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Frelimo cannot afford to cut SA links

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TRADE statistics support the view that Mozambique cannot afford to break its economic links with South Africa, its biggest trading partner after Portugal.

Monthly Statistical & Marketing Digest publishes statistics which show that in 1972 Mozambique earned R107m from South Africa — about 43 percent of 1971 foreign exchange earnings. In that year, Mozambique had a R4,3m balance of payments surplus after 13 years of deficits.

Visible exports to South Africa — petroleum and wood products, copra oil, crustaceans and molluscs — amounted to only R11,1m. This was against imports totalling R37,5m — iron and steel products, machinery, oils, chemicals, electrical equipment, pharmaceuticals, plastics and foods.

But invisibles more than compensated for the imbalance:

● 115 800 workers in the South African mining industry earned estimated R45m. Up to 60 percent of their earnings is compulsorily deferred pay remitted through the Portuguese Government. About R20m was estimated to be remitted in this way at the official price of gold.

Since 1972, basic wage rates on the South African mines have nearly trebled, and in many cases wages in the higher job categories have increased further. Mozambique supplies nearly 50 percent of the mines' gang leaders.

It is calculated that on these rates, and if the gold is not sent to Portugal as in the past, Mozambique could earn R180m from deferred pay at a gold price of 150 dollars. And that excludes the balance of possibly R60m earned by the miners, but not compulsorily sent to Mozambique.

This assumes that the provision of the Mozambique Convention on remitting gold is not deleted if the Mozambique Government renegotiates with South Africa. Frelimo, desperately short of foreign exchange, could be well advised not to tamper with the treaty for the moment.

● Harbours and railways earned about R100m in foreign exchange from Swaziland, Rhodesia, Malawi, Zambia and South Africa.

South Africa is estimated to have contributed R50m.

This could increase substantially if the R100m Ponta Dobela off-shore terminal scheme is given the go-ahead. The scheme, suspended because of the uncertainty and lack of guarantees from South African bulk mineral exporters, is fully prepared and could be completed in two years.

● Tourism receipts were between R20m and R40m. Of 167 000 foreign visitors, 59 percent were from South Africa. Tourism from both South Africa and Rhodesia has been badly hit recently, but should recover.

Two-thirds of the Cabora Bassa dam investment of R450m is borne by South Africa, 25 percent by international consortium and only one-tenth by Portugal.

South Africa has contracted to buy 73 percent of the power — 1 470 MW. In 1979 that will be eight percent of South Africa's power needs.

Many mineral reserves could become exploitable if power and transport become available. South Africa is ideally suited to participate in this.

Although Mozambique is unlikely to be the rich mineral province some predict, it has deposits of coal, copper, manganese, fluorite, chrome, nickel and vanadium.

At present only 350 000 tons of coal are mined a year. In March, Iscor formed a company with Portuguese interests to investigate rich coking coal with 200m tons reserves about 50 km from Tete

The Digest gives this picture of the Mozambique economy:

● Estimated gross national income was R1 720m. This means R210 a head (R652 in South Africa in 1972)

● Employment: 90 percent of the population is in subsistence farming. That takes 48,8 percent of the farming land, and 4 600 farming units occupy the rest.

● Industry: in 1971, gross value of output was R287m — 17 percent of gross national income. It was largely for processing agricultural products.