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Sub-Saharan Africa Report

FOUO No. 666



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12 February 1980

SUB-SAHARAN AFRICA REPORT

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INTER-AFRICAN AFFAIRS

BRIEFS

UGANDAN REFUGEES IN ZAIRE--The Zairian Government has decided to take a census of Ugandan refugees in Zaire and to move them from border areas to the interior of the country. This decision was made in November by the Zairian Executive Council. The country's authorities are going to select an area where the refugees can engage in agricultural activities. About 15,000 Ugandan refugees, according to the Office of the United Nations High Commissioner for Refugees (UNHCR)--40,000 according to Zairian authorities--who fled from their country at the time of former President Idi Amin's overthrow, are in the eastern part of Zaire (Upper Zaire and Kivu) along the Ugandan border. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 14 Dec 79 p 3471] 8143

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ANGOLA

SPECULATION ON CARREIRA'S DEPARTURE, NEW POLICIES

Paris JEUNE AFRIQUE in French No 994, 23 Jan 80 p 37

[Article by Francois Soudan: "Neto's Second Death"]

[Text] Did Iko Carreira, at the age of 46, discover the advantages of permanent education? This is the impression fostered by the communique published in Luanda on Monday 30 December announcing the resignation of the Angolan minister of defense to "undertake studies abroad."

To be sure, Col Henrique Teles "Iko" Carreira has only relinquished the position he occupied for nearly 10 years in the MPLA-Labor Party political bureau; he is keeping his position at the Ministry of Defense. However, in addition to the fact that in a "Leninist"-type system, the real power is concentrated in the party's political bureau, the appointment, two months ago, of 6 deputy defense ministers has already reduced considerably his field of action.

Resignation or Dismissal?

Therefore, it is difficult not to interpret this resignation as a dismissal. At first glance, such a measure is quite surprising: a mulato born in Luanda in 1933 Iko Carreira, together with Lucio Lara, is one of the "historical" leaders of the MPLA. He was always very close to former President Agostinho Neto, who had appointed him minister of defense as early as 1975. Could this old friendship be now the cause of his present disgrace? This is quite plausible, given the fact that the past 3 months have witnessed the dismantling of a large part of Neto's political heritage.

The new policy instituted by the founder of the MPLA at the beginning of 1978 and which he attempted to apply until his death on 10 September 1978 with a modicum of success, was based on three principles: peaceful co-existence in regional policies; a desire to put some distance between Angola and its Soviet and Cuban "godfathers"; an attempt at national reconciliation in the field of domestic policy. For the present, the first of these principles has not been questioned by President Jose Eduardo dos

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Santos and his advisers--as shown by Angolan moderation in regard to Namibia and Zimbabwe--but the other two have fallen victim to a harder line, the "refreezing" which followed Neto's death.

The new president's trip to Moscow at the beginning of December, during which many agreements of military cooperation were either signed or strengthened, illustrates this sudden realignment of Luanda. While Jose Eduardo dos Santos was meeting with Leonid Brezhnev, spectacular joint Cuban-Angolan military maneuvers were taking place 30 kms from Luanda. Obviously, these exercises constitute the prelude of a new armed offensive in the southern part of the country against Jonas Savimbi's UNITA, and are the death knell of the conciliatory velleities of "Neto's line." Likewise, the increasing departures of numerous Cuban advisers have been stopped, as was the arrival of an important contingent of Portuguese cooperants.

A significant sign: former Prime Minister Lopo do Nascimento and former Planning Minister Carlos "Rocha" Dilolwa, both dismissed by Neto in December 1978 for evidencing excessive "cubanophilia," have reappeared as unofficial advisers in the presidential entourage.

Freezing and "Zairenses"

Finally, this new "freezing" wind is characterized by the obviously harder attitude toward the "regressados," those refugees who returned from Zaire and who are called "Zairenses" in Angola. Piled up in the poorest suburbs of Luanda, Sao Paulo and the Bairro Popular, many of them are the target of vexing measures and incessant police controls which have been on the increase for the past three months.

It seems, then, that as a compromise heir, lacking authority and personality, President Jose Eduardo dos Santos corroborates most of the predictions: he is reigning, but is not governing. Increasingly, it is the army, with its Cuban and East German advisors, which controls the centers of decision and is "colonizing" the party. No doubt Carreira has been, for the moment, the most prestigious victim of the process that one must necessarily call a turning point for Angola.

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ANGOLA

BRIEFS

ALLEGED U.S. PRO-UNITA ACTIVITY--The U.S. pro-UNITA lobby has experienced intense activity following Jonas Savimbi's visit to the United States last November. This pressure group numbers among its members many anticommunist organizations such as "Freedom House" (Zbigniew Brzezinski is one of its members), the "Social Democrats, USA" organization, some blacks among the congressional "Black Caucus," anti-Castro Cuban associations and the leadership of the AFL-CIO, whose new chairman, Lane Kirkland, met with Savimbi. Others supporting UNITA: former CIA Director and Secretary of Energy James Schlesinger, many senators and congressmen and Henry Kissinger himself, with whom Savimbi had two long meetings. [Text] [Paris JEUNE AFRIQUE in French No 993, 16 Jan 80 p 49]

CENSUS PLANS--Angola will hold a general census of the population. The last census had taken place in 1970. Long-term plans for development require "information on population statistics, geographic density, people's professions and educational levels," a communique said. The 1970 census showed a population of 5,646,166, with the population of the capital amounting to 480,613. However, the Political Bureau of the MPLA-Labor Party believes that these numbers were lower than the actual ones, since "the liberated regions were inaccessible" to census agents, or because of the large numbers of refugees in neighboring countries. The national directorate of statistics will draw the plans for this census, and the Political Bureau is asking for the people's cooperation. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 11 Jan 80 p 99]

RADIO CADRES TRAINING--A school for radio cadres has opened in Luanda, where professional techniques will be taught. There will be approximately 60 students. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 11 Jan 80 p 99]

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CAMEROON

NEW PORT FACILITIES OF DOUALA-BONABERI DESCRIBED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 7 Dec 79 pp 3401-3402

[Text] The first phase of the transformations upstream and downstream of the old port of Douala which was begun in December 1976 is now being completed, and the acceptance of the new port by the authorities should take place in the early months of 1980. Therefore, completion of the work will coincide with the UNC congress in Bafoussam, a congress which is to select a candidate for the presidential elections. The present leaders will not fail to take credit for the major projects of the port of Douala. It is true that the changes are considerable. Just as when Douala acquired a new airport in 1977, it could be said that in the present circumstances the city and country have acquired a new dimension and have overcome a serious bottleneck. In fact, the port's saturation capacity of 2.5 million tons has been increased threefold to 7.5 million tons. This increase is explained by expansion of the wharves and surface areas.

The old rectilinear port of Douala was about 2 km long, with 10 wharf posts, plus two others at Bonaberi, on the right bank; it also included one oil post, a small fishing port which was quite hemmed in, and a naval repair area. The new port is over 5 km long, between "Doctor's Creek" [Crique du Docteur] and Wouri Bridge, whose eastern part (left bank) has been shored up. The old port for miscellaneous merchandise, with its narrow storage area, remains below Centenary Church.

In a southwestern direction, downstream expansion consists of:

--a platform for container ships which has not yet been built;

--a roll-on/roll-off container ship terminal 500 meters long, with 260 hectares of surface, where rows of hundreds of blue, orange, red, green and white containers bring to mind a large, somewhat dead American city. This terminal can accommodate three ships simultaneously; however, the lading-unlading equipment is not yet in place;

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--the timber port, which includes a 20-hectare land park, 150 meters of wharves for the lading of barges for nonfloating timber and ramps for discharge of floating timber into the water; a sheltered basin; and an anchorage which permits the simultaneous handling of 4 to 5 logging [grumiers] ships. At present, the basin is only 5 meters deep instead of the 9.5 meters scheduled. Therefore, the basin cannot now be used;

--finally, the national navy has been relocated southwest of this basin.

Still in the downstream area but on the side of Novotel Hill and the Cocotiers Hotel, the following installations are now in place: agencies of the maritime professions (SOCOPAO [expansion unknown], etc.) long-term storage warehouses and a marshalling area [faisceau de triage] which has its counterpart upstream. Warehouses for Chad and the Central African Empire are also to be built in this region. This port area still has vast expanses of land suitable for development, and we can look toward the 1995-2000 timeframe without fear.

Upstream, beyond the old miscellaneous merchandise port and the ALUCAM [Cameroun Aluminum] terminal, which is still in place, we find the fishing port. It is much more spacious than its predecessor, with refrigerator warehouses and an iceplant under construction, as well as a fresh fish market. To the east, this port is bordered by long-term storage warehouses. Closer to Wouri Bridge is the 5,500 square meter repair area with its covered workshops, its two floating docks (a new floating dock is under construction); on the other side of the future naval repair basin, the base for oil exploration and exploitation is already operational. This complex will employ about 600 persons.

