

time he put his country on a war footing and seized Rhodesian assets. In an impassioned speech in Maputo (formerly Lourenço Marques), which was broadcast on Mozambique radio, he said the measures were in response to a Rhodesian attack on a village called Pafuri, near Rhodesia's south-eastern border. A number of people had been killed and extensive damage caused during the raid, he said (see Political Series p. 3940).

Sanctions, including the confiscation of Rhodesian property and assets in the country would be applied rigidly against "the British colony of Southern Rhodesia" in accordance with United Nations and Organisation of African Unity (OAU) resolutions, he added.

Since Mozambique became independent in June 1975 (p. 3545), it has not upheld sanctions against Rhodesia largely because of its own economic problems. President Machel has been taking an increasingly militant line on this issue, however, under pressure from black African opinion. He admitted in his speech that his action would hurt his own country economically, "but it had to be done". He called on socialist countries to aid Mozambique in its time of need.

By imposing a ban on any communication with "the territory controlled by the racist Rhodesian régime", President Machel has closed two rail links and one road link between Rhodesia and the Mozambique ports of Beira and Maputo; a road connection between Rhodesia and Malawi; and an air link between Salisbury and Beira. The railway line between Rhodesia and Maputo had been closed earlier by the Rhodesian authorities on February 27th following the detention by the local Frelimo commander of 16 Rhodesian railwaymen at the border town of Malvern. (See map).

#### Rhodesian Reactions

The Rhodesian Government's immediate reaction was to order the remaining Rhodesian customs, trade and consular officials to leave Mozambique. *Air Rhodesia* cancelled its thrice-weekly flight to Beira and the daily flight to Blantyre in Malawi which crosses the Tete province of Mozambique. But the Government's first official reaction was to play down the seriousness of the move which will seriously affect Rhodesia's ability to maintain its trade with the outside world.

Before the Portuguese coup on April 24th, 1974, 80% of Rhodesian imports and exports travelled by way of Mozambique. This figure has been reduced to something between 20% and 40%, but the closure of the border could still be disastrous.

In a first-reaction speech on March 3rd, the Rhodesian Minister of Defence and External Affairs, Mr. van der Byl, said the Mozambique decision came as no surprise.

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## Political Factors

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### RHODESIA—MOZAMBIQUE

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#### Border Closed

President Samora Machel of Mozambique announced on March 3rd the closure of his country's border with Rhodesia and the implementation of sanctions. At the same

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Rhodesia had been expecting the move since Mozambique became independent last year, he said, adding that the border closure would cause more hardship to Mozambique than to Rhodesia, although it would undoubtedly be "inconvenient" for Rhodesia. (RH, TT 4/3)

The only immediate result of the border closure was a 20% cut in the petrol ration for private motorists announced by the Rhodesian Government as a precautionary measure on March 5th. (RH 5/3)

Rhodesian businessmen also reacted calmly to the announcement of the border closure. Both organised commerce and industry stressed in separate statements that it had long been expected and that both Government and business had undertaken contingency planning against this possibility. The Association of Rhodesian Industries (ARNI) in a statement which at least some

businessmen felt to be complacent, said the closure was "an annoyance and unnecessarily costly inconvenience which we anticipated having to contend with sooner or later". For commerce, an official spokesman said the political and military effects were likely to be more severe than the economic ones. The loss of Rhodesian assets in Mozambique was "serious", but it was impossible at this stage to say what amounts were involved (see Col. C).

#### Traffic Diversified

Since late 1974 when Rhodesia opened its first and only direct rail link with South Africa (through Beitbridge) there has been considerable diversification of Rhodesian rail traffic. It is hence believed that only about 25% of Rhodesian exports by value will be affected by the border closure. Oil is coming from South Africa as indeed are most imports, so that the impact on imports

will be minimal. The main exports to suffer will be the bulk commodities—both agricultural and mining. An obvious problem will be **maize**, but there are hopes that Rhodesian maize will be purchased by neighbouring Zambia, Zaire and Botswana.

Rhodesia exports more than 4m. tons of goods a year, mainly grain, tobacco, sugar, chrome and beef. Of its two remaining rail links, the Botswana-Mafeking line is at present operating close to full capacity at between 6,000 and 8,000 tons a day and could not take much additional traffic. However, it is thought that much of the freight re-routed from Mozambique could be accommodated on the Beitbridge line, which has a capacity of about 12,000 tons a day. There also remains the question whether South African ports could handle the additional traffic.

The road from Umtali to Beira has been little used since Mozambique's independence and its closure will have little impact. The shutting of the road through Tete to Blantyre will hurt Malawi more than it does Rhodesia.

