question the move

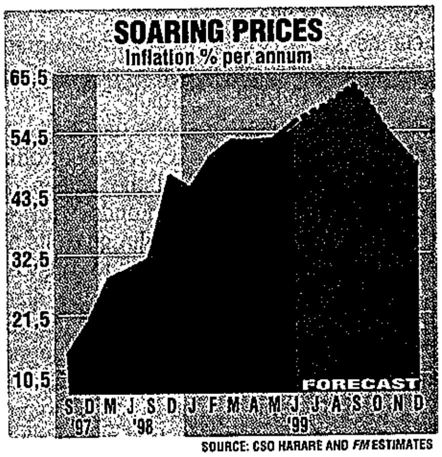
With the US$176m IMF standby loan to Zimbabwe about to lapse, after only one disbursement, the fund is reportedly willing to replace it with a similar US$200m 14-month facility.

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.



SOURCE: CSO HARARE AND FM ESTIMATES

The latest official numbers paint a gloomy picture. Inflation, which has averaged 50% so far this year, reached a new high of 53% last month. A year ago, IMF officials were forecasting it would fall below 10% by now! Money supply growth is careering along at 45% a year. The Finance Ministry says the country's main parastatals made losses of about Z$11bn (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$365m) a year, but the budget provided only Z$10bn (US$262m) 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 fudge an agreement — 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 there is 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

'Blameless' Bob blunders on

(362) ST 20/6/99

Mugabe prefers overseas jaunts to resolving Zimbabwe's problems, writes CHRISTINA LAMB

WHEN a Zimbabwean government official and a policeman bearing a compulsory purchase order drew up in a truck at Hereford Farm in central Mashonaland, farmer Alf Jackson was horrified.

"It was heart-rending," he recalls. "I put my whole life into this farm with the idea of having something to leave to my grandchildren."

Having built the farm from nothing in the '60s, and having seen three of his neighbours murdered in the '70s during the war for independence, 64-year-old Jackson and his wife, Judy, had expected a peaceful retirement.

They had planned to relax and enjoy the views over the escarpment while their son, Alfred, and daughter-in-law, Sandy, managed the tobacco, maize, cattle and roses.

But their plans were thrown into disarray when the land was included on President Robert Mugabe's list of farms marked for black resettlement.

Now, 18 months later, Jackson is going to court to force the government to take over his farm.

"After many sleepless nights we decided to let them have the farm," he said. "We stopped planting, got rid of our workers, sold the cattle, agreed to the government valuation — even though it was way below what we thought it was worth — and found a smaller place to move to."

But while the Jacksons were packing, the government decided that it no longer wanted Hereford Farm.

And although the court ruled last week that the government must purchase the farm, the Minister of Agriculture, Kumbirayi Kangai, insists it will not.

"We'll tell the courts we changed our minds because we don't have the money," he said.

According to Dr Jerry Grant, deputy director of the Commercial Farmers' Union, the case shows that Mugabe does not really want to resolve the land resettlement issue.

"It's just to whip up political support and blame the whites for everything," Grant said.

> 'The president is rapidly running out of people to blame, although he still has God, the Pope, the president of China and Michael Jackson'

With Zimbabwe suffering its worst economic crisis in 19 years of independence, blaming others is now Mugabe's main recourse.

Two weeks ago he denounced the International Monetary Fund, which has suspended loans, as "a monster" and "a tool of imperialists who we can do without"; accused the British government of a plot to topple him; insisted "all Europeans are racist"; and then praised the Chinese for building the Great Wall.

"The president is rapidly running out of people to blame although he still has God, the Pope, the president of China and Michael Jackson," said Eric Bloch, a leading commentator.

"It is time to recognise where the blame really lies."

Corruption, profligate government spending and costly involvement in the war in the Congo region have left Zimbabwe with a record 65 percent inflation, a currency that has lost half its value over the past year, and a collapse of basic services. With almost half of the country's 12 million population unemployed and living on less than $1 (about R6) a day, Harare's rail station is packed with people who have come from rural areas seeking work but who have found nothing and are forced to beg for their fare home.

HOME SWEET HOME: The Jacksons, who have resigned themselves to leaving, are waiting for a decision on the Zimbabwean government's appropriation of their farm Picture: GWEN WILLIAMS

PATRIOTIC: Robert Mugabe has had 20 trips abroad this year

Mugabe's anti-West rhetoric, along with the spectre of compulsory acquisition of land, has deterred foreign investors, and many of the country's 4 000 white commercial farmers have cut production.

"There's no confidence at all," said Grant, pointing out that tractor sales had fallen by two-thirds.

Some $500-million (about R5-billion) in foreign aid is on hold until the country mends its fences with the IMF. Last week, the biggest foreign investment project in Zimbabwe, the Hartley platinum mine, was closed with 3 500 job losses.

But rather than tackling the problems, 75-year-old Mugabe is spending more and more time on foreign jaunts, prompting the local press to nickname him Vasco da Gama, after the Portuguese explorer.

This year he has been on 20 overseas visits, from Iran to Montego Bay. Planes from the national carrier are commandeered so often for his delegations or the shopping expeditions of his 34-year-old wife, Grace, that it is known as Air Mugabwe.

But Mugabe may soon be forced to turn his attentions to home.

Not only is he facing unprecedented dissent from within his own party, the Zimbabwe African National Union-Patriotic Front, but more than 20 civic bodies — including the Congress of Trade Unions, women's groups, human rights organisations and church groups — have formed the Movement for Democratic Change.

They plan to launch a new political party in August, probably headed by the trade union leader Morgan Tsvangirai, to contest next year's elections.

"This will be the most formidable challenge Mugabe has ever faced," said Tsvangirai.

Apart from the worsening economic plight, the main cause of outrage is Zimbabwe's continuing involvement in the war in the Democratic Republic of Congo, a country with which it has no shared border. An estimated 10 000 of Zimbabwe's 31 000-strong army are fighting to prop up Laurent Kabila's regime against Rwandese- and Ugandan-backed rebels at a cost of $20-million (about R200-million) a month.

Kangai admits: "If we weren't there we would have the money to buy Alf Jackson's farm." But then he insists: "Our economy will benefit once there's stability in the Congo."

Far from achieving stability, however, the troops are coming under increasing pressure from the rebels. There are mounting reports of Zimbabwean soldiers dying and body bags being flown back under cover of night, though relatives are warned not to talk or they will forfeit their pensions.

"Death is an everyday reality for the people of Zimbabwe, which has one of the world's highest percentages of AIDS sufferers, and life expectancy has fallen from 65 years to 39.

But Mugabe's notorious homophobia has stifled AIDS-awareness campaigns.

At the warehouses of Harare's Moonlight Funeral Service (motto: We Light Your Way to Destiny), the sound of hammers is deafening as coffinmakers struggle to meet demand.

Mike Auret, director of the Catholic Commission for Justice and Peace, which reports 1 700 deaths each week, said: "This timber should be building houses rather than coffins. Ironically, it might be keeping Mugabe in power because people are so drained of emotion they have no energy to take to the streets."

Mine undeterred by asbestos ban

(362)

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 pipe tiles and friction materials — into line with a ban on brown and blue asbestos.

The ban was introduced in 1991 amid growing medical evidence that the fibrous mineral can cause lung cancer and other respiratory diseases.

Most EU states have 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 Z$1,2bn, compared with 150 000 tons which fetched Z$0,8bn 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 rising costs — currently has about 5 600 employees, representing 15% of all people employed in Zimbabwe's mining industry. — Reuter.

Fuel shortage drives black market prices up

BD 22/6/99 (362)

Michael Hartnack

Industry warns of an impending shortfall of Zimbabwe's staple diet, maize meal

HARARE — Zimbabwean housewives were paying Z$15 yesterday for a 750ml bottle of black market paraffin — a whopping increase compared with the controlled price of Z$1,82/l, the state-run Zimbabwe Broadcasting Corporation said.

Energy Minister Enos Chikowore has issued daily assurances that the shortage of subsidised illuminating paraffin, coinciding with the onset of winter, has been ended by the importation of supplies from SA.

However, six-hour queues remain a feature of life in most Harare townships.

Last week police tear-gassed a crowd fighting for supplies in one suburb.

The shortages began on June 2 when the government announced average 32% increases in fuel prices, but said the price of paraffin to small consumers would be frozen, although the bulk price was being raised to Z$10,62/litre.

Retailers said the shortage resulted from lack of forward thinking about the subsidy system, but Chikowore said it stemmed from supply problems in SA.

Eddie Cross, vice-president of the Confederation of Zimbabwe Industries, forecast yesterday an impending shortage of Zimbabweans' staple diet, maize meal, following a halt to operations at two major milling companies, Blue Ribbon foods and National Foods.

They say they cannot meet the new parastatal Grain Marketing Board price for maize, increased Z$1 900 a ton to Z$4 900, with only the 20% increase in meal price decreed last week by the government.

Small-scale millers have already ceased production and Cross forecast the informal sector would take over milling and marketing maize.

He said a 16,5kg bucket was being sold for Z$100, making the effective price Z$6 000 before processing into coarse mugaiwa by hammer millers.

Informal sector products would have "a very short shelf life", he said.

Millers have suspended negotiations with workers on their demands for a 75% pay rise to offset inflation currently put at nearly 53%.

Many government offices were functioning normally yesterday, but some schools reported disruption caused by participation of teachers in a strike among the 180 000 state employees.

The strike may intensify on Thursday, when most employees will receive their monthly pay. Union leaders on Friday urged suspension of the strike pending further negotiations, but their members said they rejected an offer of 5% cost of living adjustment, backdated to January, and vowed to persist until granted an extra 20%. An end to subsidies and price control and curtailment of state expenditure are major obstacles to renewed International Monetary Fund budget support for Zimbabwe, frozen last year.

BD 2

2/6/99

AF

Harare owes Z$90,2 billion, and IMF holds back loan

Zimbabwe is unable to service its foreign debt

CT(BR)22/6/99(362)

SHEHNILLA MOHAMED

Harare – For the first time in 20 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 firms crucial credit facilities, as 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 Wilde, head of Techfin Research, a financial and economic advisory firm, said international banks would be reluctant to provide the support necessary to finance trades, 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 $53 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 Z$40 to the US dollar under a "gentlemen's agreement" entered into in mid-January by commercial banks and the government.

OWED *James Wolfensohn, the president of the World Bank*

Zimbabwe's macroeconomic climate, Wolfensohn said, continued to deteriorate. Inflation has risen from 19 percent in 1997 to an all-time record high of 53 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 $800 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 "totally impractical 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 in so doing, incur 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 mere rhetoric," he said. – Africa Information Afrique/Independent Foreign Service

Crisis for Zimbabwe planners

(362)

Michael Hartnack

HARARE — Zimbabwe's planners are faced with "hard choices" over the preparation of layouts for low-income housing, says the government's director of physical planning, Patson Mbiriri.

Mbiriri makes these remarks in his annual report to the ministry of local government and housing. He warns against "national economic rundown and the "ghastly ramifications" of urban poverty.

"With most of the potential beneficiaries earning less than Z$1 000 a month, large serviced stands and a decent four-bedroomed house provided on a full cost recovery basis were simply out of the question for these households," he says.

These realities called for a review of planning standards, and hard choices that included reducing town planning standards further and subsidising housing for low-income earners.

The other option was "putting more money in the pockets of the poor through wealth and ... employment creation. The department could have appreciated this compelling need more."

Harare has more than a million people living in backyard shacks, overloading sewerage and other services to houses in the city's high-density suburbs. Before the 1974-1980 independence war, former white governments enforced bitterly unpopular influx control regulations in these areas.

Last year the Harare city council backed down on an order for demolition of the shacks, which command rents of Z$300 to Z$500 a month.

A planning conference last month heard there were a million names — each representing a family — on housing waiting lists countrywide.

Mbiriri said a decision on new school site sizes remained "elusive" as the need for change was not appreciated by all interested parties.

He said there had been instances of "densification and infill development" extended to the limit in some Zimbabwean cities, resulting in valid protests by residents. He said development of open spaces in built-up areas should be sensitively done, as it usually had a negative impact on existing development.

BD 23/6/99

Zimbabwe forced to import milk powder

HARARE — Viability problems have forced Zimbabwe to import milk powder from Ireland and SA, the country's biggest milk processor said yesterday.

"Dairibord Zimbabwe is importing milk powder regularly for use in its manufacturing processes in order to address the gap between demand and supply," public relations manager Busi Chindove said.

"The current milk shortage has come about as producers face viability problems from declining margins due to a variety of macroeconomic factors," she said, blaming steep rises in the price of stockfeeds, which make up 60% of dairy producers' costs. Market analyst HSBC Securities put Dairibord's market share at 89% in 1997. There are 21 milk processors.

To ensure the survival of the industry, Chindove said producer prices needed to be reviewed periodically and farmers needed help to buy dairy cows.

Zimbabwean industrialists are battling record inflation, interest rates of more than 50% and a weak currency to stay alive in an economy that has seen dwindling disposable incomes.

Zimbabwe has been a consistent exporter of milk and milk products over the years through Dairibord, the first state company to be privatised and listed on the Zimbabwe Stock Exchange.

Industry sources said the government, which has slapped price controls on a number of basic foodstuffs, seemed to have heeded warnings that attempts to control milk prices would result in shortages.

Chindove said the milk powder imports were a temporary solution and long-term strategies needed to be worked out by all concerned to ensure the survival of the industry. — Reuter.

CP 23/6/99 (362)

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 HI 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

CT 24/6/99

Zim court hits out at women

(362)

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 reinstates the disadvantages and disabilities women suffered under customary law," said the petition.

Stung by local and international criticism, the court angrily replied that it stands by its judgment, and threatened the protesters 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 realities 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 groups are mulling over their responses. "It is our 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 to think."
— Independent Foreign Service

Prices choke Zimbabwe's food sector

ET (BR) 25/6/99 (362)

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 53 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 Z$10,50 (R1,67) for a loaf of bread would cost bakers Z$120 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 Z$435 million a month were also threatened.

ZIMBABWE (74) (3/62)

VAR OF WORDS OVER 'RADE GETS NASTY

FM 25/6/99

There is more bluster and bombast than reality to Zimbabwean threats to impose "punitive" tariffs against SA following the latest hiccup in the long-running bilateral trade agreement saga. Significantly, the threats are coming not from government Ministers but from the State-owned media and some industrialists.

Noting that Pretoria had signed a free trade deal with the European Union, but was dragging its heels on the SADC free trade agreement, the government-controlled *Herald* newspaper says: "SA is seen as displaying a contemptuous attitude towards the SADC and the rest of Africa."

Industrialists have warned that Zimbabwe and other African countries could take tough action against SA because of Pretoria's U-turn on free trade.

And signs of frustration further afield were highlighted last week when Kenyan Trade Minister Joseph Kamotho warned that the 21-member Common Market for Eastern & Southern Africa (Comesa) would consider punitive action against SA unless it opened up its markets. His comments echoed the views of Comesa's secretary-general Erastus Mencha who said last month that SA's trade practices remained deeply unfair and that states in the region would be forced to seek measures to force fair play.

Zimbabwean industrialists say they submitted a plan for zero tariffs on a range of products within the SADC region to take effect when the planned free trade protocol is launched next year. Initially SA and its SACU partners (Botswana, Lesotho, Namibia and Swaziland) accepted this proposal. Now, however, Pretoria has reversed its stand by suggesting that tariffs on clothing should be raised from 30% to 50%, which would effectively block Zimbabwean exports to the south.

One implication of the SA proposal, says one industrialist, is that SADC states would be forced to close their vehicle assembly plants and import from SA. Kumbirai Katsande, president of the Confederation of Zimbabwe Industries says: "If SA continues to be stubborn, Zimbabwe may have to button down in certain specific areas where we trade with SA."

Predictably, the SA version of the controversy is very different, claiming the dispute is over rules of origin proposals tabled earlier this month by SACU. The SACU proposal is for a two-stage beneficiation process in clothing and textiles, which would mean the conversion of raw materials into fabric and of fabric into clothing must happen within the SADC region. Pretoria admits that much of SADC which imports low-cost fabric from Asia for local processing is unhappy with the SACU plan.

Pretoria also argues that Harare should move away from its preoccupation with a bilateral deal with SA and concentrate instead on the regional SADC protocol.

Harare's position is that it will gain little from the SADC deal, unless it substantially improves entry to the SA market. The remaining markets are small and Zimbabwe has a high degree of penetration there anyway.

Economists point out that with the Reserve Bank of Zimbabwe claiming the Zimbabwe dollar is 33% undervalued, industrialists ought to be making inroads into the SA market regardless of tariff levels. Zimbabwe's tariffs are higher than SA's and, last October, Harare imposed across-the-board duties on most imports for balance-of-payments reasons.

Zimbabwe's capacity to retaliate is weakened also by the fact that government parastatals have been unable to pay their SA suppliers — most notably Eskom — for imports because of the country's foreign exchange crisis. As one businessman puts it: "It is all very well to threaten the South Africans, but we have electricity today only by the grace and favour of Pretoria. It would be unwise to overplay our hand."

With both sides having agreed the matter should now be resolved politically by a meeting of Ministers, the expectation is that a compromise will be found, though whether this will have more than a relatively marginal impact on Zimbabwean exports to SA is problematic.

Special correspondent

Harare's sugar pricing policy clogs finance for huge new dam

Cash hitch for Hippo Valley

CT (PR) 25/6/99 (362)

Bernard Mandizvidza

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's comments contradicted recent press reports in the country that Anglo would assist in the project after it was recently abandoned by Salini Impregilio, an Italian firm which was earlier contracted to build the dam.

The Italian company abandoned the project over the government's failure to pay Z$200 million (R31,6 million) for work performed so far.

Baum, the chairman of Anglo's Hippo Valley Estates, the main sugar-producing company in Zimbabwe, used Hippo Valley's annual review, released on Monday, to urge 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 52,8 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 maize 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

(362)

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*

ST 27/6/99

Zimbabwe food shortages may spark riots

(362)

BD 28/6/99

An impasse over the pricing of maize meal has resulted in a production shutdown

Michael Hartnack

HARARE — Widespread food riots were predicted in Zimbabwe in the coming week by the independently owned Sunday Standard yesterday as a result of the stalemate in the pricing of maize meal and its disappearance from the shelves of supermarkets.

A bread shortage also looms as a result of a similar impasse.

However, Industry and Commerce Minister Nathan Shamuyarira said: "I can assure you that we are not going to have riots caused by food shortages. We will not allow that to happen."

In January 1998 a 30% increase in the maize meal price triggered food riots in which at least eight people died. Troops and tanks were deployed in townships.

The Zimbabwe Congress of Trade Unions adjourned a meeting of its leaders on Saturday without making any statement, reportedly because they wish to distance themselves from threatening unrest which might permit the government to reintroduce the 1965-1990 state of emergency.

Shamuyarira said there would be urgent talks to reverse the production shut down which resulted from millers being granted an immediate price increase of only 20%, with a further 20% in September.

They had requested an immediate 62% increase. Millers said they needed 90% rises to offset increases in input costs, particularly in maize for which the parastatal grain marketing board charged $4 900 a ton compared with $3 000 previously.

President Robert Mugabe at the weekend told his ruling party central committee: "We cannot leave such a critical service (milling) to the whims and caprices of big millers who are out to reap super profits.

"Fortunately, the greater part of our people have (longed) to hammer millers and I hope these small millers can be supported to take on the load of providing this very vital service."

Eddie Cross, vice-president of the Confederation of Zimbabwean Industry, says consumers forced to buy from informal sector traders are paying $100 for a 16kg bucket of maize even before it has been milled, more than $6 000 a ton.

Confusion continues to dog the baking industry, with Shamuyarira announcing that a maximum price of $10,50 a loaf has been formally gazetted, or 20% below production costs, according to bakers.

Bakers have not seen the notice and say they will keep selling at prices up to $13 a loaf, but must cease production the moment $10,50 becomes enforceable in law.

Both Mugabe and Shamuyarira said they had a duty to "safeguard the poor from exorbitant prices". However, the government owns substantial shares in both large bakeries and milling companies through parastatals such as Delta and Astra corporations.

Recent increases in fuel prices have contributed to inflation now running at over 52%. Police confirmed three suspended executives of the parastatal National Oil Company of Zimbabwe (Noczim) had been questioned over irregular procurement from a SA company, Schumann-Steirs, and might appear in court shortly on allegations of fraud and corruption.

Assistant commissioner Solomon Ncube, officer commanding the fraud squad, said all Noczim's foreign contracts were being scrutinised. The Herald claimed the Schumann-Steirs deal cost Zimbabwe $50m a month, contributing to Noczim's $1,4bn losses.

□ On Friday 18 officials of the city of Harare were suspended by the government-appointed commission now running the capital, on allegations of "contributing to chaos and maladministration". Mayor Solomon Tawengwa and 39 councillors have already been dismissed by Local Government Minister John Nkomo.

Informal traders take advantage of maize crisis

BD 29/6/99 (362)

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$6 to get it milled into mugaiwa 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 grain marketing board's increase in the price of maize from Z$3 000 to Z$4 900 a ton.

Agriculture Minister Kumbirai Kangai 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$6,31 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 it is 20% below cost.

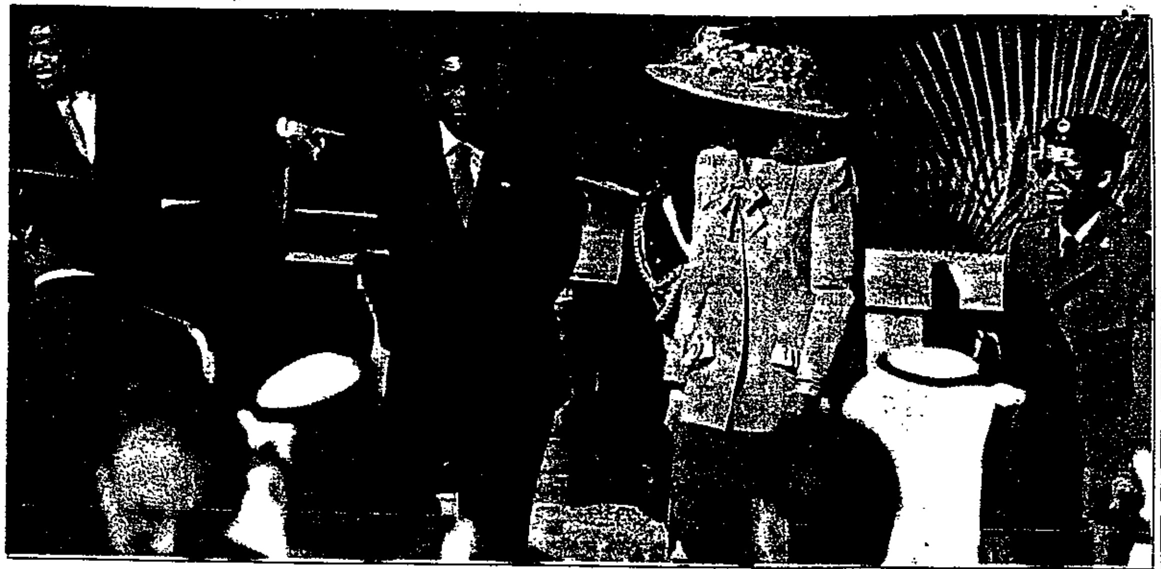
At the weekend, Mugabe blamed millers' desire for "exorbitant profits" for the maize meal crisis.

Waitress dishes up truth for Mugabe

(362)

Zimbabwe faces disaster he cannot see

ARG 30/6/99



State occasion: Zimbabwean president Robert Mugabe and his wife Grace arrive at Thabo Mbeki's inauguration. In the background left is the Rev Frank Chikane

LEON MULLER

Harare – The nearest anyone seems to have come to making President Robert Mugabe recognise the disaster that threatens to envelop his country was achieved by a young Zimbabwean waitress at the inauguration of South Africa's President Thabo Mbeki.

Mr Mugabe was delighted to meet her when she introduced herself at the presidential banquet in Strydom Square, Pretoria.

"But why are you working in South Africa?" he asked.

"There are no jobs in Zimbabwe," she replied.

Mr Mugabe fell silent, said Ernest Maluleke, a colleague who witnessed the exchange.

"It appeared he didn't like that. He looked at this girl and he didn't know what to say."

Zimbabwe is facing its gravest crisis since independence 19 years ago. This past weekend, shops all over the country ran out of maize-meal, the staple food of nearly every Zimbabwean. Milling companies shut down last week because the state-imposed price controls forced them to produce the meal for less than the maize they bought to mill it from, they said.

Bakers have also announced they will stop producing bread as soon as the government imposes promised controls on the retail price, because they, too, would be driven out of business by unrealistic prices dictated by the government.

And queues continue to grow longer and more restive outside the few filling stations in Harare still selling paraffin, which is used by poor, urban Zimbabweans as fuel for cooking and lighting.

Banks ran out of money to pay workers trying to cash their wage cheques.

Ironically, the price controls causing the shortages have been imposed by a government fearful of a repetition of the three days of urban rioting in January last year that followed a 23% hike in the price of maize-meal.

Mr Mugabe has yet made no move to address the looming threat of social upheaval. Instead, his response last weekend was to attack the milling companies.

"These millers want to make higher profits," he said.

He ignores the situation at his peril, warned Welshman Ncube, spokesman for the National Constitutional Assembly, an alliance of 40 civic bodies pressing for change.

"It is a very dangerous situation at the moment. Anything could provide the spark that will set everything ablaze," he said.

"Anger is not simmering anymore – everyone is passionately angry with this government."

But Industry and Commerce Minister Nathan Shamuyarira discounted the chances of unrest.

"I can assure you that we are not going to have riots caused by food shortages," he said. "We will not allow that to happen."

Observers warn that the government is ill-prepared to deal with major unrest.

With some 13 000 soldiers deployed in the Congo to prevent the overthrow of President Laurent Kabila, there are only a few troops left back in Zimbabwe to send into the townships to put down violence.

Mr Mugabe's accusations that millers and bakers are profiteering get only a derisory hearing from Zimbabweans who follow the daily diet of exposure in the independent local press of the plundering of public money by the coterie of officials of the ruling Zanu (PF) party, and by their relatives and business connections surrounding Mr Mugabe.

Mr Mugabe uses language that appears to be calculated to cause offence to hard-pressed ordinary Zimbabweans:

"I cannot afford to buy a Mercedes Benz for my wife," he said 10 days ago. "It would take me a long time to save for it."

Yet only four days later it was revealed that he is building a multi-million-dollar, three-storey mansion with reinforced concrete underground chambers, in Harare's Borrowdale Brooke suburb known as "millionaire's mile".

It is almost next door to millionaire Zimbabwean golfer Nick Price's home, and a few minutes' drive from Gracelands, the 20-room mansion built by his wife, Grace, with funds corruptly borrowed from a fund meant to finance low-cost housing.

Meanwhile the pages of local newspapers give the details on who is doing the profiteering:

■ A hundred Zanu (PF) cronies, including cabinet ministers and judges, were corruptly allocated prime land in Harare ahead of the waiting list of 100 000 people desperate for accommodation.

■ The corrupt purchase of five lavish residences worth millions of dollars for senior officials of Mr Mugabe's secret police.

■ The sudden disappearance from the deeds registry in Harare of records of properties owned by the disgraced former head of the secret police, Lovemore Mukandi, until recently one of Mr Mugabe's trusted advisers.

■ The purchase by Higher Education Minister Ignatius Chombo, a close confidant of Mr Mugabe, of a farm officially earmarked for the resettlement of peasant farmers.

■ The arrest of the three executives of the state-owned oil company for corruptly awarding a tender to a South African company for the supply of fuel.

■ The suspension of nearly every head of department of the Zanu (PF) controlled Harare city council on allegations of corruption, fraud and abuse of office.

"All it needs now is for some party chief to point at something and say: 'It's mine'," said a veteran Harare journalist. "That's where we are now." – Sapa-DPA

Harare tells IMF price controls will go

CT(BR) 30/6/99 (362)

BERNARD MANDIZVIDZA

Harare – In a desperate bid to secure the release of the $53 million crucial balance of payments support from the International Monetary Fund (IMF), the Zimbabwean government has informed the fund 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 crises 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$3 000 (R480) a ton to Z$4 900 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

(362)

Michael Hartnack

BD 30/6/99

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 Mutunhu said yesterday allegations that 80% of the 1 200 black large-scale commercial farmers faced bankruptcy were intended to "divert attention from the key issues at stake".

About 25% of Zimbabwe's 5 000 commercial farmers, 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 1 303 borrowers, said Mutunhu.

He denied the total default figure was Z$400m.

Repayment of Z$39,7m since an "intensive recovery exercise" began in April, suggested that some farmers were deliberately in default, said Mutunhu.

"The limited agricultural activities on some of the farms to be foreclosed on indicates that there are no prospects of these clients ever paying back their obligations from crops," he said.

The government-controlled Sunday Mail had reported that indigenous farmers' union president Thomas Nherera 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 resettlement programme, tarnishing the image of the (farmers' union) as a bunch of thugs", Nherera said.

The Sunday Mail said attempts to "indigenise" agriculture were being sabotaged since whites were buying bankrupt farms, worth millions, for prices as low as Z$120 000. However, Mutunhu said none had been auctioned for less than Z$1m.

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 agribusiness opportunities.

Meanwhile, women's groups allege wealthy urban polygamists 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 Joseph Msika, whom Mugabe had placed in overall charge of the land redistribution programme.

Zimbabweans face blackouts to avoid full collapse of power grid

BD 30/6/99 (362)

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 SA 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 supply, we are struggling to meet payments for importing the minimum 'take-or-pay' requirements," the parastatal said.

The authority has contracted to take a minimum 150MW 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 Cabora 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 Z$6,31/kg was what they sought last October when the maize price was raised from Z$2 700 to Z$3 000 a ton. The state-owned grain marketing board was now charging Z$4 900, 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 Zimbabwean Industries.

Informal sector traders, charging uncontrolled prices, are currently meeting urban demand for maize meal.

Dissent grows in Mugabe's party

BD 1/7/99 (362)

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 Dzikamai Mavhaire for urging him to quit, another MP, Mike Mataure, 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. — Reuter.

USAid intervenes in Zimbabwe

BD 2/7/99 (362)

The agency stresses that the reforms it is supporting are those endorsed by the local parliament

Simon Barber

WASHINGTON — The US Agency for International Development (USAid) is quietly trying to weaken Zimbabwean President Robert Mugabe's grip on power by helping private groups speak out more boldly, and by funding reforms to make parliament more independent and more responsive to the public.

The strategy is set out in a recently issued USAid tender document seeking bids on a five-year, \$5m project to help the Zimbabwean parliament implement the institutional overhaul it approved for itself last October.

The project, according to the document, is part of a broader effort designed "in consultation with Zimbabweans" to enhance Zimbabweans' participation in economic and political decision making, and to promote debate of serious issues that are currently inhibited by "a culture of fear".

In its budget presentation to Congress last year, USAid noted that "weak democratic systems and a lack of transparent governance are long-term concerns that threaten the stability of Zimbabwe and may have adverse regional consequences". Delicately referring to issues including presidential transition and the role and size of the ruling party, the agency suggested that Mugabe and his party had exercised too much power for too long.

USAid, the tender makes clear, sees Mugabe's Zanu (PF)-dominated parliament as a key agent of change if it can be made to function more vigorously and independently of the presidency; in other words to act more like the US Congress, whose members' primary loyalty is to their constituents, ahead of their party affiliation. Congress members are fiercely protective of their institution's prerogatives.

The agency stresses the reforms it is supporting are those endorsed by Zimbabwe's parliament.

The \$5m is to be spent on efforts to improve parliament's institutional capacity, making it "a more effective body, better able to carry out its all-important tasks of initiating, analysing and amending legislation, and of monitoring the performance of the executive branch … hold(ing) it accountable".

The agency is particularly keen to see a strong system of portfolio committees established with investigative powers. It endorses open hearings, which would, as they do in the US and elsewhere, expose the law-making process to public scrutiny and lobbying.

Separately, according to the tender document, USAid intends to try to beef up "civil society organisations" — a buzz phrase covering everything from unions and trade associations to environmental activists and other issue advocates — to be in a position effectively to represent the public.

Part of the aim is to promote greater political and economic competition in the one-party state. The agency feels there is too much fear-driven acquiescence, and "a cultural bias toward consensus rather than competition". These attitudes hamper the growth of democracy, the tender states, "and shroud its transition in an ambiguous setting".

In its presentation to Congress last year, the agency said the civil society activities would probably be funded through an unspecified foundation to which the US government would be the major contributor.

Cancer claims icon of Zimbabwe's dissidents

(362) BD 2/7/99

The passing of Joshua Nkomo, one of the elder statesmen of Africa's black nationalist movement, marks the end of a momentous era in the subcontinent's history. Michael Hartnack in Harare looks at his life

THE Zimbabwe Broadcasting Corporation interrupted programmes yesterday with solemn music for an announcement by President Robert Mugabe that Vice-President Joshua Nkomo, 82, had died of prostate cancer.

"The giant has fallen and the nation mourns in grief. Go well, our great hero," said Mugabe of the man he once described as "the father of dissidents".

He paid tribute to Nkomo as the founder of African nationalism in former white-ruled Rhodesia, but Mugabe's ex-political chief had been in and out of fashion often in a political career spanning nearly 60 years.

Born in Semokwe, near the Botswana border, in June 1917, Nkomo came from the Na-Kalanga tribal group that was subjugated in the 1840s by Mzilikazi's invading Ndebele warriors. His grandfather became chief rainmaker to Mzilikazi's son, King Lobengula.

Throughout his life Nkomo saw himself unifying rival African ethnic groups, but the rise in the 1970s of his former lieutenant Mugabe as a political force saw Nkomo's power base dwindle to Matabeleland.

"No one enjoyed the status of being a national leader as Joshua once did," said retired chief justice Enoch Dumbutshena, recalling Nkomo's apogee in the 1950s and 1960s as head, in turn, of the African National Congress of Southern Rhodesia, the National Democratic Party, and Zimbabwe African People's Union.

Each, one after the other, was banned. Yet it was former prime minister Godfrey Huggins who had first put Nkomo in the limelight by bringing him to the 1952 pre-Rhodesian federation conference in London as a spokesman for black opinion.

Nkomo, a welfare officer for Rhodesia Railways, had previously had only tentative political involvement with the African National Congress (ANC) while studying at the Jan Hofmeyr Institute in Johannesburg in 1941-44.

Huggins — like the ANC, the foreign policy chiefs of the former Soviet Union, Rhodesian prime minister Ian Smith and many others — was to get his fingers burned by political contact with Nkomo.

Nkomo, baffled to hear himself rebuked in London as "a sellout" by anti-colonialist militants, embarked on the first of many public U-turns and adopted a philosophy of militant confrontation with white rule.

In 1961 he was persuaded by British leaders to accept a new Rhodesian constitution ensuring an initial 25% of parliamentary seats for blacks, then rejected it under pressure from the Rev Ndabaningi Sithole, who launched guerrilla infiltration from newly independent Tanzania in 1962.

However the suspicion that Nkomo was a moderate with whom whites might compromise still clung to him, contributing to the 1964 Sithole-Mugabe defection to found the rival Zimbabwe African National Union (Zanu).

Nkomo was restricted to Gonakudzingwa camp in Rhodesia's humid southeast from 1964-74, where his guards hoped he might drink himself to death on the bottle of cheap brandy he was supplied with daily.

Freed under John Vorster's 1974 "detente" initiative after the Lisbon coup, Nkomo was embroiled in years of abortive talks with Smith's Rhodesian Front, while Mugabe ousted Sithole as spokesman for — then leader of — Zanu's armed wing (Zanla), whose guerrillas were gaining a grip over large parts of Mashonaland and Manicaland.

Joshua Nkomo, left, with then British foreign secretary David Owen and Robert Mugabe, current president of Zimbabwe, in the 1979 talks in London on the situation in the former Rhodesia.

As talks with Smith foundered, Nkomo's Zipra forces (who had formed an alliance with the ANC's Umkhonto we Sizwe) shot down an Air Rhodesia airliner near Kariba, killing survivors on the ground.

Nkomo's ill-timed giggle before news cameras, when questioned about the September 1978 incident, lost him sympathy in Britain and the US as a "pro-western" alternative to Mugabe. In later years Nkomo boasted he had personally fired the Soviet Sam-7 rocket which brought the Viscount airliner down.

Nkomo returned to the country for the 1980 elections following the Lancaster House peace settlement but found himself precluded by Mugabe's guerrillas from campaigning outside Matabeleland, where Zapu easily won all 20 seats. Mugabe, with a 57-seat majority in the 100-seat legislature, offered Nkomo a figurehead presidency, which he refused, demanding control of the police as home affairs minister.

Zambia's President Kenneth Kaunda, the Soviet Union, and the ANC's Oliver Tambo were all discomfited by the eclipse of Nkomo, with whom they had close working relationships. They endured years of suspicion and hostility from Mugabe as a result.

Mugabe stripped Nkomo's home affairs portfolio of clout by putting the former police special branch under the Central Intelligence Organisation, now packed with ex-Zanla guerrilla veterans. In 1981 the organisation uncovered Zapu arms caches and Mugabe accused Nkomo of plotting a coup.

Sacked from the cabinet, he narrowly escaped assassination and fled into Botswana disguised as a woman while Matabeleland descended into bloody chaos, in which up to 20 000 suspected Zapu supporters died at the hands of the North Korean-trained fifth brigade sent in by Mugabe.

Nkomo made an abortive trip to Moscow to seek arms, then returned to begin talks with Mugabe, culminating in the 1987 unity pact intended to herald a one-party state.

Yet as Nkomo stepped up to become vice-president, Mugabe's wealthy new elite became increasingly alien to ordinary Zimbabweans, whose living standards had fallen. Nkomo founded a business empire, now owning farmland covering a bigger area than Belgium. Embittered former admirers in depressed Matabeleland termed him Umdala Utengese — "the old man who sold out".

In 1990, Nkomo joined Mugabe in a tirade of militant rhetoric against continued domination of the economy by whites and Asians. When his son Ernest died of AIDS in 1996, Nkomo claimed the disease was spread by whites to eliminate blacks.

His last years were racked by pain as prostate cancer was diagnosed; he got treatment in Egypt and SA.

He had a bluff charm which won him friends when he allowed it to surface. His former jailers at Gonakudzingwa told of his being moved temporarily, to Buffalo Range, under the watchful eyes of white troops from the Rhodesian Light Infantry whose most formidable member was a machine-gunner swathed in belts of glittering bullets.

Nkomo strode up to the grim-faced trooper with a disarming smile, patted him on the shoulder and said "There, there, I won't hurt you," thus uniting all present in a bond of laughter.

Nkomo is survived by his wife Johanna and three children, two daughters and a son.

Bob builds a new folly

ST 4/6/99
(362)

R5m mansion takes shape as Zimbabwe faces food shortage

TAPIWA MOYO: Harare

PRESIDENT Robert Mugabe is building a multimillion-rand mansion in Harare's poshest suburb while most Zimbabweans are battling, to get food water and even paraffin.

Mugabe's three-storey mansion, reported to have cost Z$30-million (R4,7-million), includes an entertainment complex and a gym.

It overlooks the lavish suburb of Borrowdale Brooke, where his wife Grace built a house using funds meant for low-income housing. Dubbed Gracelands, the house is now under the hammer for Z$20-million (R3,1-million).

Mugabe has reportedly hired a leading Yugoslav construction company, Energoprojekt, which built the Harare Sheraton Hotel.

Moses Sibindi, a company spokesman, refused to be drawn on the project.

"We have no obligation to say anything. This is a matter for us and our client," he said.

The president, who travels in 20-vehicle motorcades, last month told reporters he was so poor that he could not even afford to buy his wife a Mercedes-Benz.

"I use government vehicles and cannot even afford to buy a Mercedes-Benz for my wife. It would take me a lot of time to save for it," Mugabe said on the sidelines during President Thabo Mbeki's inauguration.

But the president, who has two official residences in Harare, as well as owning a comfortable house in Zvimba, west of the capital, is building his dream home at a time of deepening economic crisis for his country.

The revelations can only add to the frustrations of ordinary Zimbabweans.

Shortages of the country's staple foods are looming.

The nation's main bakeries stopped producing when the government fixed the price of a loaf at about R1,50, 20 percent below the cost of production.

"Once the supermarket shelves are cleared, there will be nothing to restock them with," said Eddie Cross, vice-president of the Confederation of Zimbabwe Industries.

PLEADING POVERTY: President Robert Mugabe said last month he was so poor he couldn't buy a car for his wife - Picture: AP

And two weeks ago maize producers closed their mills after the government rejected calls for a 62 percent increase in the price they could charge, to help offset huge increases in the price of grain.

The government granted only a 20 percent rise, which producers said left them on the brink of collapse.

With elections less than a year away, the last thing the government wants are steep food price hikes. A 21 percent increase in the price of maize meal last year sparked bloody food riots.

Inflation has hit 53 percent — and is forecast to reach 60 percent by year end — interest rates are galloping and unemployment has hit more than 50 percent.

In recent weeks, a restive urban population has endured shortages of paraffin, the main cooking fuel for low-income families who can't afford electricity.

Long queues have formed at outlets for paraffin, which is heavily subsidised by the government. But Enos Chikowore, the Cabinet minister responsible for energy, denies there is a problem.

Sugar may soon be in short supply. Last week producers sent out a distress signal claiming their performance was under pressure from government attempts to manipulate the price.

The country's major dairy producer, Dairibord Zimbabwe Limited, is now importing milk powder from South Africa and Ireland because it can't meet demand.

Mugabe blames the economic crises on low international commodity prices and claims there is a conspiracy by local and Western opponents trying to unseat him.

But the country's military involvement in the war in the Democratic Republic of Congo has cost it dearly.

The currency has also lost 100 percent of its value since last year, hitting export earnings.

Now the government may jeopardise a US$53-million (R320-million) IMF loan because of its price controls — a policy which the IMF has warned against.

Mugabe lashes out at busybodies at funeral

BD 6/7/99 (362)

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 Mugabe'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 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.

Posh hotel a sore point in Vic Falls

Mercedes Sayagues

For tourists, The Kingdom, a posh new hotel in Victoria Falls, is a delight. For locals, it is a sore point. Sore enough that angry residents planned a protest in March.

It was cancelled under threat of police repression, but the issue is not dead.

In question are the hiring policies of The Kingdom and, a few years ago, of the Elephant Hills hotel. Locals complain the bulk of the workforce comes from other provinces, that residents are discriminated against for being Ndebele, and that they benefit little from Zimbabwe's top tourist resort.

Zimbabwe Sun, which owns the two hotels, denies the charges. Zim Sun representative Ray Mawerera says it is "ludicrous" to say managers employ their relatives or people from their area, although he concedes that none of the managers of the company's hotels in Vic Falls are from Matabeleland.

Zim Sun employs 146 staff, of whom roughly 100 worked at the old Makasa Sun, now The Kingdom. Catering was subcontracted to South African firm Silver Range. Eight interviewers flew from South Africa and hired 300 workers.

In response to a query about the issue from the MP for Hwange, Zim Sun said its recruitment was above board, that it gave preference to residents of Vic Falls, and that it does not subscribe to employment based on tribe.

But locals like Khumbulani Ncube recall seeing prospective employees disembark from trains and buses loaded with more luggage than needed for a day interview, boasting they already had the jobs.

Local council chair and Zanu-PF stalwart Douglas Dube says: "Locals were not employed as anticipated in previous agreements. As a city father, I am not happy with what the hotel did."

The problem is not new. A 1996 study on tourism in Vic Falls by the International Union for Conservation of Nature (IUCN) recommended building "a sense of partnership and responsibility, so that both company and community have a stake in the ongoing viability of tourism". It recommended that it be done through equitable local employment practices, complementary small businesses and community partnership agreements.

The IUCN warned: "The threat to the tourism industry from social unrest and security issues should not be neglected. It is in the long-term interests of all in the industry to contribute to poverty alleviation and greater equity of access to the benefits of tourism."

A walk around Chinotimba township, 15 minutes' walk from The Kingdom, reveals two worlds aeons apart. Hotel cleaners and security guards live in squalor and filth in appalling shacks. So do thousands of job-seekers.

A dozen shacks crowd the small backyard of a two-roomed house. In the middle is a tiny toilet/shower used by 36 people.

Not surprisingly, there is a high incidence of respiratory and sexually transmitted diseases among the residents of Chinotimba.

It also has Zimbabwe's highest prevalence of Aids among pregnant women attending health clinics: 46,5 %, according to Ministry of Health statistics for 1998.

Vic Falls' infrastructure, planned for 8 000 residents and poorly maintained, struggles with a population of 35 000.

According to the IUCN study: "There are problems with roads, storm water drainage, solid waste disposal, housing, schools, health facilities, water supply and recreation amenities. Even the newest facilities, like the hospital and sewage treatment ponds, are failing to cope."

Vic Falls is Zimbabwe's fastest-growing urban area. Between 1992 and 1995 it grew at an annual rate of 14%.

City of contradiction: While The Kingdom hotel (left) is being lavishly refurbished in Vic Falls, the Sibandas' (above) baby died because they couldn't afford the hospital fees. PHOTOGRAPHS: MERCEDES SAYAGUES

M+G 2-8/5/99

"Our infrastructure, especially sanitation, can't cope. Every day new people come into town, mostly youth under 30," says Dube.

Among the job-seekers are Matthew and Jullalinda Sibanda. He's 21, she's 17. They left drought-prone Gowke two years ago.

Four days ago, their four-month-old baby girl developed a fever. Before going to the hospital, they tried to sell tomatoes and oranges for fees and medicine.

Three hours and no sale later, the baby got worse. By the time they reached the hospital, she had died.

The baby was born in the malaria season in a shack made of black plastic sheets and red-and-white mealie-meal bags on a piece of land without a toilet or water. Her barely literate parents, themselves not far from childhood, are ill-equipped to handle parenting, job-seeking and survival in Zimbabwe's tough economic climate.

"In 19 years of independence, the government has left us poorer, uneducated and jobless. We can only be curio vendors and tourist muggers," says a bitter Nkosilati Jiyane.

An accountant with a safari firm, he is the youngest of 11 city councillor candidates the opposition party, Zimbabwe African People's Union 2000, will field in the local government elections in August.

(362)

Controversy over Zim poll ground rules

M+G 2-8/7/99 (362)

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 19-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 Makamure.

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 "hooligan and stone thrower" who is acting like an adolescent. He denies 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 brought by the Law Society against withholding taxes on sureties and property transactions, imposed earlier this year by the finance ministry.

Chief Justice Anthony Gubbay said the case was "of national importance".

In January the ministry withdrew the withholding tax on Zimbabwe Stock Exchange transactions within a week of trying to impose it when the move brought all broking and foreign investment to a halt. Officials said the tax was necessary because capital gains profits (taxable at 25%) were taken out of the country before they could be monitored.

Lawyers have been hard hit because the withholding tax is applied to conveyancing work and to lawyers' "roll over" 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 surety transactions.

They complain rebates take years to receive and that little or no gain is made on some transactions.

Advocate Chris Andersen, for the Law Society, submitted the tax contravened property rights enshrined in the constitution. If enabling capital gains makers to escape had been "hopelessly inadequate", the new withholding tax was being administered by the same bureaucrats.

It was "arbitrary and irrational", he said.

Advocate Bharat Patel, for finance minister Herbert Murerwa and tax commissioner Gershem Pasi, argued the state had the right to impose taxes and just because taxes were harsh did not make them unconstitutional.

(362) BD 7/7/99

US report takes a dim view of Zimbabwe

BD 9/7/99 (362)

Foreign investors should not be surprised if officials demand free shares in their ventures, say Simon Barber and Michael Hartnack

WASHINGTON — The "one-stop shop" the Zimbabwe government has set up to approve proposed investments by foreign companies is living up to its name in an unintended way, corruptly stopping badly needed capital inflows in their tracks, according to a grim US state department report on the country's shortcomings as a destination for US direct investment.

Investors, the report says, should not be enticed by the fact that the Zimbabwe is part of Southern African Development Community (SADC).

"Recent difficulties in getting a free trade agreement worked out have diminished the prospect of SADC being the engine for growth as originally envisioned."

However, the assessment, just out as part of an annual series of "investment climate statements" prepared by US embassies around the world, suggests that the Zimbabwean government is doing more than enough by itself to scare off foreign business.

Exhibit A is the Zimbabwe Investment Centre (ZIC), originally created to "mitigate the bureaucratic maze", but which now allegedly has a habit of stealing the business plans would-be foreign investors have to submit if they wish to start, expand or acquire even part of a local enterprise.

"Foreign-owned service industry start-ups particularly have accused ZIC of holding up investment applications while, by unknown means. Politically connected civil servants or ruling party members take advantage of the delay to copy the submitted plan and set up a competing near-identical company which enjoys the first-to-market benefits while the foreign application languishes."

The US embassy's dim view of ZIC, whose Harare address is 109 Rotten Row, is shared by the World Bank's Foreign Investment Advisory Service (FIAS), which has concluded that the centre "is subject to political influence and overall acts to hinder rather than facilitate foreign investment in Zimbabwe".

US investors are warned that the government, though not as committed to the "Marxist model" as it was before 1991, "has a residual strong desire to control as much of the economy as it can".

Many areas of the economy are off limits to foreign investors. Government insists on participating in ventures in strategic sectors and in the name of "indigenisation" restricts foreign stakes in privatised enterprises to under 20%.

US companies are warned that on top of everything else, they may have problems getting residence permits for expatriate managers.

Corruption is "increasing at all levels in government". Foreign investors should not be surprised if government officials approach them demanding free shares in their ventures. The government tendering process is "notorious", especially in the telecommunications, power and aviation sectors.

The judiciary remains honest and properly prepared corruption cases have resulted in convictions. "However, cases involving high or prominent party or government officials do not reach court regardless of the magnitude or egregiousness of the offence. The ruling party's effort to implement a party code of ethics came to naught."

Though the financial sector is relatively sophisticated, "fraud and inept" management have caused the collapse of several institutions raising "concern over the oversight capability of the Reserve Bank" and the soundness of the smaller players.