These projects are what the ONPC (National Office of Cameroonian Ports) calls "the functional components" of the port. In order for this instrument to be in operational condition, there is also need for "accompanying components," namely:

--dredging of the access channel to the port (and of the basins); thanks to the presence of two dredges, the second of which was purchased with Canadian funds, the floor of the channel, initially 4.8 meters deep, will be lowered to the hydrographic level of 7.5 meters (and 9.5 meters over the bar). This depth is eventually to be 10 meters. Thus, at high tide, ships could have drafts of 12 meters;

--rail service, i.e., 25 kms of rail lines surrounded upstream and downstream by marshalling networks which will prevent needless comings and goings;

--road service coordinated with the peripheral boulevard project. It is true that users of the system still do not too clearly see this in the new layouts, although signs identify the various areas of the port;

--improvement of traffic flow within the port and development of new warehousing areas.

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All of these projects are being handled as follows: The Dutch company, Bos and Kalis for the dredging, and the French company, Dredging and Public Works, for the functional components, at a cost of about 30 billion CFA [African Financial Community] francs, financed by the ACDI (Canadian Agency for International Development), 7.5 billion; IBRD [International Bank for Reconstruction and Development] (World Bank), 6.25 billion; ADB (African Development Bank), 2.8 billion; BADEA (Arab Bank for African Economic Development), 2.5 billion; KfW (Reconstruction Credit Bank [FRG]), 2 billion; EDF [European Development Fund], 1.1 billion; CCCE [Central Fund for Economic Cooperation--France] and FAC [Aid and Cooperation Fund--France], .75 billion each; finally, of course, the Cameroonian state and the ONPC itself.

Officials of the ONPC like to emphasize that the financing was granted because creditors had confidence in the profitability of these investments.

Several Questions

In the face of this new tool which increases access to Cameroon, we might ask several questions.

Will the new port not be more susceptible than the old one to thefts and smuggling, for, despite the building of fences, it was necessary to provide numerous openings?

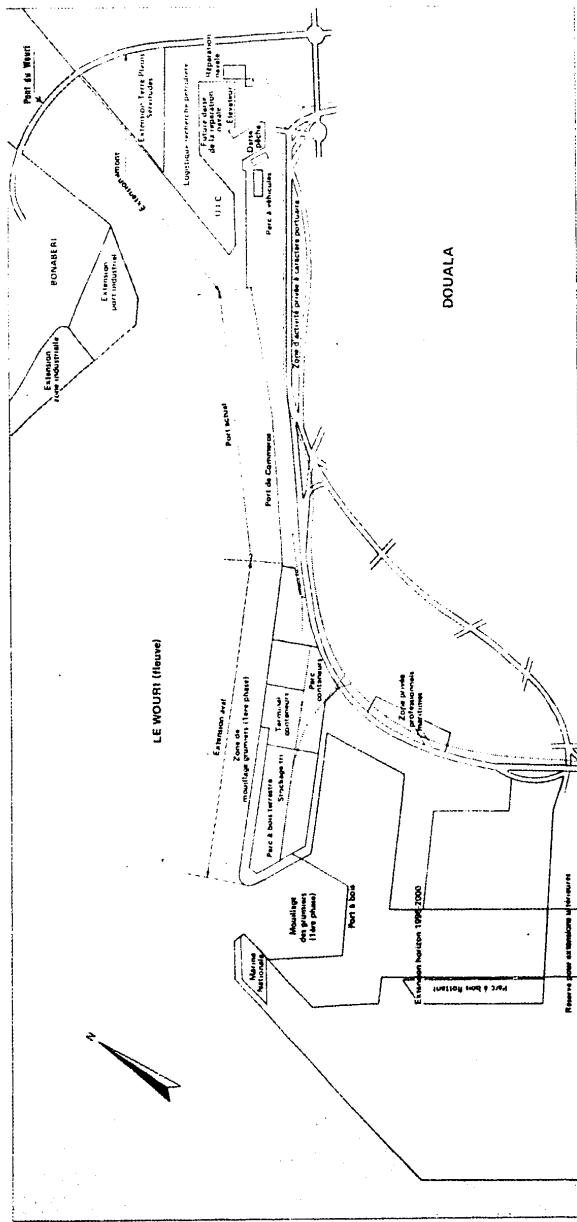
Will the responsible authorities be able to maintain this addition to the country's patrimony, starting with the dredging of the channel and the basins? There is also the matter of maintaining the railway and the waterways, as well as relative cleanliness: already there are unused materials on the scene and, in places, the new cement underpasses [caniveaux] have been smashed in and crushed by vehicles.

For the ONPC, these questions are linked to the question of management. The office, in fact, is concerned about the management of personnel, their motivation, the precise definition of duties and responsibilities and training. The second part of this question: the implementation of a complete system of port information and statistics.

Although Cameroon is counting a great deal on the new port of Douala, which, by all reports, will give new impetus to the economy, it is also concerned about the development of two other deepwater sites, namely: Limboh Point, at the site of the SONARA [National Refining Company] (a refinery now being built), beyond Victoria; this port will be used to receive tankers and ore vessels, but, in fact, the hinterland is very difficult to develop. The other deepwater site is the port of Rocher du Loup, a small island between Kribi and Campo: This ore port (there are plans to exploit an iron mine not far from there) and timber port reportedly will be equal to San-Pedro in the Ivory Coast and could contribute to the economic development of the southern-central and eastern parts of Cameroon.

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- Key:
- 1) Expansion of industrial area
 - 2) Wouri Bridge
 - 3) Expansion of industrial port
 - 4) Wouri River
 - 5) Upstream expansion
 - 6) Expansion of platforms and service [servitudes] areas
 - 7) Downstream expansion
 - 8) Present port
 - 9) Oil exploration facility
 - 10) Future basin for naval repair
 - 11) Naval repair
 - 12) Elevator
 - 13) UIC
 - 14) National Navy
 - 15) Anchorage area for logging ships (1st phase)
 - 16) Port of Cameroon
 - 17) Fishing basin
 - 18) Vehicle park
 - 19) Timber [bois terrestre] land park
 - 19a) Sorting storage area
 - 20) Container ship terminal
 - 21) Port area for private activities
 - 22) Anchorage for logging ships (1st phase)
 - 23) Containers park
 - 24) Timber port
 - 25) Expansion 1995-2000 timeframe
 - 26) Private area for maritime professionals
 - 27) Floating timber
 - 28) Reserved for future expansions

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CAMEROON

PAY SCALE RAISED FROM 6 TO 15 PERCENT

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 7 Dec 79 p 3402

[Text] By means of a decree dated 28 November, President Ahmadou Ahidjo ordered a general increase in wages in the public and private sectors effective 1 December 1979.

--The pay of government employees (general schedule, judges, army, police, auxiliaries) is increased 10 percent for personnel having pay rates below or equal to 500 and 6 percent for higher pay rates.

--Nongovernmental personnel in the public sector will receive the following increases: categories 5 to 8: 8 percent for the three areas; categories 9 to 12: 6 percent for the three areas.

--In the private sector, domestics and household workers will receive an increase of 10 percent in categories 1 to 4 and 8 percent in the higher categories. Teachers and professors in the private education sector will receive increases of 6 percent in categories 3 to 8 and 4 percent in categories 9 to 12.

All minimum wages by category in the primary, secondary and tertiary sectors are increased as follows: category 1 to 5: 14 percent in areas 1 and 2 and 15 percent in area 3; category 6 to 9: 12 percent in areas 1 and 2 and 13 percent in area 3; categories 10 to 12: 8 percent in all three areas.

The presidential decree makes official a decision by the National Joint Commission on Collective Agreements and Wages, which was approved by the Minister of Labor. The most substantial increases were given to those receiving low pay and wages.

In a related connection, the government asked industrialists and merchants to "demonstrate their civic mindedness and honesty" by "abstaining from rash and unjustified price rises."

The last wage increase in Cameroon took place in July 1978.

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CAMEROON

BRIEFS

MANIOC PLANT AT DOUALA--A plant for the industrialization of manioc is under construction at Douala, in the vicinity of the industrial area of Bonaberi. Socamrico, as it is to be called, will focus on the production of manioc and its industrialization, in various forms, both for export and local consumption. One sector of the plant will extract the glucose and make use of the husks for cattlefeed. In all, 100 percent of the manioc will be utilized in these processes. Approximately 20 hectares will be planted with manioc (already being made ready) in order to have the plant working at full capacity, that is, one ton of manioc treated per hour, or 750 kilos of different final products. Socamrico will have an initial capital of one million CFA francs and will start operations with a work force of 40, of which 5 will be foremen. Inauguration of the plant is set for February, 1980. The project for this plant is associated with the one for the agroindustrial complex foreseen for the East province, and was the subject of an agreement between the Government of the Cameroon and Holland Agro-Industries (HVA) (see MM of 30 Nov, p 3338). This plan, which is far more important, calls for an investment of 1.6 to 1.8 billion CFA francs. /Text/ /Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 28 Dec 79 p 3682/ 7129

ELF-AQUITAINE OIL AGREEMENT--The Cameroon Government and the ELF Oil Research and Development of the Cameroon (ELF-Serepca) a branch of the ELF-AQUITAINE group, have concluded an agreement covering development and production of hydrocarbons in the Cameroon, according to a statement issued on 21 December by ELF-Serepca. The agreement establishes the participation of the Cameroon Government in the oil-related activities of ELF-Serepca. Arrangements of the same kind are to be entered into by the authorities of the Cameroon with other petroleum companies operating in the country. /Text/ /Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 28 Dec 79 p 3682/ 7129

