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Sub-Saharan Africa Report

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SUB-SAHARAN AFRICA REPORT

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INTER-AFRICAN AFFAIRS

REPORT ON ISLAMIC DEVELOPMENT BANK'S ACTIVITIES IN AFRICA

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Feb 81 p 288

[Text] The 47th meeting of the council of executive directors of the Islamic Development Bank was held at the headquarters of the Bank of Jidda 27-30 Dec 1980 (or 20-23 Safar 1401 of the hegira). During this meeting the council examined a number of points concerning the Bank's activities, its policies and operations, and approved:

--The operational program of the Islamic Development Bank [IDB] for the year 1401 H (1980-81 fiscal year) bearing on an allocation of funds to the different activities of the Bank, or \$275 million for regular operations, \$500 million for financing foreign trade, \$50 million for technical assistance and other amounts for special operations. Concerning regular operations, account was taken of the principle of sectoral distribution since the vital sectors, such as industry and agriculture, will receive the largest part of this credit.

--The fifth annual report, which will be presented to the council of governors at its meeting which is to take place soon at Khartoum, as well as the balance sheet for the previous accounting period (1979-80). The Council also approved operations for financing foreign trade in the amount of 154 million Islamic dinars (or \$198 million) for member countries, including the following for Africa (the Islamic dinar, unit for accounting, is worth about \$1.28):

--Importation of crude petroleum into Niger, from a member country, in the amount of 15,625,000 Islamic dinars (\$20 million).

--Importation of paper pulp in Tunisia in the amount of 6,250,000 Islamic dinars (\$8 million).

--Importation of cotton and cotton yarn into Tunisia, from a member country to the amount of 17,969,000 Islamic dinars (\$12 million).

--Importation of semi-finished industrial products into Algeria in the amount of 35,150,000 Islamic dinars (\$45 million).

--Importation of urea base fertilizer into Sudan, from a member country, to the amount of 35,150,000 Islamic dinars (\$45 million).

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--Importation of crude petroleum into Morocco, from a member country in the amount of 15,625,000 Islamic dinars (\$20 million).

--Importation of refined petroleum products into Guinea-Bissau, from a member country, in the amount of 3,906,000 Islamic dinars (\$5 million).

The council of executive directors also approved the financing of several projects, for a total of 171.7 million Islamic dinars, or \$219.3 million, including, for Africa:

--Granting of a loan amounting to 2,350,000 Islamic dinars (\$3 million) to Senegal for financing a rural development project in the M'Bour Louga region. This project has the objective of improving the working conditions of 18,000 peasants developing 152,000 hectares in millet and ground nuts, using fertilizers and modern agricultural methods.

--Acquiring an interest in the capital of small and medium industrial projects in the United Cameroon Republic, through the National Investment Company of Cameroon. The aim of acquiring this interest is to encourage industrial projects in both the public and private sectors. The amount allocated is approximately 5 million Islamic dinars (\$6 million).

The total amount of credits approved by the IDB from its founding until the present, for projects in member countries as well as the financing of foreign trade, reaches nearly 1,408 million Islamic dinars or nearly \$1,785 million.

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REPORT ON WAMU BANKING OPERATIONS

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 30 Jan 81 p 247

[Text] The Central Bank of West African States (BCEAO) recently published an analysis of the operations carried out by the group of banks of the West African Monetary Union (WAMU) during fiscal year 1978-79 as well as the financial results released at the end of that fiscal year.

As of 30 September 1979 52 banks were registered in the six states: four in Benin, 20 in the Ivory Coast, four in Upper Volta, six in Niger, nine in Senegal and nine in Togo.

During fiscal year 1978-79 three new banks were authorized to carry out their activities in the Union: the International Bank for Commerce and Industry in Niger (BICIN), the Bank of Credit and Commerce International Overseas Limited in Senegal (BCCIS) and the Bank of Credit and Commerce International Overseas Limited in Togo (BCIT).

For all the WAMU banks the evolution of resources and appropriations at the end of the fiscal year is set forth as follows, in billions of CFA:

	1977	1978	1979
Resources:			
Individual and Company accounts.....	522	603.4	721.1
Treasury and Postal accounts.....	73.6	85.2	132
Long term loans.....	27.6	30.2	40.3
Equity Funds.....	92	115.6	155.9
Other resources.....	327.4		509.9
Total.....	1042.6	1284.2	1559.2
Use:			
Credits to the economy.....	760.7	948.6	1172.7
Bad or disputed loans	13	22.4	34.2
Other elements of assets	268.9	313.2	352.3
Total.....	1042.6	1284.2	1559.2

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The fiscal year 1978-79 was marked by an increase in individual and company deposits, by a slight diminution in the increase in credits to the economy (plus 23.6 percent against 24.7 percent for the preceding period) and by an acceleration in the increase in bad or disputed credits, with a rate of plus 52.7 percent.

In the total amount of individual and company deposits on 30 September 1979, current accounts and deposit accounts for individuals and companies amounted to 496 billion CFA and public enterprise accounts amounted to 225.1 billion.

On 30 September 1979 the volume of credits to the economy included 800.5 billion CFA in short term credits, with 111.4 billion in rural credits (plus 80.2 percent compared with the end of September 1978) and 372.2 billion in middle and long term credits.

According to states, deposits on 30 September 1979 totaled, respectively, in billions of CFA: Benin, 55.1; Ivory Coast, 517; Upper Volta, 41.8; Niger, 47.2; Senegal, 129.3; Togo, 59.1.

From end of September 1978 to end of September 1979 the increase was generalized: in the Ivory Coast, where public enterprise deposits had declined because of withdrawals from the Stabilization Fund, public deposits showed an increase (6.7 per cent). The total of deposits on 30 September 1979 were divided between development banks, to the amount of 226 billion CFA, and commercial banks, to the amount of 627.1 billion.

Concerning aid to the economy, the totals as of end of September 1979 were distributed as follows, in billions of CFA: Benin, 50; Ivory Coast, 721.1; Upper Volta, 54.9; Niger, 61.7; Senegal, 230.8; Togo, 54.2.

The increase was overall from one accounting period to the other; it was particularly marked in the Ivory Coast (plus 130.7 billion) and in Senegal (plus 62.3 billion). In 30 September 1979 this assistance was apportioned to development banks to the amount of 345.4 billion CFA and to commercial banks to the amount of 827.3 billion. Among the banks the Societe Generale group comes first (243.3 billion); then come the BNP [National Bank of Paris] groups (200.1 billion), the BIAO [International Bank for West Africa] (180.1 billion), Credit Lyonnais (151.6 billion) and other institutions (52.2 billion).

For the fiscal year 1978-79 results of operations from all the banks of the Union totaled 153.8 billion CFA (plus 26.4 percent compared to the previous accounting period) and their net results were 11.4 billion CFA (decline of 4.2 percent).

Profits to post, after expenses and amortization, for the accounting period ending 30 September 1979, are distributed as follows, by state, in billions of CFA: Benin, 0.9; Ivory Coast, 6.7; Upper Volta, 0.7; Niger, 1.1; Senegal, 1; Togo, 1.

Profitability of equity funds during the said accounting period comes to the following percentages: Benin, 14.8 percent; Ivory Coast, 6.6 percent; Upper Volta, 10.8 percent; Niger, 11.9 percent; Senegal, 4 percent; Togo, 14.3 percent;

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and the average rate for the Union was 7.3 percent compared with 10.2 percent in 1977-78. For either accounting period the Ivory Coast and above all Senegal showed rates less than the Union average--3.3 percent for the Ivory Coast and 2.9 percent for Senegal.

