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Post-Nkomati Mozambique

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Nearly 10 months after signing the March 16, 1984 Nkomati Accord with South Africa (see "Destabilization and Dialogue: South Africa's Emergence as a Regional Superpower" by John de St. Jorre in *CSIS Africa Notes* no. 26, April 17, 1984), Mozambique resembles the paradoxical patient whose operation is a success but whose medical status remains critical. If the patient succumbs, the experiment will have little chance of being repeated, and the prospects for peaceful coexistence between South Africa and its neighbors will diminish sharply.

Both parties to the Nkomati Accord agree that the "operation" is a success in the sense that the other signatory is living up to the letter of the Accord. South African officials affirm publicly that Mozambique has indeed ceased to provide logistical facilities for the military arm of the African National Congress, as pledged in the Accord. The government of Mozambique, for its part, accepts as fact that the South African government has suspended direct support for the guerrilla forces of the *Resistência Nacional Moçambicana* (known as Renamo or MNR), again as pledged in the Accord. (For the history of this movement, see "The MNR" by Colin Legum in *CSIS Africa Notes* no. 16, July 15, 1983.)

Even so, Mozambique is faltering. MNR operations have escalated. The country's transport network is repeatedly mined; the capital is subjected to intermittent power sabotage; aid agencies are pulling their technicians out of the countryside to avoid MNR kidnappings and killings.

The Two Views of Nkomati

Although Nkomati was viewed as an important gain by both signatories, the reasons were not the same in Pretoria and Maputo. For South Africa, the opening of the door and formal implementation of the respective promises were reason enough. Mozambique, on the

other hand, signed the pact primarily to produce one specific result—liquidation of the MNR guerrilla war against the government. The principal Mozambican negotiator, Minister for Economic Affairs in the President's Office Jacinto Veloso, warned in an October 6 interview: "If the bandit action does not stop, Nkomati will be put in jeopardy."

The threats to declare Nkomati a failure were intended to force South Africa to take a more active role in combatting the MNR—to focus on ends as well as means. They generated a new level of action on the part of South Africa in the second half of 1984 that culminated in an apparent breakthrough on October 3. On that date, delegations representing the government of Mozambique and the MNR were present in the same hall in Pretoria as South African Foreign Minister Roelof ("Pik") Botha read the following statement (the so-called "Pretoria Declaration"):

- (1) Samora Moises Machel is acknowledged as the President of the People's Republic of Mozambique.
- (2) Armed activity and conflict within Mozambique from whatever quarter or source must stop.
- (3) The South African government is requested to consider playing a role in the implementation of this declaration.
- (4) A commission will be established immediately to work toward an early implementation of this declaration.

Botha added that South Africa agreed to take part in the commission.

There was some initial confusion as to just what the Declaration meant. But it has now become clear that it marked a shift in the South African government's public attitude toward Nkomati. Pretoria implicitly recognized Mozambique's priorities in associating itself with the statement that "armed activity . . . must stop." A month later, the South African government underscored the distancing from the MNR by blocking

a Pretoria press conference scheduled by the movement's representatives; meanwhile, South African newspapers began to give more attention to allegations of MNR atrocities. MNR spokesmen responded to these developments by labeling Foreign Minister Botha an "unconditional ally of the [Mozambican government]."

Maputo's initial public statements on the Pretoria Declaration enlarged upon its actual language, implicitly characterizing it as a cease-fire agreement or an MNR surrender. As Radio Mozambique rejoiced: "The fact that the representatives of organized banditry recognized President Samora Machel means the recognition of the government and all institutions of the People's Republic of Mozambique . . . The result of these negotiations is the acceptance by the armed bandits that their actions lead nowhere."

Despite this public posture, the Mozambican negotiators knew that the Pretoria Declaration was a compromise. Machel had sent Veloso to Pretoria with a draft declaration of a unilateral cease-fire. Instead he got an ambiguous document, signed by none of the three parties.

The fact that the document was no armistice quickly became apparent. Within hours after the Pretoria Declaration was announced, the MNR sabotaged a key Maputo power line, forcing the capital to limp along on emergency power supplies for three days. After consulting with their delegation in Pretoria, MNR spokesmen in Lisbon announced that the struggle would continue, and insisted that the Declaration recognized Machel as Mozambique's president only until new elections could be held.

South Africa's Dual Agenda?

