

# Machel wants huge handout from SA

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**MOZAMBIQUE'S** economically hard-hit Frelimo government is seeking a R40-million relief subsidy from Pretoria to soften the almost shattering blow sustained by the mid-April abolition of the old preferential gold rate payments for mine labour.

These payments were made under the 1929 Mozambique Convention, signed between Portugal and South Africa, providing that 60 percent of wages paid to Mozambican miners should be remitted to Mozambique in the form of gold at the official rate of \$42,22 an ounce.

Mozambique was then free to sell the gold at the free market price, several times above the official price.

The mid-April revaluation of South Africa's gold reserves put an end to this very useful windfall for the Maputo treasury.

President Samora Machel has admitted that "there is no economic entity known as Mozambique". Like many other African leaders before him, he has found that while his Soviet sponsors are generous suppliers of outdated weaponry, they are not nearly so forthcoming with financial or civilian technical aid.

These South African gold payments were then by far Mozambique's biggest single source of revenue, probably bigger than its revenue from all other sources.

Since April, the gold payments have been remitted to Maputo at the ruling free market price. Last night's closing figure was \$182,60.

The abolition of this gold cushion has knocked Mozambique particularly hard because it coincided with a dramatic fall in the number of Mozambican miners engaged in the South African industry.

President Machel's brother was killed in a mine accident in South Africa. One of his first declarations on taking power was that he would reduce the mine labour flow to South Africa as soon as this became economically feasible.

Whether by deliberate intent or not, the flow has in fact been slashed by almost 66 percent since the Frelimo takeover. A clause in the old Mozambique Convention provided that around 100 000 Mozambican miners could

work in South Africa at any one time.

In 1971 there were 89 000 Mozambicans (about 28 percent of the total mine labour force) engaged on the mines. By mid-1976 this figure was down to 79 000. By January this year it was 35 000 and at present it is, a record low of 32 000.

There are three main reasons for this huge drop:

- Difficulties with documentation on the Frelimo side;

- The shift in the mining industry's own recruiting policy, switching the main emphasis from foreign to local labour.

- Because of the big South African intake, the industry now insists that foreign workers must have had previous mining experience.

All this has presented Mozambique with almost in-

surmountable fiscal problems. Foreign aid has not lived up to its early promises, agriculture is still stagnant, with the country heavily reliant on food imports, while secondary and heavy industry is almost non-existent.

The result is that Mozambique's balance of payments deficit stood at an estimated R220-million last year, and is expected to show another huge increase this year.

One of the country's main sources of Finance now is the transit traffic through Komatipoort. The bulk of all traffic handled at Maputo harbour is South African.

It is known that a four-man deputation of senior Mozambican officials visited South Africa a few weeks ago to seek some relief from the preferential gold payment cut-off.

This was treated as a most "hush-hush" visit at the time.

It is understood that the South African Government has taken no decision as yet on the Frelimo request.

Before April, the gold payment premiums were carried by the mining industry. Should the South African Government now agree to a subsidy-form payment, this would have to come from the Treasury itself. It is known that the mining industry will not carry any part of the payment.

With food prices rising fairly piddly, and with Mozambique being used as a Russian-backed springboard for terrorist attacks on Rhodesia, the granting of such a subsidy would be unlikely to prove a popular move with the electorate.