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INTER-AFRICAN AFFAIRS

ELF-AQUITAINE OPERATIONS IN AFRICA

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Feb 81 p 299

[Text] On 28 January at a press conference in Paris Mr Albin Chalandon, Elf-Aquitaine president, gave his group's provisional results for 1980. The consolidated turnover of the group were said to be in the neighborhood of Fr 78 billion, against 56 billion in 1979. The gross self-financing margin were said to be around Fr 14 billion as against 12 billion in 1979, after deduction of a price effect [effet prix] on stocks of more than 3 billion (2 in 1979). The exploration/production sector contributes more than 13 billion to this total.

Net total profits, before distribution, should reach approximately Fr 6.5 billion, resulting in a net consolidated profit of approximately Fr 6 billion after taking into account minority interests. The net consolidated profit increased moderately (plus 8 percent) compared to 1979 results; but the cost of exploration increased from one accounting period to the other by around Fr 1 billion frcs while the SNEA [National ELF Aquitaine Company] will have to pay a consolidated tax for the 1980 accounting period of around Fr 1 billion frcs.

Investments increased to Fr 12 billion, a great increase compared to 1979 (Fr 7 billion). This increase is found in all sectors. In 1980 Elf Aquitaine devoted Fr 3.6 billion to prospecting for hydrocarbons (against 2.4 billion in 1979) and to the development of new fields, particularly in the Gulf of Guinea. Development investments reached 3.1 billion for the past year.

The Elf Aquitaine group's share in the production was 17.9 million tons of crude petroleum and liquid hydrocarbons extracted from natural gas (including 13.1 tons for Africa) and 20.3 billion cubic meters of commercial gas (including only 83 million tons coming from Africa).

The group's production totaled 24.7 million tons of crude and refined [condensats] (including 21.4 million for Africa) and 25.9 billion cubic meters of gas.

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Production of Elf Aquitaine Group in Africa

Petroleum (in 1,000 t):

	1980	1979
Tunisia	1,124	1,280
Libya	93	179
Gabon	7,587	8,448
Congo	1,940	1,592
Nigeria	1,810	1,744
Cameroon	579	867
Total for Africa	13,133	13,110

Gas (in millions of cubic meters)

Morocco	11	13
Gabon	72	61
Total for Africa	83	74

At the end of December 1980 the group was seeking hydrocarbons in 35 countries. The 640 exploratory drillings brought 23 discoveries of hydrocarbons in 1980 (60 percent in gas and 40 percent in crude); the largest of them being in the Gulf of Guinea (Nigeria and Congo).

Elf Aquitaine activities in Africa were as follows in 1980:

--Angola. Elf Aquitaine undertook a large seismic campaign pursuant to a "production sharing" contract signed in 1980.

--Cameroon. The partnership agreements which set forth the new conditions for Elf Aquitaine's activities in this country were signed 8 February 1980 between the United Cameroon Republic and ELF SEREPCA [Petroleum Prospecting and Exploitation Company of Cameroon]. Exploration continued, revealing encouraging prospects for the gas potential in the Douala basin. New fields were put into development: North Ekoundou, North Kombo, Central Edoundou. The civil research company for the exploitation of natural gas in Cameroon (the Segazcam) was founded 9 July 1980. SNEA holds 20 percent of the shares of this company. The total production carried out by Elf Serepca reached 2,840,000 tons in 1980.

--Congo. A large exploration program was carried out in 1980 resulting in various oil and gas discoveries and confirming the evidence found in 1979, in particular on Mengo (Loeme permit). The Likouala field was inaugurated 21 April by the Congolese chief of state. Total Elf Congo and Agip production reached 3,294,000 tons in 1980 including 1,926,000 carried out by Elf Congo. Production of the Emerald deposit continued at the 1978 and 1979 levels, or 1,400,000 tons. Development work on the Yanga field has started and will be followed by work for developing the Sendji.

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--Gabon. Elf Gabon continued its exploration plan which revealed new stocks, particularly at M'Boumba, M'Wengui, and Baudroie. The first section of the development work on the GMB field in southern Gabon was launched, permitting as of 1980 the beginning of production in that zone.

--Nigeria. Good results from the production fields in 1980 and the recalculation of their reserves sparked a complementary development which should continue into 1982. A large exploration campaign was launched in 1980 on the new marine blocs secured within the framework of the three service contracts signed in 1979. Elf Nigeria production reached 4,522,000 tons for the year 1980. The Nigerian National Petroleum Company (NNPC) signed a contract with Elf Aquitaine for supply of refined products, pursuant to a call for bids made to petroleum companies.

--Niger. An agreement was signed with Esso for the entry of Elf Aquitaine into the permit of Agadem, with SNEA becoming the operator. Moreover an aeromagnetic campaign took place under the Niger occidental permit and the Bilma permit.

--Senegal. A land and sea seismic campaign was carried out in Casamanca and its evaluation is now under way.

--Algeria. On 30 September a contract was signed with Sonatrach concerning exploration of land parcel 409 (Telemzane) with an area of 8,800 square kilometers. This contract is soon to be submitted for the Algerian government's approval.

--Tunisia. On 9 October the award to Elf Aquitaine Tunisia of the Kirchaou permit, and the association agreement with the national Tunisian company Etap [Tunisian Petroleum Activities Enterprise] were signed in Tunis. This permit, of approximately 10,000 square kilometers, is situated on land in southeast Tunisia. The permit of Cap-Bon-Kelibia, covering 2,400 square kilometers was awarded 11 November to an association composed of Etap, Agip, Total and Elf Aquitaine.

--Egypt. Elf Aquitaine Egypte granted BP [British Petroleum] a 40 percent interest in its North Alexandria permit on which the Naf deposit had been discovered, and whose development will be continued in 1981. Elf Aquitaine (50 percent, operator) -BP (50 percent) moreover should soon be awarded the so-called Rosetta permit, also situated at sea, to the east of the North Alexandria one.

--Libya. An exploration contract of the production sharing kind was signed at the end of the year with the national Libyan company (NOC) [National Oil Company]. This contract covers a mining area of 15,000 square kilometers and involves five zones including one at seas and four on land (Syrte and La Hamada basins).

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INTER-AFRICAN AFFAIRS

BRIEFS

AFRICAN-ISLAMIC COOPERATION--African countries represented at the Islamic Summit attached special importance to the economic aspect of the agenda. Four of them, the Comoro islands, Morocco, Senegal and Sudan participated in the preparatory commission responsible for developing an "Islamic economic strategy" and a system of inter-Islamic cooperation. The project of an "Islamic Commercial Center" to be created at Tangier was initiated by Morocco. The chairman, Moussa Traore, from Mali, strongly urged adoption of emergency measures on behalf of the Sahel countries; they could be among the principal beneficiaries of the massive development aid approved by the Conference. The representative of Mr Edem Kodjo, general secretary of the Organization for African Unity, invited to speak during the inaugural session, stressed the need for cooperation in working against Zionism, racism and underdevelopment. He recalled that OAU's principal objective was to liberate the African continent from all the after-effects of colonialism. He expressed the hope that the Organization of the Islamic Conference would strongly support the OAU for the liberation of Namibia and would level political and economic reprisals against the Pretoria regime. Finally, he recalled that at the Freetown Summit the OAU had rejected the Israeli decision to annex Jerusalem. The Taif Islamic Summit must therefore have brought genuine strengthening to Arab-African solidarity. [Excerpts] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Feb 81 p 288] 9772

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ANGOLA

BRIEFS

REGULATIONS ON IMPORTATION--A decree signed by Angolan Minister of Foreign Trade Lopo do Nascimento stipulates that private firms as well as state enterprises and organisms can qualify as importers for the year 1981. Applications for commercial and industrial companies should be received by 31 March. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 27 Feb 81 p 504]

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CAMEROON

CURRENT INDUSTRIAL SITUATION REPORTED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 21 Nov 80 p 3101

[Text] This brief note groups the results from the last quarter of 1979 and those of the first quarter of 1980, with a look at overall development since March 1979.