The Pretoria Declaration was significant in that it was South Africa's first public commitment to play a role in obtaining peace in Mozambique; but this is not to say that Pretoria's position on the MNR was unequivocal. The evidence is pretty clear that some elements in the South African ruling establishment agreed to Nkomati with a dual agenda in mind. This faction assumed and intended that the MNR would remain an active element after the accord, and that the pressure of the guerrilla war would eventually force Machel to agree to negotiate a power-sharing agreement. Whether with or without Prime Minister (now President) Botha's approval, sufficient arms appear to have moved across the border just before Nkomati to keep the MNR operating for some time—some observers say through the end of 1985. And somebody somewhere had to be deliberately looking the other way when elements of South Africa's significant Portuguese population (about 700,000, according to Portuguese Prime Minister Mario Soares), many of them emigrants who had fled Mozambique just after independence, arranged their own cross-border supply operation for the MNR.

Mozambican officials see the foot-dragging and ambivalence of South African policy in the early stages

of Nkomati as a manifestation of a split within the Botha government. According to their scenario, the South African military, and particularly military intelligence, was reluctant to abandon the MNR, while a "moderate" group, represented by the Department of Foreign Affairs and Prime Minister Botha, signed Nkomati in good faith. President Machel believes that his government's interests will best be served by strengthening the hand of the relatively friendly elements in the South African government while weakening the hard-liners. Some South African journalists and analysts suggest that this explanation may be overly simplistic. "Thump and talk are not mutually exclusive," a Johannesburg academician reminded me, and "the Pretoria Declaration may simply be the latest twist in an ongoing two-track policy."

In any case, Maputo has challenged South Africa to demonstrate its genuine commitment to the success of the Nkomati Accord both by blocking any further unofficial supply shipments to the MNR and by meeting Machel's requests for three forms of military support: (1) SADF troops to protect vital infrastructure against MNR attacks; (2) sharing of detailed intelligence concerning the location of MNR arms caches and specific radio frequencies used for communication; and (3) sophisticated arms to assist in the counterinsurgency effort.

Pretoria has replied that it cannot, for reasons of both principle and limited supply, provide any materiel covered by the arms embargo imposed on South Africa by the UN Security Council in 1977. Although a small number of South African military advisors are reportedly helping strengthen protection of the Cabora Bassa dam complex, no moves have been made to send substantial numbers of troops. Intelligence coordination is increasing, but not sufficiently as yet to give the Mozambican military a decisive edge against the MNR.

The Portuguese Factor

South African ambivalence is not the only reason Nkomati has not met all of President Machel's expectations. Another problem is that Nkomati did not take account of all the actors in the drama, in particular the MNR's Portuguese benefactors. Indeed, Mozambican officials believe that Portuguese support for the MNR escalated after Nkomati, breathing new life into the guerrilla organization.

Machel first hinted publicly at Portuguese involvement in June 1984 when he referred to a "conspiracy against Mozambique's independence and sovereignty" involving "personalities of governments which maintain diplomatic relations with our country" and "circles nostalgic for colonialism." Since then, the diplomatic gloves have come off and the charges are more explicit. On October 21, *Domingo* published an article specifically accusing Portuguese Deputy Prime Minister Mota Pinto, Minister of State Almeida Santos, and industrialist Manuel Bulhosa of complicity with the MNR. Santos had owned property in Mozambique

before independence. Bulhosa is the former owner of Mozambican oil refineries that were nationalized by the Machel regime and his Lisbon publishing operation employs two leading MNR figures, Evo Fernandes and Jorge Correia.

The decision to accuse Portugal was not taken lightly; indeed, the *Domingo* article was held up while the Ministry of Information pondered the implications of going public. The balance was tipped by reports of Portuguese meddling in the trilateral "technical commission" set up under the terms of the Pretoria Declaration. High-ranking officials in the Mozambican Ministry of Foreign Affairs contend that Evo Fernandes had been on the verge of agreeing to a ceasefire during the first commission meeting when Pinto telephoned from Lisbon, instructing him not to sign anything and to return to Portugal for consultations. Whatever the reasons, the MNR's negotiating position had indeed hardened midway in the first commission session, and soon afterward the guerrilla group pulled out of the talks altogether.

