

# Maputo prepares for severe oil cuts as Soviets cut back on aid

A cut-back in Soviet aid to Mozambique, particularly of credits for oil, is due to have dramatic results soon say local officials.

Moscow's assistance to Mozambique used to total \$200m a year but was cut to \$90m dollars in 1990 and should fall again this year, Soviet officials said recently.

Prime Minister Mario Machungo warned last month of the "dramatic impact" a substantial reduction in this aid would have and said that discussions were being held to reach "a balanced solution".

UN Development Programme (UNDP) officials in Mozambique said the country's oil bill could double in 1991 to around \$150 million.

Fuel is particularly necessary for aircraft flying food to millions of displaced people facing starvation.

The official said there were between 1.4 and two million people facing famine, and the situation could deteriorate rapidly.

Around 450 out of an original 750 Soviet technical experts are left in Mozambique. An interpreter with about 70 Soviet helicopter pilots based in Maputo told journalists last week: "I don't know what the Mozambicans are going to do when we go. They will die without us."

The two countries have been review-

ing a 10-year cooperation accord that expired in 1990.

The new agreement, due to be ratified early this year, is likely to emphasise trade rather than aid.

Most Soviet aid to Maputo has been in the form of military advisers, hardware and technical experts, or in credits, mostly used to buy oil.

About 66% of the country's oil comes from the Soviet Union, on credit but at market prices. Mozambique started importing oil from the Gulf before Iraq invaded Kuwait in August and world crude prices soared.

Prime Minister Mario Machungo told the Mozambican parliament last month that 1990 had seen the lowest economic growth since 1987, when the Mozambican government started implementing an economic recovery programme.

He did not specify a growth rate for 1990, but said that marketed agricultural production in 1990 is expected to show a decline of over 20%.

Inflation, he said, went up to 40% in July from 30% at the end of 1989. Machungo noted that wage increases in the public sector in 1990 have been held to 23% while in the private sector they exceeded inflation. According to official statistics, the average annual economic growth in the last three years was 5.1%.

*[Staff writers, agencies.]*