DAM INAUGURATED AT MOKOLO--The president of the Cameroon, M. Ahmadou Ahidjo, on 19 December inaugurated the dam built at Mokolo, in the northern part of the country. This facility provides storage for 5 million cubic meters of water. After announcing that the Government of the Cameroon invested 42 billion CFA francs over a 20-year period to cover the cost of installation and of conveying the water, M. Ahidjo expressed his satisfaction at the fact

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that 95 percent of the country's demand for electricity can be provided by its own dam resources. The president also complimented the various foreign aid sources which shared in the task of providing the dam and hydroelectric installations in the Cameroon. /Text/ /Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 28 Dec 79 p 3682/ 7129

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ETHIOPIA

UK PAPER CARRIES FIRST-HAND REPORT OF SOVIET SETBACKS IN ERITREA

LD241223 London THE GUARDIAN in English 24 Jan 80 p 9 LD

[Report by Paul Kelemen and Michael McColgan: "Eritrea: Soviet Setbacks"]

[Text] While the Soviet Union's invasion of Afghanistan has dominated world headlines, its attempts to direct affairs in the strategically more significant and economically more attractive Horn of Africa have passed almost unnoticed. Yet in the past month, the Russian-backed Ethiopian army has suffered two serious blows from the guerrillas of the Eritrean People's Liberation Front.

Striking out southwards and eastwards from their mountainous base area in the northern Eritrean Province of Sahel, the EPLF forces have forestalled an Ethiopian pincer offensive designed to destroy them, and in the process have gone a long way towards restoring the military equilibrium lost in the "strategic retreat" of 1978.

The first and more important victory was at Nacfa, the only large town still under full EPLF control despite three Ethiopian offensives during 1979. By early December, 20,000 Ethiopian troops, including the crack Flame Brigade (Israeli and Cuban-trained) and task force 508, were poised for a final, decisive assault.

Instead, the EPLF forces took the initiative. After two weeks of fierce fighting, they overran the Ethiopian base just outside Nacfa and pushed the enemy troops south to Afabet.

The EPLF claims to have killed over 4,000 Ethiopian soldiers, including colonels Yilma and Mersha Admassu and several majors attached to task force 508. Two Australian relief workers who went to Nacfa on December 26, 10 days after the end of the battle, said that the area was still littered with Ethiopian corpses. In early January we talked to Ethiopians taken prisoner at Nacfa, and also inspected some of the vast quantities of vehicles and military hardware captured there.

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According to the EPLF, 30,000 troops, supported by heavy artillery and MIG fighter planes, made up the second Ethiopian front formed in North-East Sahel in the new year. This time, the EPLF response was even quicker. In six days, from January 5 to January 10, they drove the Ethiopians from their hill-top positions, seized their main base and air-strip at Mahमित, and forced them to retreat to the arid coastal plain around Marsa Tekley, from where they were evacuated by Russian naval ships.

There is evidence in the North-East Sahel area of how complete the EPLF victory was. In Asserai, after climbing from a valley littered with remains of Soviet cluster bombs and parachute bombs--nicknamed "fascists" by the Eritreans--we saw the aftermath of the previous day's battle (January 6); bodies of Ethiopian soldiers in dugouts and on the hill-side; abandoned food and equipment, and dozens of EPLF fighters, male and female, roaming at will across the plain that stretched towards Mahमित. On the road back to the base, there were two, newly-captured Russian amphibian tanks and a fresh batch of 50 Ethiopian prisoners-of-war.

Ethiopian prisoners said they had been led to expect a quick victory against what their officers had presented to them as an Arab invasion. Further from the front-line, at a POW compound 400 of the 600 Ethiopians the EPLF claims to have captured at Nacfa were being held. Many were taking part in literacy classes in Amharic run by the EPLF. Eighty percent of the Ethiopian army are said to be illiterate and know nothing about Eritrea.

Most of the prisoners were poor peasants; they complained of being press-ganged into the army, of being forced by officers at gun-point to hold hopeless positions, and of gross discrimination between regulars and "volunteers."

A peasant of Oromo nationality said he had been captured by the Ethiopian army when fighting for the Somali-Abo, one of the anti-Dergue guerrilla forces in the Ogaden. He was imprisoned for four days and then sent straight to the Eritrea front. One after another, men from the southern provinces, where the Dergue's land reforms are said to be the most far-reaching, dismissed the slogan of "land to the tiller" as a propaganda trick.

Even there the land had been divided, the poor peasants had not benefited, because they lacked the necessary oxen and machinery. The feudal estates, nominally handed over to the peasants' associations, were in fact being run by administrators from outside the area.

Faced with a divided and demoralised army, the EPLF are now in a stronger position than at any time in the past 18 months. Poised for victory, with almost the whole of the Eritrean countryside under their control, they were forced to retreat to the Sahel in November, 1978, only by Soviet and Cuban intervention on the side of the Dergue.

Ramadan Mohammed Nur, the EPLF's general-secretary, said in Khartoum that, despite that setback, the front's organisations had remained intact throughout Eritrea.

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"We still have the support of the masses in the enemy-occupied areas," he said, "and, where possible, we are continuing with our policy of social transformation."

Everything points to the failure of the Dergue's ambitions in Eritrea. More than that, the survival of the Mengistu regime itself is now in question. Armed struggles have erupted in three further provinces, most notably in Tigre.

The cost in human and material resources of meeting these growing threats to the Dergue's power is likely to worsen further an already severe economic crisis.

According to Ethiopian exiles in Khartoum, the Soviet Union has been trying to replace Mengistu with the Moscow-trained Captain Legesse Asfaw. Asfaw has close links with the political organisations which Moscow would like to see form the core of an Ethiopian communist party.

Mengistu, sensing a potential rival, announced his own plans in September, on the fifth anniversary of the Dergue's coup. The new communist party, he decreed, would be formed, not out of existing organisations, but from individuals selected by a specially-appointed commission under his personal control.

Although Mengistu might not be their most dependable ally, the Soviet Union's overriding economic and strategic interest is still, as it was for the U.S., a greater Ethiopia with direct access to the Red Sea. Mengistu's military solution remains their only option.

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GABON

BRIEFS

THIRD FIVE-YEAR PLAN--The Gabonese Republic is continuing the implementation of its third five-year development plan for 1976-1980. Investments, which had fallen off because of the "overheating" of the economy and concern about indebtedness, have risen again. In the general Gabonese budget, outlays for development (including the railroad investment fund) varied between 82 billion francs CFA in 1976 to 78.3 billion in 1977, to 30.4 billion in 1978 and 62.2 billion in 1979. During the last few years, many important projects had to be stopped because of uncertainty in the economic and financial situation; this will certainly prevent the implementation of a number of the plan's objectives. [Text] [Paris INDUSTRIES ET TRAVAUX D'OUTRE-MER in French Jan 80 p 26]

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GHANA

BRIEFS

AGRICULTURAL EQUIPMENT MAINTENANCE--The Ghanaian minister of agriculture has decided to make a complete inventory of all agricultural materiel, tractors, and other equipment which is not in use at present because of its outdated or deteriorated condition, to be followed by a campaign to repair it. The Ministry believes that the alternative of purchasing abroad the spare parts needed is preferable to the purchase of new engines as long as the existing ones can still be used. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 11 Jan 80 p 84]

BOATS PURCHASED--The important Ghanaian fishing company, Mankoadze Fisheries, Ltd., signed a \$40 million agreement in December with the Norwegian Hareide International shipyards of Oslo for the purchase of 8 new fishing boats, two of which are tuna boats. Negotiations lasted two and a half years. The Mankoadze Fisheries, Ltd., established in 1952 by Robert Ocran with only 5 small boats, now owns 18 units of various kinds furnished by the USSR, Japan, France and Norway. It employs 2,500 people and its annual catch is approximately 20,000 tons. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 11 Jan 80 p 84]

TIMBER EXPORTS UP--According to P. E. K. Boateng, executive in charge of the Ghana Timber Marketing Board, the country's exports were to total some \$60 million by the end of this year. Sales for the first 10 months have already reach, he stated, 114.2 million cedis, despite the embargo on the export of 14 types. He emphasized that this amount is the highest ever recorded over the past six years. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS 21 Dec 79 p 3625] 5157

DPRK DELEGATION--A North Korean delegation arrived in Accra from Nigeria on 16 December for a five day stay in Ghana. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS 21 Dec 79 p 3625] 5157

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GUINEA

BRIEFS

PRIVATE DIAMOND PROSPECTING--Private diamond prospecting will be authorized once again in Guinea, announced Seku Toure, president of the Republic of Guinea, after a meeting of the National Revolutionary Council, the country's leading authority. In a speech delivered on this occasion and broadcast by Radio Conakry, the Guinean chief of state specified that the government was "trusting once again the private prospectors and had decided to help them to organize on an equitable basis." Seku Toure added that the Guinean subsoil had a tremendous diamond potential assessed at 300 to 400 million carats and that 60 percent of the foreign currency earned from the sale of such stones will go to the prospectors. Diamond production, once carried out in Guinea by two private foreign companies, nationalized in 1961, and small private prospecting, banned in 1964, was interrupted in 1975. This measure was taken in order to struggle against the development of smuggling into Sierra-Leone and Liberia, and to make the reorganization of prospecting possible. [Text] Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 21 Dec 79 p 3619] 5157

