

Mozambique's new deal for Cahora Bassa power

Mozambique has won better terms for the supply of electricity to South Africa, in the wake of the Nkomati non-aggression pact

Mozambique, South Africa and Portugal have signed a new contract for the supply of electricity to south Africa from the giant Cahora Bassa dam on the Zambezi in Mozambique's north-western province of Tete.

The new tariff is 1.10 cents per kilowatt hour, more than twice the old rate but considerably less than the 200% increase sought by the Portuguese, who built and run the dam.

The agreement apparently includes for the first time a payment from South Africa to Mozambique for the use of the waters of the Zambezi. Well-informed Maputo sources suggest that the final sum may be in the order of 10m rands a year.

Mozambique will also now be able to pay for the electricity it receives from the South African grid in local currency. This will mean an immediate saving of the order of \$800,000 in foreign exchange each month.

The dam is operated by a Portuguese company, Hidroelectrica de Cahora Bassa

(HCB). Eighty-one per cent of its shares are owned by the Portuguese state and Portuguese financial institutions, while the Mozambican state has a minority shareholding of 19%. The original idea was that gradually Portugal would pay off all the debts that it had incurred while building the dam in the last years of colonialism, and shares would be transferred to Mozambique, at the rate of 4-5% a year. Eventually Mozambique would completely own the dam.

In practice, nothing like this has happened. Cahora Bassa has never made a profit and represents an enormous drain on the Portuguese exchequer. Mozambique is nowhere near taking a majority shareholding in the scheme and has never earned a penny from it.

Many people are under the misconception that the dam's main problem is the repeated sabotage of the transmission lines by rebels of the Mozambique National Resistance (MNR). Obviously sabotage does

not help, but the security of the lines is not the root cause of Cahora Bassa's ills. The project, under the old contract with South Africa, was simply not economically viable.

This is because the Portuguese agreed to sell power from the dam to South Africa at the giveaway price of half a cent (0.005 rand) per kilowatt/hour. This deal, struck by the right-wing regime of Marcelo Caetano before Mozambican independence, had never been revised. Even if power were to flow uninterrupted to South Africa, the dam could never be run at a profit with this price.

Cahora Bassa is easily the cheapest source of power available to South Africa. The cost of electricity from the country's own coal-fired power stations averages out at 1.79 cents per kilowatt/hour, while the Koeberg nuclear plant, once hailed as the solution to South Africa's energy problems, will be at least two or three times more expensive than the coal-fired stations. Thus the price of Cahora Bassa electricity could be raised threefold and it would still be cheaper than any of its competitors.

Ecological considerations also weigh in Cahora Bassa's favour. The cooling systems of the coal-fired stations devour enormous quantities of water — a fairly scarce resource in South Africa — while there are strong fears about the safety of Koeberg.

When the power is flowing, Cahora Bassa accounts for about 9% of South Africa's energy needs. This could be increased if a second power station on the north bank of the Zambezi is built, more or less doubling Cahora Bassa's generating capacity.

Zimbabwe has expressed an interest in purchasing some power from Cahora Bassa. But the Zimbabwean market, and indeed all conceivable markets in the rest of the region, are tiny compared with the total supply available from Cahora Bassa. The existing power station can supply 2,075 megawatts/hour: a north bank power station would add a further 2,000 megawatts/hour. The only country in the region that has a demand for that quantity of power is South Africa — and this situation is unlikely to change in the foreseeable future. All Mozambique's own current needs for electricity could be met by a mere 130 megawatts/hour.

At the moment, most of Mozambique is not connected to Cahora Bassa at all. The power lines built by the Portuguese hug the Zimbabwean border and carry the electricity by direct current straight over the South African frontier. At no point are they tapped to provide Mozambique with power. So the ludicrous situation has developed whereby Maputo city has to import the bulk of its electricity from South Africa.

In northern Mozambique the situation is rather more rational. A small substation provides power to Tete city and to the nearby Moatize coal mines. Since 1981 a new transmission line has been under construction to carry Cahora Bassa

electricity to the country's northern provinces, replacing the small and expensive diesel-fired power stations on which many of the northern towns used to depend.

Mozambique argues that since the dam is in Mozambican territory, and since it is Mozambican water that produces the electricity, South Africa ought to pay Mozambique a standing charge in addition to the payments to HCB. A guaranteed income for Mozambique, an increase in HCB prices, and the defence of the transmission lines were the three issues under discussion in the talks with South Africa.

The South Africans argued that a price rise cannot be tolerated until the regular supply of power is guaranteed — that is until the security on the transmission lines improves. This position was always dishonest, since the MNR derives the bulk of its support from South Africa. The MNR's sabotage of the power lines was allowed by Pretoria, since it served to distance South Africa from the rebels, and lent a little credibility to the South African claim that it had nothing to do with the MNR. Back in 1980 the then general secretary of the MNR, Orlando Cristina, argued for sabotage of the lines on precisely those grounds — that it would "prove" that the MNR was independent of South Africa. The supposed unreliability of Cahora Bassa could also be used by the nuclear lobby in South Africa as an argument in favour of Koeberg.

The question of the security of the

transmission lines has been remitted to the Joint Security Commission set up between Mozambique and South Africa as a result of the Nkomati non-aggression agreement. However, the commission appears to be dragging its feet: a communique issued at the end of its second meeting, held in Pretoria on April 11, merely said that the two sides had agreed to make "a joint assessment of the requirements for the protection of the Cahora Bassa transmission lines."

This coyness is because it has been seriously suggested that the power lines be policed jointly by units of the Mozambican and South African armies. At first sight the suggestion is outrageous — but for Mozambique there is a perfectly logical rationale. Mozambicans want to put South African soldiers in front of MNR bullets. For the price of Cahora Bassa electricity is also paid in human lives and Maputo sees no reason why those should all be Mozambican. Putting South Africans in the firing line would provide a strong incentive for Pretoria to honour the non-aggression agreement it has signed.

The South Africans, however, seem less than enthusiastic about the idea. Ironically, they can no longer simply tell the MNR to leave the power lines alone. MNR units in the field, who consider that they have been betrayed by their former patrons, may decide to carry on sabotaging the lines regardless of what the South Africans want. Indeed, the MNR representative in Lisbon has promised precisely this ●

Signing the Nkomati accord