There is a prospect of increased labour unrest and even political violence "as economic conditions deteriorate". Donor countries, the report predicts, may decide to withdraw official insurance cover for investments in Zimbabwe because of its "recent difficulty in meeting its foreign debt obligations in a timely manner."

"Over the last year to 18 months the investment and operating climate in Zimbabwe has worsened. Potential investors need to assess carefully this tougher environment."

Meanwhile, Gershem Pasi, Zimbabwe's commissioner of taxes, yesterday issued warnings against the latest scam in Harare: fake "tax exemption certificates" which purport to absolve the owners from having to make returns.

"The public must note that such practices do not exist and are illegal," warned Pasi in advertisements placed prominently in national newspapers.

He urged the public not to subscribe to a so-called "Zimbabwe Taxes Association", which had been issuing the certificates on payment of undisclosed fees.

Companies, or private taxpayers, are given papers with a numbered serial declaring that "the holder is exempted from submitting taxe (sic) returns until after the expiry date" — usually a year ahead.

The document also states that the holder is "well protected by the Zimbabwe Taxes Association and any queries regarding the aforementioned company should be directed to our head office". However, no head office is traceable. The certificates are signed "J Murimi, registrar".

A wave of anxiety has swept through small businessmen here following the launch last month of a tax-checking campaign by teams of inspectors, moving systematically from one city block to another.

The International Monetary Fund has noted that past failure to collect billions in taxation has exacerbated Zimbabwe's budget deficit problem.

Pasi's predecessor, Eric Harid, reported that tax morality in Zimbabwe had been "undermined" by the concessions and exemptions granted political figures.

Not only are large portions of ministers and MPs' emoluments exempt from tax but they have been able to avoid making returns for their private business empires, say financial experts.

Zimbabwe to compensate victims of army crackdown

(362) BD 12/7/99

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 Dumiso 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 officials senior government posts.

Mugabe's 19-year-old rule is gripped by its worst economic crisis and its strongest political opposition from a coalition of unions and civil groups. — Reuter.

SADC

Ghosts haunt Zimbabwe trade talks

CT (MR) 13/7/99 (362)

Bontle Headbush

The Southern African Development Community (SADC) trade negotiations seem to be following the same route that European Union (EU) negotiations with South Africa took earlier this year – deadlock.

Trade and Industry Minister Alec Erwin, with the benefit of hindsight on his side, joked at the World Economic Forum in Durban last week that he had had "enough negotiating experience to know that you're probably closest to an agreement when the noise between the parties is at full steam".

At the same gathering, he mentioned that the implementation of the SADC free trade agreement (FTA) was still on track for January next year.

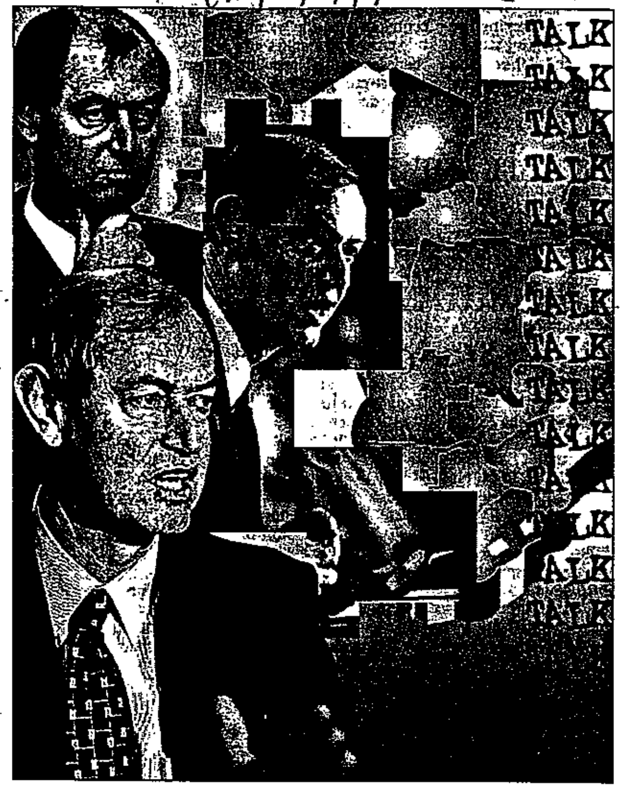
However, with South Africa having failed to meet Zimbabwe's condition of talks between Erwin and his Zimbabwean counterpart Nathan Shamuyarira, to iron out issues of contention before the SADC Trade Negotiation Forum (TNF) started on Wednesday last week, this target seems optimistic.

Free trade, characterised by the absence of tariff and non-tariff barriers, could mean the strengthening of South Africa's neighbouring economies, and would also increase the region's ability to negotiate on the world economic stage.

Issues of contention would probably arise in any FTA negotiations where the member states involved would look out to protect the interests of their respective economies.

The major snag in these talks, however, is Zimbabwe, the second largest economy in the SADC region, and solutions to its problems do not seem to be emerging.

Apart from the apparent impasse with Zimbabwe, problems arising from issues such as rules of origin and dissatisfaction by the members of the Southern African Customs Union (Sacu), which comprises Namibia, Botswana, Lesotho, Swaziland and South Africa, about exposure of the customs union area to "dumping", have also been encountered.



The union's existence was previously threatened by South Africa's free trade agreement with the EU because the volume of goods entering the area duty-free from the EU was likely to reduce its revenue pool.

Trade negotiators from the SADC states have been meeting for a week every month this year in an effort to conclude the FTA talks.

The free trade that would result from the agreement is expected to create some 5 million new jobs in the short term, and add R15,7 billion to the region's gross domestic product.

Dali Kesi, the department of trade and industry's assistant director of Africa trade relations, said problems with Zimbabwe dated back to 1964, when the two countries signed a trade agreement that clearly favoured Zimbabwe.

In 1992, however, some of the preferential terms were withdrawn after Zimbabwe fell out of favour with the South African government of the time. This had a detrimental effect on Zimbabwe.

The terms were then reinstated in 1994 by the new government, but Erwin has since admitted that the quota of Zimbabwean imports granted preferential access to South Africa's market was not big enough to encourage change in its production patterns.

Erwin and Shamuyarira then met to discuss a new trade offer in terms of which South Africa would ease its protective tariffs and revise its import quotas.

After further investigation by South Africa's trade and industry department, it was found that granting these concessions to Zimbabwe would be tantamount to entering into a new agreement, which was not legally feasible.

South Africa then tabled another offer to Zimbabwe, but this was rejected, and as a last resort, Zimbabwe requested another meeting of the two ministers.

With this having failed to materialise, one wonders if any progress will be made at the trade forum being held in Botswana this week.

EU trade talks South Africa took a similar turn earlier this year, when a dispute broke out over South Africa's refusal to drop the terms "port " and "sherry", which it uses for fortified wines.

These talks also failed to meet many of the deadlines set and were finally concluded only because the EU leaders wanted to sign the agreement before President Nelson Mandela finished his term of office.

Regarding the SADC talks, however, there would be no such incentive for the other SADC countries to conclude negotiations.

It might lead to the talks being relegated to a lower position on their list of priorities, serving to prolong the end of talks even further.

Mugabe threatens to seize farms if donors withhold funds

(362)

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 donor 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 Chimutengwende 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

BD. 14/7/99 (362)

HARARE — Constitution writers will have plenty of work in the next few months in Zimbabwe.

Two groups are working on a constitution to replace the one given to Zimbabwe by Britain in 1980 and amended 15 times in 19 years.

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 the review 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 was ever made public or acted upon. — AIA.

Maize meal back on shop shelves

(362)

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 42% 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 Z$8,33/kg, but there were angry scenes yesterday when more than 500 striking municipal workers occupied Harare's "Town 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 Z$2 000 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 Z$4,5bn 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 a loaf is gazetted. This, they say, is 20% 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 Shamuyarira, who is also propaganda and information supremo in Zimbabwe's highest decision-making body, the Politburo. During the absence of maize meal from supermarket shelves 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 Zimbabwean Industries, said the interim price increase had saved 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%

(362)

Many believe the worst is to come with inflation peaking at 60%

BD 15/7/99

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 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.

"This 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." — Reuter.

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ZIMBABWE (362) FM 16/7/99

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

TAPIWA MOYO: Harare

(362) SF 18/7/99

VETERANS of Zimbabwe's liberation war, which brought President Robert Mugabe to power, are giving the country's leader no rest.

This week they besieged State House, Mugabe's official residence, to demand a tenfold increase in the payouts he was forced to grant them in December 1997 after embarrassing public demonstrations.

The 55 000 former guerrillas, who in 1997 each received a lump sum of Z$50 000 (about R8 500) and lifetime monthly pensions of $2 000 (about R350), now want the gratuities upped to $500 000 (about R85 000) each as well as $7 500 (about R1 250) monthly pensions.

Seeking a meeting with Mugabe on 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 600) 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 21percent increase on existing pensions as a cost-of-living adjustment.

Harare govt bales out hard-pressed farmers

(362)

Michael Hartnack

HARARE — The government has responded to appeals from the Indigenous Commercial Farmers' Union by rescuing 32 large-scale properties owned by black Zimbabweans from the auctioneers' hammer, Minister of State for Indigenisation Cephas Msipa said.

Last month Taka Mutunhu, CE 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$300m were being "hounded" off 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 his president Thomas Nherera that 80% 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 "tarnishing 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

BD 16/7/99

Michael Hartnack

HARARE — The US embassy in Harare has condemned a US state department 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 Lucy Hall of the US information service.

Zimbabwe's state-controlled Herald said she "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, by unknown means, politically connected civil servants or ruling party members take advantage of the delay to copy the submitted plan and set up a competing, near-identical company which enjoys the first-to-market benefits while the foreign application languishes."

The World Bank's Foreign Investment Advisory Service reportedly shared the state department view and 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 a 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

BD 19/7/99 (362)

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 reported 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 13-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 Zimbabwian 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 $32m, to give Zimbabwe an inducement to honour commitments.

However, these reservations had apparently been waived.

Elite 'grab land meant for peasants'

(362) BD 20/7/99

Michael Hartnack

HARARE — Controversy has broken out again over land reform in Zimbabwe after independent newspaper Daily News alleged that politically influential people, including ministers and pro-government journalists, were "grabbing" former white-owned farms intended for the resettlement of peasants.

Last month militant ex-guerillas invaded one of the affected farms after claiming that "prime commercial farmland is being allocated exclusively to senior Zanu (PF) and government officials".

The UK cut off £40m funding for land acquisition in 1994 when it was disclosed that many farms bought for peasant resettlement had instead been given to prominent politicians.

Farming sources yesterday said the row displayed an embarrassing predicament faced by the government when allocating land, as studies showed that the most productive African farmers were those with connections in urban areas.

A post-independence boom in communal maize production was achieved by the top 10% of African farming families. Given resettlement farms, poor peasants with large families tended to revert to subsistence agriculture because of a lack of capital and expertise, said one agronomist.

One of those on the list of 149 applicants published by the Daily News is University of Zimbabwe academic Welshman Ncube, a fierce critic of President Robert Mugabe's human rights record and a member of the National Constitutional Assembly.

The assembly was formed by independent civic groups to challenge the work of Mugabe's official constitutional commission.

"If it had been anything I didn't believe in, I wouldn't have put in an application," Ncube said yesterday, confirming that he had applied for 2 000ha of a ranch in his home area near Gweru. He said he had submitted plans for beef production to a selection committee and would hire a qualified manager if successful.

"This is a business venture which I want to run like any other business," said Ncube, a prominent jurist.

The ranch is among 28 subdivisions of land previously owned by the debt-ridden parastatal Agricultural and Rural Development Authority, which took over large areas of former white farmland in the 1980s in a bid to turn them into Soviet-model state farms.

Attorney-general Patrick Chinamasa, Henry Muradzikwa, editor of the official news agency Ziana, and Congo war commander Maj-Gen Mike Nyambuya are among eight applicants seeking farms in Nyamazura, 40km west of Mutare, where ex-guerillas have tried to claim squatters' rights.

Environment minister Simon Moyo, investment centre director Nicholas Ncube, a high court judge, a top tourism executive, a Bulawayo Chronicle journalist and a deputy minister are among those seeking 47 farms at Marula, on the Botswana border.

However, peasants in the area have threatened to invade the land if it is not given to them.

Mugabe's chief spokesman George Charamba confirmed that he had applied to farm tobacco, groundnuts and cattle on a 120ha farm that used to belong to the state's rural development parastatal. There was no response to a request for comment from the Lands and Agriculture ministry. The list of the applicants has been circulated to nine cabinet ministers for comment.

Zimbabwe's top brass to get farms — claim

(362)

BERNARD MANDIZVIDZA
INDEPENDENT FOREIGN SERVICE

ET 20/7/99

HARARE: Several government ministers and their deputies, army generals, top civil servants and high profile black businessmen have been shortlisted to receive farms acquired from whites under Zimbabwe's controversial land reform programme.

The land reform programme, which is mainly meant to resettle landless black peasants on white farmland, also involves a special category called the tenant resettlement scheme, through which individual blacks (originally agricultural graduates) are given large tracts of land acquired from the whites to promote black commercial farming.

Zimbabwe's 4 500 large-scale commercial farmers are mainly whites who own over 90% of the country's prime agricultural land.

Most civic groups in Zimbabwe have raised fears that the tenant resettlement category meant to promote black commercial farmers was open to abuse as there were no clear guidelines for the allocation of the farms.

Such fears were confirmed this week after a list of those to benefit under the tenant scheme was leaked to the local press.

The privately owned *Daily News* yesterday published the list of the 149 people to acquire farms under the tenant resettlement scheme.

The list was dominated by government ministers, deputy ministers, senior army generals, High Court judges and well connected black businessmen. All the 149 beneficiaries shortlisted will get farms at no cost to themselves.

They will be given 10-year leases and will pay nominal yearly rentals depending on the size of the farms.

The government has deployed the army in Matabeleland to dislodge thousands of villagers who, fearing the land may be allocated to senior political figures, have occupied large farms acquired for resettlement.

Matabele villagers burn party cards

CT 20/7/99

THABO KUNENE
INDEPENDENT FOREIGN SERVICE

(362)

BULAWAYO: Hundreds of Matabeleland villagers at the weekend burnt membership cards of the ruling Zanu (PF) party at rallies organised by the province's two opposition parties, the Liberty Party led by Canaan Moyo and the recently revived Zapu led by interim leader Joshua Mhambi.

Yesterday in northern Matabeleland more than 300 villagers surrendered their Zanu (PF) cards at a rally organised by the Liberty Party. The villagers denounced leaders of the ruling party, which is dominated by Shona speakers, as "tribalists who only wanted to dominate other tribes".

A spokesperson for the villagers in the Siphepha area in Tsholotsho district, Mar Sibanda, said the people of Matabeleland were fed up with domination by the ruling Shona tribe and wanted change. He said the government had neglected Matabeleland since independence in 1980.

When then Zapu leader Joshua Nkomo and President Robert Mugabe signed a unity agreement in 1987, said Sibanda, the Matabele had hoped the government would develop their province. Instead, the government employed people in Mashonaland and deployed them in Ndebele regions leaving thousands of young people in the province without work.

Liberty Party secretary-general George Moyo told a rally at the Gwayi business centre the time for change had come. Villagers cheered and started buying Liberty Party cards and burnt those of the ruling party.

Moyo said the ruling Zanu (PF) was responsible for the genocide in the province in the 1980s and said people should vote it out of office in the general elections scheduled for April. The opposition parties will also contest next month's local government elections in urban centres.

In the townships of Bulawayo, hundreds of residents burnt Zanu (PF) cards at a rally addressed by Zapu leaders. The villagers and residents said they were only in Zanu (PF) because of the unity accord signed between Nkomo and Mugabe. Nkomo died on July 1 after a long illness.

When he died, there were fears that the ruling party would collapse in Matabeleland, where Nkomo's authority was unchallenged. Already hundreds of people have defected to opposition parties.

MISSED: The late Joshua Nkomo

The opposition parties in Matabeleland both advocate a federal system of government in Zimbabwe. They have taken advantage of the anti-government sentiments and factionalism in the ruling party in Matabeleland. Junior officials have openly declared that they would challenge their seniors, including ministers, in the general elections next year.

Before Nkomo's death, say observers, such officials would have been expelled.

Nkomo's death leads to period of soul searching in Zimbabwe

BD 20/7/99 (3683)

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, academics and writers.

"Nkomo's death opened a can of worms," said one newspaper editorial.

The posthumous acclamation 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 here. Canonisation comes, ironically but not coincidentally, just as President Robert Mugabe is demonised abroad as the man personally responsible for all Zimbabweans' woes.

Even 30-million subscribers to the Readers' Digest are now being invited to learn how Mugabe supposedly "ruined his country". To Mugabe's credit the latest edition remains unbanned here, but analysis of the country's problems needs to get far above this level.

Mugabe himself began the psychological spring clean, perhaps unwittingly, in his 90-minute funeral oration for Nkomo at Heroes' Acre. It was part political campaign speech, part history lecture, "writing-in" what has been methodically excised for the past 19 years about 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 "busybodies" and promises of redistribution of land, casting fresh doubt on the modest plan for reform agreed with donors.

But the wider public here noticed the rambling review of Nkomo's hitherto unheralded contribution to the overthrow of white rule. It took Mugabe 55 minutes to get to 1963 — the year the two men broke over Mugabe's support for Ndabaningi Sithole, who formed the rival Zimbabwe African National Union (Zanu).

Official historians, who have written in textbook after textbook that "the armed struggle" began six months after Rhodesia's 1965 Unilateral Declaration of Independence (with the infiltration of six Zanu guerrillas into the Chinhoyi area) must have been dismayed to hear Mugabe acknowledge that Nkomo's Zapu launched the war in 1962.

Mugabe then skated over 25 years of Zapu-Zanu strife and, after a brief but novel expression of regret for the 20 000 killed by his security forces in Matabeleland, glorified the Christmas 1987 unity pact he and Nkomo signed.

Ever since the funeral Zimbabwe's newspapers have been flooded with letters expressing both astonishment that Nkomo's role had been kept so quiet and demanding entirely rewritten histories. People are openly questioning the part Bishop Abel Muzorewa's ill-fated interim government played in persuading whites to accept African rule and that of Sithole, who remains on bail pending appeal against a jail term for plotting Mugabe's assassination.

A general debate has ensued about other contentious events, such as the murder of Zanu chairman Herbert Chitepo in Lusaka and the mysterious death in Mozambique of guerrilla commander Josiah Tongogara on the eve of the 1980 elections.

Of far more relevance to Zimbabwe's current plight, with 4-million unemployed and 70% living below the bread line, was a column in the independently owned Zimbabwe Mirror asserting that Nkomo, however saintly, was essentially in the mould of his hero, Ghana's Kwame Nkrumah.

"I knew when I saw what Kwame had achieved we should never go for a slice of the cake but the whole thing," Nkomo said in London in 1960.

The columnist recalled Prof Ali Mazrui's description of Nkrumah as "a Leninist czar" and suggested Nkomo's career, like those of all the rival nationalist figures, was dedicated to the restoration here of a monarchy in the style of the Ndebele King Lobengula, driven off his throne by Cecil Rhodes' British SA Company in 1893.

The 1980 independence elections reduced Nkomo to "a broken man — the kingdom had slipped out of his hands just as he was awaiting the moment of glory".

Candid analysis of what the writer called "the monarchist tendency in African nationalist leadership" should be focal to current debate here about economic and constitutional reform.

Nkomo, it is suggested, would have done just what Mugabe did once in power — centralised around himself monarchical control of the means of violence and a patronage system.

In this system troops were sent to the Democratic Republic of Congo without reference to either cabinet or parliamentand even relatively junior appointments in parastatal enterprises need the president's confirmation.

South Africans, offered dubious comparisons between their country and Zimbabwe, should note that while Nelson Mandela was a superb focus of imitative behaviour, as every good constitutional monarch should be, he seems — from here — neither to have attained nor sought Mugabe's overriding political objectives.

In Zimbabwe, it is suggested, Mugabe's rivals — headed by Nkomo — would have been just as ready to create a ruthless Praetorian guard of ex-guerrillas and a controlled economy dedicated to rewarding loyalty and punishing dissent — although justified in the rhetoric of social justice.

Muzorewa, it is argued, was precluded by the "safeguards" in the shortlived 1979 constitution from doing these things and was thus unable to retain his hold on power. Mugabe, given a virtual free hand amid wild adulation, could hang on — only to demonise himself after 19 years as a "corrupt tyrant".

This presents a frightening moral to constitution makers.

Civic groups represented in Zimbabwe's National Constitutional Assembly — which will have no truck with Mugabe's own 400-member state-funded Constitutional Commission — hope for a move away from Mugabe-style monarchy towards cabinet 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 latent instability to retain a monarchical system of government, carefully camouflaged with trappings of democracy, to protect the country from notice by the human rights "busybodies".

GETTING IT RIGHT

RESIDENTS owed municipalities around the country R12,4bn in unpaid services, said Jackie Manche, the chief director for local government finance in the provincial and local government department.

It was incorrectly reported in Monday's Business Day that the amount was money municipalities owed to creditors. Manche said municipalities jointly owed Eskom R316m and R8m to the auditor-general.

Time for unity, says Mugabe

(362) ARG 21/7/99

Harare – Zimbabwe's embattled President Robert Mugabe has called for national unity in the face of a deep economic and social crisis, saying the country needed a common programme to overcome its rising problems.

Opening the last session of the five-yearly parliament, Mr Mugabe outlined issues confronting his government – from re-writing the constitution, nursing a sickly economy and fighting corruption to boosting social infrastructure.

"We have many problems to solve and many obstacles to overcome. And we can solve and overcome them provided we are united in vision and action," he said.

It was one of the few speeches he has delivered in recent months without blaming Zimbabwe's woes on domestic and Western opponents.

Zimbabwe has been hit by a wave of labour and social unrest in the past year, triggered largely by growing anger over economic hardships which many blame on mismanagement by the government. – Reuters

Fury over farms for officials

(362) CT 21/7/99

HARARE: The Zimbabwe government's decision to issue large commercial farms acquired from whites for peasant resettlement to ministers and their deputies, army generals and other influential people, came under heavy fire yesterday.

A number of civic groups, including the Indigenous Commercial Farmers Union, which is usually supportive of the government against the white-dominated Commercial Farmers Union, yesterday publicly slammed the move, saying rich Zimbabweans were getting wealthier at the expense of the poor.

Lands and Agriculture Minister Kumbirai Kangai responded to the leak of the list of beneficiaries in Monday's *Daily News* by saying there was nothing wrong with allocating land to top officials as the tenant resettlement scheme was open to everyone, including cabinet ministers.

"That one is made a cabinet minister does not mean they should stay in poverty and never be given an opportunity to own land," he said. — Independent Foreign Service

Mugabe warned not to send troops to Angola

CT 21/7/99 (362)

BERNARD MANDIZVIDZA
INDEPENDENT FOREIGN SERVICE

HARARE: President Mugabe was advised to postpone indefinitely his decision earlier this year to deploy 5 000 troops in Angola to help President Jose Eduardo Dos Santos repel the rebel Unita Movement, according to authoritative sources here.

HEEDED HIS ADVISERS: President Robert Mugabe

The sources said Zimbabwe's two retired army generals — former army commander Solomon Mujuru and Air Marshal Josiah Tungamirai — who are key members of Mugabe's inner circle and his defence advisers, had urged him to put on hold a decision he had taken to send troops to Angola.

The army and Ministry of Defence sources said Mugabe had agreed, at a meeting earlier this year with Dos Santos, Namibian President Sam Nujoma and Democratic Republic of Congo (DRC) President Laurent Kabila, to keep his 9 000 soldiers in the DRC and send another 5 000 troops to prop up Dos Santos.

This would have put almost half of Zimbabwe's army at war.

Apart from the difficulties involved in Zimbabwe fighting wars in two countries, sources said Mujuru and Tungamirai had told Mugabe that the 5 000 troops would make little difference. If he wanted them to fight Unita successfully they would have to be part of a multinational force that included South Africa.

Mugabe was advised to concentrate on enlisting the support of other SADC countries to agree to use military force against Unita.

Mujuru was once reported in the local independent newspaper, the *Financial Gazette*, as having told Zanu (PF)'s politburo, of which he is a member, that for military, tactical and geographical reasons he was opposed to deploying Zimbabwean troops in the DRC.

Although the Zimbabwe National Army has played peacekeeping roles in Angola and Somalia, this could not justify using the army to fight real wars in areas of unfamiliar terrain.

Though Zimbabwe was part of a multinational force in the DRC, the two men believed it was a weak alliance. An alliance for Angola would need to be much stronger.

Although Mugabe has until now heeded the advice, the sources said he remained convinced that Zimbabwean troops should be sent to help Dos Santos.

IMF agrees to lend (362) Zim $200m

CT 21/7/99

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, shocked, but they all the same agreed to give us the information. We got all the clarification we wanted. They had no choice."

The IMF had asked for the details, particularly in the light of rumours 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 soon after 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 7 000 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 not, 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

BD 21/7/99 (3627)

With clarification of Harare's war costs, the International Monetary Fund has agreed to a new loan

Michael Hartnack and Sapa-AFP

HARARE — Zimbabwean President Robert Mugabe announced yesterday a legislative programme aimed at producing a more "user-friendly" government in the year leading up to the next scheduled parliamentary elections.

Help for AIDS orphans, share option schemes for workers and a boost for the moribund office of the ombudsman were highlights of Mugabe's speech.

"My government is determined to leave no stone unturned in the reduction of wrongdoing in our institutions," he said in his speech opening the last session of the 1995-2000 parliament, in which his ruling Zanu (PF) holds a 147-3 majority. Mugabe's own presidential term runs to 2002.

He urged citizens to take complaints against bureaucracy to a revitalised ombudsman office. It has been in apparent limbo since a previous office holder was discovered plagiarising reports of cases from abroad, including former SA bantustans, as his own work.

"We are embarking on a broad range of initiatives to transform our economy and our society as we enter the new millennium," Mugabe said.

Zimbabwe is currently in the grip of its worst depression since independence, with 55% inflation, up to 4-million unemployed and many skilled Zimbabweans emigrating.

Mugabe called for a co-operative spirit to implement the modest two-year "inception phase" of land reform agreed to with international donors, using farms already in state ownership. He avoided any reference to sweeping takeovers of white-owned land.

He wished the "indigenisation programme" for the economy to be accelerated by legislation introducing employee share ownership schemes "in as many sectors as possible".

On foreign affairs, Mugabe gave priority to restoration of peace in the Democratic Republic of Congo — where Zimbabwe has thousands of troops supporting President Laurent Kabila's government.

Mugabe said he hoped restoration of peace under the Lusaka ceasefire agreement would help Congolese resolve their own differences.

He urged the Southern African Development Community to give all assistance to Angola's government to defeat Jonas Savimbi's Unita rebels, who he blamed for resumption of civil war.

Mugabe said a bill would be presented to establish a revenue authority, improve tax collection and helping to reduce the budget deficit.

He announced a shift in policy towards collection of toll fees so that all using Zimbabwe's roads, including foreign transport operators, contributed to their maintenance.

Mugabe said the AIDS epidemic — believed by many medical experts to infect up to one in four adults — would be given the highest political profile. In the rural areas help would be given to the growing number of orphans.

He hoped the constitutional commission now sitting would give Zimbabwe a new framework in the new century.

Meanwhile, the International Monetary Fund (IMF) has agreed to lend $200m to Zimbabwe over a 14-month period after clarification of the country's war spending, an IMF source said yesterday.

The finance body had asked Zimbabwe's government about its war expenditure in Congo.

According to the source extracting the military spending details from the Harare government was not easy.

"The Zimbabweans felt offended, shocked, but they agreed all the same to give us the information. We got all the clarification we wanted. They had no choice," the source said.

The Zimbabwean authorities had been asked for such details on military spending particularly in the light of rumours that Harare was ordering new combat aircraft.

"We have had assurances that if there is budgetary overspending there will be cuts in other budget sectors," the source said.

The IMF had blocked standby credits to Zimbabwe after the government sent its troops to back Kabila, who obtained military support from Harare as well as Angola and Namibia soon after Congolese rebels backed by Uganda and Rwanda launched a major insurgency in August last year.

"The IMF was worried because our calculations had been based on the presence (in Congo) of 7 000 soldiers. This went up from 7 000 to 10 000 Zimbabwean troops," said the source.

"The IMF management is satisfied with Zimbabwe's replies, notably on military spending," the source said.

The New York-based fund's council would meet on August 4 and a first tranche of $35m would be released for Harare the same day.

Zimbabwe slams SA's trade offer

CT (BR) 22/7/99

BERNARD MANDIZVIDZA

Harare – Zimbabwe's key business organisations have described South Africa's decision to increase its import quotas from Zimbabwe on selected goods as a "very limited offer", which will not redress the massive trade imbalance between the two countries.

The decision to increase quota imports from Zimbabwe was announced on Monday after a meeting between Alec Erwin, the trade and industry minister, and his Zimbabwean counterpart, Nathan Shamuyarira.

The quota increases, effective from August 1, are in textiles, footwear, leather products, household linen and blankets. The quota adjustments will also cover protective gloves, leather, travel goods, twine and cordage, ropes, cables and industrial boots.

Zimbabwe's two key industrial bodies, the Confederation of Zimbabwe Industries (CZI) and the Zimbabwe National National Chamber of Commerce (ZNCC), said yesterday although the adjustments were a positive development, they "are a very limited offer".

"What we wanted were indications of a comprehensive agreement which covers tariff reductions not quotas," said ZNCC President Nhlanla Masuku.

Bernard Mfute, a CZI senior economist, said the goods in Erwin's concessions covered under 5 percent of items Zimbabwe traded with South Africa. – Independent Foreign Service

CAPE ARGUS, THURSDAY, JULY 22, 1999

Nkomo's death stirs old enmity in Zimbabwe

Unity pact declared dead as Ndebele burn party cards

(362)
ARG 22/7/99

THABO KUNENE
FOREIGN SERVICE

Bulawayo – In an ominous aftermath to the death of "Father of Zimbabwe" Joshua Nkomo, hundreds of Matabeleland villagers burnt membership cards of the ruling Zanu (PF) party at opposition rallies.

The rallies were organised by two opposition parties, the Liberty Party led by Canaan Moyo and the recently revived Zapu, Mr Nkomo's original party, under interim leader Joshua Mhambi.

There are other signs that Mr Nkomo's death may lead to political turmoil that President Robert Mugabe's government can ill afford.

Bush war veterans' organisations have made conflicting statements on the status of Mr Nkomo's historic pact with Mr Mugabe in 1987, after months of murderous repression by government troops in Matabeleland.

This week in northern Matabeleland, more than 300 villagers surrendered their Zanu (PF) cards at a rally organised by the Liberty Party.

The villagers denounced leaders of the ruling party, which is dominated by Shona-speakers, as "tribalists who only want to dominate other tribes".

Mar Sibanda, a spokesman for the villagers in the Siphepha area in Tsholotsho district, said the people of Matabeleland were fed up with domination by the ruling Shona tribe and wanted change.

He said the government had neglected Matabeleland since independence in 1980.

When Mr Nkomo and Mr Mugabe signed the unity agreement in 1987, said Mr Sibanda, the people of Matabeleland had high hopes that the government would start developing their province.

Instead, the government had hired people in Mashonaland and deployed them in Ndebele regions, leaving thousands of young people in the province without jobs.

Liberty Party secretary-general George Moyo told a rally at the Gwayi business centre that time for change had come. Villagers cheered him. They bought Liberty Party membership cards and burnt those of the ruling party.

Mr Moyo accused Zanu (PF) of being responsible for genocide in the province in the 1980s and said people should vote it out of office in the general election, scheduled for next April. The opposition parties will also contest next month's local government elections in urban centres.

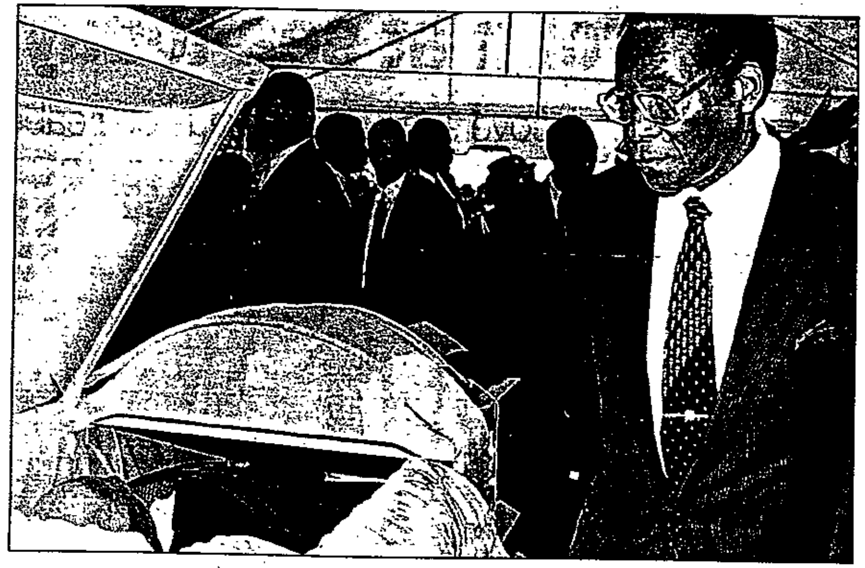
In the townships of Bulawayo, hundreds of residents burnt Zanu (PF) cards at a rally addressed by Zapu leaders. They said they were only in Zanu (PF) because of the unity accord between Mr Nkomo and Mr Mugabe.

The two opposition parties in Matabeleland both advocate a federal system in Zimbabwe. They have taken advantage of anti-government sentiments and factionalism in the ruling party in Matabeleland. Junior officials have openly declared they will challenge their seniors, including ministers, in the general elections next year. Before Mr Nkomo's death, say observers, officials would have been expelled for such statements.

Meanwhile, conflicting statements have emerged from the still influential struggle veterans' organisations in Matabeleland. The leader of Zimbabwe's liberation war veterans' association, Chenjerai Hunzvi, has assured the nation that the unity accord will not collapse.

But a week earlier, the young president of the Bulawayo-based Imbovance Kazulu pressure group, Bekthemba Sibindi, said the unity accord was "history" after Mr Nkomo's death.

Radicals in Bulawayo opposed to the pact had relaunched Zapu four days before Mr Nkomo's death.



Funeral rites: Zimbabwe's President Robert Mugabe views the body of 'Father of Zimbabwe' Joshua Nkomo

Genocide survivors reject Mugabe offer

(362)

THABO KUNENE
FOREIGN SERVICE

ARG 22/7/99

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 Candangula 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.

Another survivor, Mjabule Moyo said: "Why should I be paid for the killing of my relatives?"

Mr Moyo said he lost three relatives in the massacres. 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.

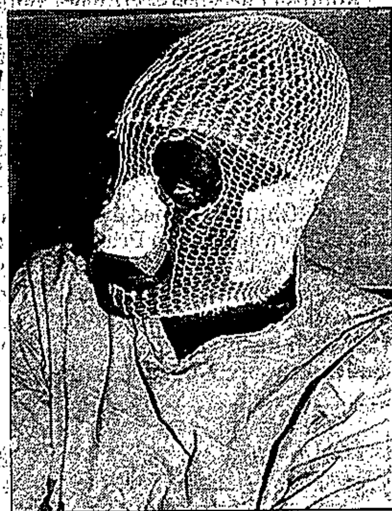
He said soldiers had ripped open his wife's stomach to remove what they called "a dissident child".

"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, describing how government forces planned to exterminate the Nguni people and other tribes in retaliation for their support for Mr Nkomo.

Some of the soldiers who carried out the killings have since returned to Matabeleland to apologise to the relatives of those who perished.



Flashback: a Matabeleland victim, whose ears and nose were hacked off

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 1990, the magazine Parade published a story in which former Rhodesian and South African intelligence officials admitted creating rebels in Matabeleland.

During the interviews with the magazine, the former Rhodesian agents said their intention was to force 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 Nbedzi, who lost relatives in the massacres, 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.

Geology defies mining skill

Zimbabwe's Great Dyke may never be fully exploited for its precious minerals

HARARE — Zimbabwe's platinum deposits, the world's largest, may never be fully exploited due to poor geology, as yet unmastered by the world's best mining groups, analysts say.

The deposits, estimated at over 4,5-billion tons — bigger than South Africa's 3,5-billion — claimed their largest victim yet, Australia's Broken Hill Proprietary, which closed its Hartley Platinum Mine last month after toiling for three years and raking US$545m in losses.

Analysts say the nascent industry, although severely jolted by the closure of Hartley, has the expertise and resources to survive and suggest Hartley's size may have been its Achilles heel.

Innovative mining methods may be needed to viably extract resources from the mineral rich Great Dyke, a layered igneous structure that truncates Zimbabwe through the centre for 550km and is up to 11km wide.

"It (the closure of Hartley) has made a big dent on the future of platinum mining in this country," said Peter Simpson, a director with mining consultants Peacock Simpson Associates.

"But the potential is there and hopefully someone can get it right," he said.

Hartley, he said, could be revived if operated on a smaller scale by a company that did not have much debt. "The problem with them (BHP) was the huge capital investment.

"Production could not match the throughput required. If someone takes over with zero debt burden, I am sure there must be a way it can be operated profitably," Simpson said.

Others are not so sure. "The nature of the Great Dyke means its values are found in narrow zones on shallow dips, preventing the use of gravity to simplify mining and increase its scale of operation," mining consultant John Hollaway wrote recently in an industry journal.

"The Great Dyke may be a world class resource, but it does not allow the development of world class mines," Hollaway said.

At Hartley, BHP used labour intensive underground mining while Anglo American Corporation's local subsidiary, which is considering developing its Unki claims, proposes using innovative systems such as diamond-coated cutting wires.

Australia's Zimplats which bought Hartley, plans open cast mining at its Ngezi mine.

Hartley, Zimbabwe's single largest mining investment since independence, was shut — the government says temporarily — on June 2, after BHP concluded it was unprofitable and unsafe.

However, both officials and analysts say there is great enthusiasm to find a way past the geological challenges posed by the nature of the ground on the Great Dyke.

The Zimbabwe Mining and Smelting Company — already producing platinum, albeit at a lower scale, at its Mimosa Mine — said recently it was looking for a partner to expand production. Australia's Delta Gold, which bought Hartley through Zimplats for a nominal $3m, aims to develop its huge claims at Ngezi and revive Hartley.

Added to that are numerous small-scale mining units dotted on the Great Dyke ridge.

Chamber of Mines Chief Executive David Murangari said: "We are confident the platinum business will grow." Perhaps what was required was for the government to provide facilities mining companies were asking for.

"I think it can be done using a different mining method. I think this is being anticipated at Unki and Mimosa," Murangari said.

BHP said unstable ground resulted in safety problems that led to loss of reserves and dilution of ore compared with those found after extensive feasibility studies.

Studies had shown the Hartley complex contained more than 200-million ounces of platinum group metals as well as quantities of associated nickel, copper, gold and cobalt, which for now appear destined to stay in the ground. — Reuter.

(362) BD 22/7/99

Officials accused of bribery

BD 22/7/99 (362)

Michael Hartnack
and John Dludlu

HARARE — President Robert Mugabe has publicly accused local government members of accepting bribes to influence tender allocations.

"I know that they are buying you for tenders and that some of you are accepting huge bribes, but can you have the courage to receive $100 000 and say to them you have lost the tender at the end of the day?

"That is impossible," Mugabe told ministers and MPs at a lunch given to mark Tuesday's official opening of the annual parliamentary session.

A Mugabe spokesman said corruption had been uncovered in the local tier of government. The Harare city council was now under a caretaker administration due to the dismissal of the council after allegations of corruption, said the official.

Mugabe had urged the public to be vigilant and report corruption when it occurred, said the aide.

His government has been dogged with tender scandals, particularly the award to Malaysia's YTL of a contract to upgrade and take over Hwange thermal power station. When western ambassadors protested in 1995 that the Malaysian tender was far below those submitted by their own power utilities, Mugabe defended the award and short-circuited normal procedures.

"I told them 'Go to hell'," he said during the ensuing controversy, now taken up by the International Monetary Fund in connection with budget support.

Mugabe said on Tuesday: "Don't be tempted, don't be bought, because tomorrow these are the same people who will say 'Look at these people'.

"Yes, you may say that is the disease everywhere but is that reason you should be corrupt? Let us try to protect our personal integrity and that of our government."

Mugabe under rising pressure

BD 22/7/99 (362)

Clamour to pull troops out of Congo gets louder

HARARE — Zimbabwe President Robert Mugabe may be tempted to continue his military support for Congolese leader Laurent Kabila if a recent peace deal fails, but public pressure is mounting to bring the troops home.

The six belligerents involved — Democratic Republic of Congo, Rwanda and Uganda which back the rebels, and Angola, Namibia and Zimbabwe which support Kabila — signed a peace accord earlier this month.

However, the rebels would not sign the document after a row about who was the recognised head of the mainstream Congolese Rally for Democracy (RCD), which has split into two factions.

The RCD has vowed to intensify the war. Kabila's allies say the rebels have attacked several towns in the last two weeks, threatening supply lines.

Zambia, which brokered the peace deal, hopes to convince the rebels to ratify the agreement in the next few days, but as the fighting continues, the clamour for the pull-out of Zimbabwean troops is getting louder.

"Common sense demands that, whatever happens out there, we should not be there and that point is very clear," political commentator Lupi Mushayakarara said on Tuesday.

During the past fortnight, local political commentators have urged Mugabe to use the peace pact as a justification to get out of the Congo, where Zimbabwe has no obvious economic, political or security interests.

The government has promised to withdraw its troops if the agreement holds and because it "has achieved all its objectives".

Analysts say Zimbabwe's presence in the Congo, where Mugabe has committed about a third of his army, is a cost that cannot be sustained.

Mugabe is bracing for a general election next year in which he is expected to face a challenge from a labour-backed, broadly based political opposition.

Some analysts say Zimbabwe is spending at least $200 000 a day to keep up to 11 000 troops in the Congo, excluding the cost of equipment, transport, weapons and losses.

Other analysts have put the overall price tag of Zimbabwe's war effort at about $1m a day.

The International Monetary Fund has withheld crucial support to Zimbabwe for nearly a year, partly due to lack of clarity on the cost of the war.

"While it may be too early to count the economic cost of President Mugabe's Congo foray, the political fallout has exposed a regime dangerously out of touch with public opinion. Nobody, except the ruling party's business class, wanted it," said the weekly Zimbabwe Independent newspaper.

"Even the government's own supporters appear to have regarded it as an embarrassing distraction," it said.

Jonathan Moyo, a political analyst, countered that Kabila's allies had won the Congo war and Zimbabwe had emerged a major player on the regional diplomatic stage.

Another analyst, John Makumbe, said Mugabe may face pressure from his colleagues to leave Congo if only to safeguard political careers at home in a country hit by social unrest and an economy struggling with inflation, high interest rates and unemployment.

"We must be out of the Congo because we should not have been there in the first place," he said. — Reuter.

Zim war veterans threaten to take land

(362)

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 Mazango said none of the hundreds of war veterans who had applied for land had been considered. — IFS

CT 22/7/99

Mugabe backs jailer in defiance of court

BD 23/7/99 (362)

Indiana trio's team wants prison chief locked up for contempt

Michael Hartnack

HARARE — The trial of three Americans, who say they are missionaries, on arms charges yesterday brought judiciary and government into confrontation after President Robert Mugabe invoked extraordinary powers to block a court ruling in the Americans' favour.

A statement, issued as Mugabe flew off to Singapore and Malaysia, accused judges of usurping the powers of "the executive".

Two weeks' ago Zimbabwe's supreme court, under Chief Justice Anthony Gubbay, ordered an end to solitary confinement and extra high security measures imposed on Gary George Blanchard, Joseph Wendell Pettijohn and John Lamonte Dixon at Chikurubi Prison. At one stage they were forced to sleep naked, shackled to their beds.

Prison authorities kept ignoring the court order to let the three communicate to discuss their defence to charges that could keep them in jail for life.

"The state does not wish them to have a fair trial," defence counsel Chris Andersen protested to Judge Mohammed Adam, reporting defiance of the ruling when the case began this week.

The men from Indiana have pleaded not guilty to possessing arms of war and endangering airline security. The state dropped earlier charges that they planned terrorism against the governments of Mugabe and his ally, President Laurent Kabila of the Democratic Republic of Congo. They were detained on March 7 trying to board a homeward flight when metal detectors founds guns in the luggage.

Late on Wednesday Mugabe invoked the Presidential Temporary Powers Act and issued a notice that gives the prisons commissioner sole power to order how prisoners shall be housed.

In an accompanying statement, Justice Minister Emmerson Mnangagwa said prison security "was a matter of executive discretion which the judiciary usurped by ordering the three be allocated the same cell or cells on the same floor". He accused judges of trying to direct warders to give them "preferential treatment".

"Such an order would result in chaos in the running of prisons if all prisoners were to decide how and where they should be kept and who their cellmates should be."

Blanchard, Pettijohn and Dixon allege they were beaten and tortured. Their trial continued yesterday with police witnesses describing how they found arms cached at a house in Lubumbashi, used by Harvestfields Ministries as a base for three years in the Congo.

Judge Mahommed Adam adjourned the trial indefinitely after meeting defence and prosecution in chambers. Counsel are due to meet him in chambers today to discuss a date for resumption.

Defence attorney Jeremy Callow said his team, led by former Rhodesian justice minister Chris Andersen, believed the three could not get a fair trial as a result of Mugabe's statutory instrument validating prison authorities' refusal to let them consult each other.

The defence planned to seek an order for committal to prison of Charles Manzini, the officer commanding Chikurubi Maximum Security Prison, for contempt of successive orders of the high and supreme courts up to the time Mugabe's order was issued.

The validity of the act Mugabe used might also be challenged under the constitution.

Legal sources say they may appeal again to have Mugabe's use of the act declared a breach of the constitution.

(362)

Zim sorry for brutal operation

CT 23/7/99

MAPUTO: Zimbabwe has apologised for the harassment of illegal Mozambican immigrants who were deported at the weekend in an operation Mozambique considered brutal.

The Mozambican government this week expressed displeasure at the use of dogs and helicopters by Zimbabwe in rounding up and deporting 600 of its illegal immigrants from the neighbouring country.

In the operation, Mozambican foreign ministry officials said Zimbabwean authorities reportedly used police dogs, horses and helicopters to round up Mozambicans and sent them back across the border.

The exercise angered Mozambican foreign officials who summoned Mark Marongwe, the Zimbabwean High Commissioner in Maputo, to lodge a formal complaint.

Marongwe admitted that mistakes were made and promised to work with his government to rectify the situation. — Sapa-AFP

TRADE *SA commissioner says talks will only take place under auspices of SADC protocol*

Bilateral agreement with Zimbabwe ruled out

(74) (279A) (362) ET (AR) 23/7/99

BERNARD MANDIZVIDZA

Harare - Jeremiah Ndou, the South African high commissioner to Zimbabwe, yesterday officially ruled out the possibility of a new bilateral trade agreement with Zimbabwe.

He said all trade concessions to be negotiated in future would be under the auspices of trade protocol of the 14 nation Southern Africa Development Community (SADC).

His sentiments have incensed business leaders here.

Nhlahla Masuku, the president of the Zimbabwe National Chamber of Commerce (ZNCC), said while it had become obvious that South Africa was not interested in a new bilateral trade agreement, it had not demonstrated any interest or commitment, and nor would it, in expeditiously concluding the SADC trade protocol.

Ndou said that, contrary to a widely held view, the 1964 bilateral trade agreement between Zimbabwe and South Africa, which had expired in 1992, was still in force and only some provisions had been changed.

"The 1964 trade agreement has not expired, and a new trade agreement is not going to be concluded. The new South African government made this clear to Zimbabwe in 1995-96 when negotiations commenced to reinstate the eroded preferences under the 1964 agreement.

"In 1997, South Africa reinstated some of these preferences to the same marginal preference levels prior to 1992," Ndou said.

He said Zimbabwe had continued to complain and had requested that the product range under the 1964 agreement be increased substantially.

The country had also submitted a proposal for a reciprocal duty-free and quota system in textiles and clothing.

"South Africa sincerely considered and exhausted all options to accommodate Zimbabwe's requests for a better trade deal, and, about two months ago, informally told Zimbabwe the only way it could be done was in the multilateral context of the SADC trade protocol," Ndou said.

A new bilateral agreement with Zimbabwe would thus be in conflict with South Africa's obligations in respect to the SADC trade protocol.

The SADC trade protocol, which South Africa has not ratified, is expected to become effective in January next year. It provides that although preferential agreements may be maintained, they should not impede the objectives of the protocol, which seeks to create a regional free trade zone over eight years.

Ndou's announcement will put to rest persistent attempts by Zimbabwe to push for a bilateral agreement and shift the focus on urging South Africa to quickly ratify the regional protocol. - Independent Foreign Service

EXPORT ASH *A trader samples leaves from bags of tobacco in a warehouse in Zimbabwe, where the crop is the biggest foreign exchange earner and the one major product in the country's trade arsenal*

'Brutal deportation' angers Mozambicans

Jose Tembe BD 23/7/99 (362)

MAPUTO — The Mozambican government has expressed grave concern over the Zimbabwean government's unilateral decision to round up and deport more than 600 Mozambican nationals who have been working or living in neighbouring Zimbabwe.

The Mozambican authorities summoned the Zimbabwean high commissioner in Maputo this week to lodge a formal complaint.

"Mozambique is not against repatriation of its citizens but we are against the way this process was conducted," said Antonio Inacio, Middle East and African affairs director in Mozambique's foreign ministry. Inacio said under immigration agreements between both countries, Zimbabwe should have warned Mozambican authorities far in advance. This, he said, "would have allowed us to create conditions to receive our compatriots and ferry them to their place of origin".

The Zimbabwean high commissioner has admitted mistakes were made during last week's repatriation operation and has promised to work with his government to correct the situation.