Sundustricam manpower increased with the presence of nine new members, including Cellucam: from 25,577 workers at the end of March in 1979 to 32,372 by the end of March 1980, an increase of 26.6 percent. At the end of 1979 Camsuco was taken back and Socame (fertilizer) partially.

From March 1979 to March 1980 salaried employees increased 22.8 percent, less than the growth in manpower during the same period. The last official salary increase (following the collective agreements in industry and commerce of 1 Dec 1979), was 8 percent for the higher grades (X and XII) and 14 and 15 percent for the lower grades (I to V). As sundustricam admits that the overall TTC [toutes taxes comprises] volume for the group "only increased 19 percent, a rate hardly greater than the rate of inflation," it can be deduced that the salary increases did not completely overcome the effects of inflation. It seems that inflation speeded up to favor the increase in salaries.

TTC volume developed thusly:

31/12/78:	176.8 billion CFA	30/09/79:	198.2 billion CFA
31/03/79:	182.2 billion CFA	31/12/79:	210.2 billion CFA
30/06/79:	186.8 billion CFA	31/03/80:	223.1 billion CFA

(annual increase 22.4 percent)

Thus, growth speeded up at the end of the period, but at the same time new members joined up and inflation increased. To the extent that the industrials were not allowed to increase their prices, an increase in volume during a period of inflation corresponds to a real growth; however, the industrial profit margins were reduced as costs increased but the selling price was fixed (in those cases where prices were fixed).

Taxes, representing 15 percent of domestic business figures in December 1979, were lowered slightly to 14.5 percent in March 1980, which would be 9.8 percent of TTC volume between the two dates.

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Exports increased less than business volume: 7.14 percent in one year, amounting to a falling off. These proportions are approximately the same for both exports to UDEAC [Customs and Economic Union of Central Africa] and Chad and at large, which is disquieting. The quasi-stagnation of exports at large is explicable because the west in recession is limiting its purchasing and is giving preference to competing articles from the Far East which are more varied and less expensive.

It is the Cameroon market which is now essential to Sundustricam production, an adaptation to need. Domestic volume increased by 28 percent in a year.

In this concert of enterprises, what sectors proved to be the most dynamic? Electricity and electronics head the list, with TTC volume increasing by 69 percent, but this sector concerns only 253 persons. The situation report notes "very good activity" in the sectors of chemistry, cement, plastics; volume increased by 20 percent, but manpower by 43 percent and salaried employees 38 percent. Cimencam performance accounts for a large part of these results. The next four sectors account for "good activity." Food, beverages and tobacco: volume increased by 20 percent, but manpower by 43 percent, especially in the first stages of processing agricultural and fishing products. In contrast, exports remained stagnant at current prices.

Following these are textiles and shoes which held up well; but for years the situation has not much improved in ready-made clothing, TTC turnover in this sector amounting to an increase of 21 percent. Following are the industries of wood, paper and furniture; volume increased 24 percent, exports are stagnant, domestic volume increased 38 percent, manpower 61 percent (doubtless because of the recent entry of Ecam-Placages, Sintrabois and Sofibel), employees 91 percent.

Metallurgy and metal working also were active; the TTC volume increased by 20 percent in a year, exports by 11 percent, manpower by 19 percent and salaried employees by 26 percent. In contrast, the printing industry is in great difficulty because of price increases for paper.

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CAMEROON

BRIEFS

COOPERATION WITH GUINEA--Two cooperation agreements, one for economic and technical assistance, the other cultural, were signed by Equatorial Guinea and Cameroon on 6 November. After 4 days of work, the joint Guinea-Cameroon commission decided on developing bilateral cooperation in consular matters, taking into account "the sizeable flow of human exchange now existing between Cameroon and Equatorial Guinea," announced the final release, which then added that the commission had also "examined the possibilities of signing new agreements in the domains of agriculture, forestry, fishing and livestock." The Guinea delegation was led by the first vice president and minister of foreign affairs, Florencio Maye Ela, and the Cameroon experts were headed by Paul Dontsop, state minister for foreign affairs. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 21 Nov 80 p 3101] 8860

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CHAD

KAMOUGUE SAID TO BE ONLY LEADER ABLE TO PREVENT NATION'S BREAKUP

Paris JEUNE AFRIQUE in French 11 Feb 81 pp 30-32

[Article by Jos-Blaise Alima: "The Secessionist Temptation"]

[Text] The cadres coming from the south continue officially to reject the idea of a possible secession. Returning to Moundou on 22 January after a 3-week absence, Colonel Wadal Abdelkader Kamougue repeated that Chad will remain united. Does he truly believe it?

On the contrary, everything leads one to believe that the temptation to secede has never been as great. In Paris, for example, French governmental sources observe that the split between President Goukouni Oueddei and his vice president, Colonel Kamougue, is becoming deeper and deeper.

And they foresee an end soon to the alliance between the two men. It is true that France has never believed Chad is territorially viable. In 1962, it even considered severing the country from the immense BET (Borkou-Ennedi-Tibesti) region to install there Algerian-born Frenchmen.

Eighteen years later, President Giscard d'Estaing proposes the idea of a federation, which assumes the existence of at least two autonomous states. For example, the North (obedient to Libya) and the South (transformed into the "Republic of Logone").

Dissidence

Now for nearly 2 years Chad has been de facto partitioned. In obedience to the resolutions of the first Kano conference (March 1979), which called for the demilitarization of Ndjama, the Chadian Armed Forces (FAT) of Colonel Kamougue moved back to the cantonment zone established by the accord, in other words, to the southern end of the country.

This withdrawal facilitated the dismissal of the Colonel, then at the head of the police, by the Goukouni government--Hissein Habre, with whom Kamougue had refused to work.

It was dissidence. By the thousands, cadres, civil servants and businessmen from the south left Ndjama to return to their home region. Troops from the capital tried in vain to subdue the rebellion.

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Since then, the southern front has moved closer to the capital. Indeed, the southerners today control five of the 14 departments that make up the country: Tandjite, eastern Logone, western Logone, Mayo-Kebbi, and Moyen-Chari. They are also established in a good part of Chari-Baguirmi (of which Ndjamenena is the chief city).

Potentialities

This zone barely covers the quarter of the country that has always been described as "useful Chad." Not without reason. It is not, in fact, lacking in potential.

There is first of all the precious human capital: a population of nearly two million inhabitants. Unlike the nomads of the North, the southerners are basically sedentary. They constitute the "lungs" of an administration which employs 80 percent of their nationals.

So it can be understood how the South has continued to live reasonably well. In Moundou, Sarh, and Bongor, activity has not sagged. On the contrary, numerous companies--fleeing Ndjamenena, which was fired upon by rockets and artillery--betook themselves to the South.