South Africa, by this point publicly committed to the technical commission talks, agreed that the Portuguese role had been unhelpful, and Foreign Minister Botha undertook to visit Lisbon to discuss the matter with Bulhosa, Santos, Pinto, and Prime Minister Soares. As Botha prepared to board his plane on October 12, however, Pinto cancelled the visit, saying the timing was inconvenient. Diplomatic sources suggest that the Portuguese did not want Soares to be included in the discussions, as this would associate him too closely with the MNR controversy.

The tension then heightened, as the dispute moved from government-sanctioned newspaper commentary to formal diplomatic protest. On November 2, Mozambican Foreign Minister Joaquim Chissano called in the Portuguese ambassador and conveyed "the serious concern of the Peoples' Republic of Mozambique over the involvement of Portuguese citizens and personalities in preparing and leading acts of banditry from Portugal against Mozambique." "The free and unimpeded development of such criminal acts from Portuguese territory," Chissano added, "contradicts the principles of normal relationships between states and endangers the good relations between the two governments."

One piece of evidence lending credibility to the charges of a greater Portuguese role in MNR strategy formulation after Nkomati was a shift in the MNR's demands. In the pre-Nkomati period, the emphasis was on free elections, free enterprise, and non-discrimination against neighbors with "different political systems," an agenda that reflected the priorities of the movement's South African patrons. Now the MNR is making what Mozambican officials call "colonial" demands—including the return of confiscated Portuguese properties. In mid-November, the MNR sent letters to large numbers of colonial-era residents living in Lisbon, urging them to return to Mozambique and promising that their former property

would be returned when the MNR comes to power. Officials in Maputo also attach significance to the new MNR demand for the return of the *regulado* system (a network of compliant chiefs who carried out Portuguese instructions in the colonial era) in the rural areas. Cited in further support of the Mozambican allegations is the August 1984 arrest of four Portuguese "game hunters" in Tanzania. The four, who remain in Tanzanian custody, are accused of preparing bases, including airstrips, to facilitate continued supplies of arms to MNR units operating in the north of Mozambique.

The Portuguese government's motivations for permitting the MNR to continue operating from Lisbon, and, if Mozambique's allegations are valid, for allowing businessmen to coordinate and finance the MNR, are somewhat baffling. Since 1975, successive governments have sought to solidify relations with the five lusophone ex-colonies in Africa. Although recognizing that it lacks the financial resources to undertake major initiatives in these countries, Lisbon has envisaged a growing role for Portugal as a channel for Western assistance and investment. The path recently taken in Mozambique would seem to place at risk the larger goal of a special relationship with lusophone Africa.

Even in the short run, the risks are considerable. Portugal has lost substantial revenue as a result of MNR sabotage of the Cabora Bassa power project, in which there is a Portuguese financial interest. Portuguese technicians have been kidnapped and killed, and Portuguese directors of private companies in Mozambique are now receiving threats and demands for protection money.

Some observers cite the MNR's anti-Portuguese activities as evidence that the Mozambican government's accusations of official Portuguese support for the guerrillas are unfounded. Mozambican officials turn this argument on its head. The reason the Portuguese government looks on impassively as the MNR "bandits" strike indiscriminately at Portuguese interests, a Mozambican journalist close to the negotiations explained to me, is that Portugal considers present investors in Mozambique as "second-class citizens" and is willing to sacrifice them in a psychological war designed to secure final victory for the MNR and long-term Portuguese interests.

A more likely explanation is that the Portuguese government and business community are not united on the MNR issue. One faction, represented by businessmen currently active in Mozambique and possibly by Prime Minister Soares himself, wants to move forward to a more sophisticated economic relationship with Mozambique, in which Portugal would be a middleman in aid and investment deals. This faction has an interest in stability in Mozambique and in maintaining good relations with the Machel government. It wants what one might call a "neocolonial" relationship.

On the other side are the Portuguese businessmen and officials who lost their properties and roles in

Mozambique. Rather than move forward to a new economic relationship, they want to move back to an old one. They want to "recolonize" rather than "neocolonize." They believe that the MNR is on the verge of military victory, and believe it is worth a considerable gamble to replace the South Africans as the bankroller of the movement's operations. One Mozambican analyst offered this explanation: "We are seeing a delayed reaction. Had a viable opposition organization existed at the time of independence, [these displaced Portuguese] would have moved immediately... Now, 10 years later, the opportunity to win back property and influence has presented itself, and this section of the Portuguese community is exploiting it. Mario Soares might want to control this faction, but he needs their support to maintain his majority in parliament, and so his hands are tied."