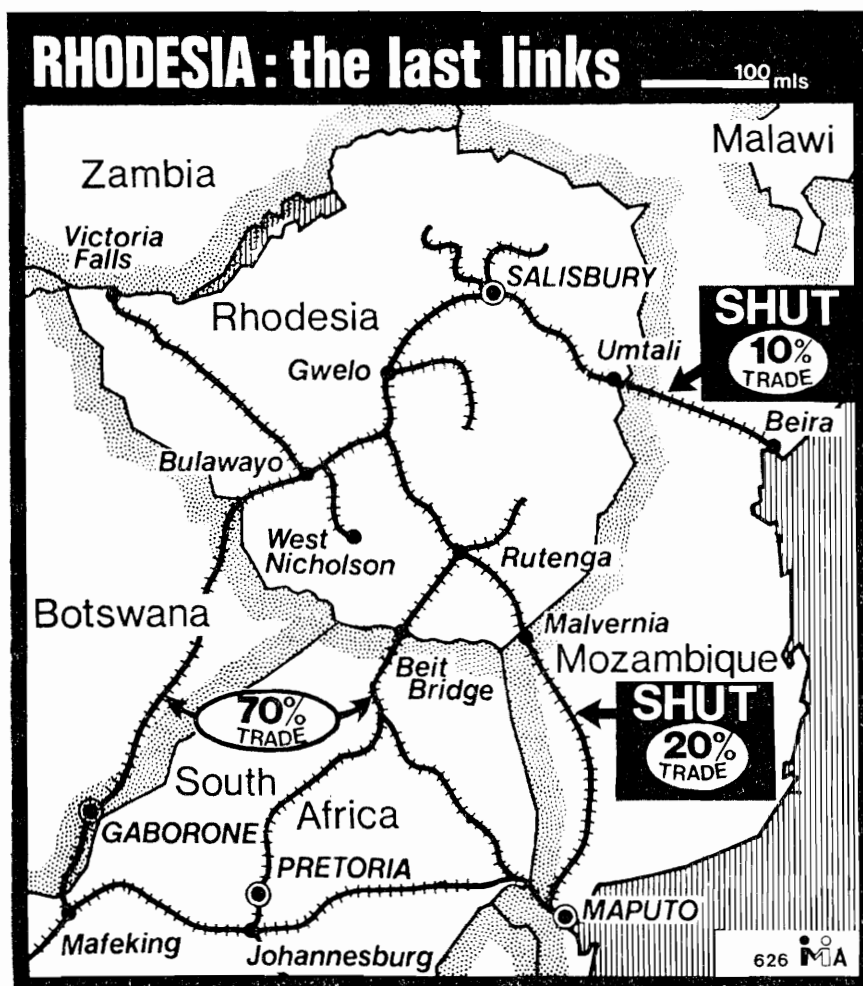
President Machel's announcement of the confiscation of Rhodesian property and assets means Mozambique will take over all the *Rhodesia Railways* locomotives and rolling stock inside the country and Rhodesian harbour facilities in Beira and Maputo. Apart from two diesel locomotives worth £400,000 each, the Mozambicans are understood to have seized quantities of rolling stock including a large number of oil tanker wagons. Some reports have suggested that many thousands of tons of Rhodesian exports—valuable minerals including chrome and copper as well as bulk agricultural products—which were stockpiled at the ports of Beira and Maputo have been confiscated.

As far as Rhodesian companies are concerned, it is not thought that seizure of their assets in Mozambique will involve any great loss in terms of money. Informed business sources say most Rhodesian businessmen have been realising their assets and moving out of Mozambique since the Portuguese decision in 1974 to hand over the territory. (FT, RH 4/3)

#### Action Welcomed

Mozambique's decision to close its border with Rhodesia was welcomed by the British Government. Mr. Ted Rowlands, Foreign Office Parliamentary Under-Secretary, told Parliament that the need for Mr. Ian Smith to accept African majority rule to safeguard the peaceful future of all Rhodesians was now even more important.

In Zambia, President Kaunda said that his country would stand by Mozambique and "fight for the cause of justice". He hailed Mozambique's border closure as an "act of outstanding courage". (RH 4/3)



(Source: Gemini News Service Ltd)

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A statement issued by the **Tanzanian** Government said: "Tanzania hails the decision of the Government of the People's Republic of Mozambique to impose total sanctions against the illegal and racist régime of Ian Smith. By imposing total sanctions Mozambique has once again demonstrated its determination to fulfil its internationalist obligations. . . ."

