

Frelimo may lose R100m. gold revenue

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JOHANNESBURG.

SOUTH AFRICA has dealt a shattering setback to Mozambique's almost crippled economy by deciding to make its annual wage payments to that country in gold at the free market value instead of at the official value.

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

The payments were made in terms of the 1928 Mozambique Convention. Under this 60 per cent of the wages earned by Mozambique migrant workers on South African mines were paid to them only when they went back to Mozambique.

In practice, the money was paid to the Mozambique Government, then Portuguese, and at the official gold price of R29,95.

Portugal sold the gold, which was sent via the South Africa Reserve Bank, at the free market price and pocketed the difference.

When Frelimo took over in Mozambique the practice was continued.

Before Mozambique became independent about 130 000 Africans from there worked on the South African mines.

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Authoritative estimates at the time were that the gold profit to Portugal from their deferred payments totalled between R100 million and R150 million.

Since then the Mozambican labour force in South Africa has dropped steadily to about 34 000 this year, according to mining sources in Johannesburg.

However, the gold price has risen sharply in the past year, largely offsetting the labour force decline. Hence the profit which the Frelimo Government now stands to lose could still be about R100 million.

MIGRANT

By deciding to pay Mozambique at the free market gold price or nearly that figure, South Africa is effectively reducing that country's income from migrant labour by almost four-fifths.

This comes at a time when Mozambique is desperately pleading for foreign aid because her economy is in virtual ruin as a result of the near total exodus of Portuguese and of war and natural disasters.

A huge area of northern Mozambique is threatened with mass starvation because heavy flooding by the Zambezi and other rivers has wiped out crops and left at least 250 000 people homeless.

Central Mozambique, hit numerous times by Rhodesian armed raids, also has to cope with tens of thousands of refugees.

In most of Mozambique agricultural output has dropped down to virtually subsistence level and the country has become enormously dependent on South Africa, not only for the gold income but for South African use of its Maputo harbour and South African purchases of its Cabora Bassa power.

Communist aid to the marxist regime there has been miniscule compared to the South African income.

China lent Mozambique more than R60 million, but over a period of five years.

Russia has given mostly arms and other Eastern bloc countries have provided some skills to replace those lost with the Portuguese exodus.