Other Friends of the MNR

Another factor undermining the Nkomati Accord is the support the MNR has enjoyed from Malawi and West Germany. Although not as crucial as the aid it received from South Africa, and apparently now receives from Portugal, this assistance is not insignificant.

The Malawi connection goes back many years. Orlando Cristina, secretary-general of the MNR until his death under mysterious circumstances in South Africa in April 1983, established close relations with Malawi's President H. Kamuzu Banda when he trained that country's "Young Pioneers" organization. Malawi subsequently permitted the MNR to infiltrate across its border into Mozambique. Like South Africa, Malawi is host to a large number of Portuguese who lost property in Mozambique, and these individuals provided some financing.

Malawi's enthusiasm for the MNR began to falter in 1983, however, as guerrilla activity blocked Malawian exports exiting by rail and road through Mozambique. The rail line between Blantyre and Beira, which formerly carried up to 60 percent of Malawi's exports and imports, has been closed since early 1983, forcing Malawi to re-route traffic via South Africa at up to four times the cost.

In October 1984, Machel decided to capitalize on Banda's unease over the MNR, and made his first official visit to Malawi. Mozambique did not get the specific security agreement it wanted, but the two neighbors did formulate a general cooperation agreement stating that their governments will "not allow their respective territories to be used as bases, or give support to any organization or group of people which intends or prepares itself to launch violent acts, terrorism, or aggression against the other." Despite this agreement, the Mozambican authorities apparently still believe that Malawian residents are supplying the MNR, not necessarily with the approval or knowledge of the government.

The West German connection appears to consist more of moral support than of direct aid. In 1983,

Evo Fernandes was invited to an academic conference at Kiel University. The visit was set up by a German friend of Fernandes resident in South Africa, and permitted the MNR leadership to make contact with a number of politicians and businessmen. Since then, the MNR has received encouragement from these personalities, and may be receiving funds.

The MNR also has sympathizers in the United States. MNR members say that they have declined offers of funds and mercenary services from several U.S. "war magazines." The Washington-based Heritage Foundation and other conservative organizations have arranged meetings between MNR spokesmen and members of Congress. There is no evidence, however, that the MNR is receiving funding from any of these sources.

The FRELIMO Factor

Another major reason why Nkomati has not yet brought the peace envisaged is that the governing party of Mozambique, the *Frente de Libertação de Mocambique* (FRELIMO), made the mistake of placing all of the blame for the success of the MNR insurgency on the actions of outsiders. Like the Portuguese colonialists before it, FRELIMO failed to recognize, until recently, that its own shortcomings inadvertently created fertile recruiting grounds for its enemies.

In what ways have FRELIMO actions (and failures to act) served the MNR's purposes? First, and perhaps most important, a combination of policy blunders and the worst drought in 50 years has resulted in widespread hunger in the countryside. After independence in 1975, FRELIMO undertook to manage every level of the food distribution system from the center. Thus, the hastily departed Portuguese petty traders were replaced by a network of People's Shops operating under a central administration. Too few shops were established and they were inefficient and poorly stocked in basic consumer goods. When peasants realized they could buy little with the currency they received for their crops, they not surprisingly began to revert to subsistence farming.

The policy of encouraging large state farms also helped to alienate the peasantry from the party. Although FRELIMO did not impose collectivization by force, the state farms' priority access to resources was a source of resentment in rural areas.

These misjudgments were partly a result of the increasingly urban orientation of the FRELIMO leadership. During the guerrilla war against the Portuguese, the FRELIMO leaders lived in the midst of the peasants, mainly in Cabo Delgado and Niassa provinces. Their very survival depended upon the good will of this rural constituency. Any peasant dissatisfaction was rapidly communicated, and rectifying the problem was given high priority by the party. When the FRELIMO leaders moved to Maputo after independence to take over operation of the central administration, they gradually fell out of touch with their

rural constituents. It would be unfair to criticize FRELIMO too harshly for this breakdown; black education in the colonial period was so limited that only a small number of FRELIMO cadres had the training for administering a government and few could be spared for rural administration.

Western diplomats long resident in Mozambique also point out that FRELIMO support in those rural areas not directly controlled by the party during the "liberation struggle" never ran as deep as in Cabo Delgado and Niassa. Many areas of the country, while grateful for the independence FRELIMO won, did not closely identify with party goals.

