RHODESIA—MOZAMBIQUE

Blockade Anticipated

Mozambique will become independent on June 25th and members of the new government have already stated their intention to close the ports of Lourenco Marques and Beira to Rhodesian trade. The possible effects of such a closure have been analysed at length by the *Financial Times* and the *Guardian*. Both papers agree that unless **South Africa** joins with Mozambique in blocking Rhodesia's external trade, very little damage will be done to the Rhodesian economy.

Rhodesia has already diversified away from the Mozambique routes, primarily because of congestion and inefficiency on the railways and at the ports. It is reliably estimated that the volume of Rhodesian traffic using Mozambique has already been halved, partly reflecting the opening late in 1974 of the first direct rail link between Rhodesia and South Africa (p. 3225). The *Guardian* considers it would not be beyond the capacity of South Africa's ports to handle Rhodesia's total trade which amounted to about £200m. in imports and exports of £238m. in 1972. Mozambique's denial of its ports to Rhodesia will not have a dramatic impact if South Africa is prepared to accept rerouted Rhodesian trade.

Route to Malawi Threatened

There is nevertheless one action Mozambique could take which could harm Rhodesia much more directly, says the *Guardian*, and that is closing Rhodesia's land routes (by road via Tete and rail via Dondo) to Malawi. Malawi takes between 5% and 10% of Rhodesia's exports, making it one of Rhodesia's most important markets after South Africa; Rhodesian exporters would find it much more difficult to compete with other suppliers in Malawi if their goods had to undergo the very long diversion from Salisbury and Bulawayo down to Durban and then by sea to Beira (suitably redocumented as of "South African" origin) and rail to Blantyre.

(GD 10/6)

The *Financial Mail* reported on June 13th that Rhodesian haulage operators are acting on the assumption that the new Mozambique government will close the Tete road link to Malawi. Clan Line, the largest transport business in Rhodesia, providing a regular freight service between Salisbury and Blantyre has warned its drivers of lay-offs should the border close and another transport firm has ordered all its vehicles to be out of Malawi by June 18th. (FMJ 13/6)

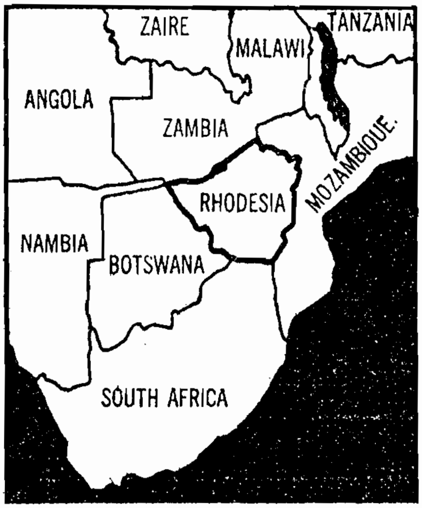
Likely Results

The *Financial Times* points out that the closure of the border between Rhodesia and Mozambique could affect about one third of Malawi's imports. In 1974 South Africa supplied 23% of Malawi's imports (being slightly ahead of the UK as the main supplier) and Rhodesia just over 13%. The bulk of Malawi's imports from these two countries travel by rail through Rhodesia to Dondo in Mozambique before being re-routed northwards to Malawi.

While it is possible that Mozambique will not interfere with transit traffic to and from Rhodesia, for such countries as **Malawi**, **Zaire**, **South Africa** and **Botswana**, this seems unlikely. Malawi is unlikely to receive much sympathy from Mozambique following a recent bitter attack on President Banda by Mozambique's President-elect, Mr. Samora Machel, who accused the Malawian Government of hindering Mozambique's liberation.

Malawian importers are believed to have been told recently by President Banda to obtain new sources of supply other than Rhodesia and South Africa. Some South African exports to Malawi could conceivably be re-routed by sea and rail either to Beira or Nacala, but it seems probable that Rhodesia will lose export markets worth some R$13m. in 1974. (FT 11/6)

Malawi would also lose its exports to Rhodesia, which include **tea** and, surprisingly, **tobacco**. This would bring no hardship to Rhodesia, but would hurt the Malawian balance of payments, as would the substantial increase in Malawi's raw material costs if it had to seek other sources of supply for such essentials as **coal**, at present imported from Rhodesia.



Implications for Mozambique

The adverse implications for Mozambique are more serious than frequently recognised, says the *Financial Times*. First, it seems likely that this year Mozambique is going to need food imports from Rhodesia and South Africa. Imports for central and northern Mozambique must go by road or sea or use the Rhodesian rail network. In addition, Mozambique imports essential industrial raw materials from Rhodesia as well as cotton and maize.