STATE-CHURCH RELATIONS--President Seku Toure officially confirmed the normalizing of relations between the Guinean state and the Church of Guinea by receiving Mgr Robert Sarah, archbishop of Conakry, and the big delegation which had attended his consecration and enthroning. [Text] Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 21 Dec 79 p 3619] 5157

PROBABLE FIVE-YEAR PLAN--The People's Republic of Guinea should have a second five-year plan for the period 1978-1983, but no information is available on the subject. A recent evaluation by the International Monetary Fund stresses the improvement of the general economic and financial situation of the country during the past 5 years. Initiated by the exploitation of two bauxite fields, the improvement was reinforced by the implementation of a policy aimed at regulating domestic demand; therefore, the balance of goods and services has registered a surplus since 1976, but the balance of payments remains precarious because of debt servicing and the decrease of foreign loans. A 1979-1980 program is aimed at consolidating the progress accomplished so far and at stimulating domestic supply, especially through the encouragement of domestic savings and the adoption of measures to attract foreign investment. [Excerpt] [Paris INDUSTRIES ET TRAVAUX D'OUTRE-MER in French Jan 80 p 23]

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GUINEA-BISSAU

BRIEFS

DUTCH FOOD ASSISTANCE--The Netherlands have granted Guinea-Bissau aid in food worth 10.5 million florins, since this year the country lost a high percentage of its crop as the result of irregular rainfall, along with additional aid worth 10 million florins to enable the country to deal with balance of payments difficulties. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 21 Dec 79 p 3618] 5157

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MADAGASCAR

OVERTURES TO FOREIGN INVESTORS MADE, PROJECTS CONSIDERED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 14 Dec 79 pp 3441-3444

[Article by Jacques Latremolieres: "Madagascar: Is It Making Overtures?"]

[Text] France retains in Madagascar the position of principal trade partner that it held at the time of the fall of the Tsiranana regime. Following the theatrical "settlement of accounts" orchestrated by Didier Ratsiraka when he was foreign minister under General Ramanantsoa, however, it became obvious that this position was a fragile one and could quickly be compromised unless new mutual interests materialized to strengthen the tenuous bond that had been maintained between the two countries by the 1973 cooperation agreements.

Some opportunities for renewed French participation in Madagascar's economy arose in October 1975 in connection with a planning mission, together with the prospect of an honorable settlement of the matters in dispute. These opportunities were spelled out during President Ratsiraka's official visit in September 1978 and during the meetings (held in November 1978 and March 1979) of the joint commission which had been created by the 1973 agreements but did not hold its first meeting until 4 years later. Contacts have also been maintained by various technical and banking missions and by visits to Antananarivo by members of the French Parliament, in particular the visit of Couve de Murville.

These relations have now entered a new phase with the organization in Paris during this month of December (on the initiative of Henri Raharijaona, ambassador of the Democratic Republic of Madagascar) of a number of Franco-Malagasy meetings. One of these meetings was held on 17 December at the headquarters of the CNPF (National Council of French Employers) and could be described as an informative dialog between French bankers, industrialists and merchants involved in (or attracted to) the Malagasy market, on the one hand, and Program Director Rakotoarivelo of the Malagasy Ministry of Planning. Although this meeting was of an informal character and would obviously be incapable of producing any immediate results, it serves to illustrate the current preoccupations of the Malagasy authorities. In particular, the presence among the French participants of several directors

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of the CEPIA (French Center for Industrial Promotion in Africa) will in particular bear witness to the interest (manifested on various occasions both in Paris and in Antananarivo) that is increasingly being focused on the possibility of obtaining the support of the French PMI (Small and Medium-Sized Industries) for the creation of an intermediate-goods industry in Madagascar.

An Explosion of Projects

The overtures to foreign capital are quite obvious. They are not--to be sure--directed toward France alone, but the fact remains that a special effort has been made to interest our country in Madagascar, where France should benefit at the outset from factors deemed to be favorable: a stable currency, a foreign debt that to date has been of reasonable proportions, but also a steady increase in French sales (from 505 million French francs in 1976 to 589 million in 1977 and 614 million in 1978), with an increase for the first 8 months of 1979 of 43 percent over the figure for the corresponding period of the previous year, thereby reinforcing in equal proportion the already substantially favorable balance in France's trade with Madagascar.

Compensation of the French enterprises nationalized since 1972 has barely begun. Difficulties have also arisen with respect to the transfer of dividends, although at least one procedure has been developed from which partial results have been obtained. Some of the delays are probably the result of the vigilance being exercised by the Central Bank over the balance of payments situation until the final balance sheet is prepared at year's end.

After the surprising weakness of the Malagasy economy during the period 1973-1977, we are now witnessing an explosion of projects for which financing has in large part been requested of various international credit institutions, Western and Arab banks, and major European industrial firms. One of the more important of these, the Andekaleka Dam project--which is designed to meet the requirements of the interconnected power system of the capital, the exploitation of the Andriamena chromites, the construction of a paper pulp mill, and (if indicated) the exploitation of the Moramanga ferro-nickel deposit--has mobilized (on the basis of a dossier prepared by the EDF [European Development Fund] since 1948) participation by the World Bank-IDA [International Development Association]; Canada; BADEA [expansion unknown]; various Saudi Arabian, Kuwaiti and Abou Dhabian funds; the Central Fund for Economic Cooperation; and a group of Scandinavian banks. Construction work on the dam project (which is now under way) was entrusted to the Swedish firm Skanska, while the contract for the turbines and alternators (costing a total of 980 million Malagasy francs) was awarded to Jeumont-Schneider. The prime contractor is JIRAMA [expansion unknown], a Malagasy company for the production and distribution of electric power, and the total cost of the project will be approximately 30 billion Malagasy francs [FMG]. The first stage of the project is scheduled for completion in 1982.

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Malagasy Trade Balance (in millions of Malagasy francs)

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
Imports	78,045	64,600	85,216	99,632
Exports	63,040	65,365	82,926	87,214
Balance	15,005	765	2,290	12,418

Franco-Malagasy Trade (in millions of Malagasy francs)

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u> <u>(8 mos)</u>
Exports to Madagascar	530.5	505.6	589.4	614.6	537
Imports from Madagascar	380.2	442.1	627.1	422.9	232
Balance	150.3	63.5	37.3	191.7	305

The cement, textile, lumber and paper industries will be the principal axes of industrial development in the coming years. The production goal for cement is 1.55 million tons, and the main plant (1 million ton capacity) will be located at Tulear. The West German firm Loesche has been awarded the contract for construction of the Antsirabe plant (150,000 tons), to be financed by a loan of \$10 million from an American banking group headed by Chase Manhattan. The Amboanio cement plant near Majunga will be expanded to a capacity of 400,000 tons from its present 180,000 tons; French, Spanish and Russian firms are bidding for the project.

Based on a hypothetical production of 65,000 tons of raw cotton in 1985, the construction within the next few years of two new spinning and weaving mills--one at Tulear and the other at Antananarivo--is also currently under consideration. These new mills would be in addition to the Cotona mill at Antsirabe and the SOTEMA [expansion unknown] mill at Majunga. The Mangoro River forest area between Moramanga and Lake Alaotra, and the Matsiatra forest area north of Fianarantsoa, are to supply the raw material for two paper pulp mills having a total capacity of 250,000 tons. Financed by the Japanese Overseas Economic Cooperation Fund, the Namoroha hydroelectric complex--the construction of which has been carried out jointly since 1978 by Nissho Iwai (apan) and the National Interest Company for Public Works--will supply electric power to the second of these two mills and will also supply power for the manufacture of caustic soda and for other industries.

Alongside these large-scale projects, and in the context already cited above, many smaller-scale projects¹ in the most diverse sectors have been planned by Malagasy government entities--sectors ranging from the agricultural and food industries (soluble coffee, juice and fruit vinegar) to lime

1. See MARCHES TROPICAUX, 2 Nov 1979, p 2969.

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and plate glass manufacture and factories for the manufacture of bolts, screws and faucets. The tourist industry is being developed, with the construction of hotel cottages at Ihosy and Tulear and activity by NOVOTEL [expansion unknown] at Antananarivo and Nossi Be and in the principal cities. The development of port facilities and maritime transport, moreover, has resulted in the placing of substantial orders for tugboats, coastwise barges and containers with French, Spanish and Japanese ship-builders.