A range of policy excesses have also contributed to growing rural, as well as urban, apathy toward FRELIMO. Party leaders admit that individuals were sometimes arrested on suspicion of counterrevolutionary activity and then, perhaps more out of disorganization than malice, were left to sit in jail for several years without being tried. Some well-intentioned political campaigns that backfired included "Operation Production," a 1980s undertaking to move unemployed from the cities, where they were contributing to the rising crime rate, to rural areas where it was hoped that they would be able to farm. The scheme was executed in a heavy-handed manner; selection of candidates was haphazard, and many men were separated from their families.

The military also must share some of the blame for the present state of affairs. During the war against the Portuguese, the FRELIMO guerrilla army was highly politicized. Although some guerrilla leaders remained in the army after independence, many, as noted above, moved to positions in the central government. The lower ranks have increasingly been comprised of younger, poorly educated recruits whose level of national consciousness is not comparable with that of the rank and file of the war years. Violent incidents with civilians, of a kind that would never have occurred in the years when the force was highly politicized at all levels, have diminished the military's image (and thus FRELIMO's) in the countryside.

While FRELIMO is now taking energetic steps to right previous errors of omission and commission (see the section below on economic reform initiatives), a number of their consequences linger. The matter of peasant apathy toward the government is especially worrisome. While many in the rural areas of the country still nominally support FRELIMO, their loyalty to the party is overshadowed by their desire to live unmolested, and their awareness that the MNR is not gentle with those who stand in its way. (Even sympathetic South African sources admit that the guerrillas have been alarmingly brutal. Mutilation of ears, lips, and breasts is common, particularly when units operate outside their home territories.) An advisor to Machel has summed up the situation in the following words: "[The peasants] feel the road to the city doesn't bring anything. Therefore they are not willing to risk their lives to prevent the MNR from mining it."

A second fact of life is that the food shortage, caused in part by inappropriate agricultural policies, has impelled some young men to join the MNR—not out of political conviction, but because it is the only available alternative to a hopeless existence in their villages. And finally, FRELIMO's uneven performance has inevitably created a small but significant breakaway group from its own ranks with specific grudges against the party leadership.

Can the MNR Be Isolated?

President Machel's most immediate objective is to get South Africa more actively committed to Nkomati. There are a number of conflicting pressures influencing Pretoria's decision-making on this issue. First, President Botha must consider his country's economic interests. South Africa needs new markets in black Africa for its goods if the current economic slump is to be ended, and a market as conveniently located as Mozambique is especially worth cultivating. It is for this reason that Maputo has been flooded, since the signing of the Nkomati Accord, with South African businessmen bringing suggestions for joint projects. South Africans are helping rehabilitate the port and railroad facilities, in part because improved transport would once again permit goods from the Transvaal to exit through Maputo—a much shorter route than the Richards Bay alternative. Farmers from South Africa's lowveld area are investigating agricultural investment opportunities in Mozambique, and various South African entrepreneurs are looking into the possibility of developing tourism on Mozambique's Inhaca Island. South Africa had always maintained some economic relations with Mozambique, even when political tensions were at their highest, but Nkomati set in motion a new level of activity.

South African businessmen, like other potential investors, realize that major investments or extensive operations in Mozambique will not be feasible until the security situation is brought under control. Therefore they are anxious that Nkomati succeed. Machel is dexterously playing off the business interests of these entrepreneurs against any ambivalence in Pretoria. He has ensured that Botha now faces a business pressure group that would complain vigorously if promising new opportunities were sabotaged due to official foot-dragging.

Another factor influencing thought in Pretoria is the example that a successful Nkomati follow-through would set for relations with the rest of Africa. If Nkomati brings peace to Mozambique, the Botha government will be in a much stronger position to persuade other African states that it is to their benefit to enter into similar accords. Pretoria knows that Angola's MPLA government, in particular, is watching carefully to see if South Africa truly does put a leash on the MNR. One of the thornier issues in the ongoing negotiations between Luanda and Pretoria is South Africa's long record of support for the guerrilla forces of Jonas Savimbi's UNITA (see "Angola: A

Quarter Century of War" by John A. Marcum in *CSIS Africa Notes* no. 37, December 21, 1984).

There is a reverse side to the Angola analogy that the Botha government also must take into account—the effect leashing the MNR would have upon UNITA's morale. Though Pretoria may be prepared to cut support to UNITA (if by so doing it could obtain withdrawal of Cuban troops from Angola and an acceptable settlement in Namibia), it does not want to lose (or even damage) the UNITA lever until key South African goals are achieved.