At the request of President Goukouni, the Bank of Central African States (BEAC) reopened its Moundou branch. France established a consulate there. In short, life follows its normal course, even if the 10,000 soldiers who constitute the Chadian Armed Forces (FAT) are in a constant state of alert.

Along with agriculture, the South has a second asset: it is the real "granary of Chad." The main national source of foreign exchange (80 percent), cotton, is cultivated only in that region. While not reaching the record volume of 1976 (173,800 tons), this year's production (about 88,000 tons) is considered satisfactory.

Imbroglia

For the moment, cotton plays the driving role in regional development which it previously played on the national level. Pending [development of] the wealth below the surface, the third high card the Chadians hold. The battle for Ndjamenena has prevented the oil exploitation anticipated for 1980.

It was the Sedigui deposits, north of the capital, which were to be exploited by the American company, Conoco (Continental Oil Company). Without being very large, they would have been sufficient for internal consumption needs. With help from the Arab Bank for African Economic Development (BADEA) and the Central Fund for Economic Cooperation [CCCE], construction of a refinery at Ndjamenena is envisaged, while a 365-km pipeline would link Sedigui to the Chadian capital. While the war may have put this project on the back burner, it has not stopped prospecting in the South. Moreover, it is said that Sedigui is only a fraction of the important reserves most of which are situated in the southern part of the country.

In January 1980, the minister of the economy, Michel Ngangbet Kosnaye, went to Washington to discuss oil prospects with officials of the World Bank. And although Conoco is reluctant to talk about the matter, it seems that the reserves situated in the South are such that consideration is being given to construction of a

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Moundou-Douala pipeline. Some estimates project annual revenues on the order of CFA Fr 750 billion after just a few years of exploitation:

Across all these assets, and without exaggerating, Colonel Kamougue is aware of the weight he wields in the Chadian imbroglio. Any solution to the conflict must reckon with this man, not too long ago Tripoli's favorite target.

Deterrence

His 1976 rows with Dr Abdessalam Triki, Libya's chief diplomat, at the 4th OAU summit at Libreville (Gabon), are still vividly remembered. The Chadian official was then minister of foreign affairs and was considered an uncompromising fierce defender of Chad's territorial integrity.

Has the circumstantial alliance sealed with Tripoli eroded his convictions? Certainly not, since Kamougue is openly hostile to the invasion. But since the fall of Ndjamaena (15 December 1980), Libya has been consolidating its position in Chad.

Close to 6,000 soldiers are scattered throughout the country. Only the zone controlled by the FAT still escapes them. Geographically, it benefits from an advantageous strategic position with respect to its western, eastern, and southern borders. Cameroon and Central Africa, its neighbors, are in fact hostile to Mouammar Qadhafi's Islamic expansionism.

The presence of French troops in Central Africa is a deterring factor for the Libyan troops, if they were tempted to reach into the region by way of the RCA [Central African Republic].

Cameroon, for its part, has established a military sub-sector at Kousseri for the extreme north and reinforced its military deployment in the region.

Reassured on his southern flank, Kamougue would thus have only the northern flank to defend. This, in a scenario where the Goukouni forces led by the Libyans should decide to put down an eventual secession. One could then imagine Colonel Kamougue appealing to France. Arguing from the fact that the safety of French nationals is threatened, Paris could thereby find a justification for intervention. But in light of the sacrosanct principle of the untouchability of the borders inherited from the colonial period, will the OAU countenance a secessionist venture? Moreover, would not a Goukouni-Kamougue confrontation encourage the opening up of a new front in the north?

Support by Sudan, Hisssein Habre's men would not fail to seize the opportunity to attack the Chado-Libyan troops from the Sudanese border.

Deaf Ear

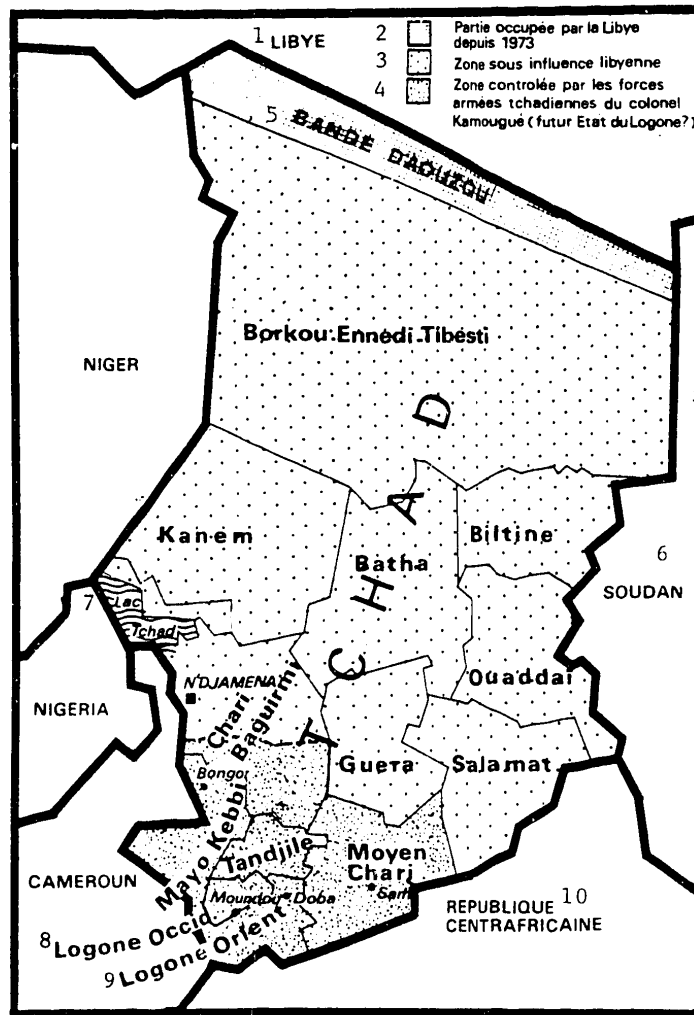
The vietnamization of the Chadian conflict is coming clearly into view. The Lagos accords (August 1979) gave the GUNT [Transitional National Union Government] 18 months to restore things. This deadline expires 21 February 1981. But Goukouni, weakened by his blunders and today a prisoner of the Libyans, is no longer free to react.

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Of course he denounces as best he can, the merger. But what resources are at his disposal to make the Libyan soldiers leave? The OAU admits its inability to put together its famous buffer force. It continues to beat desperately at the doors of the UN, which turns a deaf ear, while the clock ticks.

At Lome (14 January), the signatories of the Lagos accord recalled that they had the power to dismiss Goukouni Oueddei, whom they put at the head of the Chadian state. But would the Libyans let them do it? They know that the elimination of Goukouni means that Abdelkader Kamougue--their ally for a time, but also and above all a visceral enemy--moves to center stage.

For Kamougue clearly remains the man who could still avert Chad's disintegration. Since he is the arbiter in this formidable race against the clock.



Le Sud tchadien : cinq départements sur quatorze. Une partition de fait. 11

[Key on following page]

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KEY:

1. Libya
2. Part occupied by Libya since 1973
3. Zone under Libyan influence
4. Zone controlled by Chadian Armed Forces of Colonel Kamougue (future state of Logone?)
5. Aouzou Strip
6. Sudan
7. Lake Chad
8. Western Logone
9. Eastern Logone
10. Central African Republic
11. South Chad: Five of 14 departments.