All of these projects are amenable to various procedures: they may be carried out as joint ventures or as "trilogue" [meaning unknown] or "key in hand" operations. Agriculture also provides a possible field of activity for our research institutions and ultimately for our public works construction companies. Four ventures in particular have attracted attention because of the scale of the operations envisaged:

- a. Rice. The goal (not yet attained) is self-sufficiency.
- b. Cotton. A loan of \$6.5 million has been granted by FIDA (International Fund for Agricultural Development) to develop 10,000 additional hectares (on which 3,200 families will be settled) within the Mangoky River perimeter.
- c. Sugarcane. Plans call for expansion of the sugar units on Nossi Be--financed jointly by Chase Manhattan (\$4 million) and the National Agricultural Credit Bank--and for creation of a complete unit of 2,400 hectares at Analaivo in cooperation with People's China, which has supplied the sugar refinery.
- d. Soybeans. The French firms SEDES [Economic and Social Development Studies Company], GERSAR [expansion unknown], Bas Rhone-Languedoc, CNTA [expansion unknown] and TECHNIP [expansion unknown] have recently been consulted--together with several Spanish firms--with a view to formulating a large-scale plan for growing soybeans on 200,000 hectares in the Tsiroanomandidy region.

An Occasion for Long-Term Projections

Anyone who is surprised at the number of dossiers which have accordingly appeared on the investment market should be made aware that they correspond to the "second wind" of Malagasy socialism. Following the period (necessarily long and characterized by uncertainty) during which the state consolidated its currency, nationalized and completely reorganized its banking structure, and ultimately assumed its economic responsibilities (or at the very least placed the greater part thereof in the hands of its own nationals), a 20-year projection (itself composed of medium- and short-term plans and programs) provides, in effect, a 1978-1984 phase for the creation of new structures and facilities for production.

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Minister of Planning and Finance Rakotovo Razakaboana (who is charged with formulating the views of President Ratsiraka) has repeatedly told foreign journalists that the objective (as approved by the People's National Assembly) is to double the per capita gross domestic product [GDP] in 20 years to 100,000 FMG. Assuming a 100 percent increase in population, the overall GDP would then total 1.8 trillion Malagasy francs (at current value) as opposed to 380 billion in 1979. During the same period the share produced by the cooperatives, decentralized collectives and socialist enterprises would increase from the current 10 percent to 75 percent, given the fact that enterprises in which the state is the majority shareholder are deemed to be socialist enterprises. This would leave private capital an approximate 35 [sic] percent share of the overall GDP.

At the end of the aforesaid period three distinct sectors would accordingly exist: an entirely nationalized sector; a state-controlled sector; and a free-enterprise sector operating in accordance with the fiscal and social laws and the need for balance in foreign accounts.

The effort in respect to industrial construction and agricultural production is all the more justifiable in that the gross domestic product (expressed in constant francs) was characterized by an inopportune stagnation (if not actually a regression) from 1975 to 1977. As for the projects themselves, a substantial part of them date from the 1960's--in some cases, even from the colonial period--and have simply been updated. There is no reason to be surprised, for no new factor such as petroleum or uranium has subsequently altered the essential data with respect to domestic production.

Some projects, however, that in their day were rejected or postponed because of an inadequate coefficient of profitability may now attract renewed interest because of changed circumstances. This is apparently the case as regards the iron deposit at Soalala, near Majunga, whose ore reserves of 35 percent mineral content are estimated to total 800 million tons, the exploitation of which (according to studies by Italian firms) could benefit from EDF [European Development Fund] financing. For similar reasons, a new episode may perhaps now be written in the disappointing history of the Sakoa coal basin as a consequence of the study carried out by the Polish firm KOPEX [expansion unknown].

Moreover, the fact that foreign capital is solicited for this effort does not rule out the possibility of local financing, inasmuch as the long-term plan provides for doubling the percentage of GNP that is devoted to investment. This is the objective of the creation of the National Investment Fund, whose statutes were published last 17 October. The resources of the fund will consist of the mobilizable reserves of CNAPS [National Social Welfare Fund], of the insurance companies, of the retirement funds of the government employees, and of the Savings Bank, without excluding loans, budget allocations, or contributions from the stabilization funds.

Generally speaking, the financial procedures for development are necessarily not very different in Madagascar from what they are in other countries where

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because of the lack of important mineral resources capital formation is always encumbered by a burden of indebtedness. Rakotovo Razakaboana does not claim to possess any miraculous "recipe" in this domain; he believes that the really original feature of the Malagasy experience is the fact that it is at the service of a socialist ideology.

It is difficult at the present time to measure precisely the progress made in respect to this effort. It appears that only two state enterprises--~~SECRET~~ [Naval Construction and Repair Company] (the former Diego Suarez arsenal) and KRACMA (Andriamena Chromites)--are governed by the charter for socialist enterprises. The number of limited-liability and joint-stock companies created from 1976 to 1978 exceeds by far the number of state enterprises and mixed companies (of which none at all appears to have been created in 1978), but the total capital subscribed by the latter group is eight times that of the former. We may point out that the total capital investment made in all companies during 1978 was only 25 percent of the corresponding total for 1977 and 60 percent of that for 1976--a fact which does not reflect a very firm response by Malagasy and foreign investors to the government's appeal.

A trend toward liberalization is perceptible in the management of the mixed companies, in that the capital-stock participation contracts for these enterprises may (subject to existing laws and regulations) be negotiated on a case-by-case basis. Moreover, the partnership capital agreements concluded between the state and private parties must in certain cases be accompanied by assistance and management contracts in the name of the partner himself or of a third-party entity either domestic or foreign. The desire for decentralization is manifest in the opportunity that has been extended to the national banks to guarantee loans contracted in foreign exchange by the socialist enterprises, and to the Central Bank to counter-guarantee these loans. These changes--most of which occurred in early 1979, probably in response to a suggestion from lenders of foreign exchange--indicate that the Malagasy authorities are anxious to adapt to the problems of their Western partners.

Aid from the Socialist Countries. Arab Aid

This attitude is also explained by the fact that the political, military and cultural relations (now quite close) of the Democratic Republic of Madagascar with the socialist countries have not (or have only to a slight extent) been followed by concrete investment in either the industrial or agricultural sectors. Antananarivo is linked to Moscow by regular AEROFLOT service, and young Malagasy are training to pilot the supersonic fighter-bombers that have been ordered from the USSR and are scheduled to replace in 1980 the squadron of MIG 17's (already obsolete) that were supplied by North Korea. In Madagascar (as in Black Africa), however, the Western concept of cooperation is not much practiced by the Soviets and their allies, who prefer barter agreements or the opening of long-term credit for the purchase of producer goods and consumer goods.

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An advance of 12 million rubles (4 billion Malagasy francs) was accordingly granted by the USSR for phased geological research under the direction of Russian technicians. Attention has also been directed toward sales of equipment, tractors and trucks, together with spare parts and repair shops; the gift of an IA-40 airplane to the president of the republic; and the dispatch to the USSR of numerous scholarship recipients and trainees, which has reportedly elicited some disillusioned comments on Ratsiraka's part. Hungary has supplied 100 buses to the capital. The technical agricultural assistants from North Korea are appreciated, but the material contributions of that country in the form of cultural buildings and small-scale industrial installations are on a low technical level and do not appear likely to satisfy the Malagasy clientele.

People's China has made more substantial efforts vis-a-vis Madagascar: free deliveries of rice; a long-term, interest-free loan of 2 billion Malagasy francs, accompanied by technical and economic agreements; a second loan of 12.5 billion Malagasy francs, earmarked for six projects including a stretch of highway linking Moramanga and Tamatave (for the construction of which the government turned down an offer to make available 3,000 Chinese workers); and the construction of a sugar mill at Analaivo, near Morondava. Also noteworthy are a number of small-scale projects relating to porcelain products, rural hydroelectric installations and pharmaceutical products; the establishment at Antananarivo of a military mission commanded by a general; and a gift of artillery materiel, notably anti-aircraft guns. The economic results of this activity appear to be primarily to the advantage of China, which has become one of Madagascar's principal suppliers (first in terms of total value for the first 6 months of 1979) whereas the total value of Malagasy exports to China has in recent years been negligible.

Libya has granted Madagascar a loan of \$3 million at an interest rate of 5 percent and a term of 12 years, with payments deferred for 2 years, and at the Central Bank has made a deposit of \$2 million for the purpose of achieving the temporary equilibrium of the balance of payments. In addition to the participation (previously cited) by Arab banks and development funds in the financing of the Andekaleka dam, loans totaling 2.9 billion Malagasy francs have been contracted for the Fenerive-Scanierana and Maintirano-Tsiroanomandidy highways. In Iraq, Minister of Economy and Commerce Justin Rarivoson has just negotiated a loan of \$30 million for the expansion of rice growing.

The government does not appear to have attained the principal objective it was pursuing in its overtures to the Arab countries, namely to obtain--in the name of Third World solidarity--a discount in the price of petroleum. The conditions posed by Libya for consideration of such a formula seemed irrelevant, and even Iraq itself--the principal supplier--preferred the traditional procedure of granting loans to finance such transactions as opposed to offering a discount that would have threatened to set an embarrassing precedent.

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Declining Production

The feverish construction, and the overtures to foreign investment, that have characterized Malagasy activity since 1977 are accordingly explained by the faithful execution of the plan and by the insufficiency of the financial aid extended by the socialist countries. It would be incorrect not to regard these factors as also the cause of the stagnation and decline of agricultural, mineral and industrial production.

Exports of coffee--the principal item in Madagascar's export trade--have consistently fluctuated around 56,000 tons per year for the past 10 years, attaining a maximum of 67,000 tons and a minimum of 47,000 tons. Paddy rice (the basis of the national diet) is measured today in terms of imports; since 1970 there has been a general increase in purchases, amounting in 1978 to 135,000 tons valued at 9 billion Malagasy francs--representing 75 percent of the deficit in the trade balance--whereas exports of de luxe rice to Europe declined from 67,000 tons in 1970 to 3,500 tons in 1978.