Yet the Mozambican deportees, some in Zimbabwe for more than 18 years, are outraged by their treatment. They say Zimbabwean authorities did not give them a chance to collect belongings and that the operation was so brutal it claimed the life of a child. On alleged brutality, the Zimbabwean official said his government has been cracking down on criminals and "maybe Mozambicans were caught up in the net".

The incident, coming just days ahead of the regional heads of state summit meeting in Maputo, highlights the continuing lack of a regional immigration policy within the Southern African Development Community.

First Mutual says 'terrorism' is at work

Martin Rushmere (362)

HARARE — Zimbabwe's second-biggest life insurance organisation, First Mutual Life, says it has become the target of "business terrorism" in a vicious wrangle with the head of the black empowerment drive, Phillip Chiyangwa.

Chiyangwa says senior managers are involved in multimillion-dollar fraud and wants all directors of the society to be removed. A postal vote has been taken to see if policyholders agree with this and other proposals.

The row culminated in a police raid on the society's headquarters in which voting papers were seized. Lawyers for First Mutual said the search and seizure procedures were irregular and the warrant was possibly illegal.

First Mutual CE Don Edgerton said: "A senior policeman in the fraud squad is one of the policyholders supporting Chiyangwa. The society is concerned that the police are not acting professionally and in good faith. Policemen supposedly involved in the raid refused to identify themselves..."

"The officer in charge of the raid claimed he was investigating fraud, and when we pointed out that the search warrant mentioned nothing about this he wrote it on the warrant then and there."

Edgerton says he fears for the safety of senior management. A black executive has received threatening midnight phone calls. "What worries me is that a group of people seem to be able to work outside the law. This is very disturbing and this sort of scenario is one of the reasons why the International Monetary Fund and others are unhappy with this country.

"I feel terrorised and all senior managers do likewise. Recently there was a sudden brake failure in the car of one of the senior executives. In the present climate of uncertainty we are starting to think that the brakes may have been tampered with".

(279A)

Employers, unions unite on SA tariffs

(184) (197)

Reneé Grawitzky (74)

CLOTHING and textile employers and labour have joined forces to put pressure on government to review bilateral agreements with southern African countries and to look at tariff restructuring ahead of the World Trade Organisation talks in November.

The joint initiative was agreed to at a meeting this week between the SA Clothing and Textile Workers Union, the Clothing Federation of SA and the Textile Federation of SA.

It comes against a background of rising job losses and a growing crisis in the clothing and textile industries, as customs is ineffective in stemming illegal imports.

Employers and labour say they are frustrated by the way the industry's plight is disregarded by government. Since 1996 more than 20 000 jobs have been lost in the clothing industry alone.

The parties agreed to submit a joint memorandum to Trade and Industry Minister Alec Erwin and Finance Minister Trevor Manuel, asking them to hold an urgent meeting to discuss government's trade policy and retrenchments in the two industries.

Both the union and employer bodies believe that before a Southern African Development Community (SADC) free trade agreement is concluded, safeguards should be put in place such as adequate customs control, common external tariffs and the withdrawal of preferential trade agreements.

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ZIMBABWE

fm 23/7/99 (362)

LATEST DEAL FACES UNCERTAIN FUTURE

IMF agrees loans but the price remains unclear

The deal will not be officially confirmed until early next month, but the IMF is to lend Zimbabwe US$212m in the form of a 14-month stand-by facility.

Scarcely had the news been announced by the fund's Harare representative than Washington was embarrassed by the first of what is likely to be several setbacks.

This came in the form of a newspaper story in the *Independent Daily News*, headlined: "Top Officials Grab Best Farms". One of the "conditionalities" for the loan is reportedly full transparency in the allocation of farms bought from white landowners.

The list of 149 people who will get land includes three Ministers, among them the attorney-general, senior government officials, including the President's spokesman, the secretary for Industry, the director of the Zimbabwe Investment Centre, the outgoing general manager of the National Railways of Zimbabwe, and two senior army officers, 19 doctors, and two university professors.

Two implications stand out: at least a third of the 149 people being allocated farms do not have farming experience and are unlikely to be full-time farmers. Nor are they people living in poverty in overcrowded communal (peasant) areas.

No doubt, the IMF will shrug this off, claiming that publication of the names meets its demands for transparency, though it ought to worry about the impact on output, exports and employment of transferring land from farmers to nonfarmers, many of whom are likely to be absentee landlords.

The second embarrassment came with the revelation that government is trying to raise offshore loans against the future export earnings of private-sector companies. The central bank has been talking to tobacco exporters about using their export earnings to back foreign loans. It is also raising a syndicated loan of $100m, with SA's Investec Bank as adviser, against future cotton, ferrochrome and sugar earnings.

This too is unlikely to find favour with the IMF, though again it may be shrugged off as a temporary, desperation measure, pending the disbursement of IMF and other donor funds.

Just what price the fund is demanding for its loans is unclear. Bizarrely, the official media reported that the IMF was insisting not only that the letter of intent be signed by the entire Cabinet, but that it should also be published internationally in an effort to prevent backsliding by the Zimbabwe government. The normal element of trust to be expected between borrower and lender is singularly absent in this instance.

The $212m is just the tip of the iceberg; the plan is for other donors, including the World Bank, to lend $260m a year over the next three years. With the balance of payments currently in deficit at $500m, this will not close the gap.

Business leaders, stockbrokers, investment analysts and some donors are unanimous in believing that the worst of the Zimbabwe economic crisis is now over and that private investors will pour into Zimbabwe.

Informal sector.. free market principles in action

This seems highly unlikely. Three previous IMF programmes with Zimbabwe — in the early Eighties and early Nineties and last year — all lapsed or collapsed.

It is not easy to see why this should be any different, other than the obvious fact that the economic situation is more dire now than on the three previous occasions.

Normally, the IMF would demand positive real interest rates and a flexible exchange rate. In the last fortnight, the central bank has reaffirmed its intention to hold the exchange rate at around Z$38 to the US dollar and not to allow interest rates to rise significantly. This despite the fact that the best return available to savers — on Treasury bills — is currently 18 percentage points below the inflation rate, which reached 55% last month and is set to move above 60% before peaking.

ZIMBABWE'S ECONOMIC OUTLOOK

	With IMF/ Donor Support	Without Support
GDP Growth		
1999	[illegible]	[illegible]
2000	[illegible]	[illegible]
2001	[illegible]	[illegible]
Inflation	[illegible]	[illegible]
1999	[illegible]	[illegible]
2000	[illegible]	[illegible]
2001	[illegible]	[illegible]
Zim$/US$		
1999	[illegible]	[illegible]
2000	[illegible]	[illegible]
2001	[illegible]	40%

The plan requires Zimbabwe to halve the budget deficit over the next three years to 4% of GDP from more than 10,5% (at best) in 1999. This will have to be done by cutting spending across the board, except on health and education, where spending must rise. Defence spending is to be strictly monitored, despite the IMF's inability to find out from Zimbabwe just how much it is spending on the war in the DRC and who is footing the bill.

A key — if astonishing — element in the plan is the proposal that domestic debt be swapped for foreign debt in the form of a low-interest World Bank credit. This would enable Harare to reduce its Treasury bill mountain of Z$42bn (US$1bn), thereby cutting the budget deficit.

Zimbabwe will be required to accelerate its stalled privatisation programme, raising Z$5bn (US$130m) in revenue over the next 3 years. That revenue must be used to redeem debt.

The IMF plans to frontload actions by the Zimbabweans and backload disbursements. If true, this explains the feverish attempt to raise offshore loans against private sector exports.

With elections scheduled for the first half of 2000, an unpopular and discredited government, business sentiment at its lowest ebb, depressed prices for major exports such as tobacco and gold, the odds are heavily stacked against the IMF programme. According to one bank economist, it is not a matter of *if* the programme will crumble, but *how* and *when*?

Special Correspondent

FDI FLOWS

DATA GIVES LIE TO AFRICA'S BAD PRESS

In terms of information and publicity, Africa remains the dark continent. Growth potential in some countries is obscured by wars and coups, by famines and disease in others. And success stories are lost in a miasma of misperceptions.

There is at least one common misperception about the continent — that it depends heavily on the primary sector (agriculture and mining) and that investment opportunities for offshore companies lie solely in this sector.

This is far from the truth.

Even in oil-exporting countries, manufacturing and services are key sectors for foreign direct investment (FDI), says the United Nations Conference on Trade & Development (Unctad).

In Nigeria, as long ago as 1992, the primary sector accounted for only a little more than 30% of total FDI stock, while manufacturing accounted for almost 50% and services close to 20%.

Almost half the FDI inflows to Egypt went into services in 1995, with a further 47% going into manufacturing and only 4% into the primary sector.

Mauritius, says Unctad, is another example of an African country that has managed to significantly increase the amount of FDI going into industries like textiles and electronic equipment.

This pattern is confirmed by data from major investors' home countries, Germany, the UK and the US. Only France continued to increase its investment in the primary sector in the Nineties.

Unctad also reports that FDI in Africa is highly profitable.

Since 1990, the rate of return has averaged 29%. And, between 1991 and 1997, it has been higher than in any other region, including developed countries as a group.

Unctad gives rates of return for home countries of multinational companies.

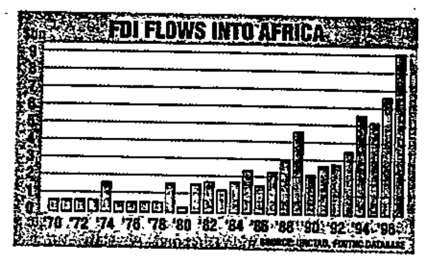
Between 1983 and 1997, there was only one year when US investors' rate of return from Africa was below 10%. And in 1995 it was as high as 35,3%.

Net income from British direct investment in sub-Saharan Africa (not including Nigeria) was reported to have increased by 60% between 1989 and 1995. Japanese affiliates in Africa were more profitable (after tax) in 1995 than they were in the early Nineties.

And they were even more profitable than Japanese affiliates in any other region except Latin America, the Caribbean and West Asia.

Traditionally, two large economies, Egypt and Nigeria, have absorbed a significant share of total inflows. But the proportion has fallen from more than 67% between 1983 and 1987 to 54% in 1988-1992 and 38% in 1993-1997.

In 1997, however, Nigeria still topped the list of the FDI recipients on the continent — primarily because of its oil reserves — with estimated inflows of US$1,5bn, followed by Egypt with nearly $891m.



Unctad says aggregate figures conceal a diverse picture. In particular they fail to identify a number of African countries that, though small, have been quite successful.

Moreover, in those small countries, the low levels of FDI inflows are misleading.

To evaluate them accurately, they have to be seen in relation to the size of their existing capital stock or the size of their economies.

FDI to capital stock was 5,6%, compared with 7,5% for developing countries as a group in 1991-1997.

If inflows are measured in terms of per $1 000 of GDP, several African countries fare better than the average for developing countries as a group. In the early Nineties, notable examples included Angola, Botswana, Equatorial Guinea and the Seychelles.

More recently, Botswana, Equatorial Guinea, Ghana, Mozambique, Namibia, Tunisia and Uganda have attracted increasing foreign direct investment, reaching absolute levels never attained before and comparable to developed countries performing well.

In all cases the increase was gradual and not the result of a one-off jump related to a few large projects in one year.

The high percentage of FDI to capital stock in some of the African economies partly reflects their size as well as inadequate domestic savings and investment. But it also demonstrates that FDI was not deterred by these shortcomings.

Another favourable factor is that, as FDI rose, disinvestment declined. In 1997 only five African countries experienced negative FDI flows, compared with nine in 1992.

With more than 50 countries in Africa, many of which have introduced economic reforms in recent years, there is a need for global investors to take a closer look at the conditions and opportunities in each, says Unctad.

Ethel Hazelhurst

The Sunday Nation newspaper rep

Harare puts clamps on banks

BD 26/7/99

Martin Rushmere (362)

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 curtail 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

Martin Rushmere (362) BD 27/7/99

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 this 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

OD 28/7/99 (362)

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 Z$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 Jefta Makhaza on charges of defrauding customers of Z$91 000 using three stolen credit cards. Two more men were due to appear in court shortly. Banking sources said another financial institution had lost Z$50m.

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 Z$100m. Three major stores confirmed they were no longer accepting American Express or Visa cards without positive proof of the bearers' 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 Z$2 000 bail was that Visa International refused to honour some of the withdrawals attempted using a card 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 Z$11m, he said. Meanwhile, the government yesterday raised the price of domestic illuminating paraffin 37% to Z$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 Enos Chikowore said.

On June 2 prices of most fuel products went up 32%, but domestic illuminating paraffin was pegged at Z$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 marketeers were soon selling paraffin for up to Z$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

(362) CT (BR) 28/7/99

BERNARD MANDIZVIDZA

Harare – Zimbabwe lost R2 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 Z$12 billion (about R2 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. – Independent Foreign Service

Mugabe turns to former foes to bolster support

CT 28/7/99 (362)

THE recent and ongoing involvement of Zimbabwe in the Democratic Republic of Congo, as well as increasing concern, both locally and internationally, about the methods and lifestyle of President Robert Mugabe, has placed the country at a crossroads. With a literacy rate that far exceeds that of South Africa, and a generally politically savvy population, why does the future seem uncertain?

PETER MOST
INDEPENDENT FOREIGN SERVICE

HARARE: The recent death of vice-president Joshua Nkomo has compounded Zimbabwe's troubled political situation, and critics expect President Robert Mugabe's government to attempt to buy the Matabeleland constituency to buttress its crumbling support.

Mugabe had previously refused to acknowledge that his government killed thousands of mostly Ndebele tribesmen in an anti-insurgency operation in the western parts of the country, arguing that the nation should "let bygones be bygones".

He offered his first, though muffled, apology for the atrocities at the burial of Joshua Nkomo on July 4.

"It's an attempt to buy them (Matabeleland people) in an election but it's my observation that people recognise that and they'll demand a price" says University of Zimbabwe political scientist Professor Masipula Sithole.

"Zanu PF should be prepared to pay the price."

Mugabe is already battling to shrug off a potentially explosive clash with civic society over constitutional reforms.

Campaigners want to strip him of the excessive presidential powers which, they say, have rendered his system of government unaccountable.

His regime, currently plagued by factional in-fighting and a rebellion by reformists within his ruling party, has been blamed by political and economic analysts for bringing the country to its knees by creating the worst economic crisis since independence was achieved in 1980.

Already, the ruling party is rocked by factional bickering over the appointment of Nkomo's successor.

The party's politburo has ruled that the issue should be decided at congress, due to be held next December, to avoid fuelling ethnic tension so soon after Nkomo's death.

About 80 000 people from across the country attended Nkomo's burial at the country's national heroes acre in the capital.

Nkomo and Mugabe, colleagues during the country's liberation war, had fallen out with each other after Mugabe accused Nkomo of plotting a coup against him.

Nkomo denied the charge, but a rebellion by his former guerrilla war fighters, bitter over Mugabe's accusations, resulted in a government crackdown in Matabeleland and the Midlands through the Korean-trained Fifth Brigade.

The atrocities, which ended with the signing of a [illegible]

UNCERTAIN FUTURE: People in Zimbabwe are becoming increasingly disillusioned with the economic and political situation. Strikes and protests are becoming commonplace. FILE PICTURE

Fact File

- Location: Southern Africa, northeast of Botswana.
- Geographic coordinates: 20 00 S, 30 00 E
- Area: Total: 390 580 sq km
  Land: 386 670 sq km
  Water: 3 910 sq km.
- Land boundaries total: 3 066 km. Zimbabwe is bordered by Botswana, Mozambique, Zambia and South Africa.
- Zimbabwe is a landlocked country and thus has no maritime claims.
- The climate is tropical, moderated by altitude. Rainy season is from November to March.
- Natural resources are coal, chromium ore, asbestos, gold, nickel, copper, iron ore, vanadium, lithium, tin, platinum group metals.
- Land use: Arable land 7%; permanent crops 0%.
- Natural hazards include recurring droughts, but floods and severe storms are rare.
- Population: 11 044 147 (July 1998 estimate).
- Population growth rate: 1,12%.
- Birth rate: 31,32 births/1 000 population (1998 estimate).
- Death rate: 20,09 deaths/1 000 population (1998 estimate).
- Net migration rate: There is a small but steady flow of Zimbabweans into South Africa in search of better paid employment.
- There are 1,03 male(s) to each female in the population.
- Infant mortality rate is 61,75 deaths/1 000 live births (1998 estimate).
- Life expectancy at birth is 39,16 years.
- Ethnic groups: African 98%: Shona 71%, Ndebele 16%, other 11%. White 1%, mixed and Asian 1%.
- Languages spoken are English (official), Shona, Sindebele (the language of the Ndebele, sometimes called Ndebele), numerous but minor tribal dialects.
- Literacy rate is 85%.
- Zimbabwe is a parliamentary democracy that achieved independence from Britain on April 18 1980.
- The legal system is a mixture of Rom[illegible]

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The atrocities, which ended with the signing of a unity accord between Nkomo's (PF)Zapu and Mugabe's Zanu(PF) in 1987, have been well documented by human rights groups.

Hundreds of the victims of the atrocities remain haunted by the ghost of that war, human rights groups say.

Despite several calls from human rights groups for compensation of the torture victims, Mugabe has taken a hard-line position, accusing the groups of being "mischief makers" bent on destabilising the country.

Human rights groups say many children orphaned by the civil war have either failed to get legal documents or cannot go to school because of the loss of breadwinners.

Many other families have failed to obtain death certificates for their relatives who died or disappeared during the atrocities because the government had refused to acknowledge the war, and subsequently refused to declare dead those who disappeared.

But in a major policy shift soon after Nkomo's death, Home Affairs Minister, Dumiso Dabengwa, who was himself jailed during the Matabeleland disturbances, said the government would now begin to assist the victims.

"The government will help all those cases requiring assistance and the names of the prospective beneficiaries will be submitted to the department of social welfare," Dabengwa told the pro government weekly, *The Sunday Mail*.

While other critics say this could be a time-buying gimmick by the ruling party to ease ethnic tension, they say the apology, though late, is "better than nothing".

"It's a proper response, though belated.

"But I've my doubts they'll follow through with compensation," says a Harare-based political critic.

Mugabe is facing a wave of dissent that threatens to tear apart his government of 19 years.

Both the party's youth and women's leagues, traditional backers of Mugabe in crisis situations, are now showing signs of open rebellion against his leadership.

They are increasingly challenging him to meet promises he made in the past with regards to improving their living standards and creating new jobs for them.

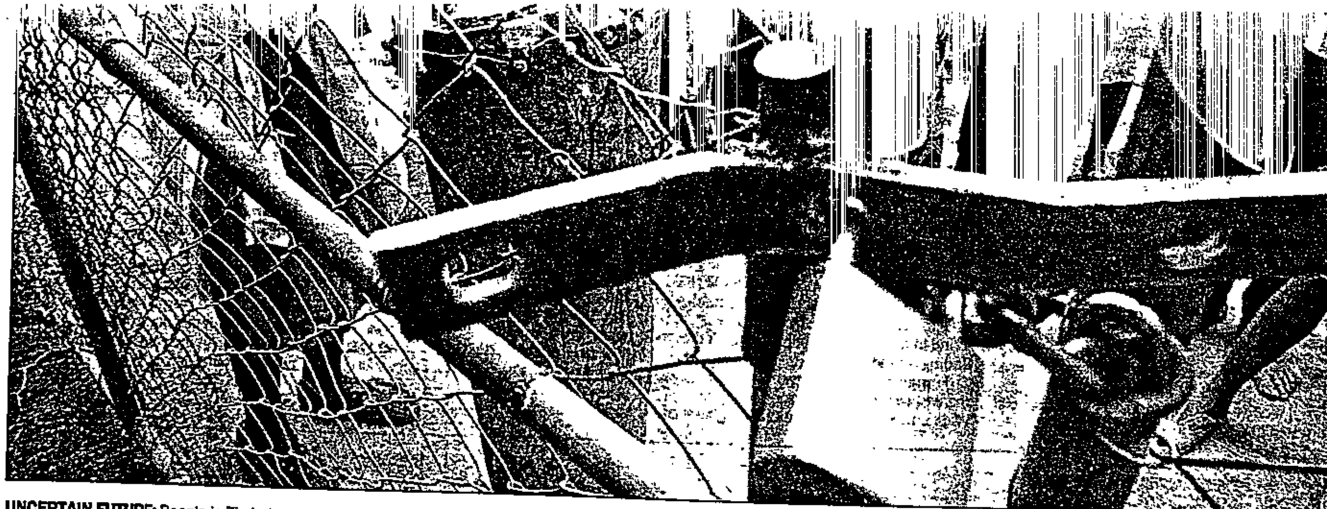
For the youth, Mugabe's 19 years of uninterrupted rule have meant many years of joblessness.

Their parents, who had invested so much in the education of their children in the hope that they would be better employed, now find the situation very disillusioning.

A government study on poverty recently revealed that at least 76% of the country's 11 million people are living in poverty.

Unemployment is currently estimated to be at between 45% and 55%, and mass retrenchments recently have seen thousands of people losing their jobs.

Mugabe is being challenged to make good on past promises to improve living standards



UNCERTAIN FUTURE: People in Zimbabwe are becoming increasingly disillusioned with the economic and political situation. Strikes and protests are becoming commonplace. *FILE PICTURE*

THE GOOD OLD DAYS: Colleagues Joshua Nkomo (left) and Robert Mugabe before the animosity that would claim thousands of lives. *FILE PICTURE*

HARD ROW TO HOE: An elderly woman hoes near a sign prohibiting cultivation. Inappropriate land distribution has led to social unrest reflected in recent occupation of farms. *PICTURE: AP*

Rising inflation levels, hovering at above 50%, have not been generous to workers' disposable incomes, resulting in an extremely unsettled labour force. Although the country's economy is expected to grow by at least one percent, economists warn that the country could still remain in recession.

The country's currency has collapsed by about 150% since September 1997 and the situation has caused increasing restlessness, even among Mugabe's staunch supporters.

Currently a parliamentarian, Mike Mataure, is facing disciplinary action for calling for a new leadership to replace the "tired horses".

Another parliamentarian, Dzikamai Mavhaire, was suspended from the party for moving a motion that Mugabe "must go".

Mugabe, who is now exceedingly wary of criticism of his government by party members, recently warned party bigwigs that he would purge dissenting members from the party.

"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 said recently. Mugabe was addressing the party chiefs who are preparing for local government election next August and general elections next year. But critics remain convinced his biggest worry now is the Matabeleland constituency.

If dissent in that region combines with the force of a labour-backed political party, Mugabe must feel his regime would come crumbling down in an election. But Mugabe told mourners at Nkomo's funeral: "Let no one ever say we have neglected you, the people of Matabeleland, because Nkomo is gone.

"You will continue to receive our attention. I pledge to you as I pledge to every other people or tribe." — *Africa Information Afrique*

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- Literacy rate is 85%.
- Zimbabwe is a parliamentary democracy that achieved independence from Britain on April 18 1980.
- The legal system is a mixture of Roman-Dutch and English common law.
- Chief of state is Executive President Robert Gabriel Mugabe, since December 31, 1987.
- The president is both the chief of state and head of government.
- Agriculture employs 27% of the labour force and supplies almost 25% of exports.
- Mining accounts for only 5% of both GDP and employment, but minerals and metals account for about 20% of exports.
- Zimbabwe has a labour force of 4 228 million (1993 estimate).
- The unemployment rate is at least 45% (1994 estimate) but is rising.
- There are 301 000 (1990 estimate) telephones in Zimbabwe.
- There are eight television broadcast stations (1986 estimate) and 280 000 television sets (1992 estimate).
- There is a total of 18 338 km of highway in the country. Approximately 47% of all roads are paved.
- There are 468 airports — 448 have unpaved runways.
- Military branches: Zimbabwe National Army, Air Force of Zimbabwe, Zimbabwe Republic Police. (Includes Police Support Unit, Paramilitary Police).
- Military personnel fit for military service: 1 659 659 (1998 estimate).
- Military expenditures form 3,4% of the GDP, approximately R 400 million.

Source: World Fact Book

CT 28/7/99 (362)

ZIMBABWE *Monetary policy 'misdirected' as inflation spirals*

Rates rise angers business

CT (MR) 29/7/99 (362)

Godfrey Mutizwa

Harare – Zimbabwe's private sector has reacted angrily to this week's hike in interest rates and accused President Robert Mugabe's government and the central bank of insincerity in tackling mounting economic woes.

Officials of main business organisations met on Tuesday to discuss the issue.

The private sector said the central bank was misdirecting its energies by tightening monetary policy when it was clear that fiscal policy had plunged the country into the current inflation spiral.

"The Zimbabwe National Chamber of Commerce (ZNCC) strongly condemns the move by the Reserve Bank of Zimbabwe to further tighten monetary policy by increasing interest rates," Nhlanhla Masuku, the ZNCC president, said in a statement.

Faral Zizhou, an economist at the Confederation of Zimbabwean Industries (CZI), said: "The consensus was that these measures are unlikely to have any beneficial effect on the economy. There was a feeling of helplessness. People are angry, and they know it's the fiscal side that is lacking."

The Reserve Bank, confronted by a surge in money supply growth to 51 percent in the year to May and record consumer inflation at 55,2 percent in June, jacked up its bank rate to nearly 50 percent on Monday. It raised banks' statutory reserve ratios to 30 percent from 25 percent, and yesterday the bank rate had risen to 53,49 percent.

However, Masuku said the bank reacted similarly last year when the local currency collapsed, raising borrowing costs for the private sector while government spending was unaffected.

"We find it curious that the Reserve Bank still insists in using an ineffective instrument," he said. He added that the local dollar had only been held by a "gentlemen's agreement" among the banks.

"Although we have been told that the government has directed that its overdraft with the Reserve Bank must be reduced to zero, we are still sceptical about government commitment to this, especially given the need to find resources to finance the ballooning budget deficit."

Most economists have criticised the Reserve Bank move – which came months after rates had gone negative – by saying the real problem was high government spending and not monetary policy.

They say the economy is unlikely to grow by more than 1 percent this year as business feels the pain of record inflation and interest rates – all sitting above 50 percent and expected to increase further.

Zizhou said the forum resolved to convene a meeting of the leaders of the CZI, ZNCC, the Employers' Confederation of Zimbabwe, the Bankers' Association of Zimbabwe and farmers' organisations, to find ways of cutting state spending.

The government deficit has averaged more than 10 percent of gross domestic product in the past decade against the single-digit target the government had promised donors. – Reuters

HOT SEAT *Robert Mugabwe bemoans the world's oversupply of gold at the Langkawi International Dialogue on Tuesday* PHOTO: AP

IMF may free $200m for Harare

CT (MR) 29/7/99 (362)

Bernard Mandizvidza

Harare – Staff of the International Monetary Fund (IMF) have recommended that Zimbabwe be given $200 million over the next 14 months, Goodall Gondwe, the IMF director for Africa, said yesterday.

The board would now meet on August 2 to review the proposal.

"It was not a board decision, but the IMF staff who recommended this to the board. The board still has to make a final decision," Gondwe said.

The IMF staff hoped the board would finally approve the new balance of payments facility. The amount agreed upon would be immediately approved after the August meeting.

Zimbabwe would, however, not get the full amount at once, Gondwe said.

The disbursement of the funds would put an end to an almost two-year wait by Zimbabwe to receive the much-needed balance of payments support expected to shore up the country's ailing economy, strengthen the local currency and unlock more than $300 million in support from other international donors.

After one and a half years of negotiations, a facility of more than $100 million was agreed upon. The money was released in tranches from June last year. But only the first tranche of $50 million was released, and the IMF has been withholding the rest.

The fund cited Zimbabwe's costly involvement in the Democratic Republic of Congo war, the imposition of price controls and the government's general failure to meet agreed fiscal targets as among the reasons why it would not release the money.

A new arrangement for a $200 million balance of payments support has since been discussed. – Independent Foreign Service

CT 29/7/99

Women demand right to inherit

(362)

HARARE: Women's groups in West Africa have declared today a day of action for women's inheritance rights as part of an international campaign to raise awareness of customary inheritance practices that deny women their right to inherit land and other property.

And in Harare, the US-based Sisterhood Is Global Institute has launched an international letter-writing campaign to protest against the recent Magaya vs Magaya ruling by Zimbabwe's Supreme Court that denied women the right to inherit under customary law.

The issue of customary inheritance has acquired particular urgency in view of the Aids pandemic and civil strife across Africa, which have resulted in women becoming widows at a younger age, often with dependent children.

Today women's rights activists in Burkina Faso, Cameroon, Gambia, Ghana, Liberia, Nigeria, Senegal and Togo are to hold marches and present drafts of legislation on inheritance rights. The initiative is co-ordinated by the Washington-based International Human Rights Law Group.

It is hoped that in the year 2000, women's groups in Southern Africa will join forces with those in West Africa to highlight the problem.

Activists are urging the UN's representative on violence against women, Radhika Coomaraswamy, to visit Africa to conduct research on the issue and join forces with the Organisation of African Unity's women's rights representative, Julienne Ondziel.

Through the Internet, the Sisterhood Is Global Institute and other groups are asking activists to write to several UN bodies, such as the Committee on Economic and Social Rights and the Human Rights Committee, urging them to demand a report from the Zimbabwean government on the Magaya case and the issues it raises. — IPS

Zimbabwean, DRC arms spree falls flat

(362)

Bernard Mandizvidza
Independent Foreign Service

CT 29/7/99

HARARE: A multi-million rand deal between the governments of Zimbabwe and the Democratic Republic of Congo to buy military hardware from China, Russia, the Ukraine and Iran has run into problems — they can't afford it.

Authoritative sources said although Zimbabwe and the DRC had taken delivery of some of the weapons bought jointly from China, most of the order had been cancelled for lack of funds.

Fighter aircraft, helicopters, armoured tanks and guns were on the shopping list, the sources said. The equipment was meant for use in the DRC and was to be split between Zimbabwe and the DRC at the end of the war.

The sources said part of the money should have come from the DRC's giant mining venture Gecamines, headed by Zimbabwean transport and haulage mogul Billy Rautenbach. However, the mining venture too has problems.

Zimbabwean Defence Minister Moven Mahachi's request for a Z$1,2 billion supplementary budget was specifically meant to rescue the arms deal.

Although Mahachi denies that he asked for the supplementary budget, the sources insist that he did, and that the cabinet turned him down.

Sources said Gecamines, which Kabila had hoped would be a cash cow, was not operating as expected.

The Durban High Court is understood to have granted a South African creditor, Manica Transborder, an interim order to sell US$15 million worth of cobalt and copper belonging to Gecamines to recover R25m the mining giant owes it.

Gecamines is wholly owned by Kabila's government, though unconfirmed reports say Rautenbach, Mugabe and his justice minister, Emmerson Mnangagwa, have interests in the enterprise. It is understood that Gecamines has accumulated debts amounting to US$1 billion.

Mugabe is understood to be pushing for China and Iran to honour the deal, with payments to be settled later.

However, Kabila still owes China for arms bought after he came to power. Some of these arms were taken by the rebels who defected from his army. He also owes hundreds of millions to the state-owned Zimbabwe Defence Industries for arms and food supplied during and after his war to topple Mobutu sese Seko.

Some say this is the real reason Zimbabwe is in the DRC. A new rebel government would not settle the debt.

Zimbabwe is killing its business, says report

BD 29/7/99 (362)

Leading merchant bank says exporters need government support

Michael Hartnack

HARARE — It is disturbing that manufacturing now contributes 15% of Zimbabwe's gross domestic product, compared with 25% in the 1970s and 1980s, says the country's leading merchant bank in a quarterly review of the economy.

Released yesterday by Anglo-American subsidiary First Merchant Bank (FMB), the review said: "As proportions of the country's exports, more of the country's products are leaving ... in semiprocessed or unprocessed form."

Data released yesterday by the central statistical office showed that Zimbabwe imported Z$59,4bn in the first 11 months of last year and exported Z$45,2bn, resulting in a Z$14,1bn trade deficit. Exports included Z$3,4bn from gold sales.

Zimbabwe exported Z$5,4bn to SA but imported goods worth Z$22,9m from its neighbour.

During the 11-month period the Zimbabwe dollar lost more than 60% of its value against major currencies and now stands at six Zimbabwean dollars to the rand.

The FMB review says one of the biggest challenges facing exporters is to persuade government to offer them at least as much support as their competitors.

Government should start by recognising the harm it has done the business climate.

Its lack of fiscal discipline and need to increase indirect taxes while running up large debts had badly affected Zimbabwean interest rates, rates of inflation, exchange rates and costs of production, the review said.

"The growing levels of corruption, now acknowledged in official circles, have also burdened producers with higher input costs."

These costs had reduced the country's competitiveness on foreign markets and even impaired local manufacturers' ability to compete in the domestic market," the review said.

"To restate the problem bluntly, Zimbabwe's competitors have not had to pay the same excessively high import duties and import surcharges on their machinery, raw materials or spares imports so they have been able to make their products more cheaply," it said.

The review said government had also entrenched policies blocking importation of skills needed to introduce new techniques, "yet the department of immigration's almost automatic reaction is to reject work permit applications for such people".

The review said statistics indicated domestic investors could fund an economic upsurge if Z$35bn was not "trapped" in constantly recycled short-term lending to government.

EX-GUERRILLAS' DEMANDS REJECTED

Zimbabwe conscripts war veterans 'to control them'

CT 30/7/99 (362)

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 Hunzvi 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 Z\$2,5 billion (\$66 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 Z\$500 000 (\$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-strapped 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 Mobutu 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

(362)

ST (MR) 16/8/99

BERNARD MANDIZVIDZA

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.

Kelbert Nkomani, the secretary of the industry and commerce department, confirmed the increase last week but said it had not been 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 mealie 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, failed to sanction an increase at the start of this month, prompting the millers to unilaterally raise the prices last Tuesday.

"The millers would have committed financial suicide if they didn't raise the prices," said Eddie Cross, the vice president of Confederation of Zimbabwe Industries.

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. – Independent Foreign Service

New provision upsets Zimbabwe exporters

BD 11/8/99 (362)

Central bank reintroduces corporate foreign currency accounts, but claims one third as a statutory reserve provision, interest free

Martin Rushmere

HARARE — Exporters in Zimbabwe are up-set about a Reserve Bank move reintroduced on Monday that has chopped the amount of money going into corporate foreign currency accounts.

Under a new rule, one-third of all export proceeds in the accounts has to be paid to the Reserve Bank as a statutory reserve provision for foreign currency.

No interest will be paid on the money. Economists estimate as much as US$100m will flow into the accounts, while the Reserve Bank will get US$50m.

The reintroduction of corporate accounts is part of the agreement with the International Monetary Fund, which is lending US$140m over 14 months. But no mention is made in the agreement of the new requirement and it is not clear whether the IMF knew of the government's intentions.

"It's nothing more than trickery by the government," fumed an agricultural commodity exporter. "Interest rates are 50% and the Reserve Bank pays us nothing. It amounts virtually to theft."

Said the head of an industrial concern: "This behaviour shows the government has no intention of abiding by IMF rules."

Commercial banks are more cautious in their reaction. Said a spokesman for an international bank: "We can understand the need to protect depositors' money by setting up a statutory reserve, but it is unacceptable to pay no interest, particularly in this time of very high inflation."

Initially there was widespread acclaim for the government when it was announced that foreign accounts, abolished last year because of balance of payments pressure, would be reintroduced in full. The IMF had given the government more leeway, with a maximum of 50% export proceeds payable into the accounts by August 11 and the rest by the end of the year.

"The Reserve Bank is making more on the swings than it loses on the roundabouts," said another commercial banker. "It will be getting free use of some of the money rather than no use."

Bankers say the requirement will mean the interest payable on foreign accounts will have to be reduced. "We will be offering customers a blended rate," said the manager of the foreign currency division of a bank, "based on zero for their 30% with the Reserve Bank and the rate for what we can get when we place the money. On small sums of about US$20 000 to US$30 000, we will pay no more than 2,5%."

Economists say the establishment of the foreign facilities will lead to more pressure on the exchange rate.

"There is less money for the Reserve Bank to play with," said one, "and the rate must come under pressure. But exporters must not think that the rate is going to drop appreciably. All the signs are that it will be allowed to slip gradually."

Reserve Bank governor Leonard Tsumba returned this week from South America where he studied exchange rate systems which are operated at a managed rate.

Stock exchange stands firm on its deadlines

Martin Rushmere (362) BD 11/8/99

HARARE — The Zimbabwe stock exchange says it is "not accepting any excuses" about late publication of annual results after the suspension in trading of shares in bankrupt copper miner Mhangura Mines, majority owned by the government.

Mhangura, also listed in Johannesburg, has broken exchange rules by failing to publish its annual results more than six months after the December 31 year end.

It says there was a delay in the start of a full independent audit of accounts covering the last 18 months, undertaken because of its financial problems.

A company spokesman said the audited annual results were received at the end of July and would be made available within the next week.

No excuses

"We are not accepting any excuses," said exchange CE Tony Barfoot.

"The rules are the same for everyone and what is more they were drawn up in agreement with other Southern African Development Community exchanges in order to harmonise rules, and encourage multiple listings. All companies know that."

Barfoot said that if the results are not received by the end of August the company will be delisted.

This is the second successive year that Mhangura has teetered on the edge of delisting and last year missed the ultimate penalty by two weeks.

When the results are announced it is certain that they will reveal more huge losses, which has been the pattern of the last three years.

At the end of the last financial year there was a loss of Z$123m (equivalent at that time to about R35m).

Production has declined steadily, partly because of low grade ore but also because the government has no money to invest and much of the equipment is out of operation.

According to the Chamber of Mines, refined copper production to the end of April was a negligible 812 tons.

"We have received no production figures since then," said a spokesman.

Trading in the shares on the Zimbabwe stock exchange has been equally small, totalling 422 000 in the six months to the end of June out of a total in issue of 20-million.

The government owns 55% of the equity.

The company's destiny is moving closer to privatisation.

The agreement with the International Monetary Fund stipulates that the government will shed its investments in the private sector.

Just what sort of price will be paid is hard to fathom. The shares are standing at the equivalent of three SA cents and the only attraction is the break-up value of the company.

However, there is also the welfare of the 1 200 workers to consider and the government will only consider selling if huge severance packages are paid — possibly comparable to those of the Hartley platinum mine, where the payouts were up to three times yearly salaries.

The road to private sector ownership is likely to be marked by protracted negotiations, with the taxpayer picking up the tab.

Banks profit in economic gloom in Zimbabwe

(362)

12/8/99

Martin Rushmere

HARARE — Zimbabwe's spiralling inflation and interest rates continue to bring huge profits for banks, with Barclays leading the charge.

Net profit rose 218% to $544m in the six months to the end of June for the British-based group. This came partly from an 82% rise in gross interest income to $854m, higher commissions and fees and a fall in the tax charge. Profit for the last financial year was $622m.

Chairman David Zamchiya says the economy continues to give grave cause for concern, emphasising that foreign debt is now an "unsustainable" 155% of exports "although well below the critical level of 220%".

Along with the other major banks, Barclays says it has restricted its lending to "quality business". Debt recovery has improved, leading to a 59% fall in provision for doubtful debts to $40m.

The bank has recently been the victim of sophisticated electronic banking and credit card fraud, for which another $14m has been provided.

A good performance for the half year to June has also been reported by Commercial Bank of Zimbabwe, in which Absa has a 20% stake, with net profit rising 67% to $67m. Its provision for bad debts has risen 481% to $93m. This is a result of an overhaul of the loan book. "The figures reflect a conservative approach and the second half will be better," says chairman Richard Wilde.

Profit for the whole of 1998 was $130m.

First Merchant Bank, a former subsidiary of Anglo American, has recorded a 201% increase in net profit to $124m for the half year. Bad debt write-offs rose 37% to $15m.

Last year's full time profit figure was $150m.

First Merchant confirms what has long been money market rumour — that open foreign currency dealing has all but evaporated because of the fixed exchange rate. "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 25%."

Although commercial banks will not admit it, unofficial rates are being agreed in private deals.

Mugabe begs former fighters to curtail demands

BD 12/8/99 (362)

Michael Hartnack

HARARE — President Robert Mugabe appealed yesterday to the country's 55 000 former guerrillas not to make exorbitant demands.

"It should be realised we have a population of 12,5-million whose interests are equally important and should therefore receive the attention of our government," Mugabe told a crowd of several thousand party supporters at Heroes' Acre, burial place of 42 prominent African nationalists.

Police with riot shields, helmets and batons were deployed in force in the natural amphitheatre to avert any repetition of the jeering and chanting that forced Mugabe to cut short his speech in 1997, after a Z$400m scam in war disability fund payments was exposed.

Outside and at entrances, heavily armed troops patrolled yesterday.

Looting of the disability fund by bogus claimants with political connections led to a nationwide violent lobby campaign until Mugabe granted Z$4,5bn unbudgeted gratuities and life pensions. This and plans to seize 5-million hectares of white-owned farms, triggered a crash in the Zimbabwe dollar to nearly a quarter of its previous value and a two-year freeze on International Monetary Fund assistance.

Former guerrillas are now demanding their Z$50 000 gratuities should be increased to Z$500 000 and tax-free monthly pensions boosted from Z$2 000 to Z$5 000.

Mugabe said his government was already paying Z$60m a year to educate 46 000 children of former guerrillas exempted from school fees.

Endy Mahlanga, secretary-general of the Zimbabwe National Liberation War Veterans' Association, protested at the security and Mugabe's refusal to meet his members. "The police are afraid we will demonstrate but they are just being paranoid," he said.

"Government will continue to ensure that the rural majority continue to enjoy the fruits of an independent Zimbabwe," said Mugabe. He announced plans to revamp moribund development in the 20-million hectare communal areas, where 7-million Zimbabweans live on income averaging less than Z$2 000 a year. According to United Nations statistics, more than 60% of Zimbabweans live below the bread line.

In his speech, Mugabe blamed falling world prices for Zimbabwean exports for "currency depreciation, rising prices and unemployment".

A task force headed by Industry and Commerce Minister Nathan Shamuyarira now had to be notified of any plan to increase prices of staple commodities, together with a justification for the move, he said.

"This, however, does not mean that government is moving back to the era of price control, for government remains committed to the free market system," said Mugabe, who in the 1980s repeatedly predicted a coming "Marxist-Leninist transformation" in his Heroes' Day speeches at the site.

"But basic commodities are essential to the generality of our people and our people must therefore be protected." Plans were afoot to empower "indigenous Zimbabweans" by giving them preference in sales of shares from former parastatals.

He praised the commitment with which Zimbabwean troops were fighting in the Congo and said it exemplified the spirit of those who died in the 1972-80 war "to free us from the oppressive rule of imperialist regimes".

Netherlands cancels funding to Zimbabwe

CT (BR) 17/8/99 (362)

BERNARD MANDIZVIDZA

Harare – The Netherlands had cancelled aid to Zimbabwe, apparently because of a lack of confidence in policies pursued by President Robert Mugabe's government, a spokesman at the Dutch embassy in Harare said yesterday.

The Dutch government became the second Western donor country within two months to punish Mugabe's government. Denmark suspended different aid programmes to Zimbabwe last month, citing its involvement in the Democratic Republic of Congo's war.

The spokesman confirmed the aid cancellation but could not give more details until this decision had been officially communicated to Herbert Murerwa, the finance minister. But he said Zimbabwe had been removed from the list of countries to benefit from bilateral trade by the Dutch government.

Press reports quoted officials from the Dutch foreign ministry in the Hague who said a political decision had been taken by the Netherlands to reduce the number of countries to receive aid. – Independent Foreign Service

Dunlop (362) Zimbabwe fuels profits

SHIRLEY JONES
KWAZULU-NATAL EDITOR

CT (BR) 17/8/99

Durban – Dunlop Zimbabwe and National Tyre Services, Dunlop Africa's Zimbabwean operations, made a strong contribution to the local holding company's bottom line with increased net margins and improved rand-translated earnings, the tyre company said yesterday.

Mike Hankinson, Dunlop's chief executive, said the 75 percent-owned subsidiary, which is also listed on the Zimbabwean stock exchange, had outshone other African operations.

But the company's Nigerian operation and Dunlop Zambia, a 57 percent-held subsidiary, had disappointed. The latter's negative performance was as a result of further stock write-downs, a distressed economy and exchange losses. Hankinson said steps had been taken to correct the problem before the group's December 31 year-end.

Although the Zimbabwean operation had not measured up to the South African parent's 227,9 percent increase in headline earnings for the six months to June 30, its 120,9 percent growth in headline earnings a share to 19c was impressive.

While the South African operation took a 2,2 percent knock in turnover, the Zimbabwean operations contributed to a joint 64 percent increase in turnover to $503,3 million as a result of an aggressive marketing approach.

Dunlop Africa stock lost 18c to R3,07 on the JSE yesterday.

New challenge to Mugabe

M+G 13-19/8/99 (362)

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 one 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

MtG 13-19/8/99 (362)

Mercedes Sayagues

Zimbabwe is waking up with a shock to a hidden cost of the Aids pandemic: declining 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 Farmer's Union put figures to the decline of Zimbabwe's agricultural food output: maize by 61%, cotton by 47% and vegetables by 49%.

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 Kay, the Aids co-ordinator at the Commercial Farmer's Union, castigated the government for spending Z$70-million a month on the war in the Democratic Republic of Congo and only Z$1-million a month on Aids prevention — 10 years into the pandemic.

African peasant agriculture will never be the same after Aids. But it is taking too long for ministries of agriculture, donors and NGOs to adapt to the grim reality.

Aids is usually seen in terms of public health costs, loss of skilled labour and loss of workdays in industry. But its effects on smallholder agriculture, although less obvious, are equally severe.

"Global and regional Aids conferences held since the mid-1980s rarely focus on the impact of the epidemic on rural livelihoods," concluded a conference on Aids and African smallholder agriculture held in Harare last year.

Declining life expectancy makes headlines. Declining food security among rural people does not — not 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 adults. Around Masaka and Rakai districts the unkempt plantations tell 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 in herd care.

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 compromises the nutrition and food security of the whole family," says Godfrey Ssewankambo, deputy director of Uganda's Women's Effort for Orphans.

The cycle goes like this: a man is taken ill. While nursing him, the wife can't weed the maize and cotton fields, mulch and pare the banana trees, dry the coffee or harvest the rice. This means less food crops and less income from cash crops. Trips to town for medical treatment, hospital fees and medicines consume savings. Traditional healers are paid with livestock.

The man dies. Farm tools, sometimes cattle, are sold to pay burial expenses. Mourning practices forbid farming for several days. Precious time for farm chores is lost.

In the next season, unable to hire casual labour, the family plants a smaller area. Without pesticides, weeds and bugs multiply. Children leave school to weed and harvest.

Again 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 asset 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 households 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 clientele — women and youth. They need stronger hoes and lighter ploughs; farming 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 freehold could lead to distress land sales when the man falls sick. Says Paul Richards, from Wageningen Agricultural University in the Netherlands: "If land tenure reform is pursued aggressively in rural regions at high risk of HIV/Aids, survivors may join the swelling ranks of a landless class, a phenomenon hitherto unknown in Africa."

A new study by the United Nations on the responses of sub-Saharan rural households and communities finds some coping strategies, like income diversification, share-cropping and labour-saving technology such as mixing crops, are beneficial.

Also, communities are evolving ingenious responses, such as sharing farm chores, house repairs and child care, and changing cultural practices like expensive funerals.

But, warns the study, "community resources are stretched to breaking point".

Preparing for a burial: Too many adults in Zimbabwe are sick or dying of Aids, leaving their families unable to continue farming for lack of time and resources. PHOTO: SARAH-JANE POOLE/AP

Dunlop Zimbabwe 'encouraged' by overhaul of tariffs

Martin Rushmere

HARARE — President Robert Mugabe's economic policies, usually the target of ridicule by the private sector, deserve praise in one respect, according to BTR Dunlop's subsidiary in Zimbabwe.

In its review of the half year to the end of June, Dunlop Zimbabwe says it is "encouraging" that the government understands the plight of the motor industry in its overhaul of the tariff structure.

Motor vehicles are among a wide range of items on which import duties are being lowered as part of an agreement with the International Monetary Fund (IMF).

Dunlop profit for the period rose 24% to Z$23m on the back of a 64% increase in turnover to Z$503m.

Pretax profit rose 120% to Z$46m but was dragged down heavily by Z$4m interest. Total profit for last year was Z$38m.

The company is upbeat about the rest of the year as a result of the IMF agreement. "An environment of increased confidence should be created which will be conducive to the continued improvement in performance," it says.

(362) BD 19/8/99

MP attacks Mugabe block on new laws

BD 19/8/99 (362)

Michael Hartnack

HARARE — President Robert Mugabe's unprecedented veto of two bills pushed through Parliament by his own government has triggered what is expected to be a mounting chorus of protest.

Margaret Dongo, one of only three opposition MPs in the 150-seat chamber, accused the president of contempt of Parliament after speaker Cyril Ndebele formally announced that the president had refused to sign into law the Public Order and Security Bill and the War Veterans' Amendment Bill.

"Mugabe has literally passed a vote of no confidence in the house," said Dongo.

Soon after Ndebele made the announcement the house adjourned until October 5, quashing any opportunity for debate.

Promulgation of the Public Order and Security Bill would have repealed the 1960 Law and Order Maintenance Act under which Sunday Standard editor Mark Chavunduka and journalist Ray Choto are being prosecuted for "publishing a false report liable to create alarm and despondency".

Their alleged offence arising from a reported crackdown on army dissent over the Congo war has no counterpart in the new Public Order and Security Bill passed last year. Mugabe told his parliamentary caucus in a recent note that penalties must remain for publishing "unsubstantiated reports that endanger state security".

However lawyers for Chavunduka and Choto plan a test case, claiming the Law and Order Maintenance Act violates entrenched constitutional freedom of speech. The two journalists whose illegal detention and torture in January caused an international outcry are on bail. If convicted they face maximum five-year jail terms.

Legal and human rights groups are studying Mugabe's use of his veto to power, which is almost certain to be successful, before making detailed comment.

If 100 MPs support motions within the next six months demanding promulgation of the two bills, Mugabe could be forced to sign them into law, but his party controls 147 seats, 30 of them his non-elected nominees.