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CHAD

INTERNATIONAL COOPERATION STARTING; MEDICAL, ECONOMIC AID NEEDED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Feb 80 p 316

[Text] After attending the Taef summit Mr Goukouni Weddeye, president of the National Union Transition Government (GUNT), returned to Ndjamen 1 February. Before and after this stay in Saudi Arabia he visited Tripoli where he spoke with colonel Qadhdhafi.

Members of the Chad government condemn to all who will listen France's attitude after the announcement of the plan for uniting Chad and Libya. Translation "errors" in the text published in French are emphasized, although the French translation of the Tripoli agreements of 6 January came from the Libyan agency, Jana, itself. It is readily declared in Ndjamen 1 that actually it is only a question of "spiritual" union between two peoples united by blood and history. But it is also stressed that Libyan troops will not be withdrawn until there is no more "foreign threat" to Chad's security. Was this a reference to the support Mr Hissein Habre still has abroad? He recently appealed to France in a Radio Monte Carlo interview.

Moreover the beginning of international cooperation is noted as the Kousseri refugees return to their homes on the other side of the Chari. According to AFP Chad authorities stress the essential role aid from France and international organizations could play in this domain, provided "Chad's national sovereignty is respected."

Mr Bailou Naimbaye Lossimian, minister of agriculture, considers that France ought to take some "initiative" and "not use Libyan presence in Chad as an excuse not to help the Chad people in their time of need." It is stressed at Ndjamen 1 that the only emergency aid Chad receives is Libyan humanitarian aid (foodstuffs, medicine, blankets, basically). It is added that, considering the ties between Chad and France, French aid ought to have come naturally.

On the French side, contacts have resumed between local cooperation authorities and Chad's government authorities. The Chad Press Agency (ATP) reports that on 27 January in Ndjamen 1 a meeting took place between the Chad ministers of agriculture and cattle farming (Mr Maina Affono); of planning (Mr Sekoua Laoukissam); the representatives of the European Development Fund (EDF) and the French Fund for Aid Cooperation (FAC). This meeting seems to have dealt basically with the continuation and conclusion of agricultural projects already under way (cotton, cattle raising).

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They apparently also made a preliminary study of future projects. It is also said that Chad requested medical assistance for the Ndjamenas hospital as well as some assistance in the field of education and civil engineering.

Finally, a UN mission to Ndjamenas is expected in early February. Chad authorities are considering asking it for urgent assistance. Chad has also been in touch with financial experts for putting its banking system back in order, an essential condition for any economic recovery.

There also remains the important problem of paying government officials' salaries, a problem that has not yet been settled.

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CONGO

BRIEFS

UCB REPORT ON ACTIVITIES IN 1979--The balance sheet of the Congolese Union of Banks (UCB) for the 1979 accounting period amounts to 19,138.6 million CFA francs and shows a profit of 3.3 million CFA francs. On the credit side are found nearly 10.2 billion CFA in current accounts, 2.45 billion in bills of exchange, 3.1 billion in bank certificates and correspondants, etc. The 7 November general assembly approved this balance sheet and fixed OCB's stock value at 12,710 CFA francs. The 600 million CFA francs capital of the Congolese Union of Banks--which on 1 October 1974 resumed activities of the BICIC [International Bank of Commerce and Industry of the Congo] and the SGBC [General Banking Company of Cameroon]--is divided as follows: Congolese state, 51 percent; Congo Management and Participation Company 24.5 percent; International Participation and Management Company, 24.5 percent. Mr Pierre Moussa, minister of planning, is chairman of the board of directors, with Mr Paul Andely serving as general manager. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Feb 81 p 317] 9772

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IVORY COAST

OUTLOOK FOR PETROLEUM INDUSTRY EXAMINED

Paris LA LETTER DE L'EXPANSION in French 26 Jan 81 p 5

[Text] Will the Ivory Coast become one of the petroleum greats? French official circles appear skeptical about the reports, until today unpublished, coming from the Ivory Coast and which we reveal here. Phillips Petroleum, leader of the prospectors operating on the Espoir site (Jacqueville permit) are supposed to have had the marvellous surprise of finally discovering a deposit evaluated today as representing 400 million exploitable tons. Certain indications already provide grounds for estimating it at 900 million tons. With this discovery, until now secret, Phillips Petroleum is thinking of reaching a production of 15 million tons in 1983, 25 million in 1985 and 50 million in 1988. This would be five times more than the current production of Gabon and half of Nigeria's production, both being the principal petroleum exporters of black Africa. If these reports turn out to be true the whole Ivory Coast economy would be turned upside down, making the FMI [International Monetary Fund] worries pointless; they were to find expression in a period of austerity, justified by a foreign debt servicing which uses 29 percent of exports.

Comment: What consequences would there be for French industrialists? In the field of direct profits, practically nothing, it seems. The CFP [French Petroleum Company] is on the spot, but only as technical counselor. On the other hand, it is different for the suppliers of equipment, particularly Doris, ETPM and Serimer, well placed in Abidjan. Moreover, despite the appetite of the United States, one of the Ivory Coast government advisers stated to our correspondent "in all events, France will be treated well."

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LIBERIA

BRIEFS

ETHIOPIAN-INSPIRED LITERACY CAMPAIGN--Dr Henry Fahnbuller, Liberian education minister, announced in an interview accorded 2 Feb to the government newspaper, New Liberian, the impending dismissal of 200 teachers charged with teaching reading and writing to adults. These teachers will be replaced as of 1 March by volunteers accepting a salary of less than only 25 dollars per month. Nearly 70 of these volunteers have already gone to Ethiopia for training in the methods used by that country. On their return these volunteers will be sent to the Liberian countryside. Mr Fahnbulleh added that the teachers dismissed could apply provided they agreed to earn only 25 dollars per month for one hour of teaching each evening, like the other volunteers. He said they got 250 dollars monthly for the same work schedule under the regime of the former president Tolbert. The new military government had reduced their salaries to 200 dollars. According to the minister the Liberian illiteracy rate is 80 percent. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Feb p 313] 9772

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MADAGASCAR

BRIEFS

VIETNAMESE IN MADAGASCAR--Some Vietnamese pilots have arrived in Madagascar. It is pursuant to an agreement concluded between president Didier Ratsiraka and general Vo Nguyen Giap, who visited the country in mid-November. The Vietnamese will pilot Mig 23's given by the USSR and which have been located at the Ivato base. [Text] [Paris L'EXPRESS 10-16 Jan 81] 9772

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SENEGAL

PREMIER OUTLINES POLITICAL, ECONOMIC PROGRAM, PLANS

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Feb 81 pp 307-309

[Speech by Prime minister Mr Habib Thiam at national assembly 30 Jan]

[Text] The programmatic speech delivered by Mr Habib Thiam, Senegalese prime minister, on 30 Jan before the national assembly confirms the trend toward opening up the political spectrum announced by Mr Abdou Diouf, chief of state, in his inaugural speech.

Extension of multipartitism

Thus, for political affairs, Mr Thiam disclosed that the article of the Senegalese Constitution limiting the number of political movements to four would be amended "to allow and to guarantee democratic expression to all representative political movements." That article, implemented by a law, until now authorized only four political parties to exist: the Socialist Party in power (socialist movement), the Senegalese Democratic Party (liberal), the African Independence Party (marxist-leninist), and the Senegalese Republican Party (conservative). Other political parties, in particular the National Democratic Union of Professor Cheikh Anta Diop, have not been legally recognized because of these constitutional provisions.