(DNS6/3)

### Botswana's Attitude

While the welcome given to Mozambique's decision by member states of the **OAU** was predictable, the critical factor was the reaction of South Africa and Botswana. There will now undoubtedly be increased pressure on President Seretse Khama to close his border with Rhodesia, but there has been no move to do so as yet. A senior Government spokesman said in Gaborone on March 9th that the railway line which runs through Botswana to South Africa, and is owned and operated by *Rhodesia Railways*, was vital to Botswana, but not to Rhodesia. Commenting on reports that Rhodesian African National Council (**ANC**) representatives had sought the closing of Botswana's border, the Government spokesman said: "No direct pressure has been put on us, but obviously some people would be pleased if we were to close the border". Botswana, however, had no intention at this stage of following Mozambique's example.

Claiming that the Botswana line was not essential to Rhodesia, the spokesman said it could take 15 trains a day and carried at present only about 15% of Rhodesia's traffic. The line was vital to Botswana because it was used to import various basic foodstuffs, such as milk, from Rhodesia. It was also the main artery for the most populous part of Botswana.

Botswana is training railway personnel to operate the line, but it may be years before she is able to do so. If *Rhodesia Railways* withdrew its personnel, the line would lie disused, unless *South African Railways* took it over. The South African Government would like the line kept open because it is hoping that **Zambia** and **Zaire**, and even **Malawi** will also use it for their imports and exports, after the closing of *Rhodesia Railways'* line through Mozambique, which they were all using, openly or covertly. South Africa is stressing the importance of her rail system to southern Africa and hopes she will become a unifying factor in the present situation. (GD 10/3)

### Dependence on South Africa

With the closure of the Mozambique border, Rhodesia has become totally dependent for its economic survival on South Africa, which will come into international focus as Rhodesia's only sanctions-buster. In a special statement in Parliament on March 4th, the Prime Minister, Mr. Vorster said that Mozambique's action in closing its border with Rhodesia and placing itself on a war footing could be the spark that ignited a conflagration in southern Africa.

Mr. Vorster added that South Africa had not been affected by the strained relations between Rhodesia and Mozambique. But he added: "The closure of the border and the stopping of commercial traffic between Rhodesia and Mozambique cause certain immediate problems for both countries and will in due course leave gaps and require adaptations not only for these two countries, but also for a number of other countries in southern Africa, including Zaire and South Africa".

Condemning boycotts, Mr. Vorster said: "Far from solving problems they rather have the potential of accentuating points of difference". But in this cautiously worded statement, Mr. Vorster gave no indication whether South Africa would now be able to handle all Rhodesia's exports and imports. (GD 4/3)

### Press Comment

The South African Government is in a dilemma; it wants to maintain its relations with Mozambique, but on the other hand it does not want to be seen taking sides against White Rhodesians. The next move, as the *Financial Times* points out, is with South Africa. "Mr. Vorster has to decide not only whether to allow those Rhodesian exports which once passed through Mozambique to be diverted to South Africa's already crowded railways and ports; he also has to decide whether to tell Mr. Smith in unmistakable terms that, in the event of war, there can be no question of South African support. Mr. Vorster would clearly prefer a negotiated settlement. . . . But he is now faced with the critical choice: is he prepared to let South Africa itself contribute to economic sanctions and therefore cut off Rhodesia almost entirely from the outside world?" (FT 4/3)

The *Financial Mail* (Johannesburg) puts the situation even more bluntly. After pointing out Rhodesia's dependence on South Africa, and ironically, Mozambique's increasing dependence on gold and foreign currency receipts from South Africa, the *Mail* says: "There seems only one way now to stop a dangerous escalation which may otherwise draw Zambia, Zaire, Tanzania and possibly Malawi to the north and Botswana to the south-west, into a widening conflict. And that is for Vorster to put a gun at Smith's head: settle or quit.

"He should tell Smith that South Africa will otherwise pull no chestnuts out of the fire; provide no military or other aid; no foreign exchange; and will allow no Rhodesian imports and exports over the South African transport system other than in the normal course of business.

"In exchange for this he would surely have the right to prevail on Machel, Kaunda, Mobuto, Khama and Nyerere to hold their horses and not join in what could become a conflagration too horrible to

contemplate. . . . Mr. Vorster must seize the initiative now and be seen to seize it. Sacrifice Smith and rebuild our bridges with Black Africa. Or save Smith and drive South Africa inexorably into a laager from which it may never emerge. It's a stark, cruel choice. It's Black or White this time." (FMJ 5/3)

The importance of South Africa's position was underlined by the sudden unannounced arrival in Johannesburg on March 5th of Mr. Ian Smith's two right-hand men. The Defence and Foreign Minister, Mr. van der Byl and Mr. Smith's deputy, Mr. Ted Sutton-Pryce, flew down from Salisbury on the transparent pretext of a "private" visit to South Africa. No official statement was made concerning the visit but observers felt that Mr. van der Byl had come to seek South African help following the border closure.