Principal Food Products Exported (in tons)

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
Green coffee	65,400	67,400	47,100	50,189	55,170
Sugar	49,600	61,400	18,700	26,350	23,240
Cloves	5,100	22,200	2,600	3,635	14,768
Cape peas	19,800	16,500	5,800	11,877	8,608
Meats	6,300	2,600	700	2,760	3,327
Shrimp	14,300	6,700	2,000	3,757	3,105
Pepper	2,900	4,100	1,700	3,780	2,184
Vanilla	1,300	800	600	1,713	1,459

Exports of sugar declined from 62,000 tons in 1970 to 23,000 tons in 1978; exports of meat, from 24,000 tons in 1970 to 3,300 tons in 1978; and exports of Cape peas, from 16,000 tons to 8,600 tons. The total tonnage of vanilla exports held steady, which means--unfortunately--that maximum advantage was not derived from the opening up of the American market to this product. Exports of pepper declined slightly, from 4,100 tons in 1975 to 3,700 tons in 1977 and 2,100 tons in 1978. Cacao has virtually disappeared from the statistics. Exports of bananas declined from 12,500 tons in 1970 to 4,900 tons in 1978. Exports of shrimp remained at the same level. Only one product--cloves--recorded a significant increase in exports (to Indonesia and Malaysia).

Cotton production supplies almost the entire national spinning and weaving industry, and a total value of 1.3 billion Malagasy francs was even exported to Europe in 1977 (a record year), declining to 1.1 billion in 1978. The curves for production and for total area under cultivation followed an almost parallel progression from 1971 to 1977, increasing during that period from 21,600 tons of raw cotton on 10,800 hectares to 37,000 tons on

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20,400 hectares. In 1978 the two curves began to diverge, with the production curve heading downward. Average yields per hectare, which had attained their maximum (2,200 kilograms) in 1973, declined steadily thereafter except for an upward surge from 1,400 kilograms in 1978 to 1,800 kilograms in 1979.

Malagasy Cotton Production

	<u>1971</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
Area (hectares)....	10,800	16,300	17,500	20,400	22,200	17,700
Production (tons of raw cotton)..	21,600	30,700	34,700	37,000	33,000	32,200
Yield (kilograms per hectare)....	2,000	1,800	1,900	1,800	1,400	1,800

Exports of Mineral Products (in tons)

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
Chromite	194,000	211,426	164,789	119,283
Graphite	17,774	17,402	15,726	16,624
Mica	15	81	1,498	1,568

The same trends are observed in the mining sector. Chromite production attained its peak in 1976, with 211,000 tons exported, declining again in 1978, to 122,000 tons--a level below that of 1974 (180,000 tons). The production of graphite remained unchanged from 1974 through 1977, increasing slightly in 1978. Mica remained stationary.

In the industrial sector, the production index has remained below what it was in 1974 and 1975 despite an upward movement in 1977, whereas the growth rate established for this sector by the 1978-1980 Plan is 8 percent. If we note that the corresponding rates are 4.3 percent for agriculture and 8.8 percent for mining and energy, one can deduce--based on the results indicated above--that these goals will not be attained.

Technical Aspect of the Projects. The Price of Development

Coming as it did after a period of reflection and restoration of order, this decline would not be disquieting if the current effort of the Malagasy authorities were to stimulate an increase in tonnages and at the same time improve the balance of trade and account balance. It does, however, pose problems of choice and coordination that have not all been solved.

The deficit in paddy rice, for example, does not result solely from a sudden upsurge in the population growth rate. The use, conservation, harvesting and distribution of paddy rice are responsible, at least in equal part, for the shortage that has been experienced by the principal

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population centers and that justifies the purchases made abroad. In addition to this observation, an effort such as that of the 100,000 hectares of rice fields--however spectacular it may be--would seem to require explanation. The Merina and Betsileo peasants know perfectly well how to adapt the cultivated areas to their possibilities and their needs. Their progress is not to be measured in terms of total area planted but rather in terms of productivity, and in this connection we may note the value of the 3-year project financed by the Norwegian Government (with the technical cooperation of the FAO) for developing the use of fertilizers, improved seeds, and pesticides--a project which revives the tradition of the former OPR (Rural Productivity Operation). The parallel development and improvement of rice-growing activities in the regions of Lake Alaotra, Marovoay, Andapa and the western coastal plains appear to be the only way to solve Madagascar's food problem.

During a 5-year period the European Economic Community had financed a coffee program designed to increase tonnages by replacing and renewing the plant material. This program has unfortunately been neglected since 1972, the year in which the Malagasy state was to have assumed the expenses of the program. Continuation of this program was to have increased production to 85,000 tons per year during the 1980's and would in any case have enabled the nation to derive maximum advantage from the 1976 coffee "boom." In actual fact, the "boom" was translated for Madagascar merely into an additional profit of some 10 billion Malagasy francs--a profit that was, moreover, experienced more at the level of the banks than at the level of the growers. Without mentioning the losses in equipment that were sustained, or the dispersion of the "popularization teams" that had been so patiently organized, we must recall that the development of coffee growing is closely dependent--on the east coast--on a normal supply of paddy rice, for the peasant will devote himself to growing coffee only to the extent that he is not forced, in order to feed himself, to barter a kilogram of coffee for a kilogram of rice. This accordingly presupposes a number of decisive choices at the national level with respect not only to the production of rice but also to its domestic distribution.

The case with respect to cotton is no less significant. The projects for the creation of two new spinning and weaving units--at Toleara and Ant Antananarivo--were developed on the basis of an available supply of 65,000 tons of raw cotton. Since the production of the already-existing installations satisfies local demand, 90 percent of the production of the new units is scheduled for export. We have already noted the actual decline of cotton production from 37,000 tons in 1977 to 32,000 tons in 1979, with yields of 2 tons per hectare being maintained only on flooded lands (which supply 68 percent of the total crop) whereas they have decreased to 1.7 tons with irrigated farming and 700 kilograms with dry farming. Inasmuch as flooded-land farming is still 80 percent in the hands of European and Indian farmers--whose numbers will necessarily decline--the future of this venture remains uncertain unless vigorous measures are taken in respect to agricultural training. Even more dubious is the profitability of the new mills, whose prime costs--if burdened by the necessity of importing their

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raw materials--would render them no longer competitive on the European market and even less so on the African markets.

These examples serve to illustrate the advisability for the Malagasy authorities to tailor their economic projections to the technical realities, for otherwise certain projects offered to the investors would either not bear examination or would result in partial failures. The subsidies provided by the French cooperation, which in 1978 still amounted to 6.8 billion Malagasy francs (not including loans from the Central Bank), should favor this analysis, just as the local experience of the French technical assistants (which does not always echo the optimism manifested by certain foreign firms) also favors it.

This technical exactitude would not only be calculated to attract investors. It would also provide indispensable assurances for the Democratic Republic of Madagascar, in the effort it has undertaken. Such an effort, made in the very midst of a world crisis, could not possibly avoid a measure of flexibility in the area of financial management. Foreign credits have already declined--since last spring--from 11 billion Malagasy francs to 6 billion, while in 1 year the Central Bank's claims on the Treasury have risen from 66 billion to 100 billion. The risks that this situation entails for the stability of the currency can be incurred only on the basis of dossiers that are incontestable.

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MALI

FRG REITERATES WILLINGNESS TO PROVIDE ASSISTANCE

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 21 Dec 79 p 3618

[Text] Rainer Offergeld, FRG minister of economic cooperation, arrived in Bamako on 15 December for a six day visit to Mali.

The minister indicated that, with the agreement of the Mali government, the government of the FRG had agreed to grant aid totaling DM 89.6 million for the 1979-1980 period, or 21 billion Mali francs. These funds, he specified, will be used to supply foodstuffs and energy to Mali within the framework of the struggle against desertification.

Offergeld said that he was examining the possibility for supplying additional urgency assistance to Mali whose poor harvest is concerning its leaders. He announced that his government had shipped, several days ago, 3,000 tons of grain to the Mali region of Gao.

However, he emphasized that "we are trying to help the developing countries to increase their food production precisely in order to enable the farmers to earn an income and to make countries receiving economic aid more independent."

That, in his view, is what justifies FRG support of projects such as the Selingue dams, under construction, and Manantali, which will be implemented within the framework of the OMVS (Organization for the Development of the River Congo). The participation of the FRG in the building of the Manantali dam will amount of DM 40 million. Offergeld further stated that the federal government is equally willing to supply the missing funding for the completion of the Severe-Gao route.