Mr Habib Thiam also announced he would present some draft bills to strengthen the safeguards for democratic election of the president of the republic and deputies. He also stated that amendments would be made to certain provisions of the electoral code pertaining to election of deputies, in order to allow "the emergence of stable parliamentary majorities, a necessary condition for a strong and respected state." The prime minister explained that these amendments will be introduced to avoid quarrels and rifts within parliament and paralysis of government action.

The stabilization of public finances

Mr Thiam stressed that 1980 had been a particularly difficult year for the Senegalese economy and emphasized the need "to carry on with the implementation of the mid-range economic and financial recovery plan (presented) 19 December 1979." In this context "important measures have been taken in such varied fields as the stabilization of public finances, management of public enterprises, encouragement of savings, credit policy, and stimulation of investment and production."

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Stabilization of public finances finds expression in the 1979-80 amended finance law and the vote on the current budget. It focused in particular on the increase in state revenues (increase in customs duties in March and September 1980) and a 7 billion CFA reduction in regular state expenditures (23 embassies closed, reduction in the number of automobiles on the road, lowered gas consumption, and eliminating 150 French technical assistance units). In all, for the first year, these measures resulted in a saving of 5 billion CFA. Other steps were taken. "The national retirement fund was running a deficit," Mr Thiam indicated. "Its receipts were therefore raised by an increase in contributions on 1 March. Its budget is now balanced.

Furthermore the autonomous redemption fund...was in deficit for 3 years. The 1980-81 budget law therefore instituted a 40 percent levy on the value added tax for the benefit of that fund. Thanks to this levy that account's deficit was brought down from 12.5 billion in 1979-80 to 6.2 billion francs in 1980-81."

Mr Thiam added that "foreign debt servicing had increased considerably in 5 years, from 10 billion in 1976 to 37 billion in 1980 and 1981. To meet the heavy financial commitments of this year and cover the redemption fund's deficit, we are examining the possibility of refinancing a part of the public debt, possibly 6 billion francs, with international banks"...

"The second part of financial stabilization concerns the para-public sector," the prime minister added. "This year the state has undertaken a policy of contracting with public corporations..."

"Plan-contracts constitute the essential element of this new policy: for each corporation they set forth realistic and quantified objectives for development, management performance, and production quality. Two days ago (28 January) the first plan-contracts were signed with SOTRAC, SONATRA, [National Air Transport Company] and the government-controlled railroad company."

Encourage savings

"So far as encouragement of savings is concerned, this year two series of measures were taken. The first seeks to encourage and mobilize our fellow citizens' savings. That is the task assigned to the Housing Bank, and with praiseworthy dynamism it has succeeded in a short time in tapping large savings, much higher than the objectives fixed: 5,000 individual accounts (instead of the planned 2,000) were opened in 9 months. This year the housing bank will finance the construction of 1,000 HLM [moderate-rent housing] housing units, 250 SICAP housing units, 550 housing units presented by private promoters, and 400 privately-owned housing units including 200 on improved lots. It will also finance the repurchase of 250 former SICAP housing units. The second seeks to encourage corporations located in Senegal to save in order to invest more. Improving their productivity is a necessary condition for conquering foreign markets. Thus in February 1980 you voted an increase of from 5 to 10 percent in the tax rate for the benefit of the development budget. This levy constitutes an investment fund which should be mobilized by the corporations or, failing that, by the state. The amount of levies issued rose from 1.5 billion francs in 1979 to 2.7 billions in 1980. The new law bringing leasing under the fiscal system will also encourage savings and investment by

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enterprises. It is a practical way of financing investments, made available to firms whose capital is inadequate to finance their development."

Monetary policy

"It is appropriate to recall the readjustment of interest rates in the field of money and credit. The council of ministers of the West African Monetary Union has increased the prime discount rate of the Central Bank of West African States from 5.5 percent to 8 percent. This increase brought the regular discount rate to 10.5 percent. This step, taken last 14 April, naturally increased corporations' financial overhead, without however reaching the international levels found this year, which are around 20 percent. Of course, interest rates on bank deposits were also raised to protect depositors, particularly term deposits.

Other steps were taken in the field of credit. These were, on the one hand, levelling credits to the economic sector in order to restore our holdings abroad and, on the other hand, selective credit controls to favor the productive sector, which generates employment.

The results are satisfactory: on 31 August 1980 the total amount of domestic credit was 280 billion francs, a level slightly below the ceiling fixed for that period. In the field of credit restriction, the objective was almost achieved: on 30 September 1980 credits accorded the priority sector represented 65.1 per cent of the financing arranged by the banking system. I recall that we had decided to allocate 66 percent of banking credits to financing activities of the priority sector. This year we shall again follow the same credit restriction policy."

Concerning the system of export subsidies instituted last 1 September, Mr Thiam said "Preliminary information on the volume of our imports is encouraging: despite the increase in the price of petroleum the overall increase in our imports in current francs was only 3 percent in 1980, against 22 percent in 1979. Nevertheless the balance of payments remains heavily in deficit, causing an extensive resort to foreign financing."

In connection with foreign assistance the Senegalese prime minister stressed that "all these new commitments were negotiated under very favorable terms. That is why servicing our public foreign indebtedness, which reached 21 percent of our export receipts in 1980, will decline to 15 percent in 1982 and 12 percent in 1985."

Stimulate production

According to Mr Thiam the essential thing is the stimulation of production and productive investments: "Increase in national production and productivity will without doubt ensure lasting restoration of the basic financial and economic balance of the nation. To reach this objective the government seeks to reorient public investment, and encourage modernization of existing enterprises and the creation of new ones in the most productive sectors, that is, industry, agriculture, fishing and tourism.

In recent years public investment has increased more than private investment: it rose from 40 billion francs in 1975 to more than 80 billion in 1978. However for

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the most part these investments were made in sectors with a deferred return, such as in basic infrastructure and educational and social development. The result has been insufficient growth in our productive capacity.

The government has therefore decided to reorient public investments to the productive sector: in April 1980 the minister of planning and cooperation presented a new investment plan for the years 1980-1982. Fifty-five percent of the operations provided for in this plan will be in the productive sector. The VI Plan, now being developed, will further this reorientation, giving priority to water projects in the rural sector.

In agriculture the priority problems are preventing starvation of the people affected by the drought: (importation of 50,000 t of grain, 3 billion CFA solidarity fund), saving the cattle, and preparing for the next agricultural season, particularly by safeguarding the country's seed supply (Cost: 6 billion).

In the field of rural development, Mr Thiam said "The national community development fund (Fonadec) was founded in July 1980. Funded with 2.3 billion francs, in a first phase it will finance 30 small rice cultivation areas in the river region, 18 truck farming projects in the Thies and Sine Saloum regions, about 10 bee gardens for honey production, and 15 banana plantations in Casamance. The Fonadec will also outfit around a hundred fishermen in the Louga region. Another institution for small rural development projects was also founded in July 1980. It is Gopec [expansion unknown] and is specifically concerned with the problems of young agricultural producers in combatting the rural exodus. Twenty-three small projects are about to be put into operation and 76 other pilot projects have been identified."

Furthermore, according to the prime minister, "Stimulation of production in the primary sector obtained significant results in the sub-sector of sea fishing. In 1980 in fact the catches reached the record level of 340,000 t. Exports of fresh or preserved fish increased in 1980 to 32.5 billion francs. To get an idea of the results achieved let me recall that in 1970, only 10 years ago, the total amount of our exportation of these products was scarcely 2.2 billion francs. The government will continue supporting the development of the fishing industry."