Meanwhile, the General Manager of *South African Railways*, Mr. J. G. Loubser, promised that the Railways will definitely help Rhodesia to counter the effects of the border closure if called upon to do so. He pointed out that a drop in imports since South Africa devalued the rand had given the Railways some extra capacity and it was available to whoever wanted it, Rhodesia included. He said he had refused Rhodesia help on one point only, and that was with respect to confiscated goods trapped inside Mozambique. *SAR* was not prepared to rescue such goods and railway rolling stock from Mozambique for Rhodesia.

(R. Johannesburg 7/3)

### Implications for Mozambique

For Mozambique itself, however, the closure could be even more serious economically. Mozambique has been importing from Rhodesia significant quantities of food and industrial products, particularly maize and everyday industrial goods. Indeed, only the day before the closure Mozambique had asked for more maize to be sent down as the country was desperately short of food. In addition, some 86,000 Mozambicans work in Rhodesia, and Rhodesia, in a retaliatory move, has frozen all money owing to Mozambique. The order, made under Rhodesia's Emergency Powers Act, was announced on March 12th.

A statement by the Minister of Finance, Mr. David Smith, said it had been decided to make provision for money in Rhodesia which was due to, or held for the account of the Government of Mozambique, banks and certain corporate bodies operating in Mozambique, to be placed in the custody of the Government. Any payment by a resident of Rhodesia to a resident of Mozambique or in the name of a resident of Mozambique had to be made to the Rhodesian Government. A "designated Mozambique resident" was defined initially as the Mozambique Government, any corporate body which operated rail or air services in Mozambique, and any bank or deposit institution sited in

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Mozambique, the statement said. The Finance Minister could extend the definition of Mozambique residents, the statement added. (RH 12/3)

The railways themselves have hitherto been important revenue earners for Mozambique, but with the border closure both the lines between Dondo (which lies inland from Beira) and the Rhodesian border and between Maputo and the border will become virtually dead. Because of the layout of railways in this part of Africa (see map) the closure of the border will prevent Mozambique getting revenue from traffic between South Africa and Malawi (which goes through both Rhodesia and Mozambique) and from traffic between Botswana and Maputo. South African exports to northern Mozambique will be halted. Traffic from Zaire to Mozambique ports will end, and the port of Beira can expect economic decline. Mozambique will also lose her "internal" rail link between Beira and Maputo which runs through Rhodesia.

These blows will strike at an economy which has already been gravely weakened by the departure of most of the Portuguese from Mozambique and at a food situation which is already precarious. It is estimated that Mozambique will lose about £17m. a year in port and customs revenues from Rhodesian traffic. There is also certain to be large-scale loss of jobs on the railways and in the ports. Even if Mozambique does get the £24m. a year in outside aid which it is estimated it would need to withstand the effect of its sanctions, it must be questioned whether any sum would be able to ensure that there are no internal difficulties. Extra finance may be able to compensate for lost imports, but it can hardly prevent unemployment. (FT 4/3)

According to reliable sources in Johannesburg, since September 1974, when Portugal handed over power to a transitional government in Lourenço Marques, Mozambique has received about \$160m. in foreign aid, in the form of cash grants, loans, technical assistance, food supplies and a variety of other goods. China granted Mozambique a low-interest loan of about \$56m. (p. 3545C) and on two occasions the United States has donated over \$25,000 in food relief. The Soviet Union on the other hand, has not made any cash donations as far as is known, but in February, Moscow signed an agreement on extensive technical aid to Mozambique, sources said.

Economic aid to Mozambique has also come from the UN, the OAU and Western European and African countries. Portugal has reportedly given aid worth \$20m., Holland nearly \$10m., Sweden \$20m., Norway \$4.5m., Denmark over \$10m., Finland \$85m., the UN, through its special agencies, about \$20m., the OAU about \$2m., Zambia \$4.5m., Nigeria \$5m., Ghana \$40,000, Ecuador \$11,500 and the Arab League \$1m.; \$2m. worth of aid came from various unspecified European sources. (NA 8/3)

### Compensation Fund

The sum needed now to compensate Mozambique for losing the Rhodesian traffic is thought to be about £20m. At a specially convened meeting in London on March 4th, the 35-nation Commonwealth Sanctions Committee decided "as a matter of urgency" that Mr. Ramphal, Commonwealth Secretary-General, should approach the Mozambique Government for talks on aid. All the Commonwealth countries reaffirmed their commitment to help Mozambique, but no specific promises of aid were given. Mr. Ramphal said after the meeting that it would be undesirable at this stage to attempt to go into figures. He expected the British contribution to be "very substantial", although not necessarily the highest contribution.