And even if South Africa should decide to throw in its full lot with Machel, other considerations might rule out sending in military units to help suppress the MNR. The United States opposes in principle moves that involve foreign troops in the countries of southern Africa, and is also concerned that Scandinavian countries might react by reducing aid to Mozambique. This is no small matter, since more than 90 percent of the budget of Mozambique's Ministry of Agriculture is provided by Scandinavian aid. According to diplomatic sources, Sweden is already unhappy with Mozambique's recent decision to spend some of its aid money on South African goods in violation of the fine print in the Swedish aid agreement. Sweden is considering focusing on aid projects in the north of Mozambique, because it believes that projects in the south are more likely to be pulled into the South African economic system.

Given these conflicting pressures on the Botha government, the most Machel can realistically expect in the medium run may be some extra intelligence help and more careful monitoring of the border.

Mozambique would also like to isolate the MNR from its Portuguese backers. Machel has reportedly threatened to move his embassy from Lisbon to Madrid, and Mozambique could eventually adopt the Angolan tactic of excluding Portuguese companies from business contracts. But whatever decisions are taken at the official level, there are limits to the power of the Portuguese government to reduce significantly support by private citizens for the MNR. If Bulhosa is indeed financing the MNR, he could continue to do so via his investments in Brazil.

It will also be hard to seal off Malawian support entirely. Even if Banda signs a full-fledged security agreement and makes a concerted effort to control infiltration, some materiel will probably leak through. A large section of Malawi's border with Mozambique runs through the middle of Lake Malawi, so fishing boats leaving from one shore can easily change course and head for the neighboring country.

Economic Reform

At FRELIMO's Fourth Congress, held in April 1983, a long period of rethinking within the party culminated in a massive shift in economic policy. FRELIMO committed itself to increasing the role of the private sector, shifted emphasis from large-scale to small- and medium-scale projects, decentralized economic

management, and, most important, moved the agricultural focus from state farms to smaller-scale production units. The "family" sector was given special priority, with small cooperatives and private farmers also gaining greater access to funds. The government now places higher priority on supplying consumer goods to the rural areas, so that farmers will have an incentive to produce. Mozambique recently persuaded the USSR and Sweden to provide large shipments of consumer goods to stock rural shops.

Since the Fourth Congress, FRELIMO has implemented other realpolitik changes. In September 1984, in a sharp turn from previous policy, Mozambique became a member of the International Monetary Fund (which the Mozambican press in the immediate post-independence period had portrayed in cartoons as a well-fed businessman feeding poison to an African baby through a bottle). Mozambique is currently entitled to an IMF quota of approximately \$60 million. It is immediately entitled to draw its "reserve tranche," which returns the foreign exchange it has contributed to the Fund in the process of joining. According to sources in the Bank of Mozambique, both the first and second tranches, each equal to about 25 percent of the total quota, will shortly be drawn. The first tranche has virtually no conditions attached, while the second has modest conditionality.

Membership in the IMF also entitles Mozambique to membership in the World Bank and the International Finance Corporation. A \$100 million World Bank loan was negotiated earlier in 1984 and a team has been sent in to evaluate the economy. A Bank study reportedly will recommend that almost all the Bank's grants be directed to the private sector.

The decision to join the IMF is of more than passing interest in light of previous associations. Mozambique has had observer status in the Soviet-dominated Council for Mutual Economic Assistance (CMEA), but was never offered full membership despite repeated hints of its desire to join. Perhaps a certain amount of pique underlay a remark by one official that Mozambique found that it could be admitted to the IMF as "an equal" with other members, whereas in the CMEA it was a "second-class citizen." (See "New Trends in Soviet Policy Toward Africa" by David E. Albright in *CSIS Africa Notes* no. 27, April 29, 1984, page 3.)

Mozambique has exhibited increasing flexibility in its negotiations with the so-called Paris Club. On October 29, the rescheduling of about \$300 million in debts owed to Western governments was announced. The Paris Club agreed to postpone payments originally due in 1983, 1984, and the first half of 1985 to the 1990-96 period. The basis for the agreement is an "action program" outlining Mozambique's targets for exports, imports, policies on prices and wages, and the exchange rate. Although details have not been made public, Maputo reportedly agreed to fairly stringent terms, with a 50 percent currency devaluation due in March 1985. Mozambique will also link its

currency more closely to the South African rand; this reflects the expectation that economic ties with South Africa will grow. The rescheduling exercise is still not complete, since Mozambique has over \$1 billion in remaining debt to renegotiate. But the reforms outlined in the "action program" are probably sufficient to meet the IMF's conditionality demands for access to Mozambique's second tranche.