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MALI

BRIEFS

FIVE-YEAR PLAN--The Republic of Mali is continuing the implementation of its 1974-1978 five-year plan with a slight delay. The amount of this plan, initially set at 395.2 billion Malian francs, was increased to 486.8 billion in September 1975, to 512.2 billion in December 1975, to 916.7 billion in June 1976 and brought down to 717.0 billion in December 1976 and 507.8 billion in December 1977. This decrease is due to the cancellation of certain projects, notably in the sectors of agriculture and communications, which had been unable to find financing. Programming for the next five-year plan is continuing, notably on the local level. [Excerpt] [Paris INDUSTRIES ET TRAVAUX D'OUTRE-MER in French Jan 80 p 23]

TOURISM DEVELOPMENT ASSISTANCE--In accordance with the first Lome convention, the European Investment Bank granted on 11 December a loan of 2.5 million drawing units (about 1 billion 463 million Mali francs) for the development of tourism in Mali. The funds will be used for the construction of two hotels and the purchasing of transport and communications facilities needed for the development of tourist routes. The sum total of the investments is estimated at 5 million drawing units (2 billion 935 million Mali francs). The Central Economic Cooperation Fund and the UTH [Tourism and Hotel Industry Union] are also participating in the financing. [Excerpts] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 21 Dec 79 p 3618] 5157

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SEYCHELLES

DISPUTE WITH FRANCE MUSHROOMS

Paris AFRIQUE-ASIE in French 7 Jan 80 p 20

[Article by San Fie]

[Text] It was expected: the measures taken by Albert Rene's revolutionary government against the plots woven by mercenaries with the support of foreign powers have seriously affected those who were pulling the strings from behind the scenes.

The first reaction from the French government, after one of its cooperation technicians had been directly implicated in the anti-Seychelles plot: the suspension of the cooperation program with Victoria and the recall of seven cooperation technicians, despite the sending of a personal letter from the Seychelles chief of state to President Giscard d'Estaing, assuring him of the Seychelles' intention to maintain and expand friendly relations.

"The measures adopted (by Paris)," said an official communique released in Victoria, "are astonishing because of their magnitude, unrelated to the reason alleged: the arrest of one French national, Jacques Chevalereau, implicated in an abortive plot to overthrow the established regime. The attitude of the French cooperation services is at best incomprehensible, and in any event, is excessive. It is a reason for concern about the quality of the relations which in the past have led to the establishment of a bilateral cooperation program that both countries have wanted to maintain on a sound, loyal, frank, and sincere basis, remaining distant from the specter of unwarranted interference and the ties of dependence which are so damaging to the sacred principles of sovereignty and independence."

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An even more strange and meaningful event: Paris decided to recall the very seven of its cooperation technicians whose relations with the Seychelles authorities were excellent, "cooperation technicians," said the Victoria government, "who personify the image we have of cooperation."

That is why the Seychelles government then decided to ask the French representative in Victoria to recall six other cooperation technicians, some of whom had worked to promote their own private interests at the expense of the two nations, as well as the head of the cooperation mission and his deputy, who were requested to leave the Seychelles, as "their presence is a factor in the deterioration of relations between the two nations."

But in the entourage of the "eminence grise" of the Elysee, Mr Rene Journiac, it was deemed unacceptable that such a tiny country in the Indian Ocean could issue such a challenge to one of the imperialist powers; that it could charge one of its cooperation technicians, whose complicity has by now been established by the Seychelles authorities; and that it could have the audacity to publicly and officially denounce the role of this French secret service agent in recruiting mercenaries to destabilize and overthrow the avant-garde regime in Victoria.

A top adviser close to the French president commented: "How dare the Seychelles government challenge Giscard's France!"

What officials in Paris seem to be unaware of is that the Seychelles are not the "empire" of Bokassa, nor the fief of Bongu or of Mobutu.

Of course, Albert Rene's government would not like to throw oil on the flames, and it is trying to negotiate a settlement of this dispute. That is why it invited an official French delegation to come to Mahe to examine the documents found in the possession of the French national and the results of the investigation it has been conducting in the last few weeks. If Paris rejects this offer, it will be because it has a guilty conscience.

But the Seychelles are not isolated. They have strong and beneficial relations with many progressive and revolutionary states. And the \$7 million that France took back will be

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largely compensated by countries which value the courage, the determination, and the options of the popular regime of Albert Rene. Options which, in the situation of the Indian Ocean today, are of vital interest, and are essential for the progressive camp of the non-aligned nations.

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TOGO

BRIEFS

THIRD FIVE-YEAR PLAN--The Togolese Republic is implementing its third 1976-1980 five-year plan. Planning for the fourth 1981-1985 economic and social development five-year plan was officially initiated on 12 March 1979; the accent will be on the development of agricultural production and on the deriving industrialization. In the agricultural sector, the emphasis--intensification and diversification of production--will be mainly on sugar cane, rice, cotton, palm oil, coffee, cocoa. Agroindustrial development will be emphasized in the north, in the valley of the Oti and in the south, in the valley of the Mono. Development of infrastructures, notably the road network and the reorganization of the financial system will also be considered. [Excerpt] [Paris INDUSTRIES ET TRAVAUX D'OUTRE-MER in French Jan 80 p 24]

JAPANESE DONATION--Recently Japan presented Togo with a donation of 300 million yen (about 280 million CFA). The donation is to be used for the purchasing of vehicles to be used by public health services. [Text] Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 21 Dec 79 p 3622] 5157

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UGANDA

BRIEFS

COOPERATION WITH DENMARK--Denmark is considering the possibility of resuming the assistance it rendered Uganda, which was interrupted during President Amin's regime. However it will depend on conditions in the latter country, according to indications contained in the Danish plan for aid to developing countries, which covers the forthcoming 5 years and which was formulated by the agency known as DANIDA. It should be noted that the original plan was slightly reduced owing to the country's present difficult economic position. Nevertheless, it does establish a sum of 2,255 million Danish kroner (0.67 percent of the GNP) for 1980 and 3,080 million kroner (0.79 percent of GNP) for 1984. Henceforth, Danish aid will increase at a rate of 0.03 percent per annum. For the next 3 years, it will be principally directed to Tanzania (595 million kroner), and Kenya (264.5 million kroner) as well as to India and to Bangladesh. Nonetheless, a limited amount of assistance will also be directed to Botswana, Lesotho, Zambia, Zaire, Malawi, Guinea-Bissau, Angola, Mozambique, Egypt, the Sudan, Sri Lanka and Vietnam. /Text/ /Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 21 Dec 79 p 3632/ 7129

AID FROM NETHERLANDS--During the month of December, the Netherlands agreed to grant Uganda 35 million florins (US\$ 18.4 million) in order to enable the latter to straighten out its economy. /Text/ /Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 28 Dec 79 p 3687/ 7129

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ZAIRE

FRANCE LOOKS TO ZAIRE'S FUTURE

Paris L'EXPRESS in French 29 Dec 79 International Edition pp 45-46

[Article by Christian d'Epenoux: "Zaire: A Reasonable Bet"]

[Text] A mean little joke is making the rounds in Kinshasa. One day, the waters of the Zaire River inexplicably flood entire areas of the country. Alarmed, President Mobutu summons his Zairian experts, who, powerless to do anything, find themselves in prison.

First the Americans and then the Soviets are called in and, one after the other, give up. Desperate, Mobutu decides to appeal to the former Belgian colonizers, who quickly return, extremely embarrassed, with their reply: "Mr President, we are positive: The river is not rising; the country is sinking!"

It is said that Mobutu Sese Seko does not think much of the joke, but it does make many Zairian officials laugh. They are in too good of a position not to see that there is some truth behind the exaggerated caricature.

"It will take Zaire at least 20 years to get going," one high French official estimates, "if everything goes well...." It is a vast territory (four times the size of France), but infrastructures are poor, equipment is worn out, there are not enough trained and professional people and national unity is still in the embryonic stage in a country where belonging to a tribe and a region is of prime importance.

These are all congenital weaknesses that are aggravated by other maladies endemic to modern Zaire: negligence and corruption. There is a single goal: for the poor, to survive; for the rich, to get richer. As a result, everyone is engaged in some kind of trafficking. Everyone wangles, schemes, buys or is bought. No transaction is possible without money under the table. Any application for credit, any procedure that follows the "normal" channels, is filed away and disappears like the wadi in the desert. "It is no longer a sickness," one French expert says. "It is an alternate economic system."

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What else can be done when, with a few rare exceptions, the sense of government is so dramatically lacking at the top of the pyramid? How is one to exist decently when official wages, from the top of the scale to the bottom, are among the worst in Africa?

"In Brazzaville," one French engineer says, "my helper could buy seven beers with his daily pay. Here, with inflation, he can scarcely afford one." In Kinshasa, a sack of manioc flour, the basic staple of the Zairian diet used to prepare the daily "fu-fu," costs twice the wage of a hotel waiter. An army general or a high official of equivalent rank naturally earns 10 to 15 times more, but he receives nearly 600 francs less than the French interoccupational minimum growth wage! And behind him comes the whole tribe: relatives, grandparents, cousins whom people with jobs support. There can only be one salvation: hustling. A government adviser candidly admits: "Normally, with my salary, I could get along for 2 days, and yet, I can always manage to make it through the month!"

When a gas quota reaches Kisangani, the second-largest city in the country (formerly Stanleyville), local officials automatically skim off a certain amount, which immediately goes to the black market. In a bar in town, a foreman from Bearn rubs his hands together: He has just found three barrels at five times the official price. His Peugeot belches pitifully: The fuel he buys contains a large portion of kerosene! "But I am happy just to get that!" he says. "Right now, the planes belonging to Air Zaire (which he calls "Air Perhaps") don't always have enough to fly." The project he is working on is financed by France.