When MPs demurred at ratifying a Z$1,3bn airport terminal contract involving his nephew Leo in 1997, they were warned they could be stripped of the party whip and automatically expelled from the house, thereby losing pension and tax exemption benefits.

Mugabe reportedly told MPs he was unhappy with moves in the War Veterans' Amendment Bill to equate activists and detainees in the fight against white rule with ex-guerillas.

(362)

Mugabe gives cabinet hefty pay increases

ST 20/8/99

HARARE: Zimbabwean President Robert Mugabe has ordered a 182% 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 acting Finance Minister Emmerson Mnangagwa had told the regular weekly cabinet meeting on Tuesday that ministers' pay would rise by 182% to Zim $600 000 (about R100 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 76% 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 other 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'

BD 20/8/99 (362)

Michael Hartnack

HARARE — The Zimbabwe National Army, which has up to 10 000 men fighting in the Democratic Republic of Congo, has a fleet of "dysfunctional" Cascavel tanks, bought from Brazil in a series of controversial deals, a minister has admitted.

"I agree that there have been irregular deals but I am correcting that now," said Defence Minister Moven Mahachi. "I had not become minister when the Cascavels were purchased and I cannot comment on the position (then) because that would be tantamount to reopening old wounds."

Zimbabwe's purchase of an initial 40 Cascavels in the 1980s, aimed at resisting a possible SA invasion, led to the removal of parliamentary public accounts committee chairman Bill Irvine, who alleged kickbacks were paid.

Further consignments were bought in 1990, despite British military advice that the Cascavel, the world's only large fighting vehicle to qualify as a "tank" which has wheels rather than tracks, might not be suitable for African combat conditions.

In 1985 Mugabe — then prime minister — exonerated Defence Minister Ernest Kadungure and dismissed the parliamentary public accounts committee report as unfounded.

Finance Minister Herbert Murerwa told the International Monetary Fund Zimbabwe's war effort in support of President Laurent Kabila is costing $3m a month. However, reports from Kinshasa say losses by the Gecamines mining group, which Kabila hoped would be his "cash cow", cast doubt on his ability to honour debts owed to his Zimbabwean allies.

Mugabe accepted a recommendation by a special task force this week that members of his 51-member cabinet receive pay rises up to 182%, backdated to July, the Financial Gazette reported. This would put ministers on Z$600 000 a year with a complex system of allowances ensuring much is tax free.

Ministers claim they are among the lowest paid in southern Africa, especially since the 75% crash in the value of the Zimbabwe dollar, and their salaries contrast with an average Z$2m a year paid to industry chiefs. Economists allege politicians also evade making returns for their private business empires, exacerbating the budget deficit.

Mugabe has defended payment of competitive salaries, saying they were necessary to eradicate corruption.

The contrast between politicians' earnings and pay of ordinary workers is sure to inflame feelings here, with 60% below statisticians' bread line.

Meanwhile, the strike by staff of the parastatal Zimbabwe Newspapers group yesterday spread to Bulawayo. Printing, advertising and distribution of the main national daily, The Herald, was again severely disrupted by workers demanding 40% cost of living adjustments to offset 63,5% inflation.

An issue likely to prove explosive is the new move by the government-appointed commission running Harare to demolish over 80 000 backyard shacks, home to more than 500 000 urban poor.

Bank wants to limit Mugabe's access

B#ARG 21/8/99 (362)

BERNARD MANDIZVIDZA

Harare – The Reserve Bank of Zimbabwe is seeking legislation that will ban President Robert Mugabe's extravagant government from borrowing money directly from the central bank.

The bank said in its latest economic highlights that an appropriate legal framework was now required to enable such important economic targets as reductions in the inflation rate and the fiscal deficit to be met.

"Most important should be a prohibition by law for the bank to lend directly to central government," the central bank said.

The bank said it completely disagreed with recent arguments that it must be mandated to print money to finance the budget shortfalls and to keep interest rates low for the productive sector regardless of the hyperinflation now characteristic of the Zimbabwean economy.

"The printing of high powered money by the bank to finance budgetary shortfalls will increase the inflationary pressures emanating from high money supply growth," said the central bank.

It said a cut in the government's extravagant expenditure was a pre-requisite in efforts to stabilise the unstable macroeconomic environment. Zimbabwe's inflation is 63,5 percent and the fiscal deficit for the last financial year was estimated at 6,7 percent of total gross domestic product.

Although the government has of late been borrowing on the open market through the issuance of treasury bills, there had been consensus that its borrowings from the central bank had triggered a crowding out effect on the country's 19 commercial banks and discount houses, which borrow from the central bank for onlending to productive clients.

The central bank, whose governor Leonard Tsumba reports to the finance minister, is not an autonomous institution and cannot say no to government borrowings.

The bank said the current economic environment of high inflation required that it adopt an inflation targeting framework which should be supported by the appropriate legal instruments that limited direct credit to government to levels consistent with achieving the inflation target.

Such a framework, the bank said, not only required that the budget deficit be reduced but also that the bank did not finance the budget deficit.

The Zimbabwe government plans to reduce inflation to 30 percent, a target widely considered unrealistic in view of the present high inflation level. – Independent Foreign Service

Mugabe hands out huge pay rises to ministers

(362) ST(DT) 22/8/99

PRESIDENT Robert Mugabe of Zimbabwe 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 50%, 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*

Mugabe's world is cracking up

Internal dissent is erupting in Robert Mugabe's Zanu-PF party, writes **TREVOR NCUBE**, Editor-in-Chief of the Zimbabwe Independent

Zimbabwe's ruling Zanu-PF party, in power since independence in 1980, is no longer the monolithic and invincible entity it was a decade ago.

The fortress walls are cracking as dissent becomes more pronounced. But two decades of uninterrupted power have blinded its leaders to the hard realities faced by most Zimbabweans – now clamouring for change.

The party sees the country as a prize of war, and President Robert Mugabe is on record as saying that the country owes his followers a living. It is hardly surprising, then, that the political elite's view of public office as a vehicle for wealth accumulation has led to the systematic pillaging and steady impoverishment of ordinary Zimbabweans.

Examples are not difficult to find. A civil service housing scheme was hijacked by the Zanu-PF elite, including first lady Grace Mugabe, to build mansions for themselves.

A compensation fund for victims of Zimbabwe's liberation war was looted by party chiefs who showed no signs of injury whatsoever. Among those taking large slices was Mugabe's brother-in-law, the appropriately named Reward Marufu.

Most egregiously, a rural irrigation scheme meant to benefit villagers was hijacked by senior party officials for their suburban homes and farms.

Zanu-PF came into power with the objective of imposing a one-party socialist state. This in part derived from the support Zimbabwe received from the eastern bloc during the war of independence.

The one-party state project meant that the ruling party took precedence over government, and that its politburo rather than the cabinet became the supreme policy-making organ. It also meant that Zanu-PF occupied all the available political space, branding newcomers as interlopers in the post-liberation project.

This had dire consequences for democratic evolution.

The constitution was amended to concentrate absolute power in the hands of the state president, who was also the president and first secretary of the ruling party. Indeed, the line dividing party and government became blurred.

State institutions such as the army, police, and intelligence service all saw their role as that of promoting and defending the party's agenda. So did the public corporations that mushroomed after 1980 to provide sheltered employment for Mr Mugabe's followers.

A culture of fear gripped the country in the early 1980s as the party sought to consolidate its hold on power. The security services were used to deal with critics.

Herein lie the roots of Zanu-PF's inability to distinguish national unity from party unity.

Its liberation war allies such as students, trade unions and churches were not spared in this crude attempt to impose a one-party state.

To complete its control over the hearts and minds of Zimbabweans, the government bought a majority stake in the country's biggest newspaper publishing company from South Africa's Argus group, with the help of a grant from the Nigerian government.

This led to the establishment of the Mass Media Trust, which, with its broadcasting monopoly, gave the new government effective control of public discourse.

The ruling party's totalitarian agenda plunged the country into a civil war as it sought to crush former liberation war ally Zapu, which had overwhelming support in Matabeleland and the Midlands provinces.

More than 20 000 mainly Ndebele people perished at the hands of the army as it carried out Mr Mugabe's instructions to beat the Joshua Nkomo-led Zapu into submission.

For the sake of peace, Mr Nkomo signed the Unity Accord in December, 1987, which saw an amalgamation of Zanu-PF and Zapu.

As a reward he became the second vice-president of the united party and the government. Some of his followers were given cabinet appointments, while others were elevated in the public service. Thus the country lost the only political opposition worth talking about.

In the absence of any economic benefits to the people in Matabeleland, many Zapu supporters dismissed this agreement as a sell-out that subjugated the Ndebele people to the Shona-dominated Zanu-PF.

They questioned how national unity could be achieved without the government accepting responsibility for the ethnic cleansing of the mid-1980s. Mr Mugabe denied responsibility and refused to apologise, claiming that the massacres had occurred during a state of war.

The experiment with socialism,

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which lasted until 1989, laid the foundation for the economic problems that now haunt Zimbabwe.

In accordance with Soviet-style, command-economy precepts, prices of commodities and services were strictly controlled, while the state dictated the pace of wage settlements. Foreign exchange was also centrally controlled.

Foreign companies willing to invest in Zimbabwe faced a litany of obstacles and could not remit profits or dividends.

The cumulative impact of all this was negative economic growth. Unemployment rose and poverty became deep-rooted. Foreign investment was reduced to a mere trickle.

Having run out of solutions to these self-inflicted economic problems, and faced with the possibility of a social upheaval, the ruling party grudgingly abandoned socialism and turned to the Bretton Woods twins cap in hand.

But the country's problems were only compounded by half-hearted reforms haphazardly implemented.

Today the chickens of economic mismanagement, human rights abuses and an absence of accountability have all come home to roost. As per capita GDP has fallen with unemployment, inflation and interest rates all above 50%, the public has not been blind to the extravagance of its rulers.

Zanu-PF misgovernance and unbridled corruption have united civil society and helped it find a collective voice.

The Zimbabwe Congress of Trade Unions (ZCTU) has decided to take on the ruling party. It has emerged as the biggest threat to Zanu-PF through successful national collective stayaways that have on more than two occasions brought the economy to a standstill.

Initially it focused on the alleviation of the tax burden on the workers and the reduction of prices of commodities. But it has now expanded its brief to issues of governance, arguing that economic recovery is impossible without political reform.

In a political environment where most people are now desperate for change, the announcement that the ZCTU would facilitate the formation of a broad-based party, the Movement for Democratic Change, injected new life into Zimbabweans.

If a worker-based party were to become a reality, it would represent a serious challenge to Zanu-PF, particularly in the urban areas.

The story is different in the rural areas, where the politics of patronage has assured the ruling party a firm grip on the gullible peasant farmers who constitute more than 70% of the population.

The party's control of the electronic media and its use of the tax dollar to distribute free seeds, fertiliser and power makes penetrating rural areas hard for other parties.

The Zimbabwe Union of Democrats, an opposition party formed earlier this year, which showed some initial potential, has been plunged into confusion following infiltration by state intelligence agents, who have effectively divided it – a well-practised tactic.

But the ruling party is also likely to face another challenge from the well-organised Zimbabwe Integrated Project led by Heneri Dzinotyiweyi, a university mathematics professor, who announced that it would be transformed into a political party.

While some opposition political parties appear to be faltering, civil society has occupied the political space once dominated by Zanu-PF.

Public dissatisfaction with the current constitution, which the government has amended 15 times to remove civil liberties, has seen trade unions, academics, churches and human rights organisations uniting to form the National Constitutional Assembly (NCA).

In response to this initiative, the government hurriedly put together a Constitutional Commission to come up with a new founding law.

The commission, packed with Zanu-PF MPs and party officials, has been dismissed by the NCA as a ploy to hoodwink the public.

Its findings are open to presidential manipulation, raising suspicions that Mr Mugabe may junk its conclusions as he has the findings of other commissions in the past. In any case, the commission is widely seen as an attempt by the party to extend its tenure on power.

The party's insensitivity to the predicament of the majority and the endemic corruption, which Mr Mugabe has publicly admitted exists within his cabinet, has seen dissatisfaction within Zanu-PF grow.

There is clearly a yearning for a change of leadership within the party. Some realise that Mr Mugabe is now a liability ahead of next year's parliamentary elections.

Zanu-PF member of parliament Dzikamai Mavhaire last year invited Mr Mugabe's ire by calling on him to step down. He was stripped of his party post as a disciplinary measure and denounced as a witch.

Not intimidated by the president's threats, another Zanu-PF MP Machael Mataure told parliament earlier this year that the party was led by "tired horses" and needed new blood to see it through.

"You can't teach old dogs new tricks," he told parliament, while the party has shied away from disciplining him, fearful of the backlash.

The threat of disintegration is now a real possibility for a party that has long boasted of its mass appeal. There is factional fighting at every level as members position themselves for the day Mr Mugabe goes.

But his presence will hold the party together in the short-term. Some are critical of his leadership, but few will risk leaving it.

The party's countrywide infrastructure, most of it built at the taxpayer's expense, and its control of the levers of power, make it an attractive tool for ambitious politicians.

Thus, while senior members of his cabinet, such as justice minister Emmerson Mnangagwa and Harvard-trained minister without portfolio Eddison Zvobgo, have staked their claims to the succession, none has been brave enough to challenge the president openly.

While Mr Mugabe is able to hold Zanu-PF together, Mr Nkomo's departure has removed an important pillar of the regime. His death at the beginning of July after a long fight against prostate cancer will speed up the disintegration of the party in Matabeleland and the Midlands provinces.

There is widespread disaffection in this region over the party's failure to attend to the perennial drought.

There are also accusations of deliberate ethnic discrimination in public service recruitment and enrolment to tertiary institutions. Welshman Mabhena, provincial governor for Matabeleland north, and Joshua Malinga, a vocal former Bulawayo mayor, are among those voicing these concerns.

More evidence of the peculiar problems of Matabeleland was the formation in 1997 of a pressure group, Imbovana Yamahlabezulu, to articulate the region's grievances.

The old Zapu establishment is screaming foul and making threats that so far have not intimidated anybody. Mr Nkomo's death is likely to see more radical voices emerge.

■ *From Focus published by the Helen Suzman Foundation.*

Mugabe in new white racism claim

(362) BD 23/8/99

Michael Hartnack

HARARE — Zimbabwe President Robert Mugabe at the weekend made fresh allegations of a white racist conspiracy behind Zimbabwe's independent media as a chorus of protest grew over planned pay rises of up to 182% for ministers and members of Parliament.

Margaret Dongo, one of only three opposition members in a 150-seat house which includes 51 ministers, said moves by Mugabe last week to veto the repeal of the 1960 Law and Order Maintenance Act "should 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 offence of "publishing a false report liable to create alarm and despondency" will survive.

Sunday Standard editor Mark Chavunduka and journalist Ray Choto are awaiting trial for reporting military unrest over the war in the Democratic Republic of Congo.

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 "appalling insensitivity" 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, at the weekend joined employees of the parastatal Zimbabwe Newspapers who are on strike for 40%.

Wonder Maisiri, CE of the Zimbabwe National Chamber of Commerce, said it was ironic and disturbing that Mugabe was almost trebling ministers' salaries when he admitted corruption in the award of contracts and when the economic was "already fragile".

Mugabe on Friday said newspapers outside state control, which revealed the pending pay rises last week, "belong to settler whites".

"They are all in opposition, none of them is independent, you can read from them the stance of the white man," he told delegates to a ruling Zanu (PF) women's conference, to thunderous applause.

Mugabe said he had extended a hand of reconciliation to Rhodesia's 287 000 whites at independence in 1980, "but the whites have not changed at all and have all along been planning to topple the government.

"We thought the snake had given up but now it is lifting its head again. They have been working outside the country with the help of the British government and their press and television, and their press here in this country."

Mugabe named as co-conspirators The Sunday Standard and The Independent, both of which are owned by companies in which the newspapers' black editors hold large stakes.

Bank warns of soaring inflation

BD 23/8/99

Martin Rushmere (362)

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 nonindependent body.

In a review of the economy to the end of last month, the bank also pours scorn on demands by officials of Robert Mugabe's ruling 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 mostly 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 from the bank by the end of the year, they are standing at Z$1bn (about R175m) while overall government domestic debt rose 11% during the month to the equivalent of R10bn.

On an annualised basis, inflation is now 63%.

Economists have long called on 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 gets serious, action will not go beyond strong words and good intentions," a consultant economist said.

AIDS onset devastates maize harvest

Michael Hartnack (362)

HARARE — The onset of AIDS has pushed down maize production in Zimbabwe's communal areas by 61%, the Commercial Farmers Union AIDS project co-ordinator has reported.

Kerry Kay says production of cotton, the major cash crop for the communal areas' 7-million people, has also fallen 47%. Her estimates are the first quantified ones on the impact of a pandemic now reported to infect one in seven Zimbabweans of all ages and one in four between the ages of 18 and 50.

"It is totally unacceptable and extremely irresponsible, considering the amount being spent on the defence budget and the Z$70m a month being spent on the war in the Democratic Republic of Congo, to spend just Z$1m a month on the National AIDS Control Programme," she said.

Farming experts say the drop in communal area production results not just from loss of labour but erosion of family savings by costs of frequent funerals and loss of wealthier urban relatives' incomes, which help source inputs such as fertiliser and ploughs.

BD 23/8/99

New rule squeezes Zimbabwe's forex

(362) CT (MR) 24/8/99

Bernard Mandizvidza

Harare - The reintroduction 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 reintroduced the accounts more than two weeks ago after suspending them in November 1997 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 reintroduction of the accounts.

The traders said the country was nearing the end of the tobacco selling season and approaching the festive season. Both factors affected the availability of foreign currency on the market.

Tobacco merchants were holding on to their foreign currency instead of immediately converting it into local currency, as they had done before the accounts were reintroduced.

In addition, importers were searching for more foreign currency to buy goods for sale during the coming festive season.

In the past account holders were allowed to hold on to their foreign currency for at least 180 days and then convert it. The recent regulations have set no time limit.

The new regulations state that a bank can only hold on to 70 percent of the foreign currency deposited with it, with 30 percent held by the Reserve Bank of Zimbabwe at no interest.

While that restriction prompted suggestions that Harare wanted to retain controls on the forex market it had liberalised in 1992, some analysts felt it was a justified move that would help ease the hard currency shortages.

Other analysts, however, felt the new regulations - particularly the need for banks to retain 30 percent of their forex with the central bank - were not working and should only have been introduced when there were enough forex reserves.

Banks paid interest to foreign currency accounts holders on the full amount deposited, factoring the 30 percent loss into their rates when they lent out in foreign currency, analysts noted. - Independent Foreign Service

Kabila extends business opportunities, but there are few takers

Harare offered post-war deals

(362)

From Reuters

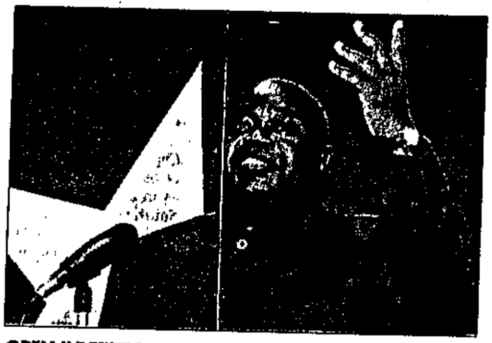
Harare - The Democratic Republic of Congo had offered Zimbabwean firms opportunities to help rebuild its railways, copper mines and air transport and electricity industries, a Zimbabwean paper reported at the weekend.

The state-owned Sunday Mail said Congo President Laurent Kabila's government had also invited Zimbabweans to help supply various other goods and services.

Zimbabwean President Robert Mugabe has deployed about a third of Zimbabwe's 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 few of the invited companies seemed to have taken advantage of 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.



OPEN INVITATION *President Laurent Kabila of the Congo, who has offered peacetime commercial deals to Zimbabwe*

"The country has been awarded concessions to rebuild the Congo's battered 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 unaware of such an offer, which was said to be a request to provide passenger and cargo services, initially between Kinshasa and Lubumbashi.

Tich Garabga, Air Zimbabwe's managing director, confirmed his firm had been offered a deal to provide passenger and cargo air services between the two countries and the rest of the world.

"Our team is going to be talking to the designated airlines, negotiate commercial arrangements ... as well as sharing traffic rights for points going beyond (the Congo)," Garabga was quoted as saying.

A Zesa spokesman said the power utility had been working with its Congolese counterpart since April and expected to conclude the talks soon. Zimbabwe could end up buying more Congolese power, he said.

The Sunday Mail said a joint venture between the ailing state-owned Mhangura Copper Mines and Kabila's government to exploit and refine the Congo's abundant copper resources had failed because of transport problems. "Sources said there was no rail to move (copper concentrate) into Zambia before proceeding into Zimbabwe," it said.

CT (MR) 24/8/99

Zimbabwe publishes new land regulations

BD 24/8/99 (362)

Government now has option to buy any land changing hands

Michael Hartnack

HARARE — Stringent new regulations have been published in Zimbabwe aimed at ensuring the government has an option to purchase any rural land that changes hand.

The state must also be given an option in any major share movement in any company that owns rural land, said a notice in the government gazette.

Earlier this year Anglo American's Zimbabwean subsidiary sold its 30 000ha general agricultural operations including the historic 22 500ha Mazoe citrus estate, north of Harare, to Interfresh, a company specialising in exporting fruit, vegetables and flowers.

Mazoe was developed founded by Cecil John Rhodes's British SA Company. Anglo Zimbabwe CE Philip Baum said the price was "in the region of Z$300m".

The sale was criticised by militant black empowerment campaigners who said the farms should have been offered to black Zimbabweans. President Robert Mugabe's government, abandoning its 1997 plan to take over 5-million hectares of white-owned farms, has now settled for a modest "inception phase" of land reform backed by foreign donors and utilising 44 farms already in state ownership.

All owners of rural land other than the state, a local authority or a statutory body may not sell land unless it has been offered first to Lands and Agriculture Minister Kumbirai Kangai, says the government gazette notice. Private companies owning rural land must follow the same procedure when transferring a "significant" proportion of their shares.

If the state has no intention of acquiring the land, Kangai may issue a certificate declaring this and giving the go-ahead for the sale.

Farmers engaged in land deals with the state have complained frequently of bureaucratic bungling and delays. In an interview at the weekend, Kangai rejected predictions that Zimbabwe would have to import maize using desperately scarce foreign currency reserves to see it through to the next maize harvest. Kangai said nearly 10 months supply, or 500 000 tons, was "in hand", with 370 000 tons in grain marketing board silos and depots. Stocks held by farmers themselves would "fill the gap", he said, enabling the country to meet a monthly demand of 50 000 tons.

The marketing board expects an increased intake after increasing its price from Z$2 400 to Z$4 200 a ton. Millers raised their prices a further 11% last week without waiting for government approval. There was a 17% increase the previous month.

Mugabe faces new opposition

BD 24/8/99 (362)

HARARE — A new political party was launched in Zimbabwe at the weekend ahead of the country's elections next year, it was reported yesterday.

The formation of the Zimbabwe Integrated Party, headed by mathematics professor Heneri Dzinotyiweyi, comes at a time of mounting social and economic disillusionment 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 programmes that affect them.

Dzinotyiweyi criticised the ruling ZANU-PF party leadership for being bent on enriching itself at the expense of the public.

"It is incorrect for some people to be living in misery while others are living in glory," Dzinotyiweyi said.

He hit out at the decision by President Robert Mugabe's administration last week to offer cabinet ministers 182% pay hikes when the government recently refused to give public servants a pay rise of more than 20%.

More than a dozen political parties are registered in Zimbabwe, but many exist in name only, and none has been able to mount an effective challenge to Mugabe's party since it came to power at independence in 1980.

The powerful labour movement, which is expected to launch its own party soon, is confident that it will pose the greatest political challenge to Mugabe.

Legislative elections in Zimbabwe are due in the first half of next year.

The current 150-seat parliament has only three opposition legislators. Two are from the small, regionally based ZANU-Ndonga party of the Rev Ndabaningi Sithole, the other is a former ruling party member who is now an independent deputy. —Sapa-AFP.

Anglo's Zimbabwe plans suffer setback

BD 27/8/99 (362)

Gold's falling price and soaring inflation shatter group's hopes

Martin Rushmere

HARARE — Anglo American's plans for producing 330 000oz 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 000oz-a-year operation at McCay's north of Bulawayo, total production is just on 45 000oz. Another 8 000oz 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 000oz) by the end of next year. Last year deputy group chairman Nicky Oppenheimer said the plan was to produce 330 000oz 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 000oz 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 000oz.

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 heap leach operations," said one.

This was largely because of 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 000oz 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 000oz 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 to be commended 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 North thermal 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 YTL 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 North 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 tender procedures over Hwange. He defended it as an example of practical, south-south cooperation.

In Kuala Lumpur YTL 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 Sengwa coalfield and pumping water from Lake Kariba. It would have 1 400MW capacity, or a third of the national requirements.

ZIMBABWE/IMF

(362) PM 27/8/99

LATEST DEAL BEGINS TO UNRAVEL

Country's ability to keep to key targets looks doubtful, but turning back would be embarrassing

Throughout the year it has been obvious that the International Monetary Fund (IMF)'s determination to lend to Zimbabwe had more to do with politics than with economics. When the loan was finally approved on August 2, the fund came in for the familiar criticism that its targets were unattainable and policy goals unrealistic.

Three weeks on, the IMF package is already starting to unravel.

Scarcely was the ink dry on the loan agreement when Harare announced that inflation had surged to a record high of 63,5% in July. With producer inflation in June at about 60%, and with food, electricity and fuel price hikes to come over the next few weeks, economists are predicting that inflation will peak at about 70% in September. It is clear the IMF's target of 29,8% by December will be missed by a margin of 15-20 percentage points.

Certain to be missed also are the money supply targets. The IMF projects monetary growth of only 10% in 1999, almost 40% below the inflation rate.

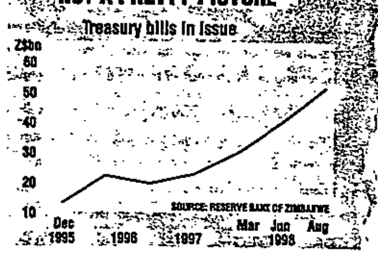
That alone is unrealistic. Just how much so is illustrated in the graph showing that by December money supply must fall from more than Z$80bn in August to $62,2bn — a decline of almost a quarter.

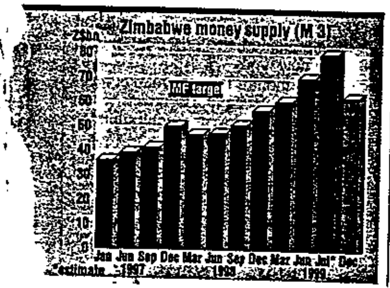
The June reserve money target specified by the IMF was missed by about Z$750m. By the end of next month, reserve money is supposed to fall to Z$11,6bn from Z$16,9bn at the end of July. It will take all the creative accounting skills of both the Reserve Bank of Zimbabwe (RBZ) and the IMF to engineer this 31% decline.

Last week too, the RBZ revealed that the Treasury Bill issue has increased from Z$15bn (US$400m) or a staggering 40% in just more than two months to Z$51,6bn. With interest rates on TBs averaging 50%, this is costing the taxpayer about Z$26bn/year — well over double the IMF's forecast budget deficit for Zimbabwe this year of Z$10,6bn.

Damage limitation is the order of the day. The central bank is now issuing 182-day bills rather than its traditional 91-day paper, apparently so that it can push the cost of this borrowing on to next year's Budget.

NOT A PRETTY PICTURE





Yet another sledgehammer blow came last week when government announced that Ministers have been awarded a 182% pay increase. This from an administration that had initially opposed a 20% cost-of-living adjustment for civil servants and which has agreed with the IMF to retrench about 15 000 public servants this year.

The labour unions have responded angrily, calling for a campaign against the pay award — in the process garnering further support for their planned launch of an opposition political party next month.

Unless there is a last-minute change of heart too, government will not stick to its agreement with the fund to allow the exchange rate to be "market-determined". Last week, the banks put up a paper recommending a "crawling-peg" arrangement that would allow the Zimbabwe dollar, which has been pegged since January at Z$38/US$, to be managed downwards at the rate of about Z$1,75/month.

The Reserve Bank promptly responded with its own paper, claiming that the "right" rate for the currency is Z$28,5/US$ and that the existing "undervalued" rate should be retained for at least another six months.

The only part of the bargain to be honoured by Harare so far is the reinstatement of corporate foreign-currency accounts. Under the agreement Zimbabwe promised to do this in two stages in August and December.

Presumably in an effort to mollify its critics, government opted for a single-phase adjustment, which means that exporters can now retain 100% of their foreign earnings. This has intensified pressure on the exchange rate, by slowing down the receipt of export earnings, and several banks — which claim to honour the pegged exchange rate agreement — have admitted they are doing business outside the agreed trading range.

Though Zimbabwe is, in effect, operating multiple exchange rates, the IMF is unlikely to pull the plug on Harare now. It would be enormously embarrassing for the fund officials who negotiated the deal to cancel it within weeks of securing executive board approval.

But those, both within and outside the IMF, who were unhappy that the loan was granted in the first place can be expected to step up their criticism of the IMF's inept handling of the affair.

It is possible, too, that this month's events will force the World Bank, which has plans to lend Zimbabwe US$140m over six months, to reconsider.

The African Development Bank, which is supposed to be lending $45m this year, is now unlikely to disburse any money before the end of 1999, while on the bilateral donor front, the Netherlands has dropped both Zimbabwe and Kenya from its revised list of beneficiaries. There is little evidence that the other bilaterals are in any rush to commit new funds to Harare, preferring instead to wait and see whether the IMF can get the Zimbabwe programme back on track.

Special Correspondent

REST OF AFRICA

Zimbabwe retreating from floating currency

(362) BD 30/8/99

Reserve Bank's move alarms businessmen who continue to battle against soaring inflation

Martin Rushmere

HARARE — The Reserve Bank has produced another shock for the markets by saying that it wants to keep the currency pegged at Z$38 to the dollar for at least the next six months.

The bank said in a circular to commercial banks at the weekend that the Zimbabwe dollar was at least 20% undervalued, an assertion it has made for the past six months.

The letter was in response to the Bankers' Association's proposals to move to a market-determined rate, as agreed with the International Monetary Fund (IMF), which was one of the main conditions for a $193m standby facility over 14 months.

The association's main suggestion was that the brakes should start to be removed following the end of the tobacco selling season in October.

The Reserve Bank's long-held policy has been to hold the rate during the tobacco season, to minimise the effect of imported inflation from tobacco exports, which account for a quarter of all hard-currency earnings.

"The recommendations have largely been ignored," an executive of an international commercial bank said, "and the Reserve Bank says that a realistic level for the currency is Z$28 to the US dollar."

Unofficial pegging was introduced three months ago after the Zimbabwean dollar's second collapse in 18 months and the rate had shot up to Z$45 against the US currency.

The Reserve Bank's stance will send another wave of alarm through the business community, which says that the currency must be allowed to slip because of soaring inflation.

Inflation has reached 63,5% on an annualised basis, while exporters have been battling with sharply rising production costs against a background of an unchanged rate.

Bankers say that an additional source of worry is the likelihood that the IMF has approved a fixed rate.

"The only reaction we have had from the fund on the matter is that it is sure that the government will move to a market rate," one banker said.

"It appears that the fund might be allowing Zimbabwe to revise its targets," an international consultant economist says, meaning that a few weeks after setting them, the government does not have to meet them.

Instead of inflation being brought down to 30% by year-end a drop to 40% or 45% will be allowed. The budget deficit could be allowed to be 7% instead of the 5% agreed. "The same is true of the exchange-rate policy. As long as the government keeps promising to move to a market rate, the IMF might allow it to keep a fixed rate," he says.

The Reserve Bank's circular coincided with a quarterly review by Standard Chartered Bank attacking government policies and intentions.

It says Zimbabwe's unofficial pegging of the exchange rate has failed, while inflation is undermining the economy and donors will have to help bail out the country.

Standard Chartered says this year's budget deficit may be 8% of gross domestic product (GDP), compared with 5,3% agreed with the IMF.

"The pegged exchange rate since mid-January has manifestly failed to slow inflation," the consultant says, "partly because it has not been accompanied by the appropriate mix of monetary and fiscal restraint."

The bank says that "hopes of a soft landing" for the economy rest on donor support, a good farming season and better international commodity prices.

If government sticks to tight fiscal and monetary programme, GDP growth for next year is forecast to be 2,5%, inflation 37,5% and the currency Z$65 to the dollar.

Mugabe leads call for a compensation plan

(362) BD 30/8/99

Michael Hartnack

HARARE — President Robert Mugabe has called for provisions based on reparation for Zimbabwe's 1890-1980 colonisation to be entrenched in a new constitution for the country, currently under debate.

"The history of deprivation that Zimbabweans suffered as a result of British colonial and settler occupation entitle the deprived people to be duly compensated," Mugabe told a special session of the ruling Zanu (PF) party central committee at the weekend.

"Colonialism should be depicted as an international criminal offence for which reparations must be demanded." He urged that in its proposals, to be put before a commission currently sitting under the chairmanship of former minister Godfrey Chidyausiku, the ruling party should include a constitutional preamble "affirming the sovereign right of ownership by the indigenous people of their land and natural resources".

A rival "national constitutional assembly" including human rights lawyers, union members and churchmen, is boycotting the commission chaired by Chidyausiku, claiming its findings will endorse Zanu (PF) plans to consolidate power despite rising economic discontent.

The minister responsible for indigenisation, Cephas Msipha, has already complained that 1980 constitutional safeguards for property, a strict rule regarding compensation for expropriation, prevent the government from compensating Africans for colonial discrimination. Other proposals discussed at a day-long central committee session included the replacement of the present system of having two vice-presidents with the introduction of a prime minister. An executive president would retain power to create ministerial posts and fill them at his discretion.

Number of farm orphans surge

BD 31/8/99

(362)

Deaths linked to AIDS likely to reach 670 000

Michael Hartnack

HARARE — The average numbers of orphans on a Zimbabwean commercial farm had risen from two to 11 in the past three years, Dr Sue Parry, founder-coordinator of the Farm Orphans' Support Trust, has warned Zimbabwe's Commercial Farmers' Union.

Parry warned in a report to the union that 35% of the urban and 26% of the rural population were HIV positive and that 60 000 Zimbabwean children lost one or both parents to AIDS-related illness this year. By the end of next year there would be a total of 670 000 orphans, or one in six children under 18.

However, Parry urged the union's 5 000 members not to think of them as "AIDS orphans" as that gave a false impression they were infected. Most children infected at birth died within two years whereas the average age of orphans on farms was 10, she said.

Parry, a medical doctor, reported that "cluster groups of farm wives" had helped produce a model for orphan care. "The programme is based on the belief that orphaned children have the best opportunity with a family, without sibling separation, in an environment that is familiar and where they have an opportunity to learn their culture first hand," she said.

In a parallel report Kerry Kay of the AIDS awareness programme of the farmers' union voiced fears that communal area maize production had fallen 61% and cotton 47% as a result of the AIDS epidemic depleting the labour force and family resources. Increasing numbers of rural family members were having to work in commercial areas to raise money to pay for funerals and support dependants, farming sources believed.

However, doubts have been expressed about figures she quoted from a Harare undertaker that one in five deaths in the 250 000 white, coloured, Asian and expatriate community were linked to AIDS, along with one in four deaths among Africans.

Kay said deaths from tuberculosis, commonly associated with AIDS, had risen from 3 000 a year in the early 1980s to 33 000 in 1996 and were now "out of control". Epidemiologists believed 700 were dying each day of AIDS-related causes, compared with official figures of 300, she said.

The "triple therapy" treatment for HIV was available in Zimbabwe for Z$18 000 a month — far beyond an average Zimbabwean's means.

Kay condemned government's past denial of the pandemic's threat.

Corks create a catastrophe

Michael Hartnack (362)

HARARE — A defective batch of imported corks has unexpectedly made last year's vintage of Zimbabwean wine harder to get at than the platinum deposits on the country's Great Dyke.

Cairns Foods, owner of the largest wineries in the country, has apologised to wine lovers for a crop of casualties caused by impenetrable corks.

In addition to replacing the wine and refunding the Z$4 deposit which is standard on all Zimbabwean glass bottles, Cairns have handed out 70 replacement corkscrews to people who got themselves in a twist trying to extract the rock-hard corks, said a spokesman.

Drinkers complained a few turns caused the average corkscrew to shear as if they were trying to penetrate quartz for a geological survey. Disgruntlement was intensified by a 150% increase in the price of most better Zimbabwean wines.

"We would like to apologise to all who might have problems opening our Mukuyu and Meadows range," said a Cairns spokesman, a subsidiary of the parastatal Astra Engineering.

Zimbabwe demands a health warning on every bottle of alcohol sold. However, the sheared corkscrew menace makes some alcohol dangerous even before consumption.

BD 31/8/99

Zimbabwe flexes rates

(362)

Martin Rushmere

BD 2/8/99

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."

Sowetan 4/8/99

IMF approves R1,1-bn loan after Zim austerity pledge

(362)

WASHINGTON — The International Monetary Fund (IMF) has approved a 193 million dollar (R1,158 billion) credit for Zimbabwe after authorities there pledged to curb inflation and provided details on military spending.

In a letter to the IMF outlining 1999 government economic policies Zimbabwean finance minister Herbert Murerwa disclosed that the country's military campaign in the Democratic Republic of Congo would cost three million dollars a month this year, or 0,6 percent of gross domestic product.

The country spent 1,3 million dollars (R7,8 million) a month on the Congo campaign last year but was forced to increase the allocation to pay for the deployment of additional troops, according to the letter, posted on the IMF web site.

Zimbabwe is estimated to have sent some 10 000 troops to the Congo to support the Kinshasa government against rebels who launched an insurgence a year ago.

Murerwa said in the letter that "the DRC is covering the bulk of the cost of military involvement.... including fuel, transport and ammunition".

In June the IMF froze its assistance to Zimbabwe after the government committed 3 000 more troops to the DRC, an IMF source said in the Zimbabwean capital Harare.

Fund officials then pressed for clarification on the government's military spending, he said, adding that Zimbabwean authorities were irritated by the request.

In a statement accompanying Monday's announcement of the credit, Shigemitsu Sugiaski said the IMF executive board "noted the risks that Zimbabwe's military involvement in the Democratic Republic of Congo posed to fiscal and balance of payments performance and to stabilisation more generally."

Elsewhere in the letter of intent, Zimbabwe set an overall growth goal this year of 1,2 percent, down from 1,6 percent in 1998, and an inflation rate reduced to 30 percent from 46,6 percent last year.

The IMF said the downward revision in gross domestic product was attributable to lower output in the mining and manufacturing sectors.

The country's current account deficit will be limited to 6,3 percent of gross domestic product this year, under the program and the budget deficit to 5,3 percent.

In addition, the government will pursue tight monetary policies, continue with land reform on the basis of fair compensation and reduce the civil service from 163 986 employees to 149 600 by the end of 1999.

A privatisation effort will be accelerated, the exchange rate will be determined by market forces and import tariffs will be scaled back. – *Sapa-AFP*

Harare set to reopen forex accounts

Martin Rushmere

HARARE — Commercial bankers in Harare say an undertaking by government to reopen corporate foreign currency accounts by next Tuesday has taken them by surprise.

All company foreign currency accounts were closed abruptly by the government last year, because of a drain on foreign reserves.

As a result of various undertakings to the International Monetary Fund (IMF), government will receive additional tranches of financial support.

In a letter of intent released by the IMF, Finance Minister Herbert Murerwa says exporters will be allowed to hold half their proceeds in foreign currency accounts, which will be opened by August 11.

By the end of the year, Murerwa says exporters will be allowed to hold all receipts in foreign currency accounts.

"Nothing has been forthcoming from the Reserve Bank," one central banker said.

"We are trying to contact customers to make arrangements. But it is a long process for both them and us, as they have to contact their principals abroad.

"Even if the Reserve Bank gives the green light within the next 24 hours we will be hard pressed to be able to comply."

A spokesman for an international commercial bank in Harare said it would be "relatively easy" to start up foreign accounts again.

"We still have the mechanisms in place and have discussed the possibility in meetings. Once the Reserve Bank gives the green light, we could do it in a couple of days."

BD 4/8/99

Loan-hungry Zimbabwe makes pledge to IMF

(362) BD 4/8/99

New funding plan will require detailed economic appraisal every three months

WASHINGTON — The Zimbabwe government says it will remove exchange controls, lower trade barriers and disclose its military spending to secure a new $193m loan from the International Monetary Fund.

Shigemitsu Sugisaki, an IMF deputy managing director, said this week that President Robert Mugabe's administration had vowed to speed its privatisation programme, pursue an equitable land redistribution policy and remove artificial price controls on an essential dietary staple, maize meal.

IMF concerns about the government's controversial plans to buy or reclaim land from mostly white farmers for resettlement of poor black Zimbabweans was a significant factor behind almost two years of stalled loan negotiations.

Another was Mugabe's decision to send troops into the Democratic Republic of Congo (DRC) to help President Laurent Kabila resist a rebel insurgency.

However, with the World Bank now advising the government on social programmes and a tentative truce in the DRC, these barriers have been overcome.

The new funding arrangement offers Zimbabwe $193m over 14 months, with $24m available immediately and a further $9,7m after August 16.

Reviews of the loan agreement, including detailed appraisals of Zimbabwe's economic standing, will be made every three months, beginning in November.

Sugisaki said the key to reviving Zimbabwe's desperate economic fortunes lay in better fiscal and economic management by the government.

He said priorities for the government should be "continued efforts to strengthen revenue collection, cut public expenditure and reorient spending toward more productive uses".

In particular, the administration needs to trim the public service wage bill, stem the flow of official funds to struggling state-owned enterprises and cut back defence spending.

"Directors noted the risks that Zimbabwe's military involvement in the DRC posed to fiscal and balance of payments performance, and the stabilisation effort more generally," Sugisaki said.

Herbert Murerwa, Zimbabwe's finance minister, told the IMF in a letter of intent that Kabila's administration will meet the cost of Zimbabwe's participation in its defence, estimated at $1,3m a month last year and $3m a month in 1999.

Given the dire state of the DRC's economy and its shattered mining industries, IMF directors are said to have evinced less confidence in Kabila's promise to his ally than Zimbabwe's finance minister.

To ensure the government complies with its pledge to reduce military spending, the IMF has asked the authorities to publish on a regular basis data on its defence outlays.

The IMF's decision to resume lending to Zimbabwe, in spite of an often acrimonious process of negotiation over the past two years, is essential to Mugabe's hopes of avoiding a debt crisis.

Low foreign exchange reserves in the wake of months of currency weakness left the government unable to meet $32m in foreign debt repayments in mid-May. It has since repaid $11m to multilateral creditors and hopes to clear the outstanding arrears within six months.

However, Zimbabwe's letter of intent still shows an external financing gap of $190m in 1999.

Thanks to the IMF's decision to back the government, Zimbabwe can expect $100m from the World Bank and $45m from the African Development Bank to path part of this deficit.

The remaining funds will need to be raised from "other multilateral and bilateral" lenders.

Murerwa again pledged to accelerate the privatisation of some state enterprises to cut domestic debt, restore market confidence and attract foreign direct investment and expertise to local industries.

The finance minister also has the more immediate task of ensuring both the government and the central bank combine to curb inflation and, as a consequence, bring down official interest rates. Annualised inflation reached 53% in May this year, resulting in steep interest rate increases at the central bank.

Murerwa now expects inflation to slow to 30% by the end of 1999 and just below 11% in 2000.

Despite the severity of the tightening in fiscal and monetary settings, the government projects growth in gross domestic product of 1,2% this year compared with a rise of 1,6% in 1998.

Assuming successful policy implementation, the gross domestic product growth rate is seen jumping sharply to 4,4% next year.

One key government commitment likely to be unpopular with Zimbabweans is its pledge to end price controls on maize meal by the end of the year.

Controls were first applied in May 1997 to prevent steep price rises on the staple food for most of the population. The government has allowed prices to jump 20% each in June and July in preparation for the eventual lifting of controls, and is working with the World Bank to examine the pricing structures more closely. — Dow Jones.

Huge bad debts hit Wankie

(362) BD 4/8/99

Martin Rushmere

HARARE — Huge debts run up by parastatals and interest charges have hammered the profitability of Zimbabwe's sole coal producer Wankie that is 40%-owned by government, which has promised the International Monetary Fund it will sell its stake.

Wankie, which was previously an Anglo American subsidiary, saw pretax profit fall 23% to Z$132m (R25m) for the six months to end-June, while net profit fell 11% to Z$102m.

The company was saved by a lower tax charge incurred because of past losses, which otherwise would have meant a much bigger fall in net profit. Turnover rose 33% to Z$1bn (R170m), largely because of price increases granted by government.

A total of Z$465m (R85m) is owed by the national steel maker and electricity supply corporation.

"The nonpayments are precipitating a national crisis and we are unable to meet our commitments to the railways of Z$580m, which in turn will find it increasingly difficult to carry out its own vital functions," says the company. The interest bill increased 1 000% to Z$80m, largely as a result of the collapse of the currency. Much of the company's borrowings are denominated in hard currency.

The gloom has been lightened somewhat by unchanged volumes of coal sales — 1,8-million tons. A total of 216 000 tons of coke were sold, 19% down on last year.

For the full year the company expects to record earnings a share of Z$1,50.

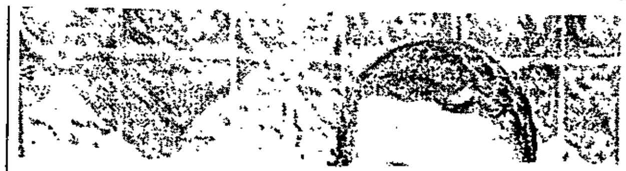
Based on the number of shares in issue at the moment this would mean that net profit would be Z$253m, compared with last year's figure of Z$166m.

One factor that could influence this is the government's promise to the International Monetary Fund that it will sell its stake by the end of this year. Analysts say that despite assurances to the IMF that the economy will be dictated by market forces, the sale will follow the traditional pattern of partly "warehousing" the shares in a specially created account for supposed later distribution to individual black shareholders.

"No money will change hands, which should not please the IMF," said an analyst. "The cash flow and profitability of Wankie will again be hammered."

It is likely that a minimum of 15% will be kept for institutions and about the same proportion made available for open purchase on the stock exchange by individual investors.

A broker with a Harare stockbroking firm said: "The price of Wankie is about Z$2,50 at the moment. I cannot see anyone wanting to bid it up now because the government is being forced to sell by a specific date and it will then become a buyer's market."



Harare welcomes release of $24m IMF aid

BD 5/8/99 (362)

Analysts express scepticism about whether the fund's targets will be met

Michael Hartnack

HARARE — The Zimbabwean government said yesterday that the International Monetary Fund's (IMF's) release of an initial $24m budget support was proof that economic recovery was "on track".

Analysts noted a scaling down of the IMF aid programme and conditions they believed President Robert Mugabe would have difficulty meeting.

Zimbabwe had been hoping for an immediate $55m from a $212m programme but the fund pledged a total $193m, with $24m immediately and a further $9,7m on August 16, depending targets being met.

Finance ministry officials hope this week's IMF decision will trigger the release of a further $300m aid from western institutional and national donors. This would ease pressure on the Zimbabwean dollar and the balance of payments.

The state-controlled Herald newspaper said the fund had subjected Zimbabwe to an "agonising wait".

The IMF froze its aid programme about two years ago because of Zimbabwe's failure to curb state spending and cut the budget deficit, which at one staged approached 14% of gross domestic product.

The Zimbabwean dollar, standing at Z$12 against the dollar in 1997, fell to Z$40 after Mugabe announced plans to seize white-owned farms and Z$4,5m unbudgeted gratuities for former guerrillas.

Prof Tony Hawkins of the University of Zimbabwe described some of the IMF conditions as "astonishing". He was sceptical that inflation, predicted to reach 65% next month, could be reduced to meet the fund's target of 30% by year-end.

He felt the same about the IMF's target that the budget deficit be reduced to 5% of gross domestic product by year-end.

Zimbabwe had committed itself to make less use of bank\reserve requirements, Hawkins said, but had just increased these along with bank rates.

He believes there will be increased pressure on the exchange rate and interest rates if pledges are kept to reintroduce corporate foreign currency accounts, liquidated during the 1997 crisis.

Scheduled increases in the price of maize meal and other staples would be highly unpopular, with parliamentary elections scheduled next year, he said.

Zimbabwe has also promised to roll back protective tariffs by August 16, when the next $9,7m tranche was due.

"The intention is there but whether they can deliver is another matter," Hawkins said.

Zimbabwe has confessed to being $32m in arrears on foreign debt repayments at one stage. "So you can see where that $24m is going to go," he said.

Finance Minister Herbert Murerwa has told the IMF that Zimbabwe's involvement in the war in the Democratic Republic of Congo was costing $3m a month.

"The clear impression is that we are going to slide into recession," said Hawkins.

However, a banker said that although the IMF decision did not spell salvation for the Zimbabwe economy, it should help dispel prolonged pessimism and boost investment confidence.

According to United Nations statistics, Zimbabwe has more than 2-million unemployed people, with 60% of its population living below the poverty line.

Last year food riots resulted in deployment of troops and tanks in townships and at least eight people were killed.

The Zimbabwe Congress of Trade Unions, which has increased its support, has vowed to fight for a complete overhaul of state-spending priorities and threatened to resume nationwide strike action despite Mugabe's proclamations that this is illegal.

EU may resume its lending to Zimbabwe

(362)

FROM DOW JONES

Harare – A European Union (EU) loan might be extended to Zimbabwe by early next year after the decision by the International Monetary Fund (IMF) to resume lending to Zimbabwe, an EU official said this week.

Paul Malin, the acting head of the European Commission in Harare, said "the basic lines of a programme" had been worked out with the Zimbabwe government, in conjunction with the World Bank and EU members.

But he cautioned "it will be in tens of millions (of dollars), not in hundreds of millions".

The IMF announced this week it had approved a 14-month $193 million standby credit to Zimbabwe, ending an almost three-year freeze on finance to Zimbabwe because of the government's persistent failure to meet IMF targets.