Mozambique has also taken a more liberal attitude toward foreign investment. On July 28, 1984, it signed an agreement with the U.S. government's Overseas Private Investment Corporation (OPIC), a move neighboring Zimbabwe has thus far resisted. The agreement provides for bilateral investment guarantees to U.S. investors. In 1985 Mozambique will become a member of the Lomé Convention, the vehicle through which European Economic Community aid is channeled to the Third World.

A new investment code published on September 6 guarantees compensation for nationalization, permits nationalization only in "exceptional circumstances," and guarantees transfer of profits and repatriation of capital. This followed by only a few weeks a new law on the management of foreign exchange that allows enterprises (state, private, and foreign) to retain a portion of foreign exchange earned by exports. The funds can be spent on import of essential materials and on bonuses for workers. The move has been welcomed by the private sector, and represents a significant step away from centralized state control.

Similar pragmatism was evident in 1983 when Mozambique introduced a new code to govern oil exploration. Oil companies cite it as one of the most generous in the Third World, and have responded positively. Esso and Shell started exploration in May 1983 in the Rovuma Basin in the northeastern province of Cabo Delgado. In October 1984, an agreement was signed with Amoco (Standard Oil of Indiana) covering four blocks in the Zambezi delta area between Quelimane and Beira. In November, British Petroleum signed an exploration contract covering 10,000 square kilometers from just south of Maputo to Xaixai in Gaza Province. Oil company sources in Mozambique report that initial surveys are more promising than originally anticipated and that there are also large proven reserves of natural gas.

Mozambique recognizes that it cannot change its economy from a service-based to a semi-industrialized one overnight. Whereas past rhetoric emphasized the desire to reduce economic ties with South Africa, current rhetoric concedes the economic logic of these links. In addition to the tourism and agricultural investment potential discussed in earlier sections of this article, Mozambique has requested that South Africa accept more mine labor. The reduction of the number of Mozambicans in South Africa's mines from 120,000 before independence to around 45,000 by 1984 cost Mozambique some \$568 million. South Africa has now agreed to allow 8,000 more Mozambican miners to take jobs in the Republic in 1985. Mozambique is

also actively encouraging South Africa to re-direct freight through the port of Maputo. South African tonnage sent through Maputo dropped from 6.8 million in 1973 to an estimated 1 million in 1983. Finally, Mozambique is encouraging South Africa to buy more power from the Cabora Bassa Dam complex. South Africa has agreed to pay a higher tariff, with a premium if a reliable supply is maintained.

Rejuvenation of the economy could also be helped by more Western aid. After the signing of the Nkomati Accord, a ban on U.S. bilateral nonemergency aid to Mozambique imposed by Congress in the late 1970s was lifted by presidential waiver. In late September 1984, one day before the U.S. fiscal year ended, an \$8 million bilateral program was approved by Congress. A Commodity Import Program designed to support the private agricultural sector accounts for \$6 million of the funds. This will provide foreign exchange for basic inputs such as fertilizer, seeds, hoes, tractors, and (primarily) spare parts. The remaining \$2 million will be spent on technical assistance, and part will go through Portugal as "trilateral" aid. Mozambique was the world's largest recipient of U.S. food assistance in FY 1983 and 1984—receiving approximately \$30 million each year. Private charitable programs added another \$10 million to the U.S. total in 1984.

Future U.S. aid almost certainly will depend partly upon Mozambique's willingness to maintain what Western diplomats call its "new genuinely nonaligned stance." On this score, Washington has been encouraged by the relatively moderate tone of Foreign Minister Chissano's October 1984 UN speech. But the United States may have problems with the Mozambican definition of nonalignment. The Machel government does not view nonalignment as a position equidistant from the two superpowers, in the Yugoslavian tradition. It believes that the socialist countries are indeed the natural allies of the Third World, as in the Cuban definition of nonalignment. Unlike Cuba, however, Mozambique insists that the socialist orientation does not imply an obligation to cooperate closely with the East's "military bloc."