At the Commonwealth summit conference in Jamaica last May (p. 3479), Britain and Canada took the lead in offering to get a support fund set up for Mozambique. Canada promised a credit of up to £10m. for food supplies, technical assistance and so on, and Mr. Wilson matched this, saying that Britain would be ready to contribute "handsomely". (TT 5/3)

Aid to Mozambique was strongly attacked in the British House of Commons by the Opposition Conservative party whose "shadow" foreign secretary, Mr. Maudling, warned that his Party would oppose any aid to Mozambique while that territory was fomenting and encouraging bloodshed in Rhodesia. (RH 11/3)

A call for international financial aid for Mozambique was made by the UN Secretary-General Dr. Kurt Waldheim. A UN spokesman recalled that similar assistance had been provided for Zambia when it closed its borders and cut communications with Rhodesia in January, 1973 (p. 2582).

In Kampala, the OAU Chairman, President Amin of Uganda, said he was ready to send his troops to back up Mozambique in its stand against Rhodesia, and he called on other African states to supply military and material aid to Mozambique. (NA 8/3)

Zaire and Malawi will also be affected by the border closure. In the immediate future Zaire stands to lose heavily by the closure of the railway routes to the Indian Ocean. The Kinshasa Government, deprived of the railway route through Angola to the port of Lobito (p. 3805), has in recent months been shipping the country's copper exports by way of Rhodesia at the rate of 18,000 tons a week. Although the Rhodesia-Zambia border is supposedly closed, this traffic has been increased since early September. Landlocked Malawi has become increasingly dependent on imported Rhodesian goods, most of which are taken by road across the Tete province of northern Mozambique. Its closure will cause inconvenience, but more serious for both Malawi and Rhodesia will be the suspension of flights from Salisbury to Blantyre. (TT, DTel 4/3)

### Rhodesian Production (1975)

Rhodesian manufacturing production in 1975 showed an overall decline of 1.34% compared to the volume produced in 1974, according to the latest issue of the Digest of Statistics. Some industrial sectors increased production, the foremost among them being the chemical and petroleum industry which increased the volume produced by 4.95%. Drink and tobacco production increased by 3.5% and foodstuffs increased by 1.5%. The sharpest drop in production volume was in the wood and furniture industry which declined 9.4%. Non-metallic mineral products went down 8.17% and clothing and footwear declined 5.6%. Textile output dropped 3.2% and paper, printing and publishing showed a drop of 4.37%. (RH 4/3)

The United States imported 139,464 tons of chrome from Rhodesia in 1975, according to Trade Department statistics published in Washington. This represents about 11% of all US chrome imports. Chief suppliers were the Soviet Union (348,913 tons) and South Africa (289,396 tons).

### Exchange Control Tightened

Tighter exchange control restrictions affecting repatriation of capital by foreign investors were announced by the Minister of Finance, Mr. David Smith. He said in a statement that the Government had temporarily suspended the automatic issue of Rhodesian Government 4% bonds. Non-resident investors, who since 1972 could remit from Rhodesia proceeds from the sale of Rhodesian investments over a six-year period through the bonds, would now be subject to individual exchange control decisions. This had become necessary "in the interests of maintaining the strength of the Rhodesian economy under current conditions", Mr. Smith said.

As in the past, repatriation of capital would still not be extended to residents of Canada, Tanzania, Britain, the United States and Zambia. (R. Salisbury 11/3)

### Increased Defence Expenditure

Rhodesia is now spending more than 16% of her national budget on defence, the Finance Minister, Mr. David Smith said. The Government had recently had to ask for an additional R\$9m. (about US\$10.4m.) of which R\$5m. had gone to the Defence vote. The additional sum brings Rhodesia's defence spending in the current financial year to R\$66m. The Exchequer was facing greater strains than ever before, Mr. Smith said, but, despite this, he intended keeping public spending down. "I cannot pretend that we are in for anything less than a difficult year", he added. (NA 13/3) (See p. 3822A)

Last reference pp. 3741C, 3783