Finance from the Organisation for Economic Co-operation and Development was also stopped, and the resumption of lending was made conditional on IMF approval of the government's appeal for funds.

IMF approval "is a necessary but not sufficient condition for our support", Malin said. "It's not automatic that we would provide finance."

An EU delegation in Zimbabwe was scheduled to meet the government later this month or early in September "to discuss the steps towards implementing the programme".

Conditions attached to the resumption of lending include an acceleration in the government's drawn-out privatisation programme as well as protection for social sectors vulnerable to economic austerity programmes.

"It's much the same as the IMF has discussed, but slightly differently focused," Malin said.

But Professor Tony Hawkins, the head of the school of business studies at the University of Zimbabwe, said the targets set by the IMF appeared to be "unrealistic".

They include cutting the budget deficit to 5,3 percent of gross domestic product by the end of the year, trimming 3 000 jobs from the civil service, ending price controls on mealie meal, carrying out transparent land reforms and publicising details of expenditure on the war in the Democratic Republic of Congo. All are issues over which the IMF and other donors have encountered resistance from the government.

CT(BR) 5/8/99

Mugabe rides roughshod over courts

(362) MTG 30/7-5/8/99

Mercedes Sayagues

In yet another display of dictatorial arrogance, Zimbabwean President Robert Mugabe last week invoked the Presidential Temporary Powers Act to change prison regulations. The objective was to overturn a court ruling that eased living conditions of the three Americans caught with weapons at Harare airport in March.

Through their lawyer, the Americans (Gary George Blanchard, Joseph Pettyjohn and John Lamonte Dixon) complained of having to sleep naked, in leg-irons, with the lights on and in solitary confinement. Their lawyer requested more 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 ordered the state to comply.

The president, and probably the security services, did not like it a bit. So Mugabe ruled that the commissioner of prisons decides how prisoners must be kept, to the exclusion of any other authority except the minister of justice, legal and parliamentary affairs.

In one move, Mugabe ignored the judiciary and arguably took over the legislative function from Parliament.

"This has shocking implications for democracy and rule of law," says human rights lawyer Tendai Biti.

Lawyers can argue the fine points of administrative law on whether a judge should interfere with the running of prisons. But from a human rights point, reasonable security conditions do not equate cruel treatment.

"The court is right in not tolerating inhumane treatment, although its ruling could cause a ripple effect in prison," says Professor George Feltoe.

Amnesty International reported in 1997 that Zimbabwean prisoners on death row sleep like the Americans, shackled and naked. The dreadful conditions and psychological torment endured 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 its case the state argued that chaos would ensue 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 it for mundane 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 defence and the economy.

"The powers are too wide and should be restricted," says lawyer and Zanu-PF MP Rita Makarau.

The case happens against the background of Zimbabwe's constitutional reform process, carried in parallel by the independent National Constitutional Assembly and the government-convoked 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 law lecturer Ben Hlathswayo. "We are mending the roof in a storm, but at least we know where it is leaking."

Hlathswayo had defected from the National Constitutional Assembly to the Constitutional Commission.

A fellow commissioner, Professor Jonathan Moyo, differs. "The judge overstepped the line and provoked the executive," says Moyo, who chairs the commission's media committee. "Something is wrong with the Zimbabwean judiciary."

Yet even Moyo, who from being a critic of government in the early 1990s has been reincarnated as its staunch supporter, concedes 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 Chavunduka, who were illegally detained and allegedly tortured.

The Americans also allege they have been tortured. As with Choto and Chavunduka, whenever the judiciary gets too close to cases of torture, the volcano rumbles.

But then, the three Americans fit 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 Lusaka and Kampala, to the kidnapping and killing of tourists in Uganda, even to the International Monetary Fund, as Minister for State Security Sydney Sekeramayi told a weekly publication.

The state, however, has scaled down its charges from sabotage and conspiracy to illegal possession and smuggling of weapons.

Mugabe's latest move strengthens the case for curtailing presidential powers in Zimbabwe's new Constitution. Whether Mugabe will tolerate such a proposal from his own commission remains to be seen.

Shackled: Americans Gary Blanchard, Joseph Pettyjohn and John Dixon, detained in Zimbabwe on smuggling charges, have complained of inhumane treatment. PHOTOGRAPH: ROB COOPER/AP

ZIMBABWE *Harare 'now faces a mammoth task in convincing donors it deserves any help'*

Elite farm lease allocations raise uproar at home and abroad

CT (MR) 5/8/99 (362)

Bernard Mandizvidza

Harare – Zimbabwe's decision to lease 149 resettlement farms to senior politicians, government officials and high-profile black businessmen has further dampened donor interest in funding the country's controversial land reform programme.

"Having money does not necessarily make one a good farmer deserving of a lease," said a European Union (EU) diplomat who preferred anonymity.

He said it was unlikely that the EU or most of its member states would make contributions to land reform in the near future after this latest development.

Alistair Wardaug, the head of the department for international aid at the British High Commission, said: "Britain has made it very clear that it will only consider funding for a land reform programme that is geared towards poverty alleviation. Anything outside that will not get our support."

Another official in the same embassy said Zimbabwe should have given priority to landless peasants to alleviate poverty.

"Zimbabwe now faces a mammoth task in convincing the donors it deserves any help," he said. "Especially in view of the fact that it originally failed to foster such confidence at the initial donor conference, which did not raise any money."

The 1997 donor conference had been billed to raise substantial pledges for the resettlement exercise. So far the country has only raised R33 million, a far cry from the R6,5 billion required to resettle peasants with adequate infrastructure to sustain productivity levels in agriculture, the backbone of Zimbabwe's economy.

> *Last month the government reiterated its commitment to benefit the landless poor*

In early July, three government ministers made a fresh appeal to donors. Kumbirai Kangai, the agriculture minister; Chen Chimutengwende, the information minister; and Joseph Msika, the minister without portfolio and the chairman of the land acquisition committee, reiterated to senior journalists the state's commitment to a transparent resettlement exercise that would benefit the poor.

However, press headlines last week focused on a document leaked to the media that had the names of 149 people shortlisted for leases on large commercial farms.

Zimbabweans have written to the press criticising the latest leases, saying Harare should have selected small- and medium-scale black farmers with a proven track record for the 149 commercial farms.

Some suggested that if the government did not have the necessary resources to settle black farmers, it should freeze the exercise for now.

Government officials rushed to defend the decision to give ministers, their deputies, senior army generals and highly connected individuals commercial farms acquired from whites for the resettlement of land-hungry peasants.

They said the government had selected people with resources to develop the farms.

But the country's civic groups rejected the explanation, alleging massive favouritism.

The militant War Veterans Association demanded that the decision be reversed, threatening to have its members forcibly resettle themselves on farms.

Dominic Mazango, the association's publicity secretary, said none of the hundreds of war veterans who had applied for land had been selected.

Msika, who is in charge of land acquisition, said government ministers were paid peanuts and as such deserved land handouts as much as anybody else.

George Charamba, President Mugabe's spokesman, who has been given a huge farm in Mashonaland West Province, said in a letter to the press that the farms had been advertised in the media and everyone was free to apply. He did not explain how top civil servants, politicians and other high-profile people had benefited at the expense of poorer applicants.

Kangai said: "Everyone, including ministers, is entitled to land."

> *Applicants with sound agricultural knowledge have been passed over*

The officials did not respond to allegations that applicants with sound agriculture knowledge had been passed over for people with no farming background whatsoever.

Civic groups rejected the government's contention that it had to give the farms to people with money to develop them.

The same argument was used to distribute 79 large-scale farms to senior politicians and civil servants under the initial phase of the tenant scheme in 1994.

Most of these farms were now lying derelict or had been converted into holiday retreats.

After massive protests over the leases at that time, Kangai promised to publish yearly performance appraisals on the farms. These reports never materialised.

Some sources have speculated that beneficiaries of this first batch of farms, whose leases should have expired last year, have had their leases extended to 100 years notwithstanding the lack of production on the farms.

Only Perence Shiri, the commander of Zimbabwe's air force, has produced a good yield on Audrey Farm in Mashonaland Central Province, to which he was given a lease.

Shiri now contributes 3 percent to the country's total sorghum output from the farm which the state originally acquired for the resettlement of 300 families.

Unconfirmed reports say Shiri has also had his lease extended to 100 years.

By contrast, the 700ha farm in Kadoma that was leased to Enos Chikowore, the minister of transport and energy, was recently reported in the media as lying derelict.

Witness Mangwende, the war veterans minister, had to abandon Bath Farm, which the state had bought for the resettlement of 50 families in the Midlands, after his maize crop failed. – Independent Foreign Service

ZIMBABWE (962)

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, 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 5,3%.

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 Z$11bn (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 5% above the treasury bill rate, thereby raising it to 50% 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 ($11m) 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, $45m from the African Development Bank and the balance from donors. This looks optimistic.

Other commitments include:

- Laying off about 15 000 civil servants by the end of the year;
- Abolishing price control on maizemeal provided an "independent" World Bank report funds no "widespread oligopolistic practices" in the industry;
- A pledge that government has "no intention of imposing price controls on any other commodities";
- A promise to increase electricity tariffs 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 rescuing 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 privatisation of the State-owned telecoms industry by next month. Timetables are also promised by November for the privatisation of Air Zimbabwe, The Cold Storage Commission, the National Railways and the Forestry Commission and to sell the remaining (40%) stake in Wankie 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. Z$45 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**

Zimbabwe sells off its fifth parastatal

BD 10/8/99 (362)

Govt stands accused of cronyism in handling privatisation

HARARE — Zimbabwe has privatised its fifth government-owned company, the Rainbow Tourism Group, which company officials say is expected to list on the local exchange in October.

The group joins Dairibord, the Cotton Company of Zimbabwe, the Commercial Bank of Zimbabwe and the Zimbabwe Reinsurance Company, in which the government has offloaded its majority shares as part of a privatisation drive first mooted at the start of economic reforms in the nineties.

Government will retain a 30% stake in Rainbow, while 35% will go to a strategic partner, with the public offered 20%, the National Investment Trust 10% and employees receiving 5%.

Since the hotel group was commercialised in 1992, its portfolio has grown from a mere four hotels to 17 and Tourism Minister Simon Moyo said it was the fastest growing company in Zimbabwe's tourism industry.

He said the privatisation confirmed President Robert Mugabe's commitment to the offloading of state enterprises, subsidies to which are said to be a drain on its meagre financial resources.

The government has been accused in the past of slowing down the privatisation exercise by tying it to a black economic empowerment drive in an effort to benefit its cronies.

"While the privatisation of state-owned enterprises has tended to target loss makers, government in this instance is putting onto the market a profit-making entity in order to allow it to explore its full potential," Moyo said.

"In this privatisation is the boosting of investor confidence in Zimbabwe as a worthwhile investment destination," he said.

At Rainbow's privatisation launch, chairman Ibbo Mandaza said the group would seek strategic alliances for all its five star products to optimise its marketing network and quality control.

The group has already signed joint venture agreements with Ireland Blyth Limited of Mauritius in its lodges and safaris and tourism services operations and has a management contract with Sherwood Hotels and Resorts for the Sheraton Harare Hotel. Zimbabwe's tourism sector, with an average annual growth rate of 15%, has recorded the fastest expansion in the last decade and employs more than 200 000 people.

The industry's export earnings are estimated at above Z$6bn a year. — Reuter.

Agriculture sector grows despite confidence crisis

Michael Hartnack

BD 10/8/99 (362)

HARARE — Commercial agriculture in Zimbabwe grew 5,7% in real terms over the past year despite a crisis of confidence caused by land designations, levies, soaring tariffs and interest rates, price controls and rising rural crime, Commercial Farmers' Union deputy director Jerry Grant told the union's annual congress recently.

Average growth in the national economy was only 1,6%. "Chief among our problems are the actions of an administration that seems out of touch with reality in terms of promoting industry for the betterment of Zimbabweans," he said, noting about-turns on tariffs imposed on farm inputs and on the takeover of 5-million hectares of white-owned land.

Grant and retiring union president Nick Swanepoel welcomed the government's acceptance of a land reform "inception phase" backed by international donors using 48 farms already in state hands.

"I have government's assurance that land will be paid for," said Swanepoel.

A proposed land tax system, to discourage excessive or underutilised holdings, would be "canvassed in the public domain" by the issue of a white paper which would give farmers an opportunity to express their views on its effects. He also criticised the government for following "inconsistent and contradictory" policies that undermined investor confidence. Reforms adopted since 1991 with International Monetary Fund backing had been reversed and agreements revoked.

Grant said lobbying against such policy changes had taken increasing amounts of the organisation's time. He also reported that 5% of last year's maize crop, worth Z$160m, was stolen in the fields, but that major stock theft rings had been broken.

Numbers of union members who had farmed successfully for many years were going bankrupt in the face of interest rates of more than 50%, while the chances for successful new entrants to commercial farming were "slim".

"Artificial pegging of the prices of goods and services below their true cost for political reasons ... compounds the very problem which caused the price escalation."

In the first admission of its kind from any member of cabinet since last year's economic crisis, Agriculture Minister Kumbirai Kangai said the Zimbabwe dollar had crashed from 12 to 40 against the US dollar because the government and commercial farmers had "failed to agree" on the plans to redistribute land to black Zimbabweans.

Zimalloys results surprise

Martin Rushmere

BT 10/8/99

HARARE — Anglo American's ferrochrome subsidiary in Zimbabwe, Zimbabwe Alloys has reported results that were better than expected for the six months to end-June, amid consternation about a report of plans to delist it from the stock exchange.

Net profit rose 390% in the previous period to Z$102m.

A one-off sale of houses to employees brought in Z$15m of this, while the slag dump retreatment operation contributed another $15m. Turnover rose 79% to Z$978m.

A report by Masasa Stockbrokers hints that the plan to delist is the forerunner of a merger with Samancor in SA, in which Billiton has a substantial stake.

Analysts in Harare say the obstacle to delisting is a blocking of 30% shareholding by industrial and building group Radar (14.5%), which has formed an alliance with an offshore investment company JB Africa Investments (16.6%).

"The articles of association say Anglo needs 75% of the shareholding," says a broker. "It in fact directly owns only 58% of Zimbabwe Alloys. Any hope of reaching 75% support is a nonstarter.

"Before the blocking shareholding was formed, it would have been fairly easy to make a rights issue and offer to buy out the minorities."

The company's half-yearly results surprised the market, which was expecting a largely unchanged performance because world prices have been suffering from large shipments from former Soviet Union countries.

"We have somehow been caught with our pants down," says the head of research of a Harare brokerage house.

"Inflation has also meant that costs have risen substantially. The currency has remained static for the past three months and so the company was able to benefit from the weak currency only in the first quarter."

Zimbabwe Alloys says the second half will depend on the extent to which electricity costs rise and the effect of Russian sales.

BD 10/8/99

Harare soaks tourists at Victoria Falls

BD 2/9/99 (362)

Visitor fees are up at attractions across Zimbabwe as government seeks to raise money, writes Michael Hartnack

HARARE — Zimbabwe's national parks department has big plans to raise more revenue from tourism, but there are fears that the country is killing a gosling that has not had time to lay a golden egg.

The department, which lost Zimbabwe's 1984-1991 "rhino war" against poachers in the Zambezi Valley for want of cash, has introduced a battery of new charges where none existed before — including Z$600 a day for sailing a dinghy on state-controlled rivers or dams.

In addition, the recent announcement by the Victoria Falls council that it would permit the erection of billboards in the resort town came just as the department hiked its entry fees for falls viewpoints from $5 to $20 (more than Z$770).

Many other fees countrywide are rising more than 300%, with the new earnings from tourism forecast to reach Z$1bn. Some yachtsmen complain that a new Z$50 000 fee for a regatta on national parks waters will destroy sailing as a sport.

Zimbabwe Tourism Council chairman Elias Nyakunu says the council's representations were not considered when the increases were implemented. Photographic safari operator Ian Jarvis maintains the price hikes are "just an effective way of telling any prospective tourist that Zimbabwe is a no-go area".

Tour operators have protested against the introduction of the rates mid-season, when pre-booked foreign tourists have already paid for all-inclusive trips.

One operator says he will now take visitors to the Zambian side of Victoria Falls, where entry is only $3,50, for views that are less shrouded by spray although further from the main mass of falling water.

Zambia has recently fenced and restored paved paths on its side of the 1,5km long chasm, but Knife Edge, its sole piece of rainforest, is heavily choked with exotics such as lantana camara due to lack of maintenance. Yet the fences now exclude the sinister figures who used to shadow tourists around the Eastern Cataract and snatch valuables.

Meanwhile, muggings are increasing on the Zimbabwean side, where the town and its high-density suburb, Chinotimba, are beginning to suffer all the symptoms of urban sprawl. Two visitors were recently robbed of Z$120 000.

Victoria Falls remains Zimbabwe's and Zambia's principal tourist attraction, drawing more than 1-million visitors a year.

According to Zimbabwean records, adjusted to remove day-tripping shoppers from Zambia (who are included in official returns), 91 651 visitors last year arrived by air and 732 227 by road, the bulk of the latter being South Africans. Many were low-budget backpackers.

On August 6 the former Makasa Sun hotel was reopened by President Robert Mugabe near Victoria Falls to cater for the "middle market" after a Z$1bn facelift and expansion.

The 98-room Makasa Sun employed 140 staff while its replacement, the new 300-room "Kingdom", employs 500. Downstream employment for more than 1 000 is a godsend in a land with more than 2-million jobless.

A Wilbur Smith-Sol Kerzner fantasy of a new lost city, "The Kingdom" has the character of a mock Zimbabwe ruins. Giant weld-art warriors and plaster figures of tribal dancers greet arrivals, just ahead of the first rank of one-armed bandit machines.

The style clashes painfully with the Edwardian grace of the neighbouring Victoria Falls Hotel, opened in 1905. Rooms at The Kingdom are Z$2 000 a night for locals, R552 for South Africans and $228 for overseas visitors.

The 1970 vintage Azambezi River Lodge, owned by the parastatal Rainbow group, charges Zimbabweans Z$4 280 a night, South Africans $107 and overseas visitors $190. The discriminatory rates are much resented by visitors, but Zimbabwe's policy is to encourage local and regional tourism.

"Go and have a look around the low-density suburbs of Vic Falls and see the number of tents in people's gardens," complained an executive from a major hotel company. "It is killing our industry. We are putting in all the infrastructure and these backyard operators are taking in backpackers and having them pay their money into bank accounts abroad. It's all lost revenue for Zimbabwe."

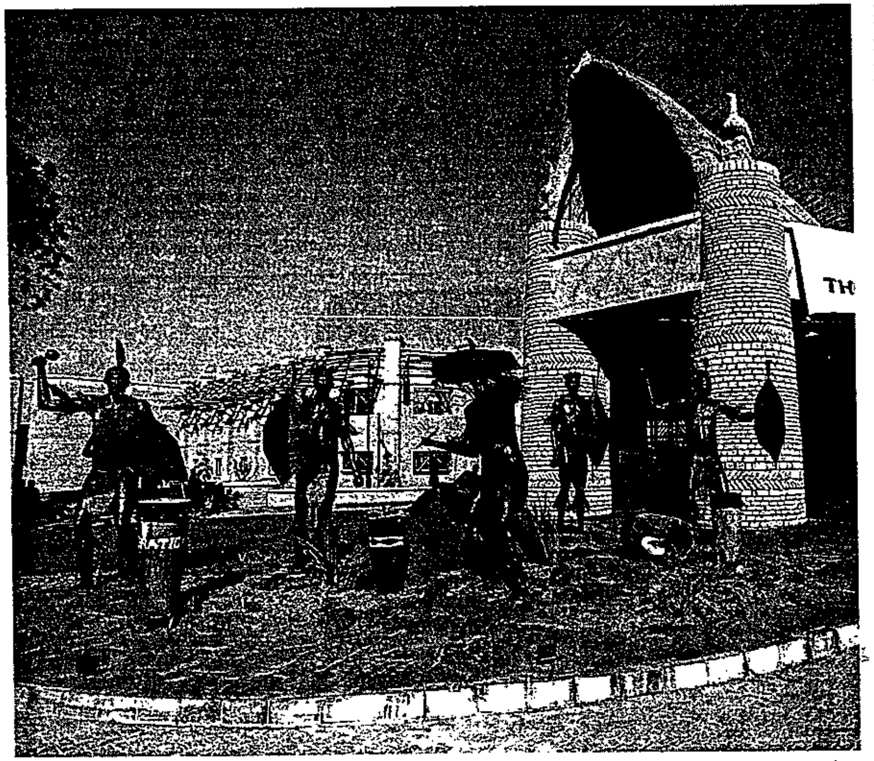
SA entrepreneurs are moving back into Livingstone, the old capital of Northern Rhodesia that fell into neglect after Zambia's 1964 independence. Major new tourist projects are under construction, increasing rivalry with Zimbabwe and adding pressure to the environment on both banks of the Zambezi.

There is already controversy over plans to build the giant Batoka gorge hydroelectric project downstream from Victoria Falls. It would drown the world famous white-water rafting course and endanger nests of the rare Taita falcon.

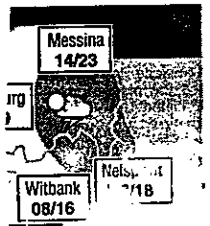
But by providing a new focus for hotel sites and water sports along its 64km length, it would take pressure off the falls themselves and the vanishing riverine forest upstream. A new commercial road and rail crossing point, on the dam wall, would scotch plans for a toll bridge 6km above of the falls.

The dam might effectively "resite" Livingstone's and Victoria Falls' development in new towns downstream, a longstanding dream of environmentalists. The only spot from which anyone may now see the world's largest body of falling water without paying a fee is on the 90-year-old Victoria Falls bridge itself.

The tourist attractions of Zambia and Zimbabwe are never going back to being remote wilderness. More than 20-million people in the two countries want natural wonders to contribute to ending grinding poverty. But the twin evils of pollution in many forms and overpricing could erode the value of these assets.



Three-metre high weld-art warriors greet holiday-makers at the Zimbabwe Ruins-style hotel, The Kingdom, at the Victoria Falls.



US telecoms chief: who v answer empowerment ca

Comments reflect concerns of US firms, writes Simon Bai

WASHINGTON — The lack of a experience with affirmative action trants in the market

Zimbabwe's govt abandons appeal in farm case

BD 7/9/99 (362)

Michael Hartnack

HARARE — The government yesterday abandoned an appeal to the Supreme Court against an Administrative Court ruling that it cannot change its mind on farm takeovers without the consent of the outgoing owner.

In May Administrative Court Judge William Cutler chided the authorities for "a spurious attempt to avoid the consequences of acquisition" when they learned they would have to pay three times what they had planned for a farm near Centenary, 140km north of Harare.

Farm owner Alfred Jackson refused to accept return of the farm when state valuers said Z$5m offered by Lands and Agriculture Minister Kumbirai Kangai should be Z$18,2m.

Yesterday's out-of-court settlement, only minutes before the Supreme Court was due to hear the case argued, means that Jackson should receive the full Z$18,2m plus costs and interest within a week.

Cutler had warned that once it was publicly known farms were designated for takeover, farmers faced possible invasion by squatters and disruption of their cropping programmes.

"The minister made a considered act in full knowledge of the consequences of acquisition," said Cutler. "From a moral standpoint it would do little good to the populace as a whole as well as the landowners if it was felt that (government) could acquire land and then change its mind and give it back."

Most of the 1 400 farms whose immediate acquisition was gazetted in 1997 remain in the hands of their owners, who lodged objections. The action contributed to a crash in the value of the Zimbabwe dollar.

President Robert Mugabe has now accepted a modest two-year "inception phase" for land reform, backed by international donors and using farms acquired on a "willing buyer, willing seller" basis.

Farming sources say anxiety remains about prompt payment for farms sold to government.

(362)

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 that," 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."

The board would consider a \$140m loan for Zimbabwe. Other donors, including the African Development Bank and the European Union are also expected to take part.

BD 8/9/99

"The aim is to help bring the interest debt of the 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 \$1,58bn at the end of July while foreign debt was \$2,4bn, 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 behave in a way that would allow us to repay the debt," said Robertson, adding that the whole deal needed about \$1bn.

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 \$1,3bn 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. — Reuter.

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. — Reuter.

BD 9/9/99 (362)

New policy may curb backlog

(362)

Zimbabwe gets to grips with housing

CT (BR) 9/9/99

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 a 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 the 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

(362) Sowetan 9/9/99

CEMETERIES in Zimbabwe no longer have enough space to cope with the Aids pandemic, now killing at least 1 200 people a week amid chronic poverty and economic misery in the country.

The death toll in Zimbabwe last year was at least three times higher than it would have been without Aids.

A quarter of the adult population has HIV-Aids, according to the Joint United Nations Programme on HIV-Aids (UNAids).

By 2010 the death rate is expected to be more than four times as high, the Harare-based non-governmental organisation, Southern Africa Aids Information Dissemination Services (Safaids) said.

Zimbabwe was ranked the worst affected country in the world last year, with UNAids estimating that 1,5 million people or some 25 percent of adults were infected with HIV.

Current infection rates range from 4,2 percent in a rural antenatal clinic to 34 percent in the capital's oldest high-density suburb, Mbare.

However, surveillance data compiled in July under a UN-funded project on "Gender and Aids in Zimbabwe", showed that HIV infection rates among antenatal women varied from seven percent to 50,8 percent.

The country launched voluntary HIV-Aids testing and counselling centres last month with much pomp and publicity. The pandemic has emerged as the greatest threat to economic and social wellbeing of Zimbabwe.

The shortage of burial ground has led to a public campaign to promote cremation – which is taboo in traditional cultural beliefs – to save space as Aids claims hundreds of lives daily.

Many potential years of life will be lost. Life expectancy, which peaked at 61 in 1990, has fallen to 49. Life expectancy in Zimbabwe would now be around 69,5 without HIV-Aids, according to Safaids.

With over a quarter of the 5,5 million adult Zimbabweans HIV-infected and dying of Aids, hundreds of thousands of children are pushed to the brink of orphanhood.

A Zimbabwean family suffering from Aids: the father suffers from Aids, the daughter and granddaugther are HIV positive. PHOTO: PICTURENET

While in 1996, there were an estimated 2,1 orphans per commercial farm in Zimbabwe, these figures have climbed to around 10, according to UNAids. The Zimbabwe government estimates that there will be over 900 000 children under 15 without parents by next year.

The onslaught of Aids has dented economic growth through increased medical costs, reduced household and national incomes resulting from the illnesses and deaths of workers.

Rene Loewenson and Alan Whiteside, who have studied the impact of Aids in southern Africa, estimate that training costs to replace the skilled workers who die of Aids in Zimbabwe will be R30 million by 2000.

Financial resources are being diverted from saving and investment to care for the sick. Four-fifths of the scarce hospital beds are occupied by Aids patients and the country has seen a proliferation of private nursing homes in recent years.

Even so, state hospitals and major private clinics cannot cope and prematurely discharge Aids patients.

Aids on the farms is threatening the country's food security, said a specialist Aids consultant for the Commercial Farmers Union, Kerry Kay. It has reduced the country's production of staple food crops by as much as 60 percent.

Aids is also a spectre in Zimbabwe's 42 jails, where some 16 000 prisoners have no access to condoms. Authorities have refused to issue condoms to prisoners for fear of condoning sodomy, a criminal act in Zimbabwe.

Aids is expected to kill 80 000 Zimbabweans this year alone, bringing the cumulative toll to 590 000 since the start of the epidemic in the country some 14 years ago. – *Sapa-AFP*

In challenge to Mugabe, thousands launch party

BD 13/9/99 (362)

Interim leadership includes unionists, lawyers and human rights activists

HARARE — President Robert Mugabe's government was shaken on Saturday as about 20 000 Zimbabweans turned out to launch a political party designed to end his 19 years in power.

The crowd sang, danced and burned copies of state newspapers at a football stadium in the capital Harare as leaders of the new Movement for Democratic Change denounced Mugabe's government as corrupt.

The party, backed by the powerful Zimbabwe Congress of Trade Unions (ZCTU), announced a social-democratic manifesto, with leaders repeatedly attacking Mugabe and his government for "crimes against humanity".

The crowd roared for blood and drew their fingers across their throats as a group of youths carried a cockerel — the symbol of Mugabe's ruling Zimbabwe African National Union-Patriotic Front (Zanu-PF) party — around the stadium.

The theme hammered home by speaker after speaker at the launch was that Zimbabweans were worse off now than they were when Mugabe came to power on a wave of popular support after a bloody war against white-minority rule.

"When Zimbabweans are poorer today than they were in 1980, is that not a crime against humanity?" asked interim chairman Gibson Sibanda, to roars of approval from the crowd.

He pointed out that inflation and unemployment were both running at well more than 50% and attacked Mugabe for recently awarding himself and his cabinet pay increases of 180%.

Sibanda — who is also chairman of the ZCTU, which proved its muscle during a series of crippling national strikes last year — said schools, hospitals and businesses had collapsed as poverty grew and the ruling elite enriched themselves.

Amid chants of "Change" and "Arrest the thieves", he called for an end to "fear and apathy" so that the new party could take power in parliamentary elections due next year.

Describing Mugabe and his government as "looters and kleptocrats", speakers also attacked his costly intervention in the war in Democratic Republic of Congo to prop up its government.

The Congo adventure, in which Mugabe committed thousands of troops to defend President Laurent Kabila against a rebellion, has been deeply unpopular with Zimbabweans.

"How can a person leave their own house burning and go and put out a fire elsewhere?" asked Sibanda.

Apart from trade unionists, the interim party leadership includes lawyers, intellectuals and human rights activists.

The secretary-general is the popular Morgan Tsvangirai, who holds the same position in the ZCTU.

The party leadership will be confirmed at a congress to be held before the end of the year.

While parliamentary elections are scheduled to be held in the first half of next year, presidential polls are not due until 2002.

Mugabe's ruling Zanu-PF currently holds all but three seats in the country's 150-seat parliament.

There are 14 registered political parties in Zimbabwe, but many exist in name only and none has so far been able to mount an effective challenge to Mugabe. —Sapa-AFP.

World Bank plan seen to offer Zimbabwe little hope

Martin Rushmere

HARARE — A \$140m World Bank plan to swap Zimbabwe's domestic debt for foreign debt is being seen as doing little to solve the country's large domestic debt problem.

It is also being suggested that this is the first step in a World Bank plan to grant a debt write-off.

Total domestic debt is Z\$65bn, on which Z\$8,4bn interest payments in the first six months of the year were higher than the Z\$7,4bn set aside for the full year.

While foreign debt of Z\$136bn is close to 100% of gross domestic product, interest charges could be as low as 1,5%, if International Development Association terms are granted — a concession allowed only to the poorest countries.

The World Bank's board of directors is due to meet on September 16 to consider the debt swap proposal.

A downbeat assessment of the effects of the World Bank's plan came from Tony Hawkins, head of the business studies department at the University of Zimbabwe.

He says the plan is equivalent to only one month's increase in the supply of treasury bills, which are one of the main causes of the alarming surge in inflation.

A month later, "we will be back to the same level of treasury bills, but will have taken on more external debt, although repayments are being spread over a very long time", he said.

Hawkins said the bank's plan comes when there is very little likelihood that conditions are not going to be fulfilled for an International Monetary Fund (IMF) \$193m loan. "The World Bank must be aware of this and the loan is being made against that background. The cynical would say that by swapping foreign for domestic debt, the bank is just creating another condition."

An economist in Harare with an international investment fund had even stronger words. Speaking on condition that he not be named he said: "This is no more than the first step in a partial debt write-off. We have no hope of reaching the IMF targets — which the World Bank knows — of a reduction in the budget deficit to 5,3%, inflation down to 30% and contraction of money supply growth to 10%.

"At the same time, the currency cannot be held at its existing level for much longer, so there will have to be even bigger borrowings by the government to pay off the loan. The economy is in such poor shape that it does not have the power to pay off loans like this.

"It all adds up to a subtle and secret plan to write off the debt and possibly another facility will be forthcoming for the same reason."

Zimbabwe has been excluded from the African countries considered for debt forgiveness and the bank therefore cannot offer an open debt write-off, he said.

(362) BD 13/9/99

BD 14/9/99

Inflation hits 70% in Zimbabwe

(362)

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 Z$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.

New railway succeeds where Kruger and Rhodes failed

BD 15/9/99 (362)

Cargo is moving in record time, writes **Michael Hartnack**

HARARE — The new 150km West Nicholson-Beitbridge rail link has reduced the time for a Durban-Bulawayo cargo from 25 to four days and enabled a Beitbridge-Victoria Falls cargo to be moved in a record 18 hours.

Zion Elani, director of the Bulawayo-Beitbridge Railway Company, says the previous best time for moving cargo between Zambia and SA was a week.

Transport industry sources say the company now clearly has its sights on acquiring the Bulawayo-Victoria Falls line when the National Railways of Zimbabwe (NRZ) privatises its operations. The only threats to viability lie in the unexpectedly slow place of reviving the Zambian economy and privatising the copper industry — and the war in the mineral-rich Democratic Republic of Congo.

Zimbabwean President Robert Mugabe hailed the $85m investment, which included construction of new permanent way and rehabilitation of existing track on the 320km line, as a model for future build-operate-transfer development which might include toll roads, bridges and urban infrastructure. The line will revert to NRZ ownership in 30 years.

However, the private sector here has not forgotten the Lonrho company's ill-fated build-operate-transfer Beira-Feruka (Mutare) pipeline, which was virtual scrap metal when it reverted to Mozambican government ownership after a lifetime of underusage due to political factors and regional insecurity.

Completion of the Bulawayo-Beitbridge through line has already spelled bad news for Botswana Railways, which reportedly faces 40-million pula losses as a result of diverted traffic from the century-old Mafikeng-Plumtree line.

Zimbabwe denies Botswanan allegations of placing an embargo on Mafikeng-Plumtree routed traffic, but says shippers are naturally choosing the shorter and cheaper route, especially since the Bulawayo-Beitbridge Railway has concluded an operating agreement with Spoornet.

The first train over the line after the formal opening consisted of three Spoornet locomotives pulling 36 Spoornet tanker wagons of petrol.

In three months of operations the line has already carried 200 000 tons of cargo, says Elani.

NRZ owns 15% equity with the remaining 85% divided between a consortium including the New Limpopo Bridge Company, Nedcor Investment Bank, Sanlam, Gencor and Old Mutual Securities.

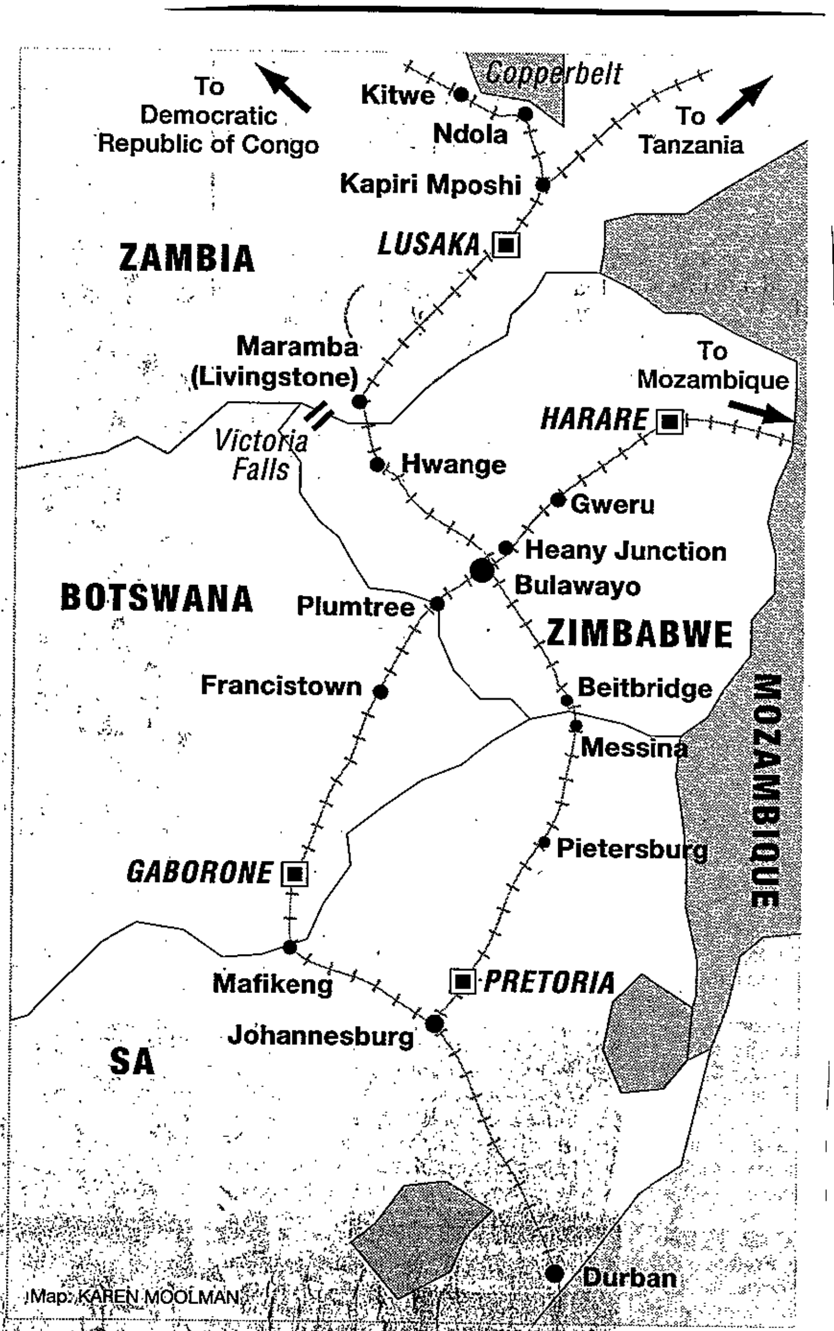
The New Limpopo Bridge Company, which operates the toll bridge monopoly at Beitbridge, holds 40% in the financing consortium while Rand Merchant Bank provided a $20m loan but has no ownership stake.

Elani says late vice-president Joshua Nkomo's Development Trust of Zimbabwe facilitated establishment of the new Limpopo bridge, but he denies media reports that the development trust, or Zimbabwean political figures, own equity in the bridge company or the railway.

Mugabe says the rail link has already created more than 2 000 jobs in the chronically depressed and drought-prone Matabeleland region and that it promises to create a corridor of development in the towns of Gwanda, Esigodini and West Nicholson.

Completion of the line — the first major rail building project here for 30 years — removes a century-old transport anomaly caused by tension between Paul Kruger's Transvaal Republic and the territories Cecil Rhodes's British SA Company was developing in central Africa. With the second Anglo-Boer war imminent, Rhodes's group skirted the Transvaal when building a Kimberley-Bulawayo line intended to be part of a Cape-Cairo line.

A spur linking Rutenga on the Gweru-Lourenco Marques (Maputo) line with Beitbridge was installed in the early 1970s as Rhodesia battled international sanctions and newly independent Botswana joined the Front Line States organisation.



Map: KAREN MOOLMAN

Zimbabwe loses $22m in aid over lack of transparency

BD 16/9/99 (362)

Michael Hartnack

HARARE — Italy has cancelled a $22m commodity aid programme to Zimbabwe after the government ignored "every suggestion and warning" over lack of transparency in the awarding of tenders, a spokesman for the Italian embassy confirmed yesterday.

"Funds generated by the sale of Italian goods and services would have been used to support the national budget by funding programmes of socioeconomic priority with specific reference to particularly vulnerable sectors," a statement said.

An estimated Z$847m local currency from the commodity imports were earmarked for electrification of 250 rural schools and 250 rural clinics but irregularities in the awarding of tenders to and unspecified company or companies froze the September 1996 agreement.

Under rules issued to the government tender board by the cabinet, preference has to be given to approved "indigenous" contractors over ones owned by whites, coloureds, Asians or expatriates.

However, sources in the capital suggested there may have been problems with an Italian contractor who was to carry out the commodity imports.

"A careful review of all the procedures followed for awarding the tender was undertaken … and brought to light several serious mistakes with regard to guarantees and transparency," the embassy said, without saying who had received the tenders.

"Since April, a solution was repeatedly suggested with the aim of legally mending the mistakes and in doing so save the programme.

"Unfortunately, every suggestion and warning has been ignored and therefore, in observance of its political and legal responsibilities concerning possible waste of public funds, the Italian government has been forced to suspend the Italian Commodity Aid," it said.

The embassy said legal action had been started in Italy over the planned role for an Italian contractor. It regretted "a very important part of co-operation with Zimbabwe had been wasted".

Italy has also been embroiled in wrangles with government here over building of the giant Tokwe-Mukorsi dam in the lowveld, scheduled to treble sugar output. After delays, Zimbabwe approached Iran to take over sponsorship of the project, the Zimbabwe Broadcasting Corporation reported.

Govt halts direct borrowing from central bank

Martin Rushmere

HARARE — Zimbabwe is showing proof it is trying to fulfil some of the conditions for a $193m International Monetary Fund (IMF) loan by eliminating direct government borrowing from the Reserve Bank.

Latest bank figures show that borrowing of Z$2,4bn was wiped out at the end of August. This is part of the government's promise to the IMF to undertake a tighter monetary stance to reduce inflation, now at 68,8%.

However, this positive measure has been made somewhat hollow by an even greater increase in treasury bills, which has meant that government domestic debt has risen to Z$65bn.

Economists say while the elimination of direct borrowing is a welcome sign of commitment by the government, this is a very small part of the overall picture. They say it is far more important to reduce money supply significantly.

In theory this is meant to come down to an annualised average of 10% by the end of the year, but there is very little hope of anything like that being achieved.

Italy cuts aid to Zimbabwe

(362)

HARARE: The Italian government has cancelled an aid project to Zimbabwe worth $22 million, citing irregularities in awarding tenders for the programme.

The aid, for rural electrification, was being channelled under a 1996 protocol. Zimbabwe was to have used the money to import Italian goods and related services.

The Italian embassy said yesterday that the Zimbabwean government had ignored suggested corrections after a review of tender procedures revealed errors regarding guarantees and transparency.

"Therefore, in observance of its political and legal responsibilities concerning the waste of public funds, the government of Italy has been forced to suspend the Italian commodity aid," it said.

"The Italian government deeply regrets that an important part of the bilateral co-operation with Zimbabwe has been wasted."

President Robert Mugabe's government has come under fire in the past for interfering with the tender board. — Reuter

CT 16/9/99

REST OF AFRICA

Bodies call for lighter sentences

Human rights groups remind govt it is a signatory to agreements which uphold the right to life

Claire Pickard-Cambridge and Charles Mubambe

ZAMBIAN human rights bodies are calling on their government to commute the death sentences of 59 soldiers involved in a failed military coup in 1997, saying the ruling conflicts with the constitution and democratic values.

This follows their sentencing in the Lusaka High Court on Friday. The coup leaders cited the "deteriorating political climate" and poor economic conditions as a motive for the coup.

Human rights bodies, including the Permanent Human Rights Commission, the Inter-African Network for Human Rights and Development, and the Zambia Independent Monitoring Team, have condemned the unusual use of the death penalty.

The arrest of several opposition leaders — including former president Kenneth Kaunda and Zambia Democratic Congress leader Dean Mun'gomba — fuelled perceptions that the trial was political.

Alfred Zulu of the Zambia Independent Monitoring Team says the constitution guarantees the right to life, so "imposing the death sentence conflicts with the bill of rights".

Government is also a signatory to agreements which uphold the right to life, "so it is incumbent on government to prevent the sentence going ahead.... The sentence is ... inconsistent with the behaviour of a democratic society," the bodies say.

BD 21/9/99 (362)

Consulting for change

Zimbabweans are being widely canvassed about an alternative to the hastily drafted Lancaster House constitution in 1979, writes **Sharon Chetty** (362)

Sowetan 22/9/99

AMID 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 week – Chidyausiku explains: "When we go on outreach visits some of the issues raised have nothing to do with the constitution, but more with economics."

Judge Godfrey Chidyausika

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.

Asked if there were likely to 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 government people would like and symbols such as the national flag and anthem, people are also being asked the "difficult" questions: "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

(362)

Mercedes Sayagues *sees the launch of a new opposition party, the strongest challenge to the ruling party to emerge in Zimbabwe*

MG 17-22/9/99

"Change!" was the buzzword last Saturday at the launch of the Movement for Democratic Change (MDC), Zimbabwe's new opposition party.

It is backed by the Zimbabwe Congress of Trade Unions (ZCTU), the National Constitutional Assembly, churches, NGOs, women's and human rights activists.

An impressive array of leaders of Zimbabwe's increasingly outspoken civil society gathered to address the crowd at the Rufaro stadium in Harare.

"*Chinja-maitiro* [Go for change]!," greeted the speakers. "Change now!" echoed the stands, filled with some 15 000 people.

On Friday evening, security guards posted by the MDC at the stadium witnessed an arson attack on the power transformer by a group of young people who poured petrol on it and set it alight.

The launch was delayed by a couple of hours until a portable generator was found. Some people in the crowd burnt copies of *The Herald* newspaper while they were waiting, saying it published misinformation about the MDC.

State-owned newspapers have been running anti-MDC stories, saying it is fund-raising among "Rhodesians" based in South Africa, that the ZCTU did not consult its membership about the new party and that it is a puppet of foreign powers.

On Monday, *The Herald* reported that Zanu-PF called for the deportation of a Danish trade union official posted to the ZCTU by a Danish aid agency, as proof of the involvement of foreign agents in Zimbabwean politics.

Top trade unionists Morgan Tvsangirai and Gibson Sibanda dismissed the stories as "nonsense".

Passport to democracy: Top trade unionists Morgan Tvsangirai and Gibson Sibanda at the lauch of the Movement for Democratic Change. Sibanda is brandishing the first MDC party card. PHOTO: MERCEDES SAYAGUES

"The government is frightened," said Sibanda.

Sibanda is chair of the MDC, with Tsvangirai as secretary general, until its congress in December. It is expected that eventually both will resign from the ZCTU, where Sibanda is president and Tsvangirai secretary general.

The MDC is the biggest challenge to Zanu-PF to emerge in Zimbabwe. With a wide, disciplined trade union following, backed by well-known activists and led by popular figures like Tvsangirai and Sibanda, it could ride the wave of deep dissatisfaction in the country.

While the crowds were cheering at the stadium, about 300 striking workers from the catering sector swarmed over shopping centres in Harare, forcing their non-striking colleagues to close takeaways and cafés.

The strikers are demanding an increase of 70% to offset inflation, now running at more than 50% a month. "We are suffering and the MDC is our only hope for change," said a young striker who requested anonymity.

Zimbabwean disillusionment with politics was evident in the recent municipal elections where less than 5% of eligible voters cast their ballots in some wards.

"We are fed up, sick and tired. We have no money for school fees or medicines. Harare hospital was without power and water yesterday. Patients have to bring in their own drips, or they die.

"Change the government now!" demanded Patricia Chisa-kuwara, an unemployed mother of five who had come to the MDC launch.

She was expressing the feeling of many Zimbabweans. In the words of one speaker: "We have come to grab our destiny from the looters and kleptocrats of Zanu (PF). But let's not underestimate the struggle ahead."

Zimbabwe constitution officials fight over payouts

(362)

INDEPENDENT FOREIGN SERVICE

ARG 22/9/99

Harare – Four hundred members of the historic Constitutional Commission appointed by President Robert Mugabe to write a new democratic constitution for Zimbabwe, are fighting among themselves over payouts, with some alleging massive corruption in the disbursement of allowances.

A separate group of commissioners led by former MP and mayor of Masvingo, Thomas Zawaira, has now demanded that Mr Mugabe sets up a separate commission of inquiry to investigate "lack of transparency in the constitutional commission" and corruption in the payouts.

Mr Zawaira and others alleged that some commissioners each received a weekly allowance of R3 093 while others each received R813 a week.

The commission has drawn a R100-million budget to complete its job of drafting a new constitution for submission to Mr Mugabe by November 30.

The commission was boycotted by several civic bodies which accused Mr Mugabe of handpicking commission members. All 150 ruling party MPs are part of the commission.

EU begins a series of state meetings to explain conditions for the grant

Aid is en route to Zimbabwe

CT(BR) 22/9/99 (362)

FROM SAPA-AFP

Harare – The European Commission had begun preparing an economic reform package for Zimbabwe after a standby arrangement recently agreed with the International Monetary Fund, the head of a European Union delegation said this week.

Asger Pilegaard said the first of a series of meetings with government officials had been held last Friday when he met Herbert Murerwa, the Zimbabwean finance minister, to explain the conditions for the grant. These included drastic cuts in domestic debt and the interest on it, reduction in the defence budget and acceleration of the privatisation programme.

Pilegaard said: "We hope to see a serious reduction of the domestic debt and hence of the interest."

The savings on interest would be channelled to social sectors.

"We feel it is unfair to the country that so much money is being spent on paying domestic debt at the expense of social sectors, particularly at this difficult time," Pilegaard said.

He said the privatisation of loss-making parastatals should be accelerated to cut down on the enormous amount of funds poured into state-owned companies. Last year this ran into several billion dollars.

The commission is targeting next year for the release of the funds.

Asked whether the target date was not too ambitious considering the poor state of the Zimbabwean economy, Pilegaard said: "That ambition is matched by government's commitment.

"There is firm decision on government to carry this through. I have confidence the government will do all necessary to ensure the project is not jeopardised."

But he said: "If targets are not met to an extent which will jeopardise the programme, then we will have to review the whole project."

Pilegaard also announced an immediate grant of €5 million (R32,6 million) towards Zimbabwe's land reform programme.

Inflation erodes National Foods profit

Martin Rushmere (362)

HARARE — Despite ructions over price controls and a week-long shut down by maize and flour millers in Zimbabwe, Anglo American's milling subsidiary National Foods racked up a 164% increase in net profit in the six months to end-June compared with the same period last year.

The Z$111m (about R18m) profit for National Foods comes from an 82% increase in turnover to Z$2,5bn.