Mr Thiam then cited the government's principal steps to stimulate production: relaxing the pricing system, increasing protection of national production by raising customs duties, export facilities, orienting bank credit to productive sectors, relaxing the leasing system and simplifying administrative procedures.

Towards a new investment code

Concerning the field of investments the Senegalese chief of government stressed the "excellent results the interministerial investment committee obtained this year. In 1980 it approved 67 projects for new enterprises, representing a total of 59.5 billion invested. That is the best result ever achieved since independence and this was done despite the current poor economic situation. For purposes of comparison, in 1977 only 19 projects were approved, for an overall investment of 9.2 billion francs. These figures eloquently illustrate the progress made. But we should do still more and better to reach by 1985 a pace of creation of new enterprises representing 100 billion of investment and 8,000 new jobs per year.

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"This year the national assembly will be asked to examine a bill replacing the current system of preliminary authorization for the creation of new enterprises by a system of a simple preliminary declaration. Likewise the new draft investment code which is more encouraging to investment, more likely to preserve healthy competition, and has simpler administrative procedures, will be submitted to you. We are likewise studying a system of credit subsidies which our compatriots need to found production enterprises," added Mr Thiam. "Our efforts to help the development of small and medium Senegalese corporations will also materialize in 1981 by beginning the construction of three new industrial parks: at Kaolack, Dakar and Saint-Louis."

Mr Thiam stated that in the energy field "for the first time since the 1974 energy crisis petroleum consumption in Senegal will have decreased in relation to the previous year", adding that beside solar energy Senegal is also studying the use of imported coal as a substitute for fuel oil, particularly for electricity and cement production.

"Finally petroleum and mining exploration have been considerably intensified on national territory. Seismic results of the prospecting carried out this year justify some optimism and in 1981 French, American and Canadian companies will carry out land and sea petroleum drilling in the Louga region and in Casamance. Real hopes are justified in connection with the Casamance deposits. I am also thinking of a qualitative and quantitative evaluation of our peat deposits on which we base so many hopes. During the first half of 1981 we shall have a sufficiently clear appraisal to make some possible decisions about cultivation."

Finally, concerning health, "We have undertaken a large-scale modernization and development program for our medical establishments. Saint-Louis hospital is being modernized, Le Dantec hospital is being provided new equipment, Ziguinchor hospital will be enlarged and modernized, the Louga hospital will be built this year. Health centers for Touba and Tivaouane are under study. Several health centers will also be renewed and outfitted. In this connection I remind that our 36 health centers are now all provided with doctors."

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SENEGAL

BRIEFS

PURCHASE PRICE FOR GUM ARABIC--According to the terms of a 31 December 1980 decree of the minister of commerce and the secretary of state for the national forestry commission, the minimum purchase prices for gum arabic were fixed for the 1980-81 season. The purchase price for middleman dealers is fixed at 180 f CFA francs per kilo on the scales. Purchase prices for growers are (in CFA francs, per kilo). 175 for hard gum, 70 for crumbly gum and 50 for scraps. A five CFA franc per kilo forestry tax will be paid in addition. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Feb 81 p 309] 9772

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TANZANIA

BRIEFS

DISMISSAL OF TIB OFFICIALS--An official communique published 26 January at Dar-el-Salaam announced that president Nyerere, now pursuing an anti-corruption policy at the highest level of the Nation (MTM of 30 January 1981, p. 262) had decided to dismiss the president and administrator-delegate, Mr George F. Mbowe, as well as the general manager, Mr Edson K. Tibesigwa, of the Tanzania Investment Bank (TIB). According to the communique this punishment is linked to the fact that these two authorities had sold a ship, the MX Jitegemee, which had come into the possession of the TIB after the disappearance of the Eastern Africa National Shipping Line (EANSLI), to a private individual of Tanzanian nationality, Mr Rajpar. The TIB authorities were blamed, on the one hand, for having carried out the transaction in Tanzanian shillings while the country had paid for the ship in foreign currency, and, on the other hand, for not having acted as competent high officials in "other details" of the transaction. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Feb 81 p 319] 9772

ZANZIBAR'S INDUSTRIAL PRODUCTIVITY IMPROVES--It is announced in Zanzibar on the basis of official information that the island's industrial productivity has considerably increased since its industrial installations have been receiving electric current regularly. This is thanks to the underwater cable which provides them current from the Kidatu plant in continental Tanzania, placed in service last May. Thus the island's shoe factory currently produces 9,000 pairs per month against 3,000 in January 1979; and cigarette production rose from 530,000 units per month in 1979 to 16 million in December 1980; while the production of copra oil, which only reached 2,600 t in 1979, reached 5,200 t from June to December 1980. Likewise, the production of non-alcoholic beverages rose from 850 cases per day to 2,150 cases with the return of regular electric power supply. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Feb 1981 p 320] 9772

DECLINE IN PEMBA CLOVE PRODUCTION--Zanzibar--According to the Zanzibar State Trading Corporation (ZCTC) production of Island of Pemba cloves rose from 11,200 t for the 1979-80 season to about 5,000 t for 1980-81. Bad weather as well as failure of the peasants to treat the trees are apparently responsible for this decline in production which is the more worrisome since Pemba produces 80 percent of Tanzanian cloves. [Text] [Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 6 Feb 81 p 320] 9772

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ZAIRE

COOPERATION AGREEMENTS ON MANAGEMENT TRAINING, HEALTH SERVICES

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 21 Nov 80 p 3105

[Text] The United States and Zaire have recently come to an agreement on two cooperation accords, one on management training, the other on health services.

The first envisages a program in management training which will train an executive class according to the guidelines laid out by the two signatories. About 500 Zairian executives will be trained by the end of the first 2-year phase. Three stages in the training program are planned: the training of middle level management in Zaire, of high ranking executives participating in special programs in the United States and of special teachers.

The cost of the project is estimated at \$6.3 million, 62 percent to be supplied by the Zairian executive council which will be able to undertake this financial burden through the sale of American food supplies. The American government will supply the remaining \$2.5 million.

The organization and administration of the project will be in the hands of the commissioner general of planning, assisted by an American member of USAID. This person will thus furnish the technical assistance necessary for accomplishing the project and will assure the participation of consultants and specialists in this area.

The second accord aims at reorienting the present health services system in accenting preventive health care through health education and cleaning up the environment. It will be financed by the executive council in the amount of 1,869,000 zaires, and by USAID in the amount of \$1,277,000.

To begin with, volunteers from the Peace Corps will assist in setting up a low cost health services delivery system in the Kongolo zone (North Shaba), adapted to the needs of the population. The system will serve as a model for similar systems to be set up throughout the country. The project will also provide for the training of Zairian public health personnel and for sending to Zaire American experts in planning for health services.

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Cooperation with Yugoslavia

Yugoslavia plans to participate with Zaire in numerous projects in the goal of realizing cooperation accords between the two countries.

In particular, the energy sector will see construction of high tension lines between Katana-Goma and Kinshasa-Brazzaville, the opening of a research center at the National Electricity Company (SNEL), construction of a factory for electrical goods at Kinshasa, and construction of a hydroelectric plant at Katinde II, in eastern Kasai. Yugoslavia also responded to the call for bids on electrification of the domain of Kisanga in Shaba, as well as for the railway line Kinshasa-Matadi.