Closing the border would leave Mozambique with two totally non-viable railways. The route from Dondo in central Mozambique to Machipanda on the Rhodesian border would virtually close if denied Rhodesian, Malawian, Zairean and South African traffic. The line from Lourenco Marques to the Rhodesian border post of Malvernia, too, would become virtually dead. That would leave pockets of unemployment both on the railways and at the ports, and would deny Mozambique substantial rail revenues. (FT 19/5)

According to an authoritative source, quoted by the *Rhodesia Herald*, the Rhodesian Government would shut down the Malvernia rail link with Mozambique if that country closed its ports to Rhodesia. The Rhodesian Government believes that the port of Beira has only about six years of economic life left and consequently closing the port to Rhodesia would hasten the day when it becomes thoroughly uneconomic.

The estimate that Beira has an economic life of only six years is based on the increasing size of ships. Normally, the biggest vessel which can be safely chartered for Beira loading is about 20,000 tons deadweight, because of the shallowness of the port. It is estimated that by 1980, 60% of the world's grain will be carried in ships of between 25,000 and 60,000 tons. (RH 15/5)

Two more aspects affecting Mozambique are first, the further adverse impact on tourism that would follow a border closure, and second, the end of many years of close technical co-operation in tobacco cultivation, livestock, hybrids for maize and the campaign against the red locust.

Botswana Affected

Botswana also uses Lourenco Marques, and the closure would have adverse implications for northern Botswana and the Selebi-Pikwe **copper-nickel** mine in particular.

Zaire is another country which would be affected. At present, despite the Zambian-Rhodesian border closure, Zaire is sending **copper** and **zinc** by rail through Rhodesia to Beira. If the border is closed, Zaire would have to switch her exports to Lobito in Angola, a port with a 100% surcharge and 100 day delay at present. The implications of such a switch for **Zambia**, heavily reliant on Lobito for its export and import traffic should not be overlooked.

The *Financial Times* concludes by saying that the threatened border closure will embroil three poor States (Malawi, Mozambique and Botswana) in an economic confrontation which they are ill equipped to cope with. "It is simply not possible to quantify the adverse economic and social effects in any of the countries concerned, including Rhodesia itself. What can be said is that—unless South Africa cuts Rhodesia off, which is highly improbable, to put it mildly—the border closure will not bring down the Rhodesian economy . . ." (FT 19/5)

South African Warning

The *Financial Mail* reported on June 6th that, according to a top Government official, South Africa had warned Rhodesia that the *South African Railways* would be unable to carry Rhodesian **maize** and **chrome** exports should Frelimo close its borders to Rhodesian traffic.

This decision, says the *Mail*, must come as a major blow to Mr. Ian Smith. Maize and grain sorghum are Rhodesia's most important exports, with chrome another valuable foreign exchange earner. It is difficult to gauge the role played by politics and detente in coming to the decision. But even if politics did not enter into it, the economics make sense, continues the *Mail*.

With shipowners reluctant to route their vessels to Lourenco Marques, and with no local facilities for loading chrome, even South African chrome exporters are having difficulty getting their product out. And, with another bumper maize crop on the cards, the SAR is going to have its hands full handling local exports without the added burden of transporting Rhodesia's crop. (FMJ 6/6)

Import Controls Tightened

More import controls to save foreign currency have been announced by the Ministry of Commerce and Industry. From May 16th, a number of items will be made subject to import control, instead of coming under the provisions of the open general import licence. The change means that importers of the listed items, which include parts and fittings for chains, stranded wire cable and fittings, aluminium powder, resins, dry gums and dry shellac, lead acetate, nitrate and acetone, will have to obtain import licences subject to foreign currency allocations. (R. Salisbury 16/5)

Production Census (1973–74)

The gross output of the Rhodesian manufacturing industry exceeded R$1,000m. during the 1973–74 census year. This is revealed in the preliminary results of the production census just released, and shows an increase of almost 17% in gross output over the previous year. Net output was valued at more than R$396m. and the total wages and salaries bill amounted to almost R$173m. These figures are more than 14% higher than in the previous year. During this period the average number of people employed in the manufacturing industry was almost 144,000, an increase of nearly 6%. Two of the largest industrial groups, metal products other than machinery and vehicles, and the basic iron and steel industries, including smelting, recorded significant increases in net production of 25% and 19% respectively.

The gross output of mining and quarrying increased by almost 18% to almost R$100m. In the building industry the net output rose by 7.25%, also registering almost R$100m. The census does not include certain self-employed people who operate small enterprises, nor does it include African industry in the Tribal Trust Lands.

(R. Salisbury 22/5)