Fears of a national food crisis were sparked when the country's three biggest commercial millers closed in July because they said government had refused to grant a 60% price increase and as a result they were producing at a loss.

The government agreed to a 40% increase and has said it would stop setting maize prices. This was one of the conditions for a $193m loan from the International Monetary Fund.

National Foods says its results are not as good as they seem. In a departure from the accepted method of financial reporting in Zimbabwe, it compares the first half performance with the second six months to the end of December last year, because of "the ever increasing rate of inflation, which in the food industry has now reached 72%. Under these circumstances it is necessary to exercise caution when comparing the results with previous periods."

On that basis the profits show a drop of 31%, although turnover rose 23%. No interim dividend will be paid as a result.

A cautious view is taken by the company for the rest of the year. "Although industry discussions with the authorities in regard to price controls continue," it said, these are still in place and have a negative effect on the group's maize, flour and edible oil divisions.

The group is cautiously optimistic that government will review its policy on price control, as the withdrawal of these restrictions is essential for the industry to maintain the supply of basic foods to the nation.

"The results for the balance of the year depend materially on developments in the price control issue, inflation, interest and currency exchange rates."

Net profit last year was Z$204m, earned from a turnover of Z$3,4bn.

BD 22/9/99

BD 23/9/99 (362)

Constitutional catharsis for Zimbabwe

Citizens begin to voice hopes and complaints at commission hearings, writes Jethro Goko

AFTER a slow start to the process, Zimbabweans are beginning to respond enthusiastically to hearings that will lead to the writing of a new constitution.

The apathy — and sometimes total hostility — that characterised the initial response to the process is giving way to the realisation that the future of the country lies in their own hands. Citizens can either ignore the process now and cry later, or participate actively in shaping their future.

In a country that has sometimes been viewed as intolerant of divergent views — and with the economy in possibly its worst slump yet — the process has also had a cathartic effect: ordinary citizens have been able to comment frankly and bluntly on the quality of governance.

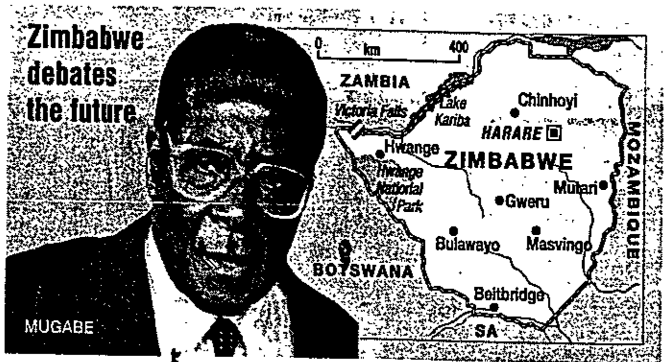
As one of the commissioners facilitating the process has said, Zimbabweans are sitting up and looking at themselves, "warts and all".

Last weekend, Zimbabwe's constitutional commission held consultative meetings in Johannesburg and Zimbabweans resident in SA responded overwhelmingly to the process.

About 300 people — mostly professionals and including white Zimbabweans — gathered at a hotel in Sandton to make inputs to the commission's work.

Although the hearing was described as a waste of money by opponents of the commission who met in Harare, discussions at the meeting were robust. Refreshingly, no subject was taboo — although some of the views, grievances hopes and aspirations that were expressed fell well outside the scope of the commission.

If the ultimate product, planned to be in place before general elections scheduled for next year, manages to capture just half of the aspirations verbalised in Johannesburg, then Zimbabwe is truly on its way to shedding the outside world's often harsh view of the country.



Picture: NICKY DE BLOIS Graphic: KAREN MOOLMAN

One of the commissioners, Wits professor Jonathan Moyo, describes the writing of a new constitution for the country as part of the "African renaissance". Zimbabwe, he says, is actively working to become a better country for its citizens in line with similar tendencies in most African countries at the moment.

However, the setting up of the constitutional commission has not been without problems. Government critics and opposition parties say the timing is inopportune, that it has not been given enough time to come up with a new and "truly democratic" constitution, and that President Robert Mugabe's government cannot be trusted to lead this process.

Critics say that the current "Lancaster" constitution — hammered out between Ian Smith and the liberation movements in the UK in 1979 — has been amended no less than 15 times. This, they argue, is a compelling reason not to trust the ruling Zanu (PF) on the issue. The ruling party could change a new constitution in future when it wants to, they say.

They are also pushing for the elections to be held first with the constitutional process to follow.

The head of the commission, High Court Judge President Godfrey Chidyausiku, says his commission will not get involved in the politics of the process.

"We are getting the views of the public on the kind of constitution that Zimbabweans want in a manner that is as politically and scientifically credible as possible.

"How the commission gathers information and the final product we will produce will ultimately determine whether the public and the international community will have confidence in the commission's process and its results. This is the most crucial challenge."

Moyo says the timing of the commission — when the economy is in a downturn — is opportune because it is when people are experiencing hardships that they come forward to express their grievances.

Furthermore, he says, if the new constitution can work "during a storm" then it should work when it is "nice and sunny".

As for the six months that the commission was given to start and complete its work, Moyo says it should be kept in mind that most of the issues that Zimbabweans would like to incorporate in the new constitution have "developed over time and not all of a sudden. It is not as if people do not know the strengths and weaknesses of the Lancaster House constitution. There is a lot of familiar territory. You may find that a national consensus has been steadily developing over the years."

Despite these assurances, the National Constitutional Assembly — a coalition of civic organisations and some opposition parties — says it will organise its own conference soon to lobby for "minimum constitutional changes", mainly on the electoral law, before next year's general election.

University of Zimbabwe law lecturer Ben Hlatshwayo, who is one of the 400 or so commissioners, describes these moves as "small-mindedness" by the assembly.

"They seem to have forgotten that it was them a few months ago who screamed shrillest against piecemeal amendments.

"When the process has been put in place, the assembly shifts the goalposts by threatening to disrupt the work of the commission and talking about setting up a parallel process.

"It appears the issue they most care about is power, not a better Zimbabwe for all that will endure beyond Zanu (PF) and the current generation of politicians," he says.

Whatever the arguments for and against may be, the commission has facilitated the cleansing of the national psyche by giving ordinary Zimbabweans a chance to articulate their gripes through a no-holds-barred process. It can only be good for Zimbabwe.

Harare in tentative privatisation move

BD 23/9/99 (362)

First offering is R100m share of Rainbow Tourism Group

Martin Rushmere

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.

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 $193m 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 taken 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 shares.

"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.

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Sunday Times,
★ September 26 1999 13

People laid low by inflation

TAPIWA 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 percent, and has risen sharply over the past months. Economists forecast it will peak at 70 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 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 hospitals went on strike demanding not just a pay rise but a complete overhaul of their salaries.

On average, this is how the pay structures look:

- Junior medical doctors earn a gross Z$15 000 (about R2 350); their take-home portion after deductions is around Z$6 000 (under R1 000);
- Junior police officers, teachers and nurses earn around Z$6 600 but take home between Z$3 000 and Z$4 000;
- Farm or factory labourers gross an average Z$1 000.

According to the Consumer Council of Zimbabwe, an average low-income urban family needs a monthly income of Z$7 500 just for the absolute basics in a family of six — food, toiletries and transport.

This week government ministries exhausted their budget allocations for the year, three months before the year ended.

With more increases expected in fuel prices, it now appears highly unlikely Zimbabwe will meet the International Monetary Fund target of a 30 percent inflation rate by year-end.

Mugabe faces huge opposition

(362)

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 Lupepe.

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*

SOWETAN Thursday September 30 1999

Zim aid cut by Holland and Italy

(362)

Sowetan 30/9/99

Zimbabwean president Robert Mugabe PHOTO:AP

HARARE – The Netherlands has cancelled its annual 15 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 Bont said.

He was elaborating on a statement by Ambassador Beatrix Ambags on Tuesday in which she also cited "confusion" over Zimbabwe's land reform programme as a reason the Dutch parliament voted to end assistance.

Ambags 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. – *Sapa-AFP*

Netherlands cuts aid programme

(362) BD 30/9/99

Suspension blamed on lack of transparency and accountability, and fears over good governance

Michael Hartnack

HARARE — The Netherlands parliament has suspended a $15m annual aid programme to Zimbabwe because of lack of transparency and accountability, alleged skewed spending priorities on the Congo war, and fears over good governance highlighted by the illegal detention and alleged torture of two journalists in January.

Last week Italy cut $22m in commodity aid and in June Denmark suspended Z$1bn in aid for airport construction over "transparency" fears.

"There is growing international consensus that the effectiveness of aid is closely tied to the policy environment of the recipient countries," Netherlands ambassador Beatrix Ambags warned at a news conference this week.

She said Dutch parliamentarians "had not forgotten" President Robert Mugabe's defiance of repeated court orders to release two journalists, who had been detained and allegedly tortured, when the legislators took a decision in July to cut aid in line with policy measures proposed by her country's new Development Co-operation Minister Eveline Herfkens. "Although Zimbabwe meets the policy criterion (for aid), concern was raised over prevailing governance situation as well as macro-economic performance," said Ambags.

"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."

The latest aid setback for Zimbabwe's government offset the possibility of good news in the form of a Z$3bn international cargo freight facility and industrial park proposed by the US-based Global Development Group.

The group's president, David Hall, said feasibility studies had been launched for the freight facility and industrial park situated beside Harare's controversial new air terminal.

Transport and Energy Secretary Christian Katsande predicted immense improvement in agricultural exports to Europe and to both North and South America.

"The combined benefits of the project will enhance and strengthen Zimbabwe's economy, position Harare as a regional air cargo hub, encourage additional commercial links between Zimbabwe and the US and stimulate further industrial investment and job creation," Hall told The Herald. He signed a memorandum of understanding with transport ministry heads. Creation of the industrial park would be in collaboration with the parastatal Industrial Development Corporation, he said.

The state-run Zimbabwe Broadcasting Corporation reported that Mugabe himself demanded relaxation of red tape to pave the way for the project after meetings with Hall during a recent visit to the US.

Ambags said the Dutch government had not expected the move by parliamentarians to cut aid, and blamed "mixed signals" at the beginning of the year over plans to seize 1 500 white-owned farms, now shelved, the detention of Sunday Standard editor Mark Chavunduka and reporter Ray Choto, and "the issue of good governance".

Chavunduka and Choto, held in defiance of high court orders after reporting army unrest over Congo service, are still on bail awaiting trial for "publishing a false report liable to cause alarm and despondency".

Mugabe has vetoed last year's repeal by Zimbabwe's parliament of the law under which they stand charged, which carries a possible five-year jail term.

"It was quite a shock for all of us," said Ambags, who welcomed the new willing buyer-willing seller inception phase of land reform and rural poverty alleviation for which the European Union last week pledged €5m.

Dutch parliamentarians had "pruned" a list of 20 states receiving aid to 17. An increase in the number of troops sent to the Congo from 3 000 to more than 10 000 may have influenced them, she believed, but she hoped a three-year Z$1,3bn health and sanitation aid programme could be sustained.

Zimbabwe counts the cost of tobacco prices

BD 4/10/99 (362)

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 Z$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 slippage 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 Tsumba 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 if the 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 warn that they will be forced out of business if the pattern continues.

A $140m loan from the International Monetary Fund over 14 months and $300m from the World Bank are seen as bringing very little relief.

"The authorities should not look for a bale-out from these two institutions which are themselves under pressure from some quarters 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 Z$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, NJB Washaya, said: "It is ghastly to contemplate what would obviously happen if Eskom disconnects the 50% of power that Zimbabwe imports."

Bishops want priority for AIDS pandemic

BD 4/10/99 (362)

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 reluctant to criticise or oppose him. He also attempted 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 Z$5,3bn 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 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

eT (MR) 5/10/99 (362)

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 Franco was meeting officials 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 $166 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 Kuwaza 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

(362) CT (B&R) 6/10/99

Bernard Mandizvidza

Harare– The World Bank has postponed discussions to decide on releasing Z$5,3 billion (R883 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 had 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 Z$5,3 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".

EYES FORWARD *Zimbabwe National Army troops on parade in April. Newspapers have reported the country misled the IMF on the cost of its intervention in the Congo war* PHOTO: HOWARD BURDITT

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$166 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

Development Bank will loan Zimbabwe $130m

BD 7/10/99 (362)

Michael Hartnack

HARARE — The African Development Bank has signed a $130m loan accord to support economic reform in Zimbabwe.

The news comes a day after programmes totalling $330m funded by the World Bank and International Monetary Fund (IMF) were cast in doubt by allegations that the Zimbabwe government had misled them on the cost of the war in the Democratic Republic of Congo.

The agreement to aid structural adjustment, from which the first $45m tranche would be released soon, was signed by bank representatives and African Development Bank officials on Tuesday in Abidjan, Côte d'Ivoire.

Zimbabwe's government-owned Herald said conditions were independent of the IMF's $193m programme to which most western aid was tied.

The fund released the first $24m tranche in August despite queries by economists on the credibility of government claims that deploying between 10 000 to 13 000 men in support of Congo's President Laurent Kabila was costing Zimbabwe only $3m a month. Overspending had previously caused a two-year freeze in IMF aid.

The remainder of the bill for operations was being met by Kabila and by the Angolan government, Mugabe said.

On Monday, the IMF confirmed it had seen a leaked document indicating Zimbabwe's military operations in Congo cost $166m between January and June.

Despite protests by Finance Minister Herbert Murerwa that the figures were "taken out of context", the World Bank dropped Zimbabwe's plea for a further $140m in support from its board agenda this week. Loss of funding would put pressure on the Zimbabwe dollar, economists predicted.

The Congo war was raised as soon as members of the ruling Zanu(PF) parliament returned on Tuesday after a two-month break. The 150-seat house, with only three opposition members, adjourned in July.

"It is high time we got a formal statement from Defence Minister Moven Mahachi about the future of our troops in the Congo," Zanu(PF) backbencher Norman Zikhali said when the house began debating Mugabe's opening speech.

Richard Shambambeva-Nyandoro and Freddy Saruchera, also Zanu(PF), said "soldiers in (Congo) jungles must return home as soon as possible".

Exact casualty figures have never been disclosed.

World Bank suspends aid to Zimbabwe

(362) BD CT 7/10/99

HARARE: The World Bank yesterday suspended aid to Zimbabwe because economic reform targets were not met by the government.

The Washington-based institution said its board was to have discussed a $140 million loan package to Zimbabwe today.

The deputy World Bank representative in Harare, Rogier van den Brink, said the bank's structural adjustment credit of $140m could not be disbursed as long as reform targets set by its sister body, the International Monetary Fund, were not met.

Van den Brink said Finance Minister Herbert Murerwa had assured the bank and the IMF that the government was striving to meet targets to bring down inflation, running at more than 65%, curb public spending and rein in the nation's budget deficit.

"Discussions were constructive and focused on what still had to be done," he said.

In recent weeks, both institutions have expressed concern over Zimbabwe's continued spending on maintaining 10 000 troops in the DRC in support of President Laurent Kabila in that country's year-long civil war.

● Zimbabwe's government hospitals headed for collapse yesterday as nurses threatened to join doctors on a strike that has crippled the health services.

The Zimbabwe Nurses' Association gave the government 14 days to improve their pay packages or face having to close hospitals.

The Hospital Doctors' Association, which has staged a two-week strike over pay and working conditions, petitioned parliament to hold an emergency debate to resolve the crisis.

"We will not work in hospitals without gloves, methylated spirits, swabs, injections, painkillers and anaesthetics," they said.

Emergency cases have been handled by expatriates and consultants. — Sapa-AP, AFP

Mutare-Beira rail link needs 'urgent' repairs

BD 8/10/99 (362)

Martin Rushmere

HARARE — Zimbabwean industrialists have voiced concern at the dilapidation of the 300km Mutare-Beira railway line, which they say is in urgent need of refurbishment costing at least US$82m.

The Financial Gazette reported yesterday that industrialists said the state of the line was so bad it would have to upgraded or shut 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 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 now took 18 days, and exporters were losing millions of dollars.

Cross said US$80m was needed to repair the line.

Tobacco is the main commodity shipped through Beira, with 40% of this year's crop of 191 000 tons 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 Beira as much as possible – partly because Durban has become so expensive with the slide of the Zimbabwe currency. We have not missed any ships or paid any penalties."

The Financial Gazette quoted Cross as saying: "The line has had five derailments in the past fortnight. One in Pungwe Flats was very serious. Thousands of tons of cargo is sitting at Beira waiting to be brought up to Harare because the track has just stopped working."

Before the derailments it took about six to eight days to ferry cargo between Harare and Beira, but it now took at least 18 days. "If you book space on a ship and the container doesn't arrive on time, the ship departs without it and you have to wait another three or four weeks in Beira for the next one," he said.

However, Gabriel Mabunda, the Harare-based representative of the Mozambique Ports and Railways (CFM), which administers 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. CFM had to build a route to enable traffic to move and that had caused goods to pile up at Beira and Mutare. "But traffic is moving now," he said.

Mabunda would not admit the railway line needed major repairs, saying there was normal maintenance work to ensure the track was not run down.

Yet Cross said the line had last had major repairs in 1987 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 refurbishment and reconstruction.

New team for Harare Sheraton

Michael Hartnack

HARARE — Zimbabwe's parastatal Rainbow Tourism Group says it has renegotiated the management agreement of Harare's five-star Sheraton International hotel to make the deal more favourable to itself on the eve of Rainbow's 80-million public share issue.

Negotiations took place with the hotel's US namesake. "Management fees have been reduced considerably, with savings of up to Z$200m between now and the end of the contract in 2005," Mines, Environment and Tourism Minister Simon Moyo said when the prospectus for the Z$120m was unveiled.

However, with only three days to go, Rainbow has still not announced the strategic investor who should be accepting 148-million or 35% of the shares. There are also market fears about residual state control through government direct ownership of 30%, National Investment Trust 10% and employees' planned 5% stake.

A spokesman said negotiators came from Sheraton International's regional headquarters in Cairo to revise the management agreement, concluded when the $60m hotel was opened in 1986. The hotel building remains state property, leased to the Rainbow Group.

It has been widely criticised, along with the $80m Chinese-built national sports stadium as an example of third-world, "white elephant" prestige development at the expense of essential infrastructure.

Moyo said the Rainbow Group was speaking to a shortlist of four potential strategic partners and would, within the next week, present recommendations to him for final approval by the government.

Gangs attack settlers in farm resettlement debacle

BD 8/10/99 (362)

Michael Hartnack

HARARE — Gangs of youths fought running battles yesterday with 110 families selected to settle on a former white-owned farm near Harare.

Zimbabwe 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 1980s.

Tichavo Muchininga, district resettlement co-ordinator for the Chegutu area 80km southwest of Harare, said the gangs' action was completely illegal, but spokesman for the youths, Stephen Mapfumo, said other people should have been allocated land at 3 000ha Chikanga Farm.

The families were reported to be from Mhondoro, one of the most overcrowded and eroded of Zimbabwe's 20-million hectare communal areas.

The families, with state advice and infrastructural assistance funded by foreign donors, were to have begun preparing derelict lands in time for planting crops in six weeks.

A modest new "inception phase" of land reformbacked by western governments has replaced the seizure of 1 500 white-owned farms attempted by President Robert Mugabe in 1997. However, the Chikanga debacle has aroused fears of rural unrest over the selection of beneficiaries of land.

Last year, in a move apparently encouraged by the ruling party to put pressure on international donors, scores of productive commercial farms were invaded by people from communal areas.

Past resettlement funding foundered when instead of being subdivided and given to rural poor, farms were leased to wealthy politicians.

The Financial Gazette yesterday reported that 72 prominent black Zimbabweans who received former white farms in 1992 were now being granted 100-year leases, despite demands that the land be handed over for peasant resettlement as originally intended.

When the scandal over the reallocation of land was exposed by the Financial Gazette in 1995, the government promised to cancel all leases.

The newspaper said nominal rentals would be paid to the lands ministry, which retained the right to cancel leases if the land was not utilised. There are 230 000 peasant families seeking land.

Zimbabwe withholding tax ruled unconstitutional

BD 11/10/99 (362)

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 unsatisfactorily 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 68%.

The July temporary regulations give tax commissioner Gershem Pasi 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

BD 12/10/99

Europe must get tough, says Zimbabwe's new opposition leader

(362)

Francois Misser

AMSTERDAM — The leader of Zimbabwe's new opposition party has urged European governments and other influential bodies not to grant aid to his country unless it is conditional on "good governance" and respect for human rights.

The secretary-general of the Movement for Democratic Change, Morgan Tsvangirai, was speaking in an interview at the end of his 10-day tour. It included meetings with the Dutch government, the British foreign office, Britain's governing Labour Party, European MPs, the German Bundesrat committee on southern Africa and the European Commission in Brussels.

Tsvangirai said he had asked Europe not to fund President Robert Mugabe's constitutional review commission.

The commission was a "fraud". It was not inclusive, but partisan, said Tsvangirai.

"Its recommendations are subject to the president's discretion."

He warned that Zimbabwe's social, economic and political situation was deteriorating, and if it slipped any further it would cause chaos in the country.

If European Union (EU) states did not turn down Zimbabwe's request for financing of the constitutional commission, Mugabe would assume Europe was endorsing his "irresponsible policies", he said.

Instead, Tsvangirai said, EU governments should be financing democratic bodies like the National Constitutional Assembly which has the backing of opposition parties, civil society organisations, the Zimbabwe Trade Union Congress, and churches.

Arnold Payne, an assembly delegation member and representative of human rights organisation, Zimrights, said he had told European leaders Zimbabwe's constitutional commission was the product of Mugabe's "Pinochet syndrome".

This meant the "the president wants to keep control of the whole process so he can have a final say in his personal destiny", Payne said. "Mugabe wants to be prevented from the consequences of exposure of the Matabeleland atrocities", he alleged.

About 7 000 people in Matabeleland were allegedly murdered in 1985 by the Zimbabwean army's Fifth Brigade.

Tsvangirai claimed everyone they met in Europe were "sympathetic" to the delegation's views. They had also urged the Europeans to tell Mugabe to exert pressure on Congo President Laurent Kabila. "Mugabe holds the key to Kabila sitting down with other Congolese movements to try to forge a democratic arrangement," Tsvangirai said. "Mugabe must realise there is a limit to which he can support a friend when it happens at the expense of the people."

He alleged that Mugabe's interest in the Congo was "personal".

"We have seen development of businesses by the top army officers," he said.

Asked whether he was siding with the International Monetary Fund (IMF), which has censured Mugabe's government at times over its policies, Tsvangirai said: "If our assessments converge, it does not mean that I am a friend of the IMF. Mugabe has mismanaged (the) economy and involved us in a war that is expensive."

"We do not need the IMF to tell us that. It is up to Zimbabweans to put Mugabe in order," he said.

In Harare, a tale of missed targets and cost overruns

(362) BD 12/10/99

Zimbabwe's finances are in bad shape just as it requests an IMF loan, writes Tony Hawkins

WHEN a team from the International Monetary Fund (IMF) arrives in Harare this week to review the country's $193m standby facility loan, it will find that a reform programme, approved just 10 weeks ago, has unravelled.

Cost overruns in military spending on Zimbabwe's involvement in the war in the Democratic Republic of Congo are only part of the story.

The World Bank, which last week postponed its plan to consider Zimbabwe's request for a $140m structural adjustment credit, now admits that other fiscal targets have been missed.

In Harare, none of this comes as any surprise. If there is a surprise, it is that IMF officials sent a loan proposal to their executive board in August, reportedly drawn up as long ago as February, containing unrealistic assumptions based on flawed economics and proposing unreachable targets.

Zimbabwean officials hope the IMF will renegotiate the standby loan with softer conditions.

The August assumptions were that inflation, which rose to 68,8% in August, would fall to 29,8% by the end of this year, while the treasury bills rate, currently 50%, would average 31% for the entire year.

While Harare has taken some of the agreed-upon actions — the reintroduction of foreign currency accounts, reductions in some import tariffs and an end to central bank overdraft lending to the government — the programme as a whole is way off track.

On top of escalating military spending, the budget is in trouble on two other fronts. An amount of Z$10,1bn was provided for debt servicing, but with domestic debt having ballooned 40% since January, while interest rates on treasury bills have increased by a third, interest costs are probably twice the budget vote.

Then there is the murky issue of losses by state-owned companies, which reached Z$10,7bn last year. No provision was made for such losses in last year's budget, nor has the government disclosed how they are being financed.

While utility prices — electricity, telecoms, rail and petroleum — have been raised substantially this year, the losses continue, with no strategy for their financing nor a timetable for privatisation.

Missed also was last month's target to publish guidelines on policy regarding troubled banks.

The Reserve Bank of Zimbabwe's report on bank supervision makes chilling reading: bad and doubtful loans of commercial banks, it says, amounted to Z$5bn, or 19,1% of total loans at the end of last year.

Merchant banks fared even worse — Z$5,2bn or 45% of their loans went bad or are shaky — and 10,8% of finance house lending fell into this category.

The report seeks to soften the blow by noting cheerfully that "a large proportion of this debt is secured by government guarantees and does not pose a significant threat to solvency".

Possibly not to bank solvency, but certainly to the country's solvency. Were all the government's guarantees to be called up, they would swamp the proposed $140m loan from the World Bank.

The loan was to be used to "swap" foreign concessional lending for domestic debt — a strategy sharply criticised by economists in Zimbabwe on the grounds that it would not reduce the debt burden, but merely substitute long-term offshore hard currency borrowing, at positive real interest rates, for short-run local borrowings at negative rates.

Harare badly needs donor support. In recent weeks two donors, the Netherlands and Italy, have announced aid cuts or suspensions.

Business confidence is at a low ebb, while uncertainty over future economic policy, over next year's elections and over the new constitution being drafted will inhibit investment at least until a new president is in office in 2002.

Against a background of deepening poverty, deteriorating public services, de-industrialisation and escalating unemployment, economists believe Zimbabwe needs more than World Bank and IMF palliatives.

Defence Minister Movan Mohachi

President Robert Mugabe

Rhodesian land dispute comes back to haunt government

(362)

BD 13/10/99

Michael Hartnack

HARARE — One of the more intractable land disputes facing the 1964-79 Rhodesian government has resurfaced violently with the burning of huts belonging to the several Tangwena families and the beating of a tea estate manager in retaliation.

Police confirmed yesterday clashes on Aberfoyle Tea Estates, in the Nyanga area of eastern Zimbabwe. The estates were bought this year in a London transaction by Plantation & General Investments that raised eyebrows among black empowerment campaigners.

The 40-year dispute has been inflamed by an increase in the numbers of Tangwena from 44 families in 1968 to about 500 families today.

The independent newspaper, the Eastern Star, said the huts of eight Tangwena families who moved to Aberfoyle three years ago were allegedly burned by Aberfoyle management. Then gangs of Tangwena youths "hunted down and severely assaulted" Ivor Gaylard, the new manager.

Malcolm Johnstone, MD of Eastern Highlands Plantations, said: "The whole thing is in the hands of the police and the district administrator and I do not want to prejudice what is going on."

Chief Nyabinde Tangwena said Aberfoyle was part of his people's traditional lands. His predecessor, Chief Rekayi Tangwena, was declared a national hero and given a state funeral with full military honours on his death in 1983 in recognition of his fight against forced removals from a nearby ranch.

The confrontation received international publicity. "I told Gaylard they were people legally settled there under my jurisdiction and the land was illegally taken away in 1977 by the settler government," Tangwena said.

Ten years ago 110 Tangwena families fought running battles with police and Zimbabwe's parastatal Forestry Commission in Nyanga's Nyagui Forest Area, burning pine, wattle and gum plantations before officials backed down.

Elders said they had been told at 1980 independence by ruling Zanu (PF) leaders they were entitled to occupy any land in the Nyanga area. The then Rhodesian government alleged 44 Tangwena families had devastated the steep slopes of Gaerezi Ranch with primitive farming methods since being recruited as labourers from Mozambique in 1903, but it admitted they might have ancient land claims dating from the 1700s when they were reputedly settled west of a demarcated line between British and Portuguese territory.

The Tangwena resisted removal to Holdenby Tribal Trust Land and Chief Rekayi personally led Zanu (PF) leaders, Robert Mugabe and Edgar Tekere, across the border to guerrilla strongholds when they fled Rhodesia in 1977.

Aberfoyle, with 4 000 employees, is one of the largest of Zimbabwe's 6 772ha of tea plantations which earned Z$800m last year from 18 000 tons produced.

Meanwhile, Zanu (PF) MP Charles Ndlovu said he had persuaded armed groups who prevented 110 selected families from occupying Chikanga Farm, Chegutu — 80km southwest of Harare — to return to the neighbouring Mhondoro communal area.

Zimbabwe breaks another IMF rule

(362)

Martin Rushmere

HARARE — Zimbabwe has now broken one of the few conditions it had fulfilled for its $193m loan from the International Monetary Fund (IMF).

The government has again resorted to direct borrowing from the Reserve Bank, which was halted at the end of September. The total stood at Z$668m on September 24, according to the latest weekly review of the economy by the Reserve Bank.

In the week to September 24 government domestic debt rose 3% to Z$67bn.

Abolition of the direct borrowing facility, which carries almost no interest in comparison to treasury bills, was one of the conditions of the IMF agreement as part of the effort to reduce rampant government spending — mostly on the war in the Democratic Republic of Congo.

Analysts in Harare say the resumption of direct borrowing is because the government has balked at paying the ever rising interest charges on treasury bills that are now a fact of life.

Effective yields are now more than 70% and last week two tender offers totalling more than Z$1,5bn were refused by the government because the rates were too high.

Interest charges on treasury bills for the first six months of the year were more than the entire amount set aside for total domestic debt for the whole year.

"There is only one other route: direct borrowing from the Reserve Bank," said an economist with an international commercial bank. "This is proof that far from cutting expenditure the government is actually increasing it."

An IMF team headed by the deputy MD is in Zimbabwe to sort out the chaos into which the reform programme has degenerated. This is the first time such a senior official has been to Zimbabwe and is viewed as evidence that the fund is extremely worried about the situation in the country.

BD 13/10/99

Zambia's schools crisis

(362) ARG 13/10/99

INDEPENDENT FOREIGN SERVICE

Lusaka – About 700 000 Zambian children of school-going age – between seven and 13 – will not find places in either private or government schools next year.

Educational experts in Lusaka warn that unless the situation is remedied, Zambia will accumulate a large population of illiterate citizens, retarding development and social emancipation.

Zambia has a population of about 10 million the bulk of them children aged five to 13.

Now the Zambian government has launched the Basic Education Sub-sector Investment Programme (Besip) to increase student enrolment, to improve learning and to increase the number of annual teacher graduates from the present 1 900 to about 3 000 in the next five years.

Zambian Minister of Education Godfrey Miyanda said AIDS had taken heavy toll of teachers, 600 dying in 1997 and more than 1 000 having died by December last year. If the trend persisted, figures for 1999 were likely to be even more alarming.

Under Besip, which has attracted heavy donor support, about R60-billion will be spent in the next five years to train more than 12 650 teachers. And 9 000 unqualified teachers will either be replaced or trained.

Zambia has about 30 000 trained teachers at the moment.

Mugabe plays wild card on compensation

BD 19/10/99 (362)

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 Z$20bn, dwarfing the Z$4,5bn 1997 payout to 54 000 former guerillas.

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 annulled 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 claim 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 Z$57bn 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 stranglehold over voters, similar to current drought relief distribution.

Zimbabwe records Z$11bn trade deficit

(362) BD 20/10/99

Economists believe IMF will oppose any move to introduce protectionist measures

Michael Hartnack

HARARE — Zimbabwe recorded an Z$11bn trade deficit in the year to May, says a finance ministry bulletin that was tabled in parliament on the eve of tomorrow's budget presentation to the House by Finance Minister Herbert Murerwa.

"It is important to note that although SA dominates as Zimbabwe's prime source of imports in the Southern African Development Community, the other SADC members are sizeable destinations for Zimbabwean exports," the bulletin advised MPs.

Economists believe any desire by the Zimbabweans to introduce protectionist measures will be opposed by an International Monetary Fund (IMF) team currently here discussing resumption of $193m budget support in the wake of allegations that Zimbabwe misled the institution over the cost of its intervention in the Congo War. Murerwa, who put the cost to the Zimbabwean taxpayers at $4m a month, says leaks of $166m spent between January and June were "erroneous".

To service its budget deficit and reach the IMF's target of 5,3% of gross domestic product, Zimbabwe needs to improve export performance despite current 69,7% internal inflation and interest rates of more than 50%.

The treasury bulletin says that in the year to May imports rose in Zimbabwe dollar terms to reach Z$36,5bn while exports rose to Z$25,5bn. This produced a trade deficit of Z$11bn. Last year there was a trade deficit of $8,4bn with imports of Z$59,3bn against exports of Z$40,9bn.

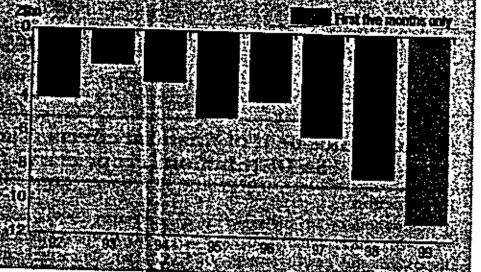
Much of the increases may be attributed to the currency collapse in the wake of the Z$4,5bn 1997 gratuity payout to 54 000 militant ex-guerrillas and temporary designation of 1 500 farms for takeover.

Human rights activist Michael Auret dismissed yesterday as "politicking" a hint by President Robert Mugabe that he might make a similar payout to victims of the 1982/87 atrocities in Matabeleland.

"There is no question of individual compensation in terms that would be normal damages paid out by governments in these circumstances."

Bekithemba Sibindi, president of the Ndebele cultural pressure group Imbovane Yamahlabezulu, lashed out at Mugabe yesterday for claiming compensation was delayed 12 years by the late vice-president Joshua Nkomo "betraying his people".

Zimbabwe's growing trade deficit



Graphic: MATTHYS MOSS

Zim landless are out of patience

CT 22/10/99 (362)

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 fanned by politicians who want to use the emotive issue to drum up support ahead of next year's elections.

On Tuesday 200 families swamped a farm in Bubi district now owned by the Agricultural and Rural Development Authority after being acquired from a white farmer last year. A spokesperson for the invaders said the group had given Joseph Msika, head of the state's resettlement panel, to the end of this month to address their plight, failing which they would invade other farms.

The invasions come amid reports that top chiefs have been given 100-year leases on farms, which observers say amounts to giving the politicians ownership of state farms for free. — IFS

Offshore group to run Malawi Railways soon

FROM SAPA-AFP

Blantyre – An international consortium would take over the state-controlled and loss-making Malawi Railways next month, the country's privatisation commission said yesterday.

The commission said one of the international investors, Railroad Development of the US, would operate the railway, which consisted of 797km of track, under a 20-year concession.

Negotiations with the consortium were well advanced and the accord was expected to be signed in late October, with a handover date of November 1.

The privatisation 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 company in 1992 to improve financial performance, leading to retrenchments among the 3 000 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

ET (MR) 22/10/99 (362)

BERNARD MANDIZVIDZA

Harare — The invasion of white-owned commercial farms in Zimbabwe by peasants, restless about government delays to resettle them, has re-emerged with vigour after a six-month lull.

Media reports said the invasions could be fanned by politicians who wanted to use the emotive land question to drum up support ahead of next year's elections.

On Tuesday 200 families swamped Dromoland, a farm now owned by the the government's Agricultural and Rural Development Authority (Arda) in Bubi district after being acquired from a white commercial farmer last year.

A spokesman for the invaders told a newspaper that they had given Joseph Msika, the head of the government's resettlement panel, until the end of the month to address their plight, failing which they would invade other farms.

"If he fails to tell us when the government will start resettling us, we will invade other farms and start pegging the land in preparation for tilling," the spokesman was quoted as saying.

The invasion of the Arda farm follows that of Imvana farm, which is owned by a white commercial farmer in Nyamandlovu district. Two hundred and fifty families have illegally settled and are partitioning the land in preparation for farming this season.

A meeting called at Imvana farm last week by Matabeleland North governor and resident minister Welshman Mabena and local government minister John Nkomo to try to persuade the villagers to leave the farm nearly turned violent as peasants clashed bitterly with them and accused the government of mishandling the land issue.

While officials were trying to persuade the villagers to leave, another group of landless villagers stormed nearby Seafield East farm.

The raids follow a similar invasion of a commercial farm in the area, acquired by the government for resettlement but then leased to Obert Mpofu, the deputy industry and commerce minister.

The villagers accused the government of unfairly distributing farms among influential individuals and vowed to decapitate the minister if he stopped them from tilling his leased farm. – Independent Foreign Service

Defence minister announces 3% tax levy to combat Aids

Defence spending boosted in pre-poll Zimbabwe budget

(362) CT (BR) 22/10/99

FROM SAPA-AFP

Harare – Zimbabwe's government presented a sweet and sour annual budget yesterday as it tried to juggle conflicting demands from the International Monetary Fund (IMF) and a restive population heading to the polls next year.

There were tax concessions for the poorest members of society along with incentives for exporters, but increases in some taxes and duties.

With a third of the army committed to the Democratic Republic of Congo (Congo) conflict, the defence ministry was given a boost of nearly Z$3 billion (R476 million), to Z$8,2 billion.

Herbert Murerwa, the finance minister, told parliament that a peace accord now in place in Congo should enable the government to steadily reduce allocations to the defence ministry.

Spending in Congo, where Zimbabwe has about 11 000 troops in support of president Laurent Kabila, has been unpopular both at home and with the IMF, which is backing economic reforms.

With hundreds of doctors in government hospitals in the fifth week of a strike and ministers admitting that services are collapsing, the health ministry was granted a Z$2,4 billion increase to Z$6 billion.

Murerwa also announced a 3 percent levy on personal and corporate earnings to combat Aids in Zimbabwe, among the worst-hit countries in the world.

This was likely to be as unpopular with workers as past levies for "drought" or "war veterans".

Murerwa announced a cut in the roundly condemned tobacco levy from 5 percent to 2,5 percent for both growers and merchants involved in producing and marketing Zimbabwe's biggest single foreign currency earner.

Murerwa told parliament that inflation, running at a record of nearly 70 percent, was the country's "number one enemy" and pledged to try to restore macroeconomic stability.

He forecast revenues of Z$87,8 billion and expenditure of Z$97,8 billion, leaving a deficit of 3,8 percent of gross domestic product. Murerwa said the deficit would be financed through Z$1,5 billion from the sale of government assets, Z$2,9 billion from external grants and the balance from short and medium term government paper.

His projected deficit of 3,8 percent of GDP was above the target of 3 percent which the IMF was reported to have had suggested.

Anger flares once again over farm land allocations

Michael Hartnack

HARARE — Three further confrontations over the allocation of resettlement land were reported yesterday as officials tried to finalise schemes for bringing state land into production under new occupants during the coming rainy season.

At Euston Estates near Chivhu, 140km south of Harare — bought from its last white owner on a willing buyer-willing seller basis for Z$19m — army and Central Intelligence Organisation chiefs were alleged to have received some of the 240 small farms into which it was subdivided.

At Nyati and at Bubi in Matabeleland, explosive situations were reported as land-hungry peasants and ex-guerillas demanded they receive preference over settlers chosen by the lands and local government ministries.

This week five other confrontations over allocation of resettlement land were reported from Marula, near the Botswanan border, through to Rusape in eastern Zimbabwe.

At Marula, a minister and two judges were among planned recipients while at Enterprise Valley, near Harare, it was a deputy minister's family.

Violence has flared up in at least two instances, with rival ruling party factions chasing would be settlers away, using axes, hoes and sticks.

Particular resentment was aroused among the landless over the alleged choice of wealthy urban black Zimbabweans, with regular means of income, as recipients of small farms on concessional 99-year leases. Much of the land involved is the derelict property of the parastatal Agricultural and Rural Development Authority, which bought it from white owners since 1980 independence.

The authority has recently been given 500 000ha to develop in the Democratic Republic of Congo by President Laurent Kabila.

In two instances the administrative court and high court have been petitioned to intervene on behalf of existing black tenants who face eviction.

"The quarrels are a reflection of the desperation for land by the people who now realise that having land may be their only ticket out of poverty," said an editorial in the state-controlled Herald.

It appealed for the "fullest transparency" in the selection of settlers to reduce suspicion of political favouritism, but defended allocation of some small farms to public servants, if they met the criteria for viable developers.

Britain temporarily halted £30m aid for land acquisition when it was discovered that farms bought from whites to relieve overcrowding in the eroded 20-million hectare communal lands were being reallocated to politicians.

President Robert Mugabe earlier this year abandoned plans to take over 1 500 white farms on a "settle now, pay later" basis in favour of a modest inception phase of land reform, funded by international donors, utilising up to 2-million hectares already in state hands.

He accepted that the major cost in resettlement was providing infrastructure and support to sustain viability among incoming peasant families but a wave of politically inspired farm invasions last year appears to have created a volatile climate in the rural areas, with local activists demanding to be arbiters.

"Politicians seeking to please a restless electorate should not be allowed to disrupt the resettlement programme," said the Herald.

Adoption of the "inception phase" plan has taken the heat off the remaining 5 000 white farmers, holding 8-million hectares of land, who, with nearly 20 years of rhetoric have constituted the main obstacle to reform.

(362) BD 22/10/99

EU suspends talks with Harare on R200m aid

(362) CT (BR) 22/10/99

Bernard Mandizvidza

Harare – The European Union (EU) said yesterday it was suspending talks with President Robert Mugabe's government over the release of at least R200 million in budgetary support for Zimbabwe, pending the outcome of on-going discussions between Harare and the International Monetary Fund (IMF) on reviving the Bretton Woods institute's aid programme.

Asger Pillergaarde, the EU ambassador to Zimbabwe, said talks on the EU aid support would only resume after the government had reached an agreement with the IMF on outstanding issues.

He said the EU took its cue from the IMF and would only release any aid after the IMF had set the ball rolling.

The EU move has dealt a severe blow to efforts to revive Zimbabwe's economy, which needs a massive injection of foreign currency to shore up the ailing currency, which has lost 127 percent to the US dollar over the past two years.

Pillergaarde said talks for the aid money had begun in August after the IMF approved $193 million standby credit for Zimbabwe.

He said the EU had then suspended the talks when problems arose between the Zimbabwe government and the IMF over the disbursement of further aid tranches.

The EU was now waiting for the impasse between the government and the IMF to be resolved before it resumed talks over the disbursement of its own aid programme.

An IMF team that has been in Zimbabwe since last week has been investigating allegations that the government lied to the IMF about its expenditure on the Congo war.

Press reports said the talks had reached a stalemate, with the government and the IMF team failing to agree on several key issues, including an IMF demand that Zimbabwe pulls out of the Congo altogether to reduce expenditure. – Independent Foreign Service

IMF turns up heat on Harare

BD 25/10/99 (362)

Budget aid suspended indefinitely while other donors reconsider their support

Martin Rushmere

HARARE — 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 applying the brakes.

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 troops in the Democratic Republic of Congo.

A $193m standby facility over 14 months was suspended —after S$29m had been disbursed — when it became clear government could not meet the main targets and because of possible lies about the cost of keeping 10 000 troops in Congo.

The audit team said "follow-up discussions will be held in the coming months and the fund's resident representative will remain in close contact with the authorities. A lower budget deficit than that presented to parliament (3,8%) is needed for 2000 in order to reduce upward pressure on prices and interest rates, and to increase the resources available to finance private sector activities."

Observers see the statement as the key to the fund's attitude. "It clearly does not believe figures given in last week's budget for the year starting January 1," said an economist with an international bank, "brought about by government's total failure to control spending and meet targets in this year's budget.

"If we had shown any real determination to reduce inflation and spending the fund would not quibble about a deficit of 3,8% compared with the agreed 3,6%," says the economist. "But there is no longer faith in what government says. This year's deficit is 7,5%, instead of the promised 5,3% .... All international institutions are fed up with our antics.

An economist says: "The height of absurdity was reached when Finance Minister Herbert Murerwa said he was about to come to Parliament with extra spending for this year, at the same time he was presenting next year's budget. How can anyone estimate what the deficit is when even more spending is about to come in before year-end." The IMF also says the Congo war costs need to be clarified — a sign that official explanations have not been believed.

Zimbabwe said $3m a month was spent between January and June, but it emerged recently that this could be as much as $28m a month. The fact that concern over war costs was expressed publicly also shows that World Bank attempts to hush up the affair have been overridden.

The audit team's talks with government "focused on policies to reduce the inflation rate from its level of close to 70%". Harare had said inflation would be cut to 30% by year end.

A critical point of the standby programme is exchange rate policy, but government keeps pegging the rate at 38 to the US dollar despite pledging to allow a market-determined rate.

The fund says "flexible options" on the rate were discussed with the central bank "that would help to replenish reserves, eliminate the growing import queues and strengthen the incentives for exports".

Says the economist: "This bears out speculation that the IMF and World Bank are reluctantly prepared to go along with a crawling peg – in essence a managed downward rate – as they recognise an immediate return to a market rate would lead to a huge run on the currency and possible total disaster."

An economist with a large money market fund says the IMF has made a slight concession by allowing government to keep an overdraft with the central bank. "It talks of a 'phased elimination' of the overdraft, as opposed to the earlier condition of complete abolition. The fund realises borrowing is needed because interest rates quoted by the money market for weekly Treasury Bill tenders are unacceptable to the central bank, and the only recourse is direct borrowing. "But this is a minor concession and the fund is getting tough ...."

This tough attitude indicates failure by the fund's Harare representative, Robert Franco, who has always urged his superiors to trust government's claims. He has shown extreme dislike of the foreign press for criticising government, excluding them from news conferences in contravention of IMF rules.

Mysteries abound in Zimbabwe budget

Michael Hartnack

HARARE — Zimbabwe's belatedly published estimates of expenditure for 2000 provide more than a clue to why an International Monetary Fund (IMF) team left the country on Friday without reaching an agreement on the restoration of $193m budget support.

The support package was frozen when the IMF alleged that it was misled over the cost of President Robert Mugabe's Congo intervention.

Estimates, released only the day after the budget to the independent press, reveal that although Finance Minister Herbert Murerwa told Parliament that defence spending was rising from Z$5,7bn to Z$8,2bn, the amount provided is Z$9 019m.

There is no explanation for the discrepancy. Projected costs of procuring aircraft for the air force increased from this year's Z$109,2m to Z$427m and army logistic supplies from Z$278m to Z$678m. The cost of military funerals is set to rise from Z$4,7m to Z$7,7m.

With parliamentary elections due next year, state grants to political parties — channelled exclusively to the ruling Zanu (PF) — are increased from Z$50m to Z$65m. Due to Zimbabwe's first-past-the-post voting system, opposition parties do not have the minimum 12 seats needed to gain a share of the money although averaging over 25% of the votes cast nationwide.

The country's health system, currently paralysed by a five-week strike by doctors for increase in their Z$15 000-a-month basic pay, has its provision increased from Z$3,7bn to Z$6,2bn. But despite introduction of a 3% "AIDS levy" tax surcharge on companies and individuals, Z$6,2bn is far short of the Z$10bn that Health Minister Timothy Stamps said was needed to rescue hospitals when 400 to 1 000 are dying each day of AIDS-related diseases.

The IMF team may have been mystified the most over an unexplained Z$936m provision for "special services" under President Robert Mugabe's own Z$1,8m vote, which by tradition is never debated by parliament but approved unanimously.

"Special services" is the vote for Zimbabwe's feared Central Intelligence Organisation, which has its own political chief in the cabinet, state security minister Sydney Sekeremayi.

It is "not subject to audit", says a footnote.

Zimbabwe's numbers do not add up

(362) BD 26/10/99

Budget announced last week was short on facts, analysis and policies — and the IMF is not happy, writes Tony Hawkins from Harare

THE fallout from Zimbabwe's "millennium budget" was swift. Within 48 hours of Finance Minister Herbert Murerwa delivering his economic bromide on Thursday last week, the International Monetary Fund (IMF) team that spent 10 days in Harare trying to revive its standby programme had left without any agreement to resume disbursements.

A statement at the weekend, couched in IMF-speak, said Harare needed to further reduce the budget deficit target for 2000 of 3,8% of gross domestic product (GDP), while the team had held discussions with government on "the need to assess and clarify the costs of the war in the Democratic Republic of Congo".

The mission also discussed "flexible options to help the Reserve Bank of Zimbabwe replenish its reserves, eliminate growing import queues and strengthen the incentive for exports".

The fund's statement is as blunt a dismissal of Murerwa's do-nothing budget as diplomatic niceties allow. Not only that, it was an indirect rebuke to the World Bank's Harare office, which had been trying hard to suggest that UK media reports of military overspending by Zimbabwe in the Congo war were inaccurate.

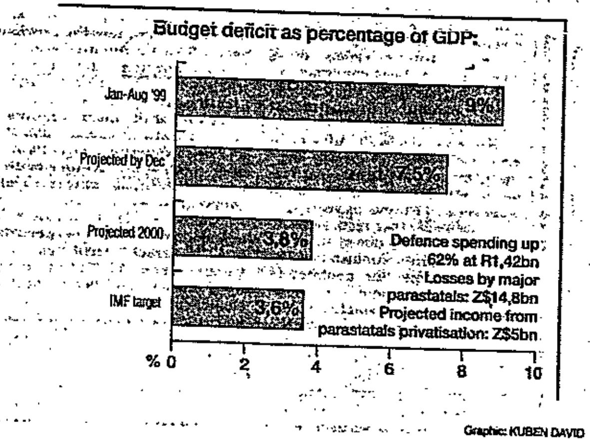
Murerwa's budget was a huge disappointment — short on fact, on analysis, on forecasts and especially short on policies. The nearest thing to an innovation was the politically correct imposition of a 3% AIDS levy on all personal and company taxpayers, which raises the effective rate of corporate tax to 36,05%.

Murerwa insists the levy will be paid into a separate fund and spent entirely on AIDS-related programmes. According to World Bank numbers, Zimbabwe has the world's most severe AIDS-HIV problem and the finance minister was right to highlight the issue.

