

MACHEL SWALLOWS HIS PRIDE AND FLIRTS WITH SA

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MAPUTO — Nothing better illustrates Mozambique's plight than President Samora Machel's willingness to bury his political pride by seeking closer commercial links with South Africa.

In order to bring in desperately needed foreign exchange, the Maputo government will soon launch an ambitious publicity drive to persuade South African traders to route more of their imports and exports through Mozambican ports.

And for the past few months, the Marxist Frelimo government has been pressing for a new labour agreement with South Africa's gold mines to guarantee employment for tens of thousands of Mozambicans.

Only substantial injections of foreign currency and the replacement of the skills of the 200 000 Portuguese who have left since independence in 1975 will enable President Machel to pull his country out of the chaos which has marked its short post-colonial history.

While there are signs that the worst of Mozambique's economic turmoil may be nearing an end, the country is nowhere near the level of development in which it was left by the Portuguese.

According to United Nations estimates, the overall balance on current and capital account has deteriorated steadily from a deficit of only R4-million in 1973 to about R120-million in 1977 and about R170-million last year.

These figures do not include the sale of gold received as part of the wages of miners working under contract in South Africa, which in the past has covered a substantial part of the external payments shortfall.

Since last year, however, South Africa has valued this gold at the market price instead of the old official price, thereby depriving Mozambique of a "bonus" of around R70-million a year.

The Rhodesian war has wrought incalculable damage to the economy. One diplomat estimates the cost at around R240 million a year.

An overriding problem in all sectors is the dearth of skilled manpower. Before independence the railways, for instance, employed about 7 500 Portuguese. Now there is a total of only 350 foreigners, including Portuguese, Indians, East Germans, Russians and Cubans.

The banking sector may suffer when the contracts of a large number of Portuguese staff expire at the end of this year.

The Mozambicans are quite open in their efforts to attract more South African traffic to their railway lines and harbours.

Many traders, including exporters of asbestos, copper and granite used Maputo before low productivity there turned them to South African ports.

Certainly, the ports and railways, particularly those used by the South Africans, are being allocated a large chunk of the government's investment spending.

The rail line from the Eastern Transvaal to Maputo is being equipped with centralised traffic control and new heavier rails, and is being re-balasted.

Most of this work is being done by South Africa and it is estimated

that once the improvements have been made the line will have a daily one-way capacity of 50 000 tons — treble the present daily average load.

Work has started on a new RO-RO berth at Beira, while a South African shipping line is helping to improve container handling facilities at Nacala, which handles more than half of Malawi's foreign trade.

Productivity in the ports has been improved appreciably in recent months, and a South African Rail-

ways official in Maputo notes that "they haven't had a chance to show what they can do."

At present, virtually the only South African traders using Maputo are exporters of chrome, citrus, vermiculite, vanadium and steel, as well as importers of sulphur and motor car parts.

Whether the Mozambicans will succeed in attracting much new business remains to be seen. Critics point out that, in spite of recent improvements, the ports are still far from running smoothly.