Even if all the new economic reforms, investment incentives, and aid appeals go well, it will be several years before Mozambique's economic emergency ends. The government predicts that imports will be more than three times larger than exports in 1985, and will remain more than double the amount of exports in 1986. Before the recent debt rescheduling, debt service payments were due to rise by 80 percent by 1987, and would begin to fall only in 1991. The debt problem is postponed slightly with the new rescheduling, but post-1990 payments will be very heavy.

In addition, the country's exports are subject to price fluctuations in the international market. The main products are shrimp, cotton, sugar, timber, coal, cement, citrus, and small amounts of petroleum by-products. The prices for these goods fell by 31 percent between 1980 and 1982.

A FRELIMO-MNR Accommodation?

The preceding analysis implies that neither attempts to cut off the MNR's external support nor economic reform can assure the rebels' defeat, at least in the short run. One of the remaining alternatives is to engage in political negotiations with "the bandits." There are several problems inherent in this strategy.

First, FRELIMO unity was somewhat strained by the Nkomati signing, and could be pushed to the breaking point by a decision to negotiate with the MNR. In the years before Nkomati, FRELIMO did not implement decisions until full consensus was obtained. In a manner reminiscent of conflict resolution in traditional African societies, the party would engage in weeks of debate until all dissidents were convinced, or at least stopped pushing their arguments. In contrast, the early negotiations on Nkomati were discussed by a small group of FRELIMO leaders, and many high-ranking individuals were only informed in the closing stages. Some were unconvinced, and Armando Guebuza, then Minister of the Interior, was particularly indiscreet in voicing his opposition even after the signing. In June he was divested of the Interior portfolio and, after a three-month period in limbo, shifted to a lesser post as Minister of State in the President's Office. The official explanation was that he had implemented Operation Production in a particularly brutal manner, but Maputo-based diplomats are convinced the disagreement over Nkomati was the trigger. Guebuza is charismatic, has good relations with the army, and is one of the few FRELIMO figures who could conceivably rival Machel for the allegiance of the "masses."

A second block to negotiating with the MNR is uncertainty concerning the movement's composition. The MNR is apparently breaking into two distinct groups, one in the south and one in the north, with the center of Mozambique relatively quiet. The South Africans were most closely associated with the southern group, and could help Mozambique force this part of the MNR to live up to any agreement. The northern faction is far more independent, however, and appears to be well-supplied (presumably from Portugal and Malawi). FRELIMO has no assurance that the northerners would live up to promises made by the southerners or vice versa.

There is also speculation concerning a split between the political and military leadership. Evo Fernandes and Jorge Correia, both whites with Portuguese passports, are viewed as political spokesmen, while Afonso Dhlakama, a black Mozambican sometimes called "Jacama" and carrying the title "Commander in Chief," is viewed as "military." FRELIMO noted that Dhlakama was present for the negotiations preceding the Pretoria Declaration, but did not appear in the hall when the Declaration was read, and has not been present in any of the negotiations since. FRELIMO questions whether he would respect any accord signed

with Fernandes and/or Correia. Would he be in a position to continue fighting independently?

A third problem concerns the vagueness and contradictory nature of MNR demands. One week the organization announces that it will not talk to FRELIMO until it is recognized as an equal partner and until FRELIMO agrees to discuss substantive political issues. The next week it says President Machel need only admit that he is indeed talking to the MNR (an admission FRELIMO has been reluctant to make). The demands also seem to depend on the geographic location of the MNR representative doing the talking. Portuguese-based spokesmen emphasize the return of nationalized properties, while those in the United States focus on a call for new elections. FRELIMO does not know if these changes and contradictions represent the views of different factions within the MNR, or shifting positions of a united leadership. Other outside observers are little better informed.

Despite these difficulties, FRELIMO has considered doing a deal with the black rank and file of the MNR and excluding only the white leadership. (It has already offered an amnesty to guerrillas who surrender, which a small number have taken up.) Another possibility would be to offer low-level administrative posts to middle-ranking MNR leaders, though this would be bitterly opposed by some in FRELIMO. A third alternative involves persuading South Africa to take on large numbers of MNR guerrillas as mining laborers, to be repatriated one year later. Under this alternative, Mozambique would also expect South Africa, Portugal, and other Western countries to fund resettlement of the white MNR leadership in third countries.

The problem with all these deals is that they do not respond to the MNR's main concern: power-sharing. Machel cannot go much farther in meeting the MNR's demands without threatening party unity. And with its current military successes, the MNR sees no need to be flexible.

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