Unfortunately, this well-intentioned move was spoiled by his spending estimates, which showed that military expenditure would increase 62% next year to Z$9bn and would be 50% higher than the entire health budget of Z$6bn.

FINANCE MINISTER HERBERT MURERWA

Measuring Zimbabwe's budget gaps



Graphic: KUBEN DAVID

Although the budget deficit was 9% of GDP in the first eight months of 1999, Murerwa believed this will come down to 7,5% (Z$16,2bn) by year-end. It is not clear why, since the economy is slowing visibly and tax revenues will be lower.

Next year, he said, the budget deficit would halve to 3,8% of GDP — little different from the IMF target of 3,6%. Few, apparently including the IMF, take this projection seriously. It assumes that revenue will rise 51% next year, while spending increases by a third.

Although Murerwa gave no growth or inflation forecasts for 2000, his deficit projection implies a nominal GDP growth of 39% next year after 59% this year. This year and next year almost all of his "growth" will be inflation. Real GDP is unlikely to grow more than 2,5%, although a good deal will depend on this season's rains and commodity price levels.

This implies inflation of at least 35% and probably more, so that Murerwa is forecasting a decline in real spending.

This forecast is unrealistic given a number of factors: the strong inflationary pressures at work; the costs of a referendum on a new constitution and parliamentary elections; President Robert Mugabe's promise to pay compensation to victims of the Matabeleland campaign by the government's Fifth Brigade in the early 1980s; and promises to double doctors' pay and increase public sector pay.

The budget also implies real revenue growth of more than 10%. The only meaningful tax increases are the 3% levy — bringing in about Z$1bn — and the 15% increase in fuel tax, which will yield half that. This will be offset to some extent by the halving of the tobacco levy to 5% from 10%, costing about Z$700m.

In effect, Murerwa's numbers do not add up. They did not last year either, but were still accepted by the IMF and the World Bank. In the event, Murerwa now says 1999 spending will be 29% above budget while revenue is up 22%.

A more serious defect, which must have angered the donor community, was Murerwa's refusal to come clean on what the war in Congo is costing.

Indeed, the entire speech was notable for what was left out. No mention of VAT, due to have been introduced last year; not a word on the new national revenue authority, due to come in on January 1. Nothing either about the possible effect of the SA-European Union trade agreement or the Southern African Development Community free trade protocol.

The minister did, however, reveal that the accumulated losses of major parastatals totalled Z$14,8bn in mid-year. He hopes to raise Z$5bn from privatisation sales over three years, meaning that he will not even raise enough to repay losses, let alone contribute to solving the rapidly worsening debt-trap crisis.

Predictably, the public response has been critical. Only the state media has made positive comments. Even stockbrokers, who never miss an opportunity to proclaim that the economy is on the road to recovery, are at a loss for words.

The truth is that after almost 20 years in power, the ruling Zanu (PF) has run out of steam and ideas. It, and especially its old guard leaders, are an anachronism in a world economy driven by globalisation, liberalisation and deregulation.

The game is being played with rules that Mugabe and his team neither understand nor like. It is not that they have lost the plot; they were just never in it.

Foreign spouses have right to work

(362) BD 26/10/99

Michael Hartnack

HARARE — Zimbabweans who marry foreigners have the automatic right to have their spouses reside and work in the country unless the spouse's undesirability is proven, Zimbabwe's Supreme Court has ruled in a landmark judgment.

Chief Justice Anthony Gubbay ordered chief immigration officer Elasto Marvellous Mugwadi not to obstruct the return of a British environmental quality control supervisor, Christopher Nigel Anthony, from Leicestershire, who was arrested just before Christmas in Mutare and deported to London.

Anthony must be permitted to reside in Zimbabwe and take employment there, the Supreme Court ruled.

Gubbay, with the unanimous agreement of judges Nicholas McNally and Simbarashe Muchechetere, found that Mugwadi had violated the constitutional rights of Anthony's Zimbabwean wife, Diana.

She was unaware that her husband did not need to apply for a permit to live and work in Zimbabwe, in view of past court judgments on the rights of spouses.

"There is no suggestion that the marriage was one entered into as one of convenience, entered into with the ulterior motive of evading the immigration law," said Gubbay.

Unaware of their rights, the couple had approached the immigration department, which told them Anthony's application had been "rejected".

They then engaged successive "consultants", one of whom — in return for a "fee" — obtained what appeared to be an official Zimbabwean government stamp in Anthony's British passport stating that he had a permit to reside in Zimbabwe.

When Anthony was questioned by immigration officials last December he was told the stamp was a forgery, but the consultant was never prosecuted and there was no evidence of fraud.

The couple wrote to the immigration department on officials' instruction, apologising and admitting fault, in the hope Anthony would be released from prison. In his judgment, Gubbay said the couple had no reason to suspect the validity of the stamp, and ordered Mugwadi to pay costs.

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Mugabe plays dirty to crush opposition

(362)

BERNARD MANDIZVIDZA

HARARE: Zimbabwe's central intelligence organisation, CIO, has unleashed its operatives to destabilise the Movement for Democratic Change, the country's new labour-backed 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, detailed how Mugabe's government had instructed the CIO to infiltrate and destroy the MDC, in the same way the intelligence organisation had successfully destroyed other political parties in the past.

The CIO documents also revealed the organisation's plans to let its operatives recruit youths to disrupt 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 Sekeremayi, to an unnamed senior intelligence officer.

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 supporters have outnumbered the ruling party and all other opposition parties at meetings. — IPS

REST OF AFRICA

Mugabe faces wrath of militant gay activists

Michael Hartnack

HARARE — President Robert Mugabe yesterday withheld comment to the state-controlled press on his escape from "citizens' arrest" on torture charges when he arrived back in Zimbabwe with his wife Grace from their six-day trip to Paris and London.

Mugabe normally gives an extensive briefing at the airport VIP lounge to invited representatives of the official media each time he returns from an overseas tour, but the national news agency Ziana reported he had no remarks on the attempt to arrest him outside London's £395-a-night Crowne Plaza Hotel on Saturday by five activists of the militant homosexual group Outrage!.

Mugabe was also expected to elaborate on a statement he made in Paris last week that: "The International Monetary Fund (IMF) should shut its mouth because it is of no benefit to Zimbabwe", and that the fund had no right to question spending on military intervention in the Congo. The IMF last month froze a $193m programme, only agreed to in August, over alleged secret defence allocations of $166m.

Outrage! spokesman, John Hunt, said in the wake of the detention in Britain of Chile's former military ruler Augusto Pinochet they had notified the UK attorney-general's office of their plan to arrest Mugabe for the torture of Zimbabwean journalists Mark Chavunduka and Ray Choto. Those guilty were never brought to justice, and Britain is a signatory to the international convention against torture, Hunt noted.

The Sunday Mail, owned by the parastatal Zimbabwe Newspapers group, yesterday placarded the news "Homos Pounce on Mugabe" but did not report the attempted citizen's arrest and its link to the torture allegations.

Chavunduka and Choto remain on bail facing up to five years' imprisonment if convicted of "publishing false reports likely to cause alarm and despondency". They alleged a crackdown on army discontent over the Congo war.

Saturday's incident was the first hint that Zimbabwe's ruler of 19 years need fear action for human rights violations.

(362) BD 1/11/99

AFRICAN BUSINESS

Zimbabwe government stands firm on Aids levy

(362) CT (BR) 3/11/99

BERNARD MANDIZVIDZA

Harare – The Zimbabwe government has vowed to maintain a controversial Aids levy imposed on all taxpayers in the 2000 national budget presented to parliament two weeks ago despite mounting opposition by labour and civic bodies who say they'll reject the levy as long as money is squandered on the Congo war effort.

Rather divert money from supporting soldiers in Congo war, say opponents

David Parirenyatwa, the deputy minister of health, said the Aids pandemic was a big threat to the nation, with about 1 700 deaths from Aids-related illnesses reported every week. The Aids levy was necessary to raise money to combat the spread of the disease and there was no going back on that initiative.

But the Zimbabwe Congress of Trade Unions (ZCTU) unanimously resolved at a special meeting to discuss the Aids levy at the weekend to demand the withdrawal of the 3 percent levy on companies and individuals, failing which it would call for a general strike.

The ZCTU last year convened a two-day national strike, after which the government withdrew a 5 percent levy intended to pay Zimbabwe's 60 000 restive war veterans.

Opposing the levy, the labour movement, various civic bodies and ordinary Zimbabweans have insisted that President Mugabe's government withdraw 11 000 troops in the Democratic Republic of Congo and use the US$3 million the government says it is using monthly for the upkeep of the soldiers to rescue the ailing health sector.

While the need to combat the spread of Aids was appreciated by all, this could not justify squandering the country's resources in the Congo while a levy was imposed on the already overtaxed Zimbabweans, the ZCTU and others have argued.

But Parirenyatwa said the government needed the resources to fight the Aids pandemic. He said 56 percent of all admissions at government hospitals were for Aids-related illnesses. – Independent Foreign Service

Burial societies cover the high cost of dying

Tradition stresses the need for proper funeral rites, but with the AIDS epidemic and soaring costs, the poor simply cannot cope

BD 3/11/99 (92) (362)

HARARE — Burial societies are baling out the poor in Zimbabwe, where AIDS has reached epidemic proportions and soaring inflation has pushed up the price of burials.

Suppressed during colonial times because the authorities feared the societies were a cover for political activities, they are today taking over the role of the extended family system, which is being overloaded by the rising number of burials and the high associated costs.

The burial societies, which operate on a similar basis to stokvels in SA, have a monthly charge that can be as low as $0,70. When a death occurs the society covers all expenses, which can be considerable, for the member. Transporting a body for burial can cost as much as $150 while a coffin costs a minimum of $30.

"We invest the contributions in income-generating projects to raise more money for our club," said Abisha Madera, chairman of the Murengami Burial Society.

Burial societies date back to the early 1930s, when migrant workers from Malawi and Zambia on mines and commercial farms decided to pool their resources to help meet funeral expenses. In those days societies were also social clubs where these migrant workers could meet to talk.

"Since we were living in foreign countries it was very difficult to meet funeral expenses as individuals. We did not have any relatives in these countries who could bury us," says Jowamu Zhakami, the founder of Malawi Burial Society in Chitungwiza, a dormitory town 40km outside Harare.

Zhakami remembers how difficult it was during the colonial era to organise societies. The authorities, he says, were suspicious of black associations, fearing a political rebellion.

By the early 1960s the concept of burial societies became popular, but they were still dominated by foreigners.

After initial suspicion about mabvakure (foreign people), local people adopted the idea which resulted in the mushrooming of burial societies in the late 1970s.

Unlike those formed by foreigners, whose membership was based on the country of origin, burial societies formed by locals were based on tribal affiliations. One of the main reasons for this was the difference in cultural and traditional values.

There has been an increase in the number of pauper burials recently as more people are pushed out by poverty stricken families and become outcasts. They die alone and in poverty.

Last year an average of 1 000 people a month were given pauper's burials.

Coffin maker John Dzafunwa says he performs an average of 10 pauper burials a month which are paid for by the department of social welfare.

Financial hardship is bringing about shifts in tradition, which holds the dead sacrosanct and stresses the need for proper rites at a burial.

In Bulawayo the authorities have suggested cremation as an alternative because it is cheaper and saves space. However, traditionalists are against what is regarded as an alien practice, and a heated public debate has ensued. — AIA.

Horticulture is being squeezed

(362) BD 4/11/99

Artificial level of Zimbabwe dollar hurts exports

HARARE — The artificial stability of the Zimbabwe dollar, at variance with inflation and rising input costs, is squeezing horticultural producers' profits and threatening their viability, an industry official said on Tuesday.

"The industry's profit margins are being squeezed relentlessly by static foreign exchange rates to the Zimbabwe dollar, out of all proportion to spiralling local inflation, interest rates and speculative input costs," said Horticultural Promotion Council (HPC) Administrative Executive Gordon Lind.

Horticulture is Zimbabwe's second largest foreign exchange earner after tobacco, and accounts for 3,5 to 4,5% of gross domestic product (GDP) up from 2% five years ago.

"The success of the industry has been based on a free market situation requiring considerable entrepreneurial flair from producers," Lind said.

"In Zimbabwe dollar terms, exporters have received no increase in price over the past seven months. Unless there is a favourable movement in the return to exporters, industry viability will be seriously undermined," Lind said in written response to questions.

Despite a deepening foreign currency shortage on the local market, the Zimbabwe dollar has been stable against the key US dollar since June under bankers' partial controls established in January after speculative pressure had driven it to record lows.

Lind said the controls had also stifled direct foreign investment in horticulture, affecting its ability to reinvest and expand, eroding the Zimbabwe industry's competitive advantage.

The industry however welcomed the re-introduction in August of corporate foreign currency accounts which would help restore exporter confidence.

Export earnings in the 1999/2000 (July to June) marketing season are expected to rise to US$153,7m from $121,3m in 1998/99.

The HPC projects annual growth in flower production steady at 20% over the next few years while fresh produce is seen expanding at 30% a year from an average 17,5% over the past decade. Citrus production is also estimated to grow at 30% a year from 17,5%.

Zimbabwe exports its products to Europe, the US, Australia, the Far and Middle East and SA. — Reuters.

Zimbabwe needs to meet IMF conditions

(362) BD 4/11/99

Michael Hartnack

HARARE — A $130m standby credit, granted by the African Development Bank to Zimbabwe last month, will depend on Harare reaching agreement on resumption of the International Monetary Fund's (IMF's) $193m package.

The IMF package was frozen recently over claims that Harare concealed January-July military spending of $166m.

The African Development Bank's assistance — announced the day after the IMF alleged it had been misled into thinking spending was only $4m a month — was hailed in Harare as a blow to western interference.

However, a spokesman for the bank's Abidjan headquarters said yesterday that Mugabe had to meet the IMF conditions to qualify.

The full text of news conference President Robert Mugabe gave in Paris last week revealed a bruising confrontation with French journalists who questioned him about the cost of Congo interventions and underlying reasons for it. Mugabe accused his questioners of being "mischievous" for daring to ask.

In Paris, Mugabe said he had told the IMF to "shut up" because Congo war spending should be of no concern to it.

Mugabe met French President Jacques Chiac for a high-profile photo call which diplomatic sources in Harare linked to a recent Zimbabwean diplomatic and trade offensive in the Francophone world.

A 35% stake in a parastatal was awarded last week to a French company and a $10m loan was secured from a French bank, but business sources discounted Mugabe's claim that French car manufacturer Renault might establish an assembly line in Zimbabwe.

Meanwhile, Peter Longworth, Britain's high commissioner to Zimbabwe, was summoned to the foreign affairs ministry yesterday to receive a protest and expression of concern about Mugabe's safety during his brush last Saturday with gay activists in London, a UK spokesman has confirmed.

Peter Tatchell, leader of Outrage!, forced open the door of Mugabe's limousine as it left the $395-a-night Crowne Plaza Hotel in Buckingham Gate and seized his arm. Tatchell claimed he was trying to make a citizen's arrest because Mugabe had violated the International Convention Against Torture, to which Britain is a signatory.

In the first incident of its kind during Mugabe's reign, Tatchell reportedly said: "President Mugabe, you are under arrest for torture." Then Tatchell and three other activists were themselves detained by British police.

Tatchell said the attorney-general's department in London was notified in advance of the intention of Outrage! to bring Mugabe to trial for the illegal detention and mistreatment of Zimbabwean journalists Mark Chavanduka and Ray Choto. However, diplomatic sources said no advance warning was passed on to Mugabe.

Mugabe, apparently severely shaken by the incident, has made no public comment, despite his normal practice of talking to the state-controlled media when returning from a visit abroad.

World Bank may suspend social support

(362)

BD 5/11/99

Concerns raised over Zimbabwean government's spending priorities

Michael Hartnack

HARARE — The World Bank is reconsidering the release of Z$1bn for three social projects because of fears of Zimbabwean government spending priorities, a spokesman yesterday.

At the same time, the state-controlled Herald newspaper says that the foreign currency "waiting list" crisis is set to ease as a result of the Reserve Bank securing a $150m commercial loan from Germany's BMF Bank at an undisclosed rate of interest.

"The deal would go a long way in boosting Zimbabwe's foreign currency position at a time (when) reserves are running low," said the Herald.

The paper also said there were imminent government moves to limit the time exporters would be allowed to hold incoming foreign currency payments in special accounts.

The accounts were reintroduced earlier this year, in line with International Monetary Fund (IMF) demands for resumed liberalisation.

Corporate holders were forced to liquidate them in 1997 during the crisis which followed the granting of Z$4,5bn in unbudgeted gratuities to former guerrillas and attempts to take over white-owned farms. This caused the Zimbabwean dollar to drop from 12 to 38 against the US dollar.

Banking sources confirmed yesterday the growth over recent weeks of a black market in foreign currency as the Reserve Bank of Zimbabwe tried to maintain its "gentlemen's agreement" of a fixed rate of $1:Z$38 with the commercial banks.

Foreign currency account holders were reportedly demanding Z$42 to Z$45 to the US dollar. A World Bank spokesman said an eight-member team was in Zimbabwe last week to evaluate three social projects in the wake of the IMF's freeze on a $193m programme, agreed in August, because $166m is alleged to have been spent on intervention in the Democratic Republic of Congo.

"Although these programmes are social there is a feeling there is no need for support if the (Zimbabwean) government is failing to address its economic problems," an official said.

Trades unions and opposition parties are considering defying the ban on strikes to protest against the 3% "AIDS levy" imposed in last month's budget, in view of the Z$9bn allocation for defence, Z$900m allocation for the Central Intelligence Organisation and Z$65m for the ruling party.

Diplomatic sources fear a fresh démarche with key donor, the US, over the scheduled release this weekend of three former Lubumbashi missionaries, Gary Blanchard, John Dixon and Joseph Pettijohn, who were tortured and beaten following their arrest in Zimbabwe in March.

With one third remission for good behaviour the three US citizens are due to complete their jail sentences on weapon charges on Saturday.

But a probable delay caused by state appeals for longer terms may cause a new human rights row.

Home Affairs Minister Dumiso Dabengwa admitted for the first time this week that Sunday Standard editor Mark Chavunduka and reporter Ray Choto were tortured in January while in detention. They were arrested because of an article claiming there had been crackdown on army discontent with Congo service.

"Yes, there was a wrong done, but it was quickly corrected," said Dabengwa.

"I am disgusted by the way the local and international media treated this small matter and how they blew it out of proportion. Just because of that single incident Zimbabwe has continued to suffer. Everyone was against us," Dabengwa said.

ZIMBABWE

FM 5/11/99 (362)

MUGABE'S DEFIANCE ASIDE, IT'S SHRINK OR SINK FOR ZIM

Harare resists mounting pressures for devaluation

Now that the donor community has in effect suspended lending to Zimbabwe, bankers believe Harare authorities must either tighten exchange controls or allow the Zimbabwe dollar to slide.

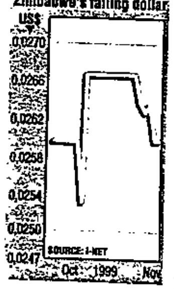
The "gentleman's agreement" reached in January whereby a committee of bankers agreed to hold the exchange rate at Z$38/US$ is unravelling. Last week, a leading bank, accounting for about a quarter of foreign currency transactions, pulled out of the agreement because, it said, most other foreign exchange market players had long abandoned the scheme and were trading outside the guidelines.

Things are seldom as they appear in Zimbabwe, and the foreign exchange market is no exception. Though it is under intense and growing pressure, the exchange rate is steady as a rock. Banks are giving "rebates" to attract foreign exchange from customers, then passing on the extra cost to buyers. Last week, one rebate for a sale of $4m was a whacking 4,7%. So, while the quoted mid-rate is still close to Z$38, the effective rate earned by exporters and paid by importers is over Z$40.

Similarly, while insisting that the Zimbabwe dollar is 24% undervalued, the Reserve Bank of Zimbabwe (RBZ) has been forced into the market to borrow $150m from a consortium of European banks.

The RBZ has tightened monetary policy while lecturing the business community on the evils of misusing Foreign Currency Accounts (FCAs), which were reintroduced in August at the behest of the International Monetary Fund. The RBZ complains that exporters are not only hoarding their FCAs, thereby reducing the supply of foreign currency available to buyers, but also buying foreign exchange in the market, thereby increasing the shortage.

LOSING THE PLOT
Zimbabwe's falling dollar



The banks say the foreign exchange pipeline is now $120m, though this probably includes some double-counting, to which must be added a further $100m of public-sector payments, some of it already in arrears. The $200m (or so) pipeline is about double the balances being held by exporters in FCAs.

As the pressure on the exchange rate grows, so the authorities are looking for new ways to avert devaluation. RBZ Governor Leonard Tsumba told bankers last week that promised foreign assistance for

Zimbabwe faces human rights storm

Michael Hartnack BD 8/11/99 (362)

HARARE — A new human rights storm may be about to break over the Zimbabwe government as a result of a report that three evangelical mission workers from the US wrote on the eve of their release from Chikurubi Maximum Security Prison.

A lawyer for the three disclosed yesterday that the still confidential report had been handed to the officer commanding the prison, outside Harare. However, lawyer Jeremy Callow said that the report would be made public if no remedial action was taken.

He was speaking at a news conference after the deportation on Saturday of Gary Blanchard, Joseph Pettijohn and John Dixon of Harvestfields Ministries, Indianapolis. With one third remission for good conduct, the three completed 12-month sentences imposed in September for possession of firearms.

A constitutional crisis still looms here over attorney-general Patrick Chinamasa's claim that the leniency of their sentence was a "betrayal". He is being prosecuted for contempt in an action that pits judges against the government.

Mugabe invoked in July special powers to block a court order relaxing their prison conditions but Judge Mohamed Adam found their ordeal of electric shock torture and beatings warranted special reduction of possible maximum 27-year sentences.

Victoria Falls transfer raises many concerns

BD 9/11/99 (362)

Michael Hartnack

HARARE — The entire Zimbabwean side of the designated World Heritage Site at the Victoria Falls has been transferred from the national parks department to museums and national monuments, despite rising concern about the surrounding environment.

Environmentalists have previously expressed concern about damage due to commercialisation and excessive tourist exploitation of the Victoria Falls.

In a major revenue loss for the environment and tourism ministry, headed by Simon Moyo, it now comes under Home Affairs Minister Dumiso Dabengwa, who is widely regarded as the political strongman for the western Matabeleland region following the death of vice-president Joshua Nkomo.

The transfer was gazetted last week, and official sources say moves are afoot to similarly shift the Matopos national park near Bulawayo to the national monuments department. Currently, visitors have to pay national parks to enter the Matopos — a bequest to the nation from the will of Cecil Rhodes — and a second time to national monuments to visit Rhodes' grave at World's View Hill.

Leading tourism consultant David Chapman queried how environmental concerns would be met under the change. "How the hell can that work?" he asked. "I don't see how we can have two leading tourist areas outside the minister of tourism's portfolio."

"We have major concerns about the future of the Victoria Falls," said Sally Wynn of the Zambezi Society, an international lobby group with branches in Zimbabwe and Britain. "We will be trying to find out more, but we are pleased a master plan is currently being compiled and hope nothing will be done without taking it into consideration."

There was a major row between the parks department and tourist industry chiefs earlier this year when parks' entry fees were suddenly increased from $5 to $20, then reduced to $10. The increases allegedly caused a major shift in bookings to neighbouring Zambia.

Sources said senior officials of the troubled parks department failed to attend consultative meetings designed to pave the way for the transfer. Allegations of corruption and mismanagement have pursued the department for many years.

"We are taking over the Falls and all fees will be paid to National Museums and Monuments of Zimbabwe," said a spokesman. He claimed scientific experts from Bulawayo's natural history museum would ensure continuing care for the environment at the Victoria Falls rain forest and in the fragile riverine vegetation belt along the Zambezi River bank, also part of the heritage site.

More than 500 000 tourists visit the Falls every year. Environmentalists have deplored urban sprawl and pollution, including rising crime levels, erection of unsightly billboards and concern to outdo Zambia in competition for hard currency profits.

Mugabe prodded on Western help

(362) CT (MR) 9/11/99

Stella Mapenzauswa

Harare – Zimbabwe's government must urgently get back on track its stalled aid programmes with Western donors to allow for injections of crucial foreign currency into the parched local market, analysts said yesterday.

The interbank market remained at a virtual standstill as import orders continued piling up against thin resources despite central bank assertions the local currency would remain stable.

"It's really important that we get bank into good books with the IMF (International Monetary Fund) because this will open up doors with all the other donors. I don't see any other way out," one trader said.

The IMF is reviewing a US$193 million, 14-month aid package approved in August over President Robert Mugabe's controversial and costly deployment of troops in the Congo war.

The World Bank and other Western donors have also suspended funding until Zimbabwe gets its IMF programme back on track.

"At the end of the day, it is down to government policy and getting the IMF and other donors to be happy with us again. The currency is not on its own, it has to relate to the macroeconomics," said one market analyst with a leading commercial bank who declined to be named.

The Bankers' Association of Zimbabwe was not immediately available for comment.

Traders said last week importers had not been reassured by the central bank's assertions that the currency would not weaken against the key US dollar despite the mounting pressure.

The local unit has been anchored at 37,9/38 to the dollar since mid-June under partial controls bankers embarked on to steady the currency following a speculative run in January.

The measures, which had the unspoken approval of the Reserve Bank of Zimbabwe, averted the re-imposition of government controls on the exchange market as Mugabe's ruling Zanu-PF party eyes crucial parliamentary elections next year.

The central bank claims exporters have created an artificial market shortage by hoarding their money in corporate foreign currency accounts, re-established in August to fulfil IMF conditions for release of key aid.

In mid-October, the central bank said Zimbabwe had an import cover of 2,3 months, but analysts estimate it at below one month. – Reuters

Zimbabwe backs into the closet over gays

BD 10/11/99

(362)

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".

Call to halt aid to Zim

(362)

LONDON: British gay activist, Peter Tatchell — who ambushed Zimbabwean President Robert Mugabe's car here last week and tried to effect a citizen's arrest — yesterday called for Zimbabwe's expulsion from the Commonwealth.

Mugabe, who has in the past denounced homosexuals as "worse than pigs and dogs", is ready to confront his foreign critics at this weekend's Commonwealth Heads of State and Government Meeting in Durban, Zimbabwean government officials said.

Tatchell, of the group Outrage, urged British Prime Minister Tony Blair to initiate moves "to expel Zimbabwe from the Commonwealth and suspend British aid to Zimbabwe until such time as Mugabe's government halts its attacks on the gay community and other human rights abuses".

A spokesperson for Blair said that the government had expressed regret over the incident, but had not apologised, as was reported in Harare. Tatchell condemned the British government's expression of regret as "shameful appeasement". — Reuter

CT 11/11/99

New figures cause concern

BD 11/11/99 (362)

Debt at oil-buying parastatal Noczim is 600% higher than acknowledged earlier

Martin Rushmere

HARARE — More alarm bells are ringing in Zimbabwe's financial sector following a disclosure that the debt of the biggest loss-making parastatal, oil buying corporation Noczim, is almost 600% higher than earlier acknowledged.

Economists say the Z$28bn debt equals between 10% and 14% of gross domestic product and means a projected 7,5% budget deficit this year is severely understated. Transport Minister Enos Chikowore says the debt will partly be paid by selling a 49% stake in the Zimbabwe subsidiary of Total, regular fuel price increases and the sale of the corporation's head office.

Senior management of Noczim was dismissed earlier this year following revelations of widespread fraud, with some accused of setting up their own companies to buy and sell fuel.

A new board, whose members have not been announced publicly, was appointed this week, headed by the permanent secretary at the transport ministry, retired army colonel Christian Katsande.

The most recent official figures on general parastatal debts was a total of Z$11bn by the eight worst performing corporations as at the end of last year, with Noczim accounting for Z$5,5bn.

Surprise, verging on shock, greeted the higher Noczim debt.

"All we can hope is the minister has got his figures wrong," said an economist with an international bank. "If it really is what he says, then the economy is pretty sick. Based on that figure, the budget deficit for this year will not be less than 15%, making ours the worst in the world.

"A part of the debt is ordinary commercial debt that is within normal commercial repayment time, but it certainly means the losses are way over the amount admitted by officials.

"Of course, the government could choose simply to ignore the losses and carry them over to next year. But the problem will then simply be multiplied."

Consultant economist John Robertson said: "If that figure is correct and it represents losses, then it comes to about 14% of GDP and as it is an outright loss, it has to be added to the budget deficit. I have been surprised all along that there seems to have been no statement by the government of what proportion of the budget deficit is made up of parastatal losses."

Chikowore says the central bank plans to issue concessionary notes valued at US$50m and the finance ministry will issue a bond issue for the same amount, although observers have pointed out that the money market might reject them as repayment will be risky.

Zimbabwe's annual fuel imports are 700 000m³ of petrol, 300 000m³ of aviation and turbine fuel and 800 000m³ of diesel.

This costs between 10% and 15% of the total import payments of US$2,3bn.

Zimbabwe crisis worsens

(362)

Mugabe is warned against 'self-serving theatrics' at Durban gathering

Michael Hartnack

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 Trades Unions said it plans, despite a ban, to go ahead with nation-wide 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 parcelling out of land to chiefs (ministers) is nothing but naked corruption," said an editorial yesterday in the Zimbabwean 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 skidding 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 30.

Peter Tatchell of gay pressure group Outrage!, 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 theatrics".

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 productive 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

(362)

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 being 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 AIDS levy is another excuse to increase taxation which is already unacceptably high'

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 rake in some Z$1,3-billion (R216-million) annually, as an "unimaginative 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.

ST 14/11/99

REST OF

Danes attach strings to aid

BD 15/11/99 (362)

A $150m deal with Zimbabwe hinges on eliminating alleged human rights abuses

Michael Hartnack

HARARE — A Danish delegation has obtained a signed commitment from Zimbabwe's government to eliminating a damning catalogue of alleged abuses including election rigging, and infiltration of spies into nongovernmental organisations.

Other commitments include an end to deportation of foreign nongovernmental organisation advisers, as well as halting the Congo military adventure.

"These things have to be adhered to, to ensure funds keep coming," said Danish ambassador Erik Fiil, announcing a $150m four-year programme that would be a godsend for Zimbabwe's economy if realised.

"Zimbabwean troops in the Democratic Republic of Congo must definitely be withdrawn as soon as the United Nations monitoring mission is deployed."

"It was underlined that the Danish development assistance to Zimbabwe presupposes progress in the areas of good governance, human rights, democratisation, withdrawal of the troops from the Democratic Republic of Congo, as well as a sound economic policy," said a statement signed by the Danish delegation to the week-long talks in Harare and a team led by Zimbabwe's secretary to the treasury, Charles Kuwaza.

Diplomatic sources said the wording was agreed upon "by both sides", making it hard for President Robert Mugabe to disown if he fails to comply in the coming year, when parliamentary elections are to be held.

His own second presidential term is scheduled to end in 2002 before the agreed limit to Copenhagen's $150m aid lifeline.

From being one of Mugabe's most consistent supporters at 1980 independence, the Danish government has become one of the most critical as human rights issues have come increasingly to the fore.

"It is the expectation of the Danish delegation that the upcoming parliamentary and presidential elections would take place on a level playing field based on accurate voter registration," warned the agreement, alluding to past allegations of ballot rigging.

Mugabe's Zanu(PF) controls 147 of the 150 seats, only 120 being elected.

Part of the aid money may be used for voter registration reforms, but other uses were not spelt out.

The Danish-Zimbabwean agreement stated that "a new constitution would be the product of a process where all stakeholders had been heard with equal weight".

Opposition groups fear a current review may be used by Zanu(PF) to entrench Mugabe's hold on power for another six-year term from 2002.

Some of the most candid language in the agreement refers to the recent withdrawal by the Danish Trades Union Federation of adviser George Lemke, who had been warned he was about to be declared a prohibited immigrant because of his assistance to the Zimbabwe Congress of Trades Unions, now spearheading formation of a new opposition party.

It voiced "concern about reports on surveillance, infiltration and monitoring of nongovernmental organisations, including the threat to deport foreigners working for NGOs".

The arrest early this year of journalists Ray Choto and Mark Chavunduka "had seriously damaged Zimbabwe's image", both sides agreed. They were illegally detained and tortured for sources of a report referring to army unrest over deployment in the Congo war.

The International Monetary Fund last month suspended a $193m budget support package, only agreed to in August, after allegations Zimbabwe concealed $166m in war spending. Italy and the Netherlands recently cancelled programmes because of allegations of "lack of transparency", while other western donors have put $450m on hold.

Aid at a price for Zimbabwe

(362) CT 15/11/99

HARARE: Denmark has assured President Robert Mugabe's stricken government of $150 million in aid — but only if it withdraws its troops from the Democratic Republic of Congo and improves its human rights and economic records.

A statement issued by the Danish embassy here said the money would be released next year, but the disbursement "presupposes progress within the areas of good governance, human rights, democratisation, withdrawal of the troops from the DRC, as well as sound economic policy."

Ambassador Erik Fiil said at the weekend that three senior officials from Copenhagen had laid down the conditions in talks with the Zimbabwean finance ministry. The talks ended on Thursday.

The Danish announcement added to pressure on Mugabe's regime, which has been accused of dragging the nation into unprecedented economic travail and international disgrace through reckless spending and human rights abuses.

Last month the International Monetary Fund suspended payment of a $194m loan because the government broke promises to the fund about economic reforms. The IMF was also investigating allegations that the government lied about the costs of its role in the DRC.

The IMF freeze on aid means that all international concessional finance will dry up as Western governments make their support conditional on IMF approval of economic performance. Mugabe's response to the IMF's censure was to tell the IMF to "shut up". — Sapa-DPA

Zimbabwean stock exchange surprises

BD 16/11/99

Martin Rushmere (362)

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 sums 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 everything else behind: cellular phone service provider Econet, which is headed by folk hero Strive Masiwya, 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 one broking and portfolio management firm. Tetrad Securities is predicting 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.

Economists treat report with some caution

(362)

Martin Rushmere

HARARE — Economists are treating with caution a report in the weekly Financial Gazette that the country's foreign exchange reserves are now down to possibly as little as one day's import cover.

The newspaper quotes currency dealers as saying the market has run dry of cash, with one dealer describing it as a 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 Z$16bn — 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 world 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 BHF 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 42-45.

"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."

BD 19/11/99

REST OF AFRICA

Harare tightens the fiscal screws

BD 23/11/99 (362)

Martin Rushmere

The Reserve Bank tries to halt costly government guarantees

HARARE — Zimbabwe's Reserve Bank is trying to halt automatic government guarantees for loans to bankrupt government companies and cronies of the ruling party.

For the past three months the bank has been refusing to put its name behind so-called "hopeless" industrial and commercial schemes, mostly proposed by senior ruling party politicians and their friends.

The bank is also extremely reluctant to throw money at loss making government companies.

One of the first to feel the squeeze is the nat nal cargo airline Affretair, wh h owns and operates no airc t but has a staff of several h red. It now owes R100m in o rdue debts. The government h been silent in response to plea or money.

Finance Mini r Herbert Murerwa has said t screws are being tightened o "distressed banks", and that th government will not bail them ut as it did with the late F ger Boka's United Merchant B k.

An official ind tion of the extent of the econ nic problem is given in the Reserve Bank's report for last year, which reveals that 19% of commercial bank loans — and 45% of merchant bank loans — were "substandard" or "doubtful".

The Reserve Banks says however that: "A large proportion of this debt is secured by government guarantees and therefore does not pose a significant threat to solvency."

"Unfortunately, just the opposite is now the case," says a Harare merchant bank director.

"We are waiting months to get the money from the government, which makes everyone loath to lend the money ... Ten years ago most banks would have happily dished out the money if there was a government guarantee, even though a project was a commercial nonstarter. No longer."

Squeals of outrage from friends of the ruling party have been heard in government newspapers, where unnamed business leaders are saying the policy has been imposed by the International Monetary Fund and that government must ignore foreign dictates.

An example of a shaky venture that stood very little chance of success was a medical syringe factory set up 40km from Harare. Despite both SA and Mauritius producing competing products at 30% of the cost, the product went ahead because of a government guarantee.

Liquidation ensued, with the merchant banks that put up the money being paid by the bank.

Since then the economy has worsened, so even if the bank issues guarantees again, commercial and merchant banks will stay clear of dodgy ventures.

Export zones success story

Michael Hartnack

HARARE — Zimbabwe has already earned \$82m in exports from newly created export processing zones (EPZs), the chairman of the EPZ authority, Elias Ngugama, announced at the weekend.

Addressing businessmen in the border town of Beitbridge he said EPZ enterprises at various points around Zimbabwe had generated 11 500 new jobs in the past three years.

Ngugama — who is also nonexecutive chairman of Anglo American Zimbabwe — said potential foreign currency inflows from further development could reverse Zimbabwe's current economic problems.

"The EPZ board has approved 112 projects of which 103 are 'stand alone' and the rest (are in) industrial parks," said Ngugama.

Of the 103, 50 were fully operational while 18 more should be onstream by year-end. EPZ development represented a Z\$7,2bn investment.

"We really need more investment in the EPZs if we are to jump start the ailing economy and improve the level of foreign currency reserves," he said.

"The level of unemployment in the country is actually a time bomb and something really has to be done by way of creating more investment opportunities in EPZs," said Ngugama.

The Herald reported that in a speech read on his behalf at the Beitbridge meeting, Industry and Commerce Minister Nathan Shamuyarira said Zimbabwe "needed to prop up dwindling foreign currency levels".

EPZ developments receive special exemptions relating to taxes and duty, among other incentives.

(362) BD 23/11/99

Mugabe's war stirs revolt on the home front

(362) ARG 24/11/99

JON JETER

What ultimately got to Lincoln Shenge was not the meagre pay or the long hours that he put in at Harare's main hospital.

It wasn't the constant shortages of even the most basic medical supplies: soap, clean towels, surgical gloves. The young doctors managed that well enough, and Dr Shenge learned how to make do without painkillers, warning patients on the operating table that they "would just have to be brave".

In the end, he and the other 600 doctors went on strike because none could bear to lose another patient needlessly while the government spent at least R18-million a month to help President Laurent Kabila fight rebels in the neighbouring Democratic Republic of Congo.

"The doctors, we can't even afford a car," said Dr Shenge, 23. "When I get paged by the hospital for an emergency call, I have to flag down a (bus) and just hope and pray that there's no other passengers on board who have to be dropped off ahead of me. We've all lost patients that way. Our government has got to get its priorities straight."

With inflation soaring, a quarter of its 12 million people infected with AIDS and two-thirds living in poverty, Zimbabwe's widespread suffering represents this country's greatest test of faith since independence, 19 years ago.

Never before have the people of Zimbabwe so openly questioned the autocratic leadership of its founding father, President Robert Mugabe.

A coalition of unions, churches and civic groups have formed an opposition party that can seriously challenge Mr Mugabe's ruling Zanu in next year's parliamentary elections.

A grassroots effort to rewrite the constitution – which gives Mr Mugabe unchecked authority – has led to a national outpouring of grievances, gathering so much momentum that government officials have tried to co-opt the process.

> 'Why bother putting out a fire next door when your house is on fire?'

And the emergence of a critical, independent press allows no misstep to go unnoticed, reinforcing almost daily the popular image of the government as a corrupt ruling elite, whose indifference to ordinary citizens is a betrayal of the independence movement that earned Zimbabwe the world's admiration more than two decades ago.

Morgan Tsvangirai, a unionist who heads the new Movement for Democratic Change party, said: "The economic and social crisis is so unprecedented that everyone realises we need a change, but every time we talk about the future, they bring up the past.

"They've remained arrogant, locked in a time warp, unwilling to hear dissent, unable to come up with new ideas, unaccountable for their corruption and failings. We need a new vision. The liberator has become a liability."

Dissatisfaction with Mr Mugabe is not new. Periodic uprisings in the form of strikes, student protests and even small-scale riots have been part of Zimbabwe's life for several years.

But Mr Mugabe's decision to help defend Mr Kabila's autocratic government has hardened attitudes and formed the first droplets of revolution.

Despite Mr Mugabe's contention that the military commitment is necessary to defend a neighbour and investment partner from aggressors who could further destabilise southern Africa, few believe Zimbabwe can afford the war.

In a nationwide survey last year, 70% of respondents said they opposed military involvement in the DRC.

The government's proposal last month to introduce an "AIDS tax" on all payroll costs has been condemned by business, labour and civic organisations, which say no additional levy would be necessary were it not for the 58% increase in the defence budget.

"Why bother putting out a fire next door," said Andrew Mutandwa, a former Mugabe spokesman who now works for an AIDS awareness group, "when your own house is on fire?"

John Makumbe, a University of Zimbabwe political science professor, comments: "The Congo is a big rock that Mugabe has tied to the country. It's heavy and bound to take many down."

William Zartman, a professor of international relations at Johns Hopkins University, commented: "Mugabe is by now a rotten gift to his country, yet there is no legal and practicable way to retire him. The lesson is again one in full support of democracy. Democracy does not guarantee good results, but it does guarantee the removal of bad ones."

Mr Mugabe has blamed the requirements of donors, particularly the International Monetary Fund and the World Bank, for the expansion of poverty in Zimbabwe. And he has resisted all suggestions that his time has passed. "I know the door through which I came into politics," he said earlier this year, "and I know the door I should use to get out of politics." – Washington Post

REUTERS

Crowd control: strikes and protests erupt sporadically over declining conditions, but the drain of the Congo war has hardened the opposition to Mr Mugabe's rule

Harare breaks its promise to stop borrowing from central bank

(362) CT(BR) 24/11/99

BERNARD MANDIZVIDZA

Harare – Zimbabwe's domestic debt, largely blamed for fuelling inflation, shot to more than R12 billion this month as it also emerged that President Robert Mugabe's government had reneged on its pledge to stop borrowing from the Reserve Bank of Zimbabwe, the bank revealed in figures it released this week.

The central bank announced in August that the government had withdrawn its overdraft facility to stop its huge borrowings which had crowded out the private sector.

However, Harare had continued its borrowings despite the announcement, resulting in its total national domestic debt jumping from R9 billion at the beginning of October to R12,7 billion on November 5, sparking fears that the government might not meet its target of halving its debt by the end of the year.

Central bank figures this week revealed that treasury bills continued to form the largest source of the government's domestic borrowings, while the government's use of the overdraft facility had in fact grown over the past few weeks.

The treasury bills – short-term money market instruments used by the government to borrow funds for its recurrent expenditure – leapt from R6,1 billion at the end of October to R8,8 billion while the central bank's weekly advances to the government had increased from about R400 million in October to R6,8 million by November 5.

The interest bill required to service the treasury bills has also continued to move in unison with the increase in the government's borrowing from the money market. The bills have attracted more than R4,2 billion in interest since the end of October.

It emerged this week that the government, which had directed that its overdraft facility be reduced to zero to stem money supply growth, had since the end of last month been receiving money from the central bank.

The decision to revert to the overdraft facility has raised fears in the market of a further rise in the bank rate as the central bank will be forced to reduce private sector borrowing to compensate for the faltering fiscal policy.

A jump in the bank rate would force commercial banks to increase their lending rates, which are now hovering at about 70 percent. Economists have blamed the government's borrowing from the domestic market for the country's high inflation, which rose to a record high of 70,4 percent last month.

In August, the government agreed with the International Monetary Fund, to cut inflation to 30 percent by December this year as one of the key conditions for the release of remaining tranches under a $193 million standby facility. – Independent Foreign Service

German bank lends $150m for forex

BERNARD MANDIZVIDZA

Harare – Zimbabwe, which had run out of foreign currency to cover its imports, would this week get a reprieve from BHF, a German bank, which would provide a $150 million loan to the Reserve Bank of Zimbabwe to boost the country's foreign currency position, central bank sources said yesterday.

The sources said the agreement between Zimbabwe's central bank and the German bank was on a purely commercial basis and not similar to assistance given by international donor agencies.

The country's foreign exchange crisis deepened last week with several media reports quoting foreign currency dealers saying the country no longer had any import cover.

Spokesmen for commercial and merchant banks were also quoted as saying they had stopped processing forex applications from importers.

Zimbabwe's foreign exchange market remained dry since opening on Monday, with dealers saying liquidity would not improve in the absence of huge inflows.

Media reports have hailed the central bank's signing of the $150 million agreement with BHF but warned this was a temporary solution that would boost import cover for only three months.

The Herald, the state-owned national daily newspaper, said in an editorial yesterday that while the deal would help Zimbabwe's foreign currency position, it nonetheless represented only a stop-gap measure and not a long-term solution. – Independent Foreign Service

REST OF AFRICA

Harare's expenditure pushes deficit to 14,5%

BD 24/11/99 (362)

Murerwa admits to an inherited deficit to August of Z$13bn

Michael Hartnack

HARARE — Supplementary estimates of expenditure, totalling Z$9,5bn, have been tabled in the Zimbabwean parliament for the 1999 financial year, pushing the budget deficit to at least 14,5% of gross domestic product (GDP).

When Finance Minister Herbert Murerwa introduced Zimbabwe's budget for 2000 last month, he admitted an inherited deficit to August of Z$13bn (9% of GDP) but said increased collections should reduce the figure, on spending then acknowledged, to 7,5%.

Many commentators put it much higher, claiming concealed spending on President Robert Mugabe's military intervention in the Democratic Republic of Congo.

Estimates put before the house yesterday include an extra Z$146m for the feared Central Intelligence Organisation (CIO), Z$1,4bn for defence and an unexplained Z$4bn "vote of credit" the purpose of which is currently unknown.

MPs are banned from raising or debating the vote for the CIO, which comes under "special services" in the allocation for Mugabe's own office, and is not subject to audit.

The International Monetary Fund (IMF) last month froze a $193m budget support programme claiming at least $166m military spending in the Congo was being concealed by Zimbabwe. Western donor nations and agencies have frozen a further $450m aid until Mugabe and Murerwa reach agreement again with the IMF on fiscal reform, resulting in increased pressure on the country's currency.

The supplementary estimates include an additional Z$1bn for education and Z$600m for the health ministry — whose state hospitals were paralysed by a recent six-week doctors' strike over salaries. Teachers, doctors and nurses have been promised hefty rises to offset 69,7% inflation.

The home affairs ministry gets an extra Z$579m to boost police pay and foreign affairs Z$474m to maintain a network of high-profile international embassies following the currency's slide to $1 to Z$39.

Defence spending of Z$7,3bn still does not cover diplomatic military attaches' estimated $1m a day cost of Congo intervention.

Sources believe when Zimbabwean troops are eventually withdrawn, under the Lusaka peace accord, Zimbabwe will be forced to concede hoped-for war cost subsidies from President Laurent Kabila's Kinshasa government, and from parastatal economic ventures which failed to materialise between the two countries.

An additional Z$72m for the lands and agriculture ministry is, like most other provisions, to meet cost of living increases for staff, not to fund the purchase of former white farms nor the infrastructure needed to settle peasants viably.

In a recent speech, ruling Zanu party chairman Joseph Msika, who also heads the national land acquisition committee, said Zimbabwe's planned new constitution must scrap the declaration of rights, safeguarding property, to permit the speedy takeover of 8-million hectares still in white ownership.

"As long as we have a bill of rights that protects property, we will not go anywhere. Let us scrap that bill," said Msika.

Companies defy economic gloom

(362) BD 24/11/99

Martin Rushmere

HARARE — As gloomy predictions of Zimbabwe's political and economic prospects abound, publicly quoted companies continue to smash previous years' profit.

The Zimbabwe subsidiary of SA's PG Group has notched up a net profit increase of 806% to Z$92m for the first half of its financial year to September 30.

This is due, in part, to a R7m settlement of a legal claim on an industrial project. However, even without this, the company's performance is still at least 600% better than the previous year.

Operating profit rose 700% to Z$82m. A large contributing factor was the trading division – largely building orientated — which recorded a 265% increase in operating profit to Z$52m.

PG acknowledged the existence of the growing informal, cash-driven sector. The company said the trading division benefited particularly from its sustained focus on the informal market.

The glass division recorded an 82% rise in turnover and a 32% increase in income before tax.

Analysts and economists are divided over the importance to the economy of the thousands of backyard businesses and services that have mushroomed in Zimbabwe over the past 10 years.

Usually, they pay no tax and are not subject to legislation. The most generous estimates say that they add about 15% to the gross domestic market.

"We are astounded like everyone else that quoted companies continue to produce such good results, said a partner in the Harare office of an international stock broker. "The informal sector must be having a bigger impact than most people realise."

But PG cannot be accused of taking an overly optimistic view of the future, as it is forgoing its traditional interim dividend.

"The challenges and uncertainties facing Zimbabwe have never been greater," the company said. "Nevertheless the past six months have confirmed the ability to find opportunities in even the most difficult circumstances."

An improvement in real terms is forecast over the full year's net profit for last year of R12m.

POLITICS *Calls mount for change to 'unfair' act governing the funding of political parties*

Zimbabwe opposition cries foul

CT(MR) 26/11/99. (362)

BRUCE DAWU

Bulawayo - Zimbabwe's cash-strapped opposition parties want the Political Parties (Finance) Act reviewed. They say the fund, 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 1992 and later amended, entitles any political party winning 5 percent of the national vote to a percentage financial allocation 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.

Zimbabweans go to the polls in general elections next year, testing Zanu-PF's 20 years in power. More than 20 opposition parties will try to end the ruling party's apparent stranglehold on power and try for an opportunity to govern the country.

Isaac Manyemba, of the Zimbabwe Union of Democrats (ZUD) party, says the act was designed to give the ruling party unfair financial advantage to make up for its crumbling public support. "For the 19 years of blatant corruption and naked ineptitude, Zanu-PF sought to pluck our state material and financial resources through this act," Manyemba says.

"In the ongoing constitutional reforms we wish to know how political parties will be funded. This issue must be opened up for discussion. Political parties are the basis for governance and the importance of a political parties finance system cannot be over emphasised."

Manyemba says ZUD has begun an in-house fundraising campaign for the next election because membership subscriptions are its only source of revenue.

The 5 percent threshold has been criticised for being too high and too unclear

Before the act was amended, any political party with 15 of the 150 parliamentary seats received funding. The 5 percent threshold has been criticised for being too high and unclear in its interpretation. Opposition parties question whether the funding clauses of the act pertain to the number of votes won in the constituencies or the total national votes.

