

But first it must persuade SA to treble the price it now pays for Mozambican electricity. And then it must convince Escom to increase by half again its Mozambican electricity imports — which is in itself something of an academic issue, since the power lines that carry the existing supply were sabotaged by anti-Frelimo guerrillas in December last year and have not yet been repaired!

The extraordinary task of persuasive diplomacy that Maputo has set itself is the result of a complex combination of national aspiration and recent history. The original plans for Cabora Bassa dam provided for the possible extension of generating facilities on the north bank of the Zambesi, the better to make use of the 50 milliards cubic metres of water stored in the dam.

Right now, electricity is generated only on the south bank, where five sets produce a total of about 1 400 MW of alternating current. All of this is relayed to SA after being converted to direct current, which is cheaper to transport, and reconverted to AC at the Apollo station near Pretoria. A minute portion is then sent back to Mozambique and the rest fed into the Escom power grid in SA. So Maputo's dependence on Escom is substantial.

Mozambican president Samora Machel decided last year to proceed with the construction of a north bank station. Its

CABORA BASSA *Financial Mail*
Cost of expansion ^{13/2/81}

The government of Mozambique has initiated a series of moves that it hopes will result in the construction of a new hydro power station at Cabora Bassa dam.

total output would be about 1 200 Mw, all of which, he decided, would be reserved for Mozambique and its "brother countries."

But good intentions do not always match economic realities, and Machel accordingly faces a formidable array of ideological and practical problems, many of them stamped with the flavour of catch-22.

Firstly, the needs of brother countries like Zambia and Tanzania, and of Mozambique itself, are too small to make them prospective customers of any note. Zimbabwe has indicated that it might be a buyer for about a quarter of the north bank output. But if Maputo wants to avoid the Escom connection and achieve electrical independence as it clearly wishes to, it must find other customers. And they simply do not exist.

Maputo also wants the north bank facility to be independent of Portugal, which currently runs Cabora Bassa jointly with Mozambique through a company called HCB. But before it can achieve that, it must buy out the Portuguese stake in HCB by clearing a \$1 000m debt left over from the original construction of the dam.

And Escom, of course, lies at the junction of all these strands. It is now paying for Cabora Bassa electricity about \$0,004/kWh, which is less than a quarter of the average world price. This is the



Mozambique's Machel . . . good intentions but tough realities

result of the original contract fixing the price for 35 years in Portuguese escudos, which have since devalued.

France and Germany have indicated their willingness to participate in the financing of the north bank project. But Portugal, through HCB, will remain the ultimate guarantor. So preliminary French studies present this gloomy picture:

□ If Maputo wants to retain its independence in the project it must negotiate a collateral arrangement with Portugal separate from HCB.

□ It must accept that Escom is the only practical customer for north bank power and adjust its desire for total autonomy accordingly.

□ It must then persuade Escom to buy the extra electricity, and then at a price *treble* that which it currently pays.

□ And it must accept that feeding the power into its own network, if and when its domestic demand warrants it, will demand the pre-construction of that network, which does not exist right now. And the cost of that alone will equal the cost of the north bank power station!

Neither Escom nor the SA Foreign Affairs Department have received any overtures from Maputo. And Maputo is not prepared to discuss the matter. But with SA/Mozambique relations somewhat strained by the SADF strike at the ANC two weeks ago, and with the north bank feasibility studies only recently completed (if on schedule), the Mozambicans may well lie low for a while.

Should negotiations ever begin with the multifarious parties involved, Maputo must be given credit for its optimism. And if the new station is ever built, it will be for Machel a diplomatic and economic coup, and perhaps a surprise as well.