

Mozambique looks to a better 1992

MAPUTO. MOZAMBIQUE is hoping for a better year in 1992 after failing to reach its 5 percent growth target in 1991, a senior official said.

"One of the things we are afraid of is going back to a situation where there was stagnation," Vice-Minister of Co-operation, Oldemiro Baloi, said in an interview. "We are now very clear about what to do, when, where and how. And we are trying to monitor the economic situation very carefully."

Donor nations pledged Mozambique's 1992 assistance needs of US\$1,125 billion at a meeting in Paris in December.

"If we can get fulfilment of pledges on time, I'm convinced this year will be a good year," Baloi said.

Legislation to privatise state enterprises is in place, and several Portuguese and South African banks have shown interest in Mozambique as fiscal constraints are relaxed.

World Bank representative Nils Tcheyan estimated gross domestic product (GDP) grew last year by 4 to 4½ percent.

Baloi said this estimate was reasonable but noted it was below the 5 percent target. "We are eval-

uating last year's performance and will try to produce our economic and social programme for 1992 in early February," he said.

By Ian Mackenzie

The vice-minister said 1989 had been the best year for the economy measured in GDP in the 1980s, with 5 percent growth. GDP growth since an economic reform programme started in 1987 averaged 4.3 percent, a dramatic turnaround from an annual decline of 5.9 percent in the 1982-85 period.

Inflation was held to 30-35 percent in 1991 while the government was expected to reach its money supply target of around 25 percent, Tcheyan said.

The difference between the official exchange rate and the secondary market was stable around 4 percent, with about 1 800 meticals to the US dollar.

In the past 18 months, the government officially ditched its socialist orientation and adopted a free market economy, with political pluralism, Press freedom and an independent judiciary.

The 16-year civil war with Renamo which has devastated the country remains a massive drain on its resources.

Baloi noted Mozam-

bique's main traditional economic base rested on family agriculture, which had been hard hit by the war. He said the government would concentrate

on industrial development in 1992, with urban industry more easily protected against rebel attacks.

Peace negotiations are under way in Rome, but President Joaquim Chissano appealed to the international community last week for pressure to end what he called foot-dragging and delaying tactics by Renamo to achieve a quick ceasefire.

"Politically, the talks have been very disappointing and nobody really knows whether there will be a peace agreement this year — people have had their expectations raised and now dashed," said Peter Simkin, head of the UN Development Programme (UNDP) in Mozambique.

Baloi said the war and natural disasters in the

form of floods and drought were the main drag on economic development.

Government and aid officials say many millions of dollars will be needed for the post-war reconstruction.

Baloi said some five million of Mozambique's 15 million people were displaced within the country, while 1.5 million were refugees in neighbouring states — around one million in Malawi.

There is the problem of demobilising thousands of soldiers from both sides bringing them back into civilian society.

"The rural infrastructure will take probably decades to recover. There is such universal destruction," Simkin said.

Tcheyan was optimistic about the way the economy was progressing under its present constraints.

Mozambique's total external debt amounted to about US\$4.1 billion, he said. Of this, 40 percent was owed to OECD countries. — Reuter.