In the run-up to next year's general elections, established and newly formed opposition parties are scraping the bottom of the barrel to fund their campaigns. Some are looking for donor support. The act has been slammed for providing the ruling party with an unfair advantage.

The Forum Party of Zimbabwe, FPZ, which won about 6,3 percent of the votes cast in the 1995 general election, took Zanu-PF to task. The party won more than 5 percent of votes cast, only to be told that the cut-off meant 5 percent of the election and not the contested votes.

"Zanu-PF, as a matter of principle wants to maintain that financial support for themselves. No matter how you corner them," says Washington Sansole of the FPZ.

"They never anticipated that we would get the 5 percent. We have put a claim to treasury and they now said it was 5 percent of the electorate, which defeats the whole purpose."

Calculations made by a firm of chartered accountants engaged by the Forum Party estimate the party stood to get US$160 000 from treasury under the provision of the Political Parties Finance Act.

'Zanu-PF is abusing the act knowing it is the only way it can maintain its strength'

"Zanu-PF is abusing that act knowing that was the only way it can maintain its strength," says Sansole, whose party has raised hopes of a credible opposition in Zimbabwe.

He believes the only way around the act is proportional representation of political parties in parliament. This will ensure a general distribution of funds, as in the case of South Africa.

Lloyd Chihambakwe, the spokesman for the Transparency Front, a breakaway party from ZUD, is convinced the act discriminates against opposition parties, especially new ones building a membership base.

John Makumbe, a political scientist, argues the way the present act has been used has been to calculate the 5 percent of the electorate even in those seats where candidates stood unopposed. The winner was awarded 100 percent of the registered voters, including those who did not vote.

"It has become even more difficult for opposition parties to qualify for the main funding. There is no way opposition parties should seek another amendment of the act," Makumbe says.

"All they should do is to ensure that provisions of the current act are not in the constitution or they can ensure that an act that will level the political playing field is put in place so that any party that gets about 3 to 5 percent of the actual votes should get funding."

Ndabaningi Sithole, the president of Zanu Ndonga, which has two parliamentary seats, says: "This act must done way with. It is an undemocratic and unfair act only designed to benefit Zanu-PF." - Africa Information Afrique and Independent Foreign Service

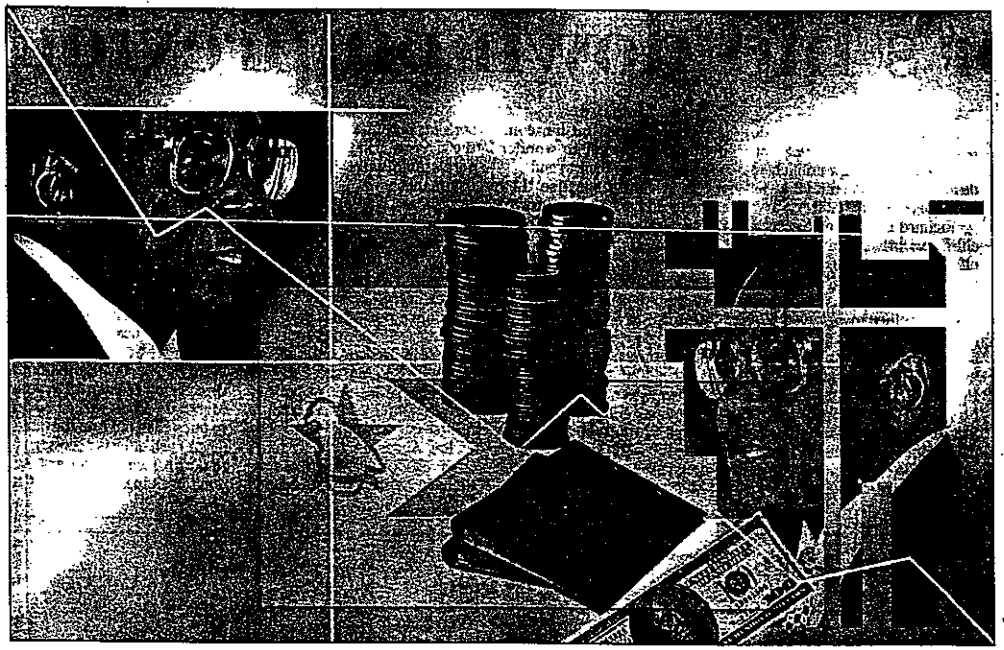
ECONOMIC DECLINE

CT(BR) 26/11/99

The writing may be on the wall for Mugabe

(362)

DAVID CHRISTIANSON



The system of patronage that President Robert Mugabe has used to manage Zimbabwe's politics for at least a decade, has run up against its own internal limitations. While this suggests there is every reason to expect a change of management – Mugabe's departure – the murky nature of patronage politics leaves the likely manner and timing of such an event unclear.

According to Harare economist John Robertson, the average Zimbabwean is about 50 percent worse off now than in 1980. The Zimbabwe dollar has lost 8 000 percent of its value against the US dollar in the same period. Inflation averaged 23 percent a year until late last year when it surged to 50 percent then to above 70 percent more recently in September. Robertson expects it to climb even higher. Commodity dependency has deepened, with manufacturing declining from 25 percent of the economy in 1980 to 15 percent at present.

The 19-year decay of Zimbabwe's economy entered crisis territory over the past year. The turning point was probably the government's decision, in September last year, to award an unbudgeted Z$4 billion (R64 million) to 50 000 veterans of the 1970s liberation war. This was a panic response to public pressure. The original allocation had been plundered by members of the ruling party.

What the incident did was to strip bare, in the eyes of locals and foreign aid donors, the unbridled self-interest that had insidiously developed in the wake of Zimbabwe's decade-long experiment with socialism until it became intrinsic to almost every aspect of public life.

Abundant resources are necessary to manage or perhaps, more correctly, buy off potential political conflict through patronage.

But while conflict is dampened, the means of dealing with future disharmony are diminished. By the time Zimbabwe's 1999/2000 budget was announced in October, recurrent expenditure, almost all of its debt servicing and public sector salaries consumed 92 percent of state spending.

The October budget witnessed the strongest protest yet against Mugabe from within his own parliamentary party, which controls 146 out of 150 seats.

The most pointed comments were aimed at the contrast between the Z$9 billion military budget, up 64 percent, and the Z$6 billion allocation to health. MPs said the Z$6 billion contingency budget was likely to be spent on Congo commitments.

The economic crisis is, above all, one of liquidity. Mugabe's government is finding it extremely difficult to borrow abroad. The International Monetary Fund (IMF) suspended a $140 million loan facility in October.

Officially, the IMF announced that Zimbabwe's macroeconomic programme was off course. The fund said the country could not reduce the budget deficit to 3,8 percent for 1999/2000. It was likely to end the year at 5,3 percent.

Unofficially, it was the realisation that Mugabe's government had been less than candid about the cost of its military involvement in the Congo that tilted the balance.

Private institutions have taken their cue from the IMF's stand. The commercial loan from German bank BHF, announced this week, is said by Harare sources to have been possible only because the Reserve Bank of Zimbabwe pledged 550 000 ounces of its gold holdings as collateral.

Bilateral donors have also withdrawn support. Italy, Denmark and the Netherlands have slashed aid budgets in the past three months.

With access to offshore loans being severely restricted, Zimbabwe has been forced to borrow locally. At interest rates of 51 percent (on Treasury bills) and prime of about 55 percent, this course of action is prohibitively expensive.

Last week Zimbabwe was officially bankrupt. Foreign exchange was unavailable to importers, whose obligations stemmed mostly from Christmas inventory increases. The same week, the Harare Financial Gazette reported that foreign currency accounts were holding at least $100 million in expectation of a currency devaluation.

The Zimbabwean dollar has been held steady since January by a gentleman's agreement between the government and commercial banks. But while the Reserve Bank of Zimbabwe continues to insist the local currency is 24 percent undervalued, the activities of commercial banks suggests the opposite. They have been selling the currency at a 13 percent discount.

What is apparent is that if Mugabe has to deal with any new threat, he will struggle to find the resources to accommodate it through patronage. This, in part, explains his resort to verbal assaults on homosexuals, white Zimbabwean farmers and, most recently, British Prime Minister Tony Blair.

But as in any political system, self-interest does not explain everything. There is a palpable sense among Zimbabwe's political class that a change in management will be good for the country. It will at least soften international opinion, which has come to focus on the persona of Mugabe as the source of all Zimbabwe's problems.

Informed Zimbabweans discount the electoral threat posed by Morgan Tsvangirai's trade union-based Movement for Democratic Change. The challenge, they say, is likely to come from within the ruling elite.

Justice Minister Emmerson Mnagagwa, a former head of the feared Central Intelligence Organisation, is Mugabe's anointed heir. But Masvingo Party boss Emmerson Zvobogo is said to have recently gained the support of foreign minister Stan Mudende and outgoing vice-president Simon Muzenda.

He is also canvassing among Joshua Nkomo's successors in Matabeleland, giving rise to speculation about a power grab by a South-South alliance. But, then again, Mugabe's successor could also come from the military establishment. In any event, Mugabe's rein may be nearing an end.

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 war in the Democratic Republic of Congo, where Zimbabwe has deployed 11 000 troops.

This information follows reports that plans by Zimbabwe and Congolese President Laurent Kabila to secure arms from Russia and China had collapsed because the two governments could not raise the money.

Zimbabwe entered the Congo war on the side of Kabila about a year ago to fight rebels backed by Uganda and Rwanda.

Zimbabwean Defence Minister Moven Mahachi said this week that he would release details of the country's manpower and equipment losses only at the end of the war. But it has been learnt that a defence ministry team, which is drawing up an inventory of losses in Congo, has already estimated the value of lost equipment at about Z$7,7bn.

"Yes, we have lost equipment in the war but I haven't quantified it," Mahachi said. "Publicity about our losses will not benefit Zimbabwe but enhance those we are fighting against."

Sources familiar with the Zimbabwe army's inventory losses said the Z$7,7bn figure excluded money that would be paid to the families of more than 164 soldiers who died in the war and to the 434 soldiers who suffered serious injuries.

The sources said the government would pay the school fees of the children of soldiers who died in combat in Congo until they reach the age of 18. It would also pay monthly pensions to the spouses of the deceased.

However, the sources said it was not yet possible to calculate the figure for payments to families of the deceased because the amounts would vary according to the rank of the soldiers.

Among the lost equipment are Allouette 3 helicopter gun ships and a MiG fighter jet.

The sources said armoured personnel carriers and Brazilian-made Cascavel tanks, equipped with heavy ammunition and radio communication systems, were destroyed in battle or abandoned in combat. Zimbabwe had also lost several anti-aircraft guns in rebels bombing raids as well as light weapons.

The sources said a list of lost military hardware was being compiled and valued according to prices from manufacturers.

They said the idea behind compiling the inventory was to arrive at a replacement value. This will be built into the defence ministry's capital expenditure budget in the coming years, the sources said.

This means that the budget for the defence ministry, set at $9bn for next year, will stay high in the foreseeable future so that the military equipment can be replaced. — Financial Gazette.

(362) BD 26/11/99

Harare journalists face threats

Michael Hartnack (362)

HARARE — Three journalists with independent publications said yesterday that they had received death threats that they believed were linked to their newspapers' investigations into corruption and injustice.

"It is totally unacceptable in any civilised society for anyone to use such terror tactics," said Francis Mdlongwa, editor in chief of the Financial Gazette, whose news editor, Basildon Peta, was threatened.

"Such cowardly threats merely embolden the journalists to take up the cudgels to fight for greater justice."

Mdlongwa and Clive Wilson, MD of Zimbabwe's Sunday Standard — whose chief reporter Ray Choto was also threatened, demanded a full police investigation.

Ibbo Mandaza, editor of the Zimbabwe Mirror, said he had received death threats in a series of anonymous phone calls.

Wilson said, upon returning home from Canada last week, Choto found a box — containing a teddy bear and two bullets — at his home with a note saying: "You will see your family again in heaven."

Choto, and his editor Mark Chavunduka, have appealed to Zimbabwe's Supreme Court to declare their pending trial — on charges of publishing a false report — a breach of their right to free expression.

They were detained and tortured in January after alleging a crackdown on discontent within the army because of Harare's intervention in the Democratic Republic of Congo. They face five-year jail terms.

In yesterday's Financial Gazette, Peta reported Zimbabwe had Z$7,7bn of military equipment destroyed by Rwandan and Ugandan-backed rebels during the 15 months they have been deployed in Congo.

Defence Minister Moven Mahachi said last week — after refusing to disclose casualty levels or war costs to parliament — that: "Publicity about our losses will not benefit (the war effort) but enhance those who are fighting against it."

BD 26/11/99

CAPE TIMES
FRIDAY NOVEMBER 26, 1999

Zim topnobs hire farms from R1

(362) CT 26/11/99

INDEPENDENT FOREIGN SERVICE
HARARE

THE Zimbabwe government is leasing state resettlement farms to top politicians and other influential people for as little as R1 a month.

Those leasing state resettlement farms are supposed to pay monthly rentals, but a list of the beneficiaries of state land leases presented in Parliament revealed unbelievably low rentals for the huge farms.

The farms were originally acquired from whites for peasant resettlement but upon acquiring the land, the government devised a so-called tenant resettlement scheme through which individual blacks obtained these properties ostensibly to promote black commercial farming.

But most of the beneficiaries of the state land leases have turned out to be cabinet ministers, top ruling party politicians and black businessmen with high political connections but no farming background.

For example, the permanent secretary in the Ministry of Defence, Job Wabhira, is leasing a 425-hectare state farm for R12 (Z$75) a year, while the former town clerk for Harare City Council and ruling party stalwart Swifen Mtongwizo got a 1 397-hectare farm for R28 a year.

The list was tabled in Parliament by deputy Minister of Agriculture Olivia Muchena at the request of controversial MP and leader of the opposition Zimbabwe Union of Democrats, Margaret Dongo.

The criterion used to determine the low rentals was not outlined. Dongo had asked the Ministry of Agriculture to provide a list of the state land beneficiaries since 1990, the farm sizes, the farming region and the rentals.

She also wanted to know if any of the leased farms had been bought.

The beneficiaries have been given 100-year leases, due to expire in 2098.

Agriculture Minister Kumbirai Kangai this week defended the 100-year leases, saying similar leases had been granted to white farmers who came to Zimbabwe in 1886 under the auspices of Cecil John Rhodes' British South Africa Company.

But independent newspapers have remained critical of the leases, which amount to giving the farms to the lease holders free of charge.

"To grab farms from productive growers, be they black or white, and give them to an emerging black elite under the guise of land redistribution is an affront to all Zimbabweans ... and yet this is precisely what the government has been doing and continues to do, oblivious of the dire economic and social condition of the larger populace," wrote the respected *Financial Gazette*. "The parcelling out of land to chiefs is nothing but naked corruption," the paper said.

Cover halted on new exports to Zimbabwe

BD 26/11/99 (362)

Claire Pickard-Cambridge and Martin Rushmere

CREDIT Guarantee Insurance Corporation, SA's largest insurer of exports, has halted cover for new exporters sending goods to Zimbabwe, while rates for existing clients will increase by an average of 66% from January 1.

Executive director Mike Truter says Zimbabwe's foreign exchange shortages and the suspension of its World Bank and International Monetary Fund loan agreements persuaded Credit Guarantee to downgrade the country's rating from category two to three.

"Everyone has some cause to be worried about developments in Zimbabwe and whether it will have the forex to pay for imports. But we will watch matters closely over the next few months and review policy accordingly."

Zimbabwe now shares the higher-risk slot with states such as Nigeria, Kenya, Gabon and Mozambique.

The Zimbabwe-based Financial Gazette reports the UK's Export Credit Guarantee and Exim Bank of the US have also halted cover for new exporters to Zimbabwe. This could not be confirmed. Truter says Zimbabwe is the biggest single market in Africa that Credit Guarantee insures. "While 66% is a significant increase in premium rate, the premium is only a small portion of total export cost."

Zimbabwe-based trade economist Keith Atkinson says a small portion of exports to Zimbabwe needs to be underwritten. "Many of Zimbabwe's importers are associates or subsidiaries of SA companies, while others have excellent track records and there is no need to insure goods sold to them."

He and other trade specialists say there will be few immediate effects on SA exports to Zimbabwe, but longer-term implications could be serious.

Brian Hillen-Moore, MD of Credsure, the sole export insurer in Zimbabwe, says it is likely the curb has been imposed with the SA government's agreement. "The political risk — which is separate from the economic risk — includes the risk of non-transfer of payment (where an importer has the money in local currency but cannot pay in the exporter's currency) and is reinsured with the government. So I assume the government has been consulted."

Hillen-Moore warns of a possible domino effect, saying export insurers are influenced by each other's policies.

Last year SA exported goods worth roughly Z$23bn (R5,3bn) out of Zimbabwe's total imports of Z$59bn.

President's power to remain

BERNARD MANDIZVIDZA
INDEPENDENT FOREIGN SERVICE

HARARE: Zimbabwe will retain a powerful executive president who will appoint a virtually ineffective prime minister as head of government, under recommendations by a 400-member constitutional commission handpicked by President Robert Mugabe to write the country's new supreme law in April this year.

The draft constitution also adopted a clause, likely to spark an outcry, allowing the government to seize land for resettlement without paying compensation.

The commission's plenary session will meet over the weekend to adopt the draft constitution before it is presented to President Robert Mugabe on Monday.

Mugabe's commission was boycotted by a majority of Zimbabwe's civic society groups, who had called for a conference of all stakeholders to appoint the body instead of Mugabe's option of handpicking the commissioners. The commission includes all the ruling Zanu PF's 147 MPs and a number of Mugabe loyalists.

The proposed constitution ignored calls for the introduction of the proportional representation system that many analysts thought would have expedited the exit of Mugabe's ruling Zanu PF from power at general elections next year.

Most of Zimbabwe's civic groups have resolved to campaign against the approval of the new constitution, which they say retains the status quo in the proposed referendum.

Insurer 'sends message'

Credit Guarantee halts cover on new SA exporters dealing with Zimbabwe

BD 29/11/99

Martin Rushmere (362)

HARARE — The Zimbabwe Stock Exchange reached another record high late last week, on the same day that news broke of an SA insurer's decision to halt cover on new SA exporters sending goods to Zimbabwe.

Citing Zimbabwe's foreign currency shortages and other economic problems, Credit Guarantee Insurance Corporation, the largest SA insurer of export goods, also said it would hike insurance rates by an average 66% on goods sent by its existing clients.

Ironically, though, the market was bullish in Zimbabwe last Thursday after Delta Corporation, the nation's biggest industrial and commercial group, announced an 88% growth in earnings.

The stock exchange industrial index broke through 13 600 — more than 100% up on the year — shrugging off a rise in commercial bank minimum lending rates to more than 60% and alarm over a foreign exchange crisis.

Although Credit Guarantee is not the only provider of export cover, it is the biggest such insurer and its downgrading of Zimbabwe's credit rating from its second category 2B to its riskiest category, 3C, carries important business and political messages.

However, last Thursday brewing, manufacturing, retail and hotel group Delta Corporation, indirectly controlled by SA Breweries, recorded Z$1,2bn in operating income for the six months to the end of September. This followed a 57% increase in turnover to Z$8,4bn.

Nonrecurring items, principally restructuring and reorganisation costs, took off some of the gilt and coupled with a 362% rise in interest payments to Z$348m meant that profit after tax fell 24% to Z$559m.

Analysts said they were generally pleased with the results.

Delta has signalled its confidence in continued growth by upping the dividend payment 57%.

With a market capitalisation of Z$12bn, the highest of the nonfinancial service firms listed on the exchange, Delta is the weather vane of the market.

Chairman Robbie Mupawose is cautious in his outlook for the second half, acknowledging "tough" economic times for the country, and avoids making a prediction for the rest of the year.

However, earlier in the year the company forecast earnings a share of Z$2. Brokers doubt this and it is now thought the maximum will be Z$1,80 a share. This would yield after-tax profit of about Z$1,8bn, 30% better than last year.

Delta's hotel subsidiary, Zimbabwe Sun, also posted good operating figures for the first half, with operating income rising 162% to Z$141m.

However, interest income of Z$57m earned last year was countered by much higher construction costs of its Kingdom resort at the Victoria Falls caused by the collapse of the currency at the start of this year.

Since then the exchange rate has been unofficially pegged by the Reserve Bank, which has turned sour on the group, as room rates are denominated in US dollars and inflation has soared.

Profit last year was helped a great deal by a Z$266m bonus from the sale of 50% in the Victoria Falls Hotel to Meikles Africa. This year's net result was a 65% fall in after-tax profit to Z$141m.

Bad debts given new home

Martin Rushmere (362) MD 30/11/99

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 (R25m) for the year to end-September.

Despite this, and against a background of 70% inflation, the commercial and merchant banking group still managed to improve net profit 120% to Z$252m (R42m). 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 4 300% to Z$918m, while the amount of money being held from other banks has risen 76% to Z$3bn.

Zimbabwe bankers sceptical of move

BD 1/12/99 (362)

Martin Rushmere

Reserve Bank imposes foreign currency curbs to overcome 'artificial shortages'

HARARE — Bankers in Zimbabwe are sceptical about whether new restrictions on foreign currency accounts will make any difference to the desperate shortage of hard currency.

The Reserve Bank ordered yesterday that 50% of all corporate foreign accounts held by exporters must be converted into local currency. Also, export receipts can now be held in foreign currency accounts for a maximum of only 60 days.

The move had been expected and many exporters have quietly arranged to keep as much as possible abroad.

Reserve Bank governor Leonard Tsumba says that $88m is being held in the accounts, which has caused "artificial" hard currency shortages.

A head of treasury at an international commercial bank says: "I would be surprised if there is more than $50m in the accounts, which comes to one week's imports.

"In any case, most of the money is committed to payments for imports already ordered and it will be an administrative nightmare to sort it all out."

Banks learnt of the new measures through the government newspapers.

This is the second time there have been restrictions on corporate foreign currency accounts. They were abolished entirely in August last year but were reintroduced earlier this year as part of an agreement with the International Monetary Fund for a $140m standby facility.

The agreement has since been abandoned because of the government's failure to comply with the main conditions.

The fund has been pushing all along for a managed depreciation of the currency, which is scorned by the authorities. "Expectations of a depreciating currency are without any foundation," is the flat comment by the Reserve Bank in its latest weekly review of the economy.

Foreign currency shortages are not linked by the Bank to the continuing trade deficit, which at the end of October was $430m, about 10% lower than at the same time last year.

An economist with an international bank says: "Last year there was an acute shortage of currency which led to an abrupt slide by the currency and there were no foreign currency accounts to blame. Instead it was speculators who were at fault. Now that excuse has fallen away because the exchange rate is artificially pegged and the handy excuse is the foreign account holders."

When the accounts were brought back this year the IMF suggested a two-phase approach — a maximum of 50% of exports immediately to be held in foreign accounts and the other 50% by the end of the year.

"But the government brought in 100% all at once," says the bank economist. "Currency was very tight then and the banks knew there would probably be further problems later. Now there is an enormous amount of extra confusion and work to sort out the mess."

FOREIGN AID *Leading stock broker slams government policy*

Zimbabwe ignores the IMF

(362) CT(BR)7/12/99

BERNARD MANDIZVIDZA

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 R1 billion through the RBZ overdraft.

"As a result of the huge borrowing, money supply growth, which had declined to 44 percent in September, is estimated to have risen to around 50 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 3,8 percent envisaged in the current budget and clarification 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.

DEFIANT *President Robert Mugabe has refused to bow down to the IMF. He says his government will 'no longer pander to the whims and caprices of the IMF and the World Bank'.*

Under the agreement with the IMF, the Zimbabwe government was to receive loans totalling US$193 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$33,7 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 substitute 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

BD 8/12/99

Harare signs railways deal

(362)

Newly formed private company and parastatal to run main Bulawayo-Mutare line

Michael Hartnack

HARARE — The Zimbabwean government has signed a 30-year agreement with the newly formed Bulawayo Beitbridge Railway Company for a joint venture between BBR and the parastatal National Railways of Zimbabwe (NRZ) to run the main Bulawayo-Mutare line.

However, the 900km track will not be subcontracted to SA's Spoornet, as the Bulawayo-Beitbridge line is, BBR CE Eitan Dvir said yesterday.

"There will be very little change in day-to-day operation of the line except the injection of capital on our side," said Dvir, who expected BBR to spend "tens of millions" of dollars upgrading the debt-ridden, inefficient NRZ's assets.

"It will create better access to the Beira corridor," he said.

Dvir forecast a dovetailing of operations with the \$80m to \$100m new line to be constructed between Kafue (40km south of Lusaka) and Lions Den (140km northwest of Harare), as announced after recent talks between Mugabe and Zambia's President Frederick Chiluba.

"This is the first leg of the real implementation of the Beira corridor to connect the Democratic Republic of Congo through Zambia, Zimbabwe and Mozambique with the port of Beira," he said.

Contradicting earlier reports that BBR was seeking a lease of the Bulawayo-Victoria Falls line to give it a through route for lucrative SA northbound traffic to central Africa, Dvir said BBR now foresaw "no involvement in any way" in the Falls line.

However, with immediate effect "a significant part" of Zimbabwean freight for SA originating in Harare would move to Bulawayo and thence down the BBR's line to Beitbridge rather than the NRZ's older line from Dabuka, outside Gweru, to Beitbridge via Rutenga.

Dvir was understood to have had discussions yesterday with representatives of Botswana Railways, which claims diversion of traffic from the Mafikeng-Plumtree line to the BBR threatens it with \$40m losses.

He declined to comment on the talks.

There has been speculation BBR might make a bid for the 300km Mutare-Beitbridge line, which belongs to Mozambique's state-owned railways.

BBR is 15% owned by NRZ, with the other 85% in the hands of Nedcor, Sanlam, Old Mutual, Gensec and the New Limpopo Bridge Company (the largest shareholder, with 40%.)

New Limpopo Bridge opened a toll bridge at Zimbabwe's southern border post in 1996.

NRZ acting general manager Sam Zumbika said 80% of Harare-Beitbridge traffic would be diverted to the Z\$2,8bn BBR line, opened by Mugabe in July.

NRZ and BBR will have equal 50% shares in the venture to run the Mutare-Bulawayo line, said Zumbika.

Zimbabwe looks at Malaysian economic model and ousts IMF

(362) BD 10/12/99

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 finance ministry's fiscal and economic director, Rudo Faranisi, the National Economic Planning Commission head of planning, Nicholas Kitikiti, and Reserve Bank of Zimbabwe deputy governor, Sam Malaba, left Harare at the end of last month on a three-week mission to Malaysia to study how Kuala Lumpur had rejected IMF advice but had managed to pull through the Asian economic crisis.

The three technocrats are expected to meet selected officials from Mohamed's office and Malaysian bank and finance industry officials before returning home on Tuesday.

"The government is actively considering alternative economic reform policies that do not involve or depend on IMF balance of payments support," one source said.

Presidential spokesman George Charamba confirmed that the three government officials were in Kuala Lumpur. "There is nothing new in this trip. We have been working on this thing over a 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 $193m aid package agreed in August would depend on the government's response.

The IMF also demanded that the government spells 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

BD 17/12/99

(36 2)

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.

Under the new programme, known as the Zimbabwe Millennium Economic Recovery Programme, President Robert Mugabe's government 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 time frame 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 at a meeting last month.

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," one source 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 149 000 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 2000 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 leaving spending uncurbed, the manufacturing sector remained "functional" and was nowhere near the state of neighbouring Zambia's in the last years of Kenneth Kaunda's 1964-1991 one-party state.

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

Zimbabwe's running on empty

Government says don't worry — but after being rationed to 10 litres of fuel a motorist, Zimbabweans start stockpiling and SA travellers back out for fear of being left stranded

(362) ST 19/12/99

Still room in KZN as tourists stream in

RANJENI MUNUSAMY

KWAZULU-Natal's prime tourist destinations — the north and south coasts — are bursting at the seams, but millennium revellers will still be able to find accommodation at some Durban hotels.

The millennium hype has increased occupancy levels by about 10 percent in most areas. The chief executive of Tourism KwaZulu-Natal, Gareth Coleman, said trends were consistent with those of previous years. Most hotels on Durban's beachfront were between 70 and 90 percent full, although one of the city's top hotels, The Royal, was only 30 percent full.

"Many beachfront hotels have had good deals and, if there are any millennium price hikes, it may just be for New Year's Eve," said Coleman.

Tourist information centres on the north and south coasts said most hotels, bed-and-breakfast and self-catering establishments advertised peak-season prices but had not inflated them significantly.

The KwaZulu-Natal coastline is still the biggest drawcard, with Port Shepstone full and Margate 98 percent full. Tourism Margate spokesman Vicky Erasmus said bed-and-breakfast establishments were the biggest growth industry in the area and were all fully occupied.

Umhlanga Rocks, north of Durban, has a 95 percent occupancy rate, while in nearby Ballito self-catering establishments are fully booked and bed-and-breakfast facilities have 80 percent occupancy. Many coastal areas have planned little or no activities for New Year's Eve, as Durban will be the centre of millennium mania.

'Landlord' teachers move into schools

TEACHERS at an Eastern Cape vacation spot are renting their homes to holiday-makers — and then living in their classrooms, writes PREGA GOVENDER.

Andre Theron, headmaster of a primary school in Jeffreys Bay, who rents his house for R350 a day and now lives on the school premises with his wife and child, said he was sacrificing his holidays to provide a community service.

Theron said: "It's no holiday battling it out in a hot classroom and sleeping on mattresses on the floor.

"We converted the rugby field into a caravan park to raise funds for the school and the governing body asked us to manage the facility during the December holidays.

"We also share bathrooms with the caravan community — which is some distance from the classroom.

"I'm disappointed that people feel we are making money out of it. A senior teacher and I rent out our homes because we need additional income. I charge R350 a day, but I was told by an estate agent that someone collects R2 000 a day."

Gerrie Groenewald, the town clerk of Jeffreys Bay, says he will seek permission from the Education Department tomorrow for health inspectors to inspect the teachers' new premises.

"If they have broken any by-laws, we will take action immediately," Groenewald said.

BOW WOW! Monique Martine with her seven-year-old German shepherd Mr Mookie, who has been amusing visitors to the beach at Cape Town's Camps Bay with his uncanny building ability. His specialities are sand castles and trenches. Mr Mookie was recently invited by the Cape Institute of Architects to a sand castle-building competition on the beach as guest of honour. Apart from his digging skills, Mr Mookie, who comes from a long line of champs, has snatched a string of titles at dog shows. Picture: TERRY SHEAN

JANUARY 2 IS D-DAY FOR MATRIC DANCE HOPEFULS

THE Sunday Times will be publishing pictures of the 48 semifinalists in the Sunday Times Matric Dance Dress of the Year '99 Competition on January 2, when readers will be invited to help the judges by phoning in their choice of top dresses.

Hundreds of entries went through the first round of judging this week by Miss South Africa 1983 Leanne Hosking Haysman, Elle magazine fashion stylist Sara Callow, SABC news anchor Nadia Levin, Sunday Times picture editor Herbert Mabuza and Sunday Times features editor Phylicia Oppelt.

On January 9 we will publish pictures of the six finalists in the Professional Designer category, on January 16 the Shop-Purchased category and on January 23 the Home-Made category. The overall winners will be announced at a gala event on January 28 and published in the Sunday Times on January 30.

TOUGH CHOICE: Judges SABC3 news anchor Nadia Levin, Elle magazine fashion stylist Sara Callow, Sunday Times picture editor Herbert Mabuza, Sunday Times features editor Phylicia Oppelt and Miss South Africa 1983 Leanne Hosking Haysman

Millennium holiday rush yet to materialise

BOBBY JORDAN

ATTEMPTS to cash in on millennium celebrations in Cape Town may have backfired, city hoteliers and restaurateurs warned this week.

This follows fears of too many functions scheduled for New Year's Eve — and not enough visitors.

Many guests who booked for expensive millennium eve functions have not yet paid, and some accommodation agencies that increased rental rates for the occasion say the anticipated mass influx of foreign visitors has not occurred.

"There was plenty of accommodation available," said Alex Judd, spokesman for Accommodation Finder. "There are only so many flights — people can't just appear from nowhere."

She said that about 75 percent of bookings were from foreign visitors, with rentals reaching up to R9 500 a day.

"Everyone used to visit for a month, but it's not like that any more — most people can come for only two weeks.

"Accommodation for the week of the millennium was, however, already in short supply and many families had been turned away," Judd said.

V&A Waterfront spokesman Maureen Thomson said city nightspots may find themselves in a similar situation, having overcatered for the expected millennium crush.

"There are so many things for people to do for the millennium that there may not be enough people to go around," she said.

In addition to hundreds of marquees, street parties and formal events, many restaurants have scheduled their own private functions — charging up to R3 000 a head for the night.

TAPIWA MOYO: Harare

SHORTAGES of foreign cur rency and the Zimbab wean government's inabi lity to pay fuel debts of more than R6-billion have put brake on plans by many Sout Africans to spend their Christ mas and New Year holidays i the neighbouring country.

Zimbabwe's filling-station are rationing petrol at 10 litres a motorist, despite spirited assur ances by the government tha there is enough fuel.

Tour operators and some hoteliers said they were being adversely affected by the fue shortages, and said many South Africans were cancelling thei reservations for fear of being left stranded.

The National Oil Corporation of Zimbabwe — the state agency responsible for fuel procure ment — is trying to allay fears Since Thursday it has run a series of advertisements in loca newspapers claiming to have secured enough money to pay its debts.

Business associations and consumer organisations have also bought advertising space in a bid to quieten publi alarm.

The business association say in an advertisement: "Errat ic shortages in certain parts o the country may well be the re sult of internal logistical distri bution difficulties."

At the same time, Energ Minister Enos Chikowore an nounced that the country ha nine days of diesel stocks left 44 days supply of petrol, 4 days of jet fuel, and paraffin t last 19 days. But he did not sa if those levels were normal.

Zimbabwean motorists pre paring for the holidays have begun stockpiling petrol to bea the 10-litres-per-car rations.

A government team last wee secured a new US$100-millio (about R650-million) line of cred it after Zimbabwe's traditiona suppliers cut off the country fo non-payment of debts totallin almost US$1-billion (R6,5-bil lion). The corruption-riddle NOCZIM failed to pay its dues because of a general foreign cur rency shortage in the country.

Mugabe gives his side of the story and ponders his myth

(862) CT 22/12/99

MATHATHA TSEDU
INDEPENDENT FOREIGN SERVICE

HARARE: The Zimbabwean government is set to re-introduce price controls on maize, bread and beef in a reversal of the liberal economic policies implemented years ago with the introduction of capitalist policies.

In an exclusive interview, Mugabe said they would, however, not re-introduce subsidies for these commodities, as that money was needed to shore up basic social services such as education, health provision and welfare.

Mugabe also revealed that his government was going to ensure that the new constitution presently under discussion removed the impediments to land redistribution and restitution. This would enable the government to seize land without compensation for the soil but only for improvements that may have been made.

In a wide ranging interview, Mugabe also spoke about the wars in the Democratic Republic of Congo and Angola, regional integration, his leadership of the SADC organ for politics and security which saw him at loggerheads with South Africa last year, relations with South Africa, his own political future and about the Matebele massacre in the '80s.

Replying to a question about the future of socialism in Zimbabwe, Mugabe said the demise of socialism in the Soviet Union in the late '80s had led to pressure to accept capitalism in Zimbabwe.

All developing economies that experienced problems and which were socialist-based were now told it was a result of their policies, problems were blamed on socialism.

"People in the majority of cases accepted capitalism lock, stock and barrel and seven years ago we accepted that we had never really practised the full tenets of socialism except in the provision of free health, free education and provision of welfare. Besides that we had done nothing more, we had not nationalised one single thing and we had tried to operate within the framework of existing capitalist modes to avoid crippling the system.

"We had wanted workers to be empowered through equity, not the laughable five percent but something real, like 30 to 40%.

"We felt we could not abandon the poor. But this did not happen. We became social democrats, although even now that is still ill defined.

"We accepted liberal economic policies and removed controls on prices of basic food stuffs and on foreign exchange to a point that we are today more liberalised and free in our foreign exchange controls than even South Africa," Mugabe said.

He said this had left the determination of foreign exchange availability in the hands of a white industrialist and banking class which did not support the government and which hoarded the commodity and precipitated crises at will. "Foreign exchange earned is sometimes under-invoiced and hoarded in either Britain and South Africa by what I sometimes call the three-legged animals with one foot in Zimbabwe, one in Britain and another in South Africa."

> *'This is why we are revisiting controls for basic foodstuffs. We want to restore controls'*

Mugabe said accepting liberal economic policies and abolishing controls had plunged the poor into deeper poverty and this could not be allowed to continue. Basic foodstuffs were now out of reach of many of his people.

"That is why we are revisiting controls for basic foodstuffs. We want to definitely restore controls. I cannot say when exactly, but we have started already with the refusal to allow the maize millers to increase the price of maize meal without first talking to us.

"We will definitely introduce regulations, but for now we will do as we did with the maize. We will not re-introduce subsidies as that money is needed for social expenditure," he added.

On land, Mugabe said the draft constitution presently open for public debate did "not confer sufficient power to our people to redress the land hunger, taking our history into consideration".

Mugabe said about 12 million hectares of arable land was in the hands of 4 000 farmers, virtually all of them white, and many of whom owned up to seven farms each. "We have said five million hectares of this land must be taken over, but this has not happened."

Earlier, at the third National People's Congress of his ruling ZANU-PF party, Mugabe spoke passionately about the land hunger of black Zimbabweans, saying each time he articulated the position of his constituency, "the enemy says Mugabe is a dictator. I stand for the wishes of my people.

"Our slogan is land to our people, land for our people. With the present constitution and its willing seller/willing buyer stipulation, you can count on the country to be gone to the British forever. Land was taken from our people during colonisation without compensation but now the British say we must pay compensation for the soil stolen from us.

"We are saying to the British, you pay compensation for taking our land and we will pay you back. Where do we get the resources to pay for the land stolen from us if they do not pay back first? The greatest indigenisation that we can ever do is to give back to our people their ancestral land.

"I mean, wherever you go, from Beit Bridge to Bulawayo, from Bulawayo to Gweru to Masvingo and any other place in our land, it is the white man's farms. How! Come on man," Mugabe said to thunderous applause.

In the interview, Mugabe said his government would, however, be prepared to compensate farmers for improvements made to the land, but not for the soil itself.

Demand for land has been a major issue in Zimbabwe and peasants and former guerrillas have been occupying farms and state land in the last two years, saying their wait for the return of the land had been too long.

Only last week, a group of over 100 people occupied state land in Masvingo province and has refused to leave. Land was a central issue during the protracted freedom struggle, which ushered in independence in 1980, and hopes were high then that the fall of the white regime would usher in a programme to return the land to black Zimbabweans.

Mugabe said promises to raise finances by the US and Britain to buy back the land had collapsed after the Jimmy Carter administration in the US — which had promised to raise $75 million — was replaced by Ronald Reagan, and the British had stopped their contributions.

Mugabe said three major challenges facing his government were the economic crisis which manifested itself in stagnating growth of developing economies, leading to unemployment; the spread of HIV-Aids which is resulting in deaths on a daily basis; and the challenge of regional integration which would see the streamlining of manufacturing centres to avoid duplication and competition with the region.

He said Zimbabwe, like other developing countries, was faced with rising unemployment and estimated that about one million people had no jobs. He said, however, unlike South Africa where many people were in the urban areas, the majority of his people lived in the rural areas were they each had a plot of land and some cattle. This alleviated the problem somewhat, he said, but increased the demand for land, as jobs became more and more unavailable.

Mugabe said regional integration was paramount, and said efforts were now underway to synchronise development and avoid competition.

"We cannot all have car manufacturing plants, and the involvement of South Africa in the Mozal project in Mozambique, which is set to create employment for 6 000 people, is a case in point where joint co-operation is yielding success.

TALKING ABOUT ZIMBABWE: Robert Mugabe explains himself.

"Zimbabwe used to be on the same electricity grid with Zambia, now we use South Africa too. We are also involved in the three-nation park, which involves the Kruger Park, Gona re Zhou Park on our side and Mozambique. We are also looking at marketing our tourism jointly, so that a visitor can see Maputo, Durban or Sun City or the Kruger Park and end up at Victoria Falls and Botswana.

"We need to integrate our resources and ask ourselves whether we can each have our own airline and not follow the Scandinavian idea where they have one airline for all their states. We cannot continue to have each one doing its own thing simply to satisfy the spirit of nationalism. We are poor in capital and generation of capital, but in God's name we are rich in natural resources and we need to use that collectively," Mugabe said.

He said relations with South Africa were "excellent".

"At a political level we exchange ideas and at trade level we are finding a new thrust by South Africa which is good. Of course the charging of a 90% surcharge on our goods hurts very much but that is history now and it has been removed. I have been to Pretoria and Thabo Mbeki has been here and we talk frequently," Mugabe said.

He said the dispute over his chairmanship of the SADC organ on security and politics, which saw a public spat between himself and then-SA president Nelson Mandela last year, had been "blown out of proportion". The matter had now been shelved and would be resolved when the SADC is overhauled.

Mugabe's chairmanship of the organ, which was initially a coalition of frontline states dedicated to opposing apartheid South Africa, was seen as Mugabe's attempt to refuse to subjugate himself to Mandela's leadership of the SADC. The view from South Africa was that Mandela's advent had eclipsed Mugabe and the latter had wanted to retain control over the organ, which he used to call his own summits of SADC leaders.

It was this organ that Mugabe used to organise a meeting that decided on Zimbabwe, Namibia and Angola going into the DRC war.

Mugabe said his country had between 10 000 and 11 000 soldiers in the DRC but said this did not impose huge costs on the budget for his defence force.

"Of course added costs are incurred because you need to buy more ammunition and replace some items, but that is not beyond manageable levels. The DRC itself is making contribution and will replace other costs".

He refused to state what the costs had been so far but said violations of the ceasefire had been done by rebels and that his own forces that had been caught behind enemy lines in Ikela had been freed by force.

On Angola, Mugabe said war had ruined the country and had developed within Angolans "a high sense of endurance".

He denied that any Zimbabwean soldiers were involved in Angola, saying: "We can't afford that."

He said there was hope as rebel leader Jonas Savimbi was now "on the run, and both his capitals captured and his sources for diamonds now under government control. The hope is that his capacity to wage war will be gone. We hope and pray that he will see sense and stop the war," Mugabe said.

On the release of the Catholic report into the massacres in Matebeleland in the '80s by the Fifth Brigade in the suppression of dissident activities in the south of Zimbabwe, Mugabe said he had expressed regret that that war had been necessary.

"We have asked chiefs to work with government to identify victims and examine need for assistance and for these institutions to establish who suffered and to determine what compensation may be necessary. But the misguided report by the Catholics is nothing but mischievous. I have asked them why they chose to start their investigation into atrocities in Zimbabwe around this issue and not about atrocities committed by Ian Smith's regime.

"We have lost many people during that time, some we do not even know where they are, people like Dr Edison Sithole. Why not investigate those atrocities? This is an attempt to create friction between people and I am not going to fall for that," he said. The report is presently a subject of a court battle with human rights organisations demanding its release. The attorney-general of Zimbabwe is opposing the action, brought against Mugabe.

Mugabe, who has ruled Zimbabwe since independence in 1980, was re-elected president of his party. His term of office as president of Zimbabwe ends in 2002. Speculation is rife in Harare that he will not stand for another term but may continue to lead the party, as the late Tanzanian president Mwalimu Nyerere had done. The draft constitution limits the president's terms of office to two, which could mean he would be disqualified, if its stipulations were made retrospective.

Asked about his future plans, Mugabe was cagey, saying 2002 was "far away". "Ask me near the time and I will tell you. I also have to protect my party from internal fights that could start if I were to say I will not stand."

While no clear successor has emerged, speculation is that former intelligence chief Emerson Mnangagwa, now Minister of Justice and Legal and Parliamentary Affairs, may be the man to watch.

Tsedu is the Deputy Editor of the Star and a regular columnist in the Cape Times.

Mugabe's demons are his own

Zimbabwe's president says the past year has seen his government weather the worst of the economic storm. But the clouds have not lifted, writes Michael Hartnack in Harare

BD 24/12/99 (362)

While Zimbabwean peasants struggle to farm on badly eroded communal land, President Robert Mugabe travels abroad extensively.

IT WAS inevitable that Zimbabwean President Robert Mugabe's accusations and threats against banks, the UK government, white farmers, opposition movements and the international press would become the focus of world media reportage at the recent Zanu (PF) congress.

Mugabe said this collection of "devils incarnate" had connived to create shortages of fuel and foreign exchange, soaring prices, waning confidence in the economy and unemployment. Talk now is of price controls and import curbs.

Yet perhaps the most significant thing Mugabe said during the five-day event, attended by 7 000 delegates, was a throwaway line to a preliminary gathering of the party's women's league members.

"Problems in the economy are being caused by the increase in the population, which is not compatible with the nation's wealth," he told them.

In this holiday season there will inevitably be some reflection on what the environmental and economic situation would be in Zimbabwe today if the population of 12,7-million was only 7-million, as it was when Mugabe came to power in 1980, or if it was 4-million, as it was when Ian Smith became Rhodesian prime minister in 1964.

When Mugabe was born in February 1924 the region was home to 400 000 people.

Both in Rhodesia and in Zimbabwe after 1980 independence, there has been a perpetual sense of risk among the more affluent as captured by novelist Doris Lessing in her work, Landlocked. This, principally, is why only 70 000 whites remain and why members of the new black middle class now outnumber young white couples at meetings addressed by Australian immigration consultants.

Everyone can see the social distress in modern Zimbabwe: the beggars, the packing-case backyard shacks, collapsed health facilities, the badly eroded 20-million hectares of communal area.

In the Christmas spirit of goodwill and new resolution, it is worth asking how the situation might be remedied.

The governing party insists that Zimbabwe's salvation lies in "redistribution" and "empowerment" — giving the people land and jobs so their purchasing power and capacity for investment of savings can be stimulated, and local industry revived to meet demand.

The private sector, with the support of institutions such as the World Bank, accepts this as a worthy long-term aim, but it says the immediate watchwords must be "liberalise and invest".

Capital, which at this stage can only come in large enough amounts from abroad, is being deterred by the president's threatening rhetoric, in addition to a high-spending, high-taxing state.

Costly adventures such as the dispatch of 13 000 troops to the conflict in Democratic Republic of Congo are obvious political and economic blunders that might easily have been avoided.

But not enough recognition has been given to the consequences of the president's apparent obsession with maintaining political stability in the face of the population explosion.

Where Smith threw draconian emergency power regulations at it, Mugabe has thrown economic patronage, giving every politically significant African family in the country some slice of the action.

How brilliantly he has done this is reflected in the marked reluctance of these families to jump ship to the new Movement for Democratic Change. This opposition party is sponsored by trade unions.

Despite the economic crisis, families great or small remain fearful of losing government's favour — and with it the handouts, trading licences and tax exemptions that go with having relatives in the civil service and armed forces.

But Mugabe's patronage system, like Smith's coercive rule before it, has now become too economically costly for the nation to sustain. The question is: when will the majority finally decide enough is enough and resolve to drag themselves out of the hole that Mugabe has dug the nation into?

Everybody — in high places and on the streets — recites the mantra "cut spending and corruption", but little real effort is made to do so.

Earlier this week Vice-President Simon Muzenda took off with a large entourage, including family members, to enjoy an all-expenses paid Christmas trip to Palestine. Mugabe and his wife Grace have visited 30 countries this year.

With such examples, says former commissioner of taxes Eric Harid, ordinary citizens feel they are entitled to contrive little perks for themselves. Like the policemen recently caught red-handed extorting cash from motorists by a local Harare newspaper editor.

Tony Hawkins of the University of Zimbabwe Business School warns against false optimism over any new government's prospects of cutting state spending — assuming one could gain power in the face of the massive interests vested in the current nationwide patronage system.

"People will want the government to do more, not less," he says. They will vote for the party that promises cheap food, more clinics, reduced school fees, more jobs and free land.

In his annual state-of-the-nation address, Mugabe told MPs that Zimbabwe had in 1999 come through the worst of its quest for a better standard of living for all its people.

Yet his act remains fundamentally unchanged: about 30 politburo posts and 50 extra central committee seats are being dangled enticingly before those tempted to political faithlessness in the run-up to a constitutional referendum and parliamentary elections.

This "Christmas draw" could quite easily be put off for months. In just this way, Mugabe left the treasury without a finance minister for four crucial years during the 1991-1996 structural adjustment.

At that time economic leadership was less important than use of a patronage carrot to lure key black businessmen away from Enoch Dumbutshena's Forum opposition party. Politically, the ploy worked. Dumbutshena was crushed at the polls. But economically its costs are still being paid.

Mugabe continues to try to demonise anyone who will not back his answer to Zimbabwe's problems. But ironically it is the Zimbabwean government that is being trashed in the eyes of the world.

Perhaps the gift Zimbabweans most need to awake to on Christmas morning is an ability to see the objective reality of their deteriorating situation — and resolve to get off the self-serving, but slippery, path they have been led down.

Mugabe defends his economic policy (3b2)

BD 20/12/99

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 at the 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 Takawira on the eve of the congress for new direction in the party and in government.

Riot police were called on Saturday to disperse commuter taxi drivers fighting for limited supplies of diesel at one outlet. Farmers making collections at depot were rationed to one 500l drum each. Most suburban garages had no die[illegible] and limited mo[illegible] 10l to 15l of petrol. Mugabe promulgated regulations on Saturday banning export of fuel except in the tanks of vehicles.

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 politburo spokesman on information Nathan Shamuyarira said Zimbabwe should return to priority imports lists to make best use of foreign exchange. "We are not saying we should return to import controls. We should have an agreed list of what should be imported," he said.

Zimbabwe National Chamber of Commerce president Nhlanhla Masuku said the opening of four new gold mines and rising agricultural exports "show the economy is not imploding".

Comment: Page 7