

# Time to be bold

Mozambique needs substantial financial aid quickly. SA should be the one to provide it.

If Tuesday's Press conference in Lourenço Marques is anything to go by, Frelimo intends playing it cool. The movement's number three man, Joaquim Chissano, said pointedly:

"We don't want to provoke anyone, because that is not the way to defend our achievements."

This puts the ball squarely in Pretoria's court. Mozambique's immediate priority is to salvage its economy. For this it needs injections of foreign capital — aid which, if it comes from SA with no strings attached, could be of inestimable value in terms of future goodwill towards the Republic by a Black State with more than half an ear cocked towards the Communists.

There are several reasons why SA should make the offer now. Firstly, SA has the biggest GNP in Africa and with a limited foreign aid commitment and a special fund for aid to Africa, we can afford it.

Secondly, aid to Mozambique will help bring stability there, without which our own long-term security cannot be safeguarded. Related to this would be the counterbalancing effect SA aid would have against Communist influence in Mozambique — not a point to be overstressed, but a real one.

There is also the question of Minister P W Botha, whose hairy chested posture on defending the country's borders might be misinterpreted as provocation. His remarks on Monday need to be overshadowed by the bond of friendship.

Finally, SA needs all the goodwill it can get. An unconditional offer of aid is no guarantee of getting it from Frelimo. But it is better than sitting back and doing nothing.

A no-strings R10m outright grant and a 'soft' loan of, say R50m repayable over 20 years would give immediate relief to Mozambique's hard pressed BoP and is an amount we could well afford. Provided in rands, it would not come out of our foreign reserves and would in any case mostly flow back to SA's industries.

Any offer, of course, could be rebuffed. SA, after all, supported the Portuguese in the war against Frelimo by allowing funds to be raised within the

Republic for aid and comfort to Portuguese soldiers. But the fact that Frelimo and the Portuguese army now work hand in hand to maintain order suggests that past divisions need not persist.

The Secretary for Foreign Affairs, Brand Fourie, was vague on whether government was even considering aid to Mozambique when sounded out by the *FM* this week. But the Prime Minister himself has said he does not ~~leave~~ Frelimo government and could well now adopt a more positive approach towards Mozambique's needs.

The run-up to independence offers a unique opportunity we mustn't let slip. Encouragingly, within Mozambique conditions are gradually returning to normal, as are communications with the Republic. Work at Cabura Bassa continues as normal, according to *LTA*, and the Chamber of Mines reports that mine labour continues to flow in "strongly" and that recruiting continues.

## Return to normal

Labour conditions at the port (where 29 ships were waiting on Wednesday) and at the Sonarep refinery are improving. The port has returned to normal daytime working, and the harbour authorities have asked the SAR to step up the number of trains to LM to a minimum of 10 a day, a 50% improvement on the last few weeks.

Indeed there has been a resurgence of hope in transport circles that good relations between Mozambique and SA will be retained and the SAP is tending over backwards to cooperate.

From LM, general imports ~~are now~~ arriving in considerable volume plus petrol for the Eastern Transvaal.

In Johannesburg, Saffo told the *FM* that shippers report Beira's position to be somewhat better than LM's. Saffo is advising exporters to contact Railway HQ before diverting to other ports.

Railways does not want diversions to take place (see page 1109). For one thing, LM is a heavy ~~move~~ mover of bulk cargo such as ore and coal, and diversions mean overloading facilities at SA ports at a time of severe congestion.

To tide over the road shortage

Frelimo and Portuguese army patrols are continuing their daily handouts of essentials to adults to the value of Esc 50 (R1,24) per person. Frelimo has also been persuading White and Asian shopkeepers who fled the shantytowns to return and is offering guarantees of safety.

A related question is the shortage of money. LM banks say all but a few branches — some hit by staffing problems — are open. But on Tuesday it was announced that a limit on withdrawals by individuals had been placed at Esc 4 000 daily (about R100) with a maximum of Esc 10 000 a week (R250). Withdrawals for legitimate salaries and wages continue to be met.

Long term loans have been almost unobtainable since April 25, and hardest hit has been the construction industry. However, in Johannesburg, a spokesman for Banco Credito said that while "liquidity is not flourishing", a committee is at work setting up the down-nationalised Banco Nacional Ultramarino (BNU) as a central bank.

One question is a possible separation of BNU's commercial and issuing banking functions, and here the SA Reserve Bank could help a great deal.

At the moment much obviously depends on the availability of foreign exchange within Mozambique with which to conduct business. All trade with SA is denominated and paid for in rands and Mozambican businessmen have been lining up for them at the banks — another indication of how much Mozambique needs cash from SA.

Until the April coup, rands were generally available in Mozambique to finance business because port charges, mine labour payments and tourism brought in SA currency, though there were delays in obtaining currency permits. Now, with uncertainty and currency smuggling the situation is much tighter.

SA's businessmen, no less than government, are aware that the worst kind of neighbour in Mozambique will be an impoverished one. Now is the time to make a generous offer. Mr Chissano can hardly afford to refuse.