Periodically, and although the example is often set very high up, President Mobutu gets angry. This year, he sent one of his generals to prison for embezzling the equivalent of about 3 million francs. Two months later, the general was free because he "had what it takes," because the country has no upper-level personnel. Furthermore, can there be any certainty that his replacement would have been more reliable? But at the end of the month, six ministers and nine high officials will have to answer before Parliament for their "fraud and mismanagement." On the part of the regime, it is an act of courage. It is also one more sign of a democracy gradually emerging from limbo.

France Supplies Crutches

Mobutu is totally aware of the national faults, as all those who have recently approached him agree. He has finally learned the repeated lessons of the past: the two alerts in Shaba, the centrifugal temptations of the provinces, the devastating effects of the formidable national inertia. Even if he did not want to, he could not avoid it. Since the Kolwezi drama in May 1978, he has been placed by his protectors and financiers -- American, Belgian and French -- in a merciless iron yoke. The new masters of Zaire are the niggling auditors of the International Monetary Fund and the World Bank: no money without a proper receipt. One is therefore stingy

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with government employees and the army, the unstable pillars of the regime which give it lackluster support. It is a vicious circle that never ends.

Collusion and inertia are not exclusively Zairian poisons; far from it! What is tragic is that they are undermining a country that is too young and fragile, that is pathetically lacking in antibodies.

France supplies the crutches of a type of cooperation that is not always adapted to the needs of the patient, but which does have the merit of being there. In one year, adding all forms of aid together -- subsidies, technical assistance, special loans -- its aid has increased three times over. It can mainly be seen in mining research, education, telecommunications, agricultural development and the air and road infrastructures. Paris has decided to make long-term investments: Zaire's potential is immense. Well-managed, it could be one of the powers on the continent.

But one must first of all take care of immediate needs. "Last year, Kolwezi shook the country," says Col Michel Franceschi, head of the military cooperation mission. "But it has already gone back to sleep. We are there to stand guard." There can be no doubt about it: The French soldiers learned their lesson from Shaba. In June 1978, there were 70 of them; now there are 125 in charge of recruiting and training the Zairian Army. Twenty Chinese officers handle the commandos, with varying degrees of luck. The Egyptians take care of the artillery and the French work with the air force, the armored troops and the paratroopers.

It is a thankless task. The Zairians could naturally become excellent soldiers, but how is one to convince these poorly paid, unmotivated men, who every day rub elbows with overfed officers, that they must be willing to die for their country? "We must do the impossible," one airborne officer says.

"Moral chats" are therefore organized on the subject of "the nation." Here and there, the seed takes. By dint of repetition, the lessons sink in. But even when the spirit is willing, the flesh is weak! Trained in combat, the troops will hold firm, but left to themselves, it is "panic." But in this country that has seen so many upheavals, the threat is scarcely gone.

It could come from a revolt of the poverty-stricken: There are 3 million people crowded together in Kinshasa. It could come from a tribal quarrel in Kasai, or once again, from Shaba. Western rivalries over the mining strongbox of Africa and separatist currents make up a dangerous cocktail. The French clash with the Belgians, who occupy key posts in GECAMINES [General Quarries and Mines Company], which has a near monopoly over mining. The Americans, who want to increase their influence in Shaba, push Mobutu toward a "liberalization" deemed perilous by Paris.

Dilapidated Equipment

In Lubumbashi, Colonel Vromme, a Fleming of the old school, tries to deploy a protective curtain around this sensitive region. With his nine Belgian

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officers, he is training the Zairian 21st Mechanized Brigade. But his equipment is falling apart and he is still awaiting a radio connection with the scattered units standing guard at the Angolan border.

There are infiltrations and weapons caches, but no one can ever measure the exact threat. "We are more afraid of a limited raid than a wide-ranging attack," he says.

But it would have the same effect on these Belgian or French "expatriates," now fewer in number, who have remained behind or returned to "keep things going." In Lubumbashi, Likasi and Kolwezi, everyone agrees: "This time, they won't take us by surprise."

Through them, France is also trying to collect the dividends from its military interventions and technical assistance. It wants to be present in Shaba, send its technical assistants there and invest more. For the first time, "under the Americans' very nose," Paris is getting ready to enjoy majority holdings in the largest copper mine in the world: Tenke Fungurume.

France is running risks but it is making a reasonable bet on the future, hoping all the while that Zaire will one day succeed in shaking off its old demons!

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ZAIRE

FINANCIAL STABILIZATION MEASURES

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 28 Dec 79 p 3685

[Article: "Severe Financial Stabilization Measures"]

[Text] In an allocution broadcast from Gbadolite on 25 December, President Mobutu Sese Seko announced the withdrawal from circulation of the 5 and 10 zaire bills which are no longer legal tender effective 25 December in the evening. These bills, President Mobutu added, will be replaced by new bills, the technical specifications of which will be determined later on by the Bank of Zaire.

All Zairian and foreigners residing in Zaire were given three days to exchange them at banks. The country's borders were closed to circulation, and flights over Zaire's territory were forbidden until 31 December.

The exchange is limited to a total of 3,000 zaires per person for individuals, to 5,000 zaires (50 percent of which have to be paid into a bank account) for small and medium size businesses, and to 20,000 zaires for large companies (who also must deposit 50 percent of this amount into a bank account).

Finally, accounts payable at sight will be liberated to the extent of 10 percent during a first stage; the remainder will be liberated progressively as required by the country's economic needs.

According to the Zairian head of state, these measures are intended to neutralize the excess cash flow circulating outside the banks, and thus to stabilize the Zairian currency which had dropped considerably on foreign financial markets during the past few months. They follow a series of other measures already taken by the Zairian government and which included a reorganization of public finances (important reduction of the budget deficit for 1980) and the establishment of a "stabilization program" in cooperation with the International Monetary Fund.

Finally, President Mobutu indicated that regulations concerning the use of bank checks would be reinforced to encourage the people to use standard means of payment (checks and bank transfers).

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ZAIRE

ACCOUNTING FOR MINISTERS' FUNDS

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 28 Dec 79 p 3686

[Article: "Ministers and High Officials Called to Account"]

[Text] Zairian ministers and high officials should no longer be the sacred cows they have been for too long. Ministers and directors of Zairian public services and state-owned companies have now been called to account by the people's representatives through interpellations which took place during the budgetary session of the parliament.

Renewing with a custom which had been somewhat forgotten since November 1978, government officials and officials of state-owned companies will have to explain publicly the management errors discovered in the past few months by the parliamentary inquiry commissions. These commissions were created last July to ensure that the management reorganization and the financial stabilization of the country, two conditions required for the implementation of the stabilization program, would not remain a dead letter.

In addition, by allowing the parliament to play its role to the fullest extent provided by the constitution, President Mobutu Sese Seko is answering the wishes of friendly countries, the United States in particular, who had promised financial help to Zaire if the economic and political structures were made more democratic.

The key ministries involved in managing the plan (Planning, Economy, Finances, Industry and Trade) are the first to be affected by this measure, which--according to AFP--is not surprising when one knows that the main evils affecting Zaire and which have been denounced on several occasions by the head of state are corruption, negligence, fraud, misappropriation of funds and excesses of all kinds.

The members of the inquiry commissions, for instance, were surprised when several large ministry departments declared that they had had no receipts, or only one to three percent of the amount provided for in the 1979 budget, while their operating expenses were increasing considerably during the same period.

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While the interpellations of the ministers and public service directors are awaited with interest by the people, many Zairian personalities and foreign observers in Kinshasa feel that the political questions raised by these debates might be the prelude to certain changes in the government team.

The interpellations are scheduled to start on 27 December, and will be broadcast and televised directly from the national assembly. To start with, six ministers and nine public service and state-owned company officials are involved.

Among the ministries involved are the ministry of investments which administers 134 state-owned companies, and the ministries of planning, environment (no receipts), post office and telecommunications (poor management), mines and economy.

Public services such as Air-Zaire airlines and the Zairian bank are taken to task for their poor management, while several national companies are accused of fraud involving diamonds (MIBA [Bakwanga Mining Company] and the private company British Diamonds), cobalt (SOZACOM [Zairian Company for the Marketing of Ores]), gold (Kilo-Moto) and coffee (Zairian Coffee Office--OZACAF).

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ZAIRE

BRIEFS

CHINESE AGRICULTURAL COOPERATION--The People's Republic of China and Zaire have signed a draft agricultural cooperation agreement on 18 December in Kinshasa. According to this draft agreement, the Chinese government has undertaken to send a delegation of agricultural experts to Zaire; their mission will be to promote and develop the cultivation of rice and vegetables near urban centers. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 28 Dec 79 p 3686] 9294

SOVIET MERCHANT MARINE COOPERATION--The first session of the joint Zairian-Sovietic commission on maritime navigation was held in Kinshasa on 5-8 December. The Sovietic delegation was headed by Mr Nediak from the USSR ministry of the navy; the Zairian party was headed by the secretary of state for transports and communications, Mr Kini Madiata Mbumba. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 28 Dec 79 p 3686] 9294

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