CURRENTS IN THE NEWS

Mocambique adventures

Prerequisites for SA private sector involvement

The security framework established by the signing of the Nkomati Accord should now lead to gradual revival of economic and functional links between SA and Mocambique. But Mocambique's most overriding requirement, apart from restoration of internal law and order, is food, to avert starvation over much of the country. SA assistance, in the current drought, is most likely to take the form of transport, by government, the private sector and possibly the defence force, for food aid from the west.

But Mocambique is a long way from being a significant market for SA goods or worthwhile area for major investment projects, with tourism perhaps the

Richard Rolfe and Michael Spicer examine future SA-Mocambique economic links.

main exception. The country's next requirement, assuming famine can be staved off, is for hard cash from whatever sources are available and for revitalization of the infrastructure to help rebuild the shattered economy.

There are big mutual advantages both for SA and Mocambique in increasing the viability of Maputo harbour. Apart from providing Mocambique with income, this would also reduce transport costs to overseas markets for eastern Transvaal mining and agriculture.

At present, notes Safmarine MD Marmion Marsh: "There is a draught problem for bigger container vessels." The long channel into Maputo harbour has silted up because of inadequate dredging and only general cargo vessels of up to 20 000 tons or so can dock. Hazards have been increased since the port's only pilot boat was damaged in last month's cyclone and on-shore facilities need substantial improvement.

Rail links remained intact even when SA and Mocambique were shooting at each other and could bear a greater volume of traffic if the port were improved. Likewise, Escom has continued to supply southern Mocambique with electricity from the SA grid. The amount, says an Escom spokesman, averages about 56 MW: "Roughly the same as Witbank."

An agreement on the Cahora Bassa supplies is shaping up. Mocambique is likely to take over 50% of the capital

Kerzner: tourism opportunities

base of the project from Portugal and SA will pay a sliding scale of tariffs, the amount paid increasing in proportion as more electricity is delivered. It is unlikely that SA will concede the full increase, up to 200%, in tariffs sought by Mocambique and Portugal. But Cahora Bassa still has the potential to supply 1 379 MW to SA, which at this stage is effectively the only customer.

Tourism is the most promising way Mocambique could obtain a 'quick fix' from the SA private sector. Inevitably, Sun International's Sol Kerzner has been linked with moves to revive SA tourism, a vast potential market for Mocambique. But the Frelimo government will tread carefully: even in the days of the Portuguese, SA tourists contributed only a minimal capital inflow because a high proportion of local currency was black market-sourced.

The Polana, in which SA and Portuguese interests were formerly shareholders, is less likely to be opened to tourists than to retain its present role as a *de facto* government hospitality centre. Southern Sun, confirms MD Peter Bacon, has had no interest in the hotel since its lease was cancelled in 1976.

Best bet is that tourism will initially centre on the Bazaruto island complex, famed for its big game fishing, where SA tourists can be flown in and conveniently isolated from the locals. Such a project could be of considerable interest to the SA hotel and package tour business and might stand a chance of attracting offshore finance.

Mine labour is the other main possibility which Maputo sees as a source of cash. At present, over 40 000 Mocambiquans work on the SA mines; 60% of their earnings, amounting to upwards R100m this year, is repatriated in 'hard' currency and they are paid out in Mocambiquan money. Machel would like to double the number of Mocambiquans employed in SA, which would still fall short of the 105 000 peak in the mid-1970s. But the Chamber of Mines is unlikely to make any commitment except to consider Mocambiquan labour on its merits as and when vacancies arise.

A parallel process with these other developments will have to be the issue of compensation for SA investors whose Mocambiquan assets were expropriated at the time of the Frelimo takeover. The biggest by far is Barlows' TC Land, which held title to 450 hectares of township land between Maputo airport and city centre.

A Barlows spokesman says that the group has a claim "in the pipeline" but stresses: "There's nothing concrete, though it's a matter of great interest to us." Hints dropped during the security negotiations suggest that the question will be given priority, as will other expropriated SA interests, including numerous former owners of beach cottages. It seems Machel understands that without settlement of these issues, any quest for SA private capital would be futile, delaying future exploitation — sorry, development — of resources such as fishing, coal and natural gas.