

MOZAMBIQUE - SIGNS OF A DEAL?

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SA's ties with Mozambique have strengthened markedly in recent months, leading to speculation that Maputo and Pretoria have reached some sort of political agreement.

The *FM* learns that while the Department of Foreign Affairs is still keen to keep links between SA and its eastern neighbour at a low key, it feels that relations have stabilised lately. And the SA Foreign Trade Organisation (Safto) last week informed members that "SA's trade with Mozambique is beginning to revive".

There is ample evidence of an improvement in political and economic links:

- Observers point out that public criticism in Maputo of Pretoria's race policies appears to have become less frequent and more muted.

- Safto notes that "many South African exporters have already re-established themselves in this market; others have begun to export to Mozambique for the first time". A Safto executive is planning

to visit Mozambique to explore further export possibilities. Importers also report greater interest from across the border. "They have bombarded us with enquiries," says one trader. A prawn importer reckons he's doing four or five times as much business as six months ago.

- Export-credit cover can be obtained without problems from the Credit Guarantee Insurance Corporation. And most SA exporters to Mozambique have little difficulty opening irrevocable, confirmed letters of credit. "We're doing quite a bit of business with Mozambique," comments a major commercial bank.

The Frelimo government apparently keeps an account with the Bank of Lisbon in Johannesburg, which is used to pay SA suppliers in rand.

- SA Airways reports that passenger loads between Johannesburg and Maputo have risen in recent months. As a result, the airline sometimes uses larger aircraft than the HS748s which normally ply the

route.

What has prompted the rapprochement? One view is that President Samora Machel has come to realise that SA can help him rebuild the Mozambique economy both by taking its exports (and thus providing foreign exchange) and by supplying essential goods. The *FM* learns, for instance, that at least one Johannesburg firm is sending materials for the reconstruction of bridges blown up by the Rhodesians.

Another possibility is that Pretoria and Maputo have concluded a deal, or that Mozambique has shown its eagerness for one.

Apparently, the provision of the Mozambique Convention whereby Maputo receives a portion of its mine-workers' pay in gold from SA at the official price is still in force, and likely to remain so until SA's gold reserves are revalued at a market-related price (probably early next year).