

MOZAMBIQUE-SOUTH AFRICA: Bright outlook *ION (392) 22/7/89*

Future South African President and current leader of the ruling *National Party*, **Frederik W. Klerk's** visit to Maputo on July 19 is related to the peace process in Mozambique, and also in the preparation of a regional summit, in the presence of South Africa. His visit was preceded by two important events, one political, the other economic.

Politically, the United States has just given their approval for South Africa's direct participation in negotiations between the government and RENAMO, announced **Herman Cohen**, American Deputy Secretary of State for African Affairs, on July 13. He reiterated his appeal to Pretoria for all South African aid to RENAMO to be ceased. In a prior statement on Southern Africa, Mr Cohen said that the United States considered that South Africa was the "*motor for economic development throughout the whole African continent.*" Of Mozambique he said on June 22 that President Chissano believed that if South Africa assumed its responsibilities as under resolution 435 and led Namibia to independence, then all types of agreement could be possible with South Africa in the domain of regional cooperation. It has since been made known that Zimbabwe opposed direct contacts with South Africa and does not want to communicate with Pretoria unless via the ANC.

It is likely that this question as well as the future of Zimbabwean presence in the Beira corridor should there be a cease-fire in Mozambique were the focus of the tête-à-tête meeting on July 9 in Beira between Joaquim Chissano and **Robert Mugabe**, President of Zimbabwe. The Beira corridor is of prime importance as a supply channel for Zimbabwe and Harare is said to be worried about the consequences of a cease-fire on its security.

Another notable event: South Africa and Mozambique signed a commercial agreement for preferential treatment as of July 7. Under the terms of this contract, South Africa abolishes taxes levied on some Mozambican products entering South Africa and customs taxes have been lowered by 3%. These two measures are applicable only to products to be sold on the South African or Botswanan markets. The agreement should result in an extra 19 million dollars per year in revenue for Mozambique.

Initially, the agreement will apply to the following Mozambican products: fish, seafood, cashew nuts, citrus fruits, wood furniture, palm oil, cigarettes, tyres, cement-fibre sheets and crafts. - In a second phase certain textile products, mainly cotton should be added to this list.

Several South African companies are also prepared to invest in Mozambique. According to the news agency, *AIM, African Explosives and Chemical Industries*, is seeking to build an ammoniac plant near Pande natural gas reserves in Inhambane province. *Anglo-American* for its part, is interested in working Moatize coal mines in Tete province. Paper company, *SAPPI*, is in the process of carrying out a feasibility study for a forestry project in the south of Mozambique covering 50,000 hectares. The wood will be converted into paper pulp in South Africa which implies the construction of new roads. In the tourism sector, South African hotel chain, *Karos Hotel* is ready to take over the management of *Polana*, Maputo's top hotel.