In the agricultural sector, Yugoslavia is interested in a plant for processing corn products, also in the development of the Lufira and Kisanga valleys.

In the scientific area, a group of Zairian experts will spend some time in Yugoslavia to study methods for processing corn, while a Yugoslavian scientific mission will come to Kinshasa to set up a program of cooperation in the scientific sector.

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ZAIRE

BRIEFS

TROOPS TO UGANDAN BORDER--The Zairian elite division "kamanyola" was dispatched to the Ugandan frontier in response to frequent incursions by the Kampala army in this sector. Ugandan authorities, in turn, censured Kinshasa for having granted asylum to the principal leaders of the armed bands still loyal to Idi Amin, including the son of the former dictator. [Text] [Paris JEUNE AFRIQUE in French 26 Nov 80 p 42] 8860

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ZIMBABWE

FRENCH INTEREST IN ECONOMIC DEVELOPMENT REPORTED

Paris MARCHES TROPICAUX ET MEDITERRANEENS 6 Feb 81 pp 324-325

[Text] The CFCE (French center for foreign trade) organized an information meeting about Zimbabwe on 28 January in Paris. Many representatives from business circles attended.

A DREE representative (Direction of foreign economic relations) stressed the growing role of the French commercial counselor in Salisbury since 1980. After the proclamation of Zimbabwe independence Coface [French Insurance Company for Foreign Trade] opened a credit-insurance (short- and medium-term) concerning the risks taken in a previously "forbidden" country. In November a financial protocol between the French authorities and those of Zimbabwe was negotiated. It was to be signed during the month of March and includes a package of Fr 250 million (including 225 million for industrial projects and 25 million for ordinary goods) made up of commercial credits and loans from the French treasury.

Contrary to certain reports, this protocol does not apply to individual operations. To become operational beginning next April only the large sectors of application need be defined. Signing such an agreement does not moreover mean that traditional insurance-credit operations do not apply to Franco-Zimbabwe operations outside the financial package mentioned above.

As we announced in our last issue, France will be represented at the next Bulawayo fair, which will take place in April-May. As the DREE spokesman stated, in Paris Zimbabwe is considered "one of the most interesting countries in southern Africa" with a "very positive" political experience since independence.

Nevertheless French businessmen should not expect to find it all that easy to do business in Zimbabwe, despite the economic aid France has promised. Foreign competition has sometimes been able to take advantage of situations, such as French hesitancy because of sugar in Zimbabwe's compliance with the Lome Convention. It also can happen that French prices are not competitive.

Excellent Economic Balance Sheet

It was up to Mr Daniel Gagneux, French commercial attache at Salisbury, to present the economic balance sheet of a country too little known in French-speaking business circles. Mr Gagneux recalled that Zimbabwe, two-thirds the size of France, is relatively heavily populated (7.26 million inhabitants, including 220,000 Europeans)

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and that its population is very young (55 percent less than 15 years old). He said its economy is "in an exceptional situation for a developing country" and this is after 15 years of war. In 1980 real growth was 7 percent. The public debt is of the order of 200 million Zimbabwe dollars [Z] (Z\$1 = approx. 7.20 French francs) and servicing the debt represents only 3 percent of exports (compared with 13 to 14 percent, on the average, in countries of comparable economic level). The commercial trade balance is positive, the one for services is slightly in deficit, and the one for payments is positive. Hard currency reserves are equal to 4 months' importations, and inflation was limited to 10 percent in 1980.

Zimbabwe's agriculture is one of the most developed in Africa; it has become diversified after having first been based on tobacco. Two million tons of corn is expected to be produced in 1981, which will permit extensive exports since domestic needs are 800,000 tons. Wheat production is sufficient for domestic consumption; tobacco, cotton (quality), soy beans, and sugar are exported.

Mining potential, without being immense, is large. It is dominated by four groups: Anglo-American Corporation, Lonrho, Rio Tinto and Falconbridge. Zimbabwe is sixth in the world gold production and second in western world production of ferro-chromium. It also has large resources in asbestos and coal (second in African production, after RSA [Republic of South Africa]). Mining output reached the value of 400 million Zimbabwe dollars in 1980. It could double by 1985 and triple by 1990.

Industry accounts for 25 percent of the GNP (a slightly higher percentage figure than that for South Africa's GNP). It was very much developed during the period of sanctions (1965-1979). The mechanical industry is "without equal throughout Africa." The textile, wood and furniture, and chemicals sectors are large. Ninety-five percent of domestic consumption requirements are met by local industry which produces numerous durable goods and exports.

The road network (5,000 km in asphalt) is excellent. The railroads will have electric power, but the telephone network remains old. The banking network is the most developed in Africa and insurance activities are extensive.

Outlook for 1981

For the year now beginning a real growth rate of at least 7 percent, perhaps even 10 percent, is estimated, and this could also be the case in 1982. This year growth will be based on the agricultural sector, thanks to favorable climatic conditions and also to the refugees who have undertaken cultivation on lands bought back by the government. In the meantime approximately 200 white farmers out of more than 5,000 have been returning to the farms they had to abandon during the war.

Industry, because of lack of productive capacity, and mines, because of the poor world economic situation, are expected to have a limited growth.

A deterioration in the commercial trade balance is expected, but the balance of payments should be in surplus because of large entries of capital.

A tri-ennial development plan is now in preparation and is expected to be published, as well as an investment code, before a meeting of financial backers which is to take place next March in Salisbury. It is already known that the plan will emphasize rural development (irrigated farming, road construction, building hospitals and schools) as well as transportation and communication (including rural telephones).

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Big electrical projects are being studied: a 300 MW plant on the south bank of Lake Kariba (cost, \$150 million [Zimbabwe dollars?]) extension of the thermal plant of Wankie under construction (but at a cost of \$1 billion, which raises questions as to its need) joint construction with Zambia of three dams on the Zambezi, at a cost of \$1 billion each (the Zambia accord is not settled).

In industry the Risco iron and steel group (1 million tons of steel per year) will proceed to make investments, just like certain textile firms (\$ 30 million), the paper sector (\$ 20 million) and the food industries (Z 50 million for flour milling and dairy products). Commercial exchanges with foreign countries will remain subject to a strict control of foreign exchange allocations, requiring the exporter to select very carefully a local partner having access to both contacts and foreign exchange. Moreover the large projects in particular will emphasize local participation. Finally, competition on this market is lively: Great Britain, determined to resume her place which was lost after the unilateral declaration of independence, Japan (active for automobiles in particular); Switzerland, Sweden, etc.

The economic policy of the Mugabe government was described by Mr Gagneux as favoring a "pragmatic socialism" in which a strong state sector includes all vital industries (energy, transport and communications, siderurgy, fertilizers) and coexists with a private sector having full freedom in the other areas.

The CFCF [French Foreign trade center] is to publish a monograph on Zimbabwe in the near future, as well as three market studies for this country, including agriculture-food, textiles, and material. Next May it will send an expert from their research center to Salisbury as well as two other missions, one in mining materials, and the other, multi-sectored, for durable goods. Finally, it is preparing for French participation in the Bulawayo Fair from 24 April to 3 May next.

The Financial Situation

Mr des Deserts, authorized representative of the BIAO [International Bank for West Africa] next provided details on the banking organization and on the financial situation in Zimbabwe. The per capita CNP was Z540 in 1980, with an average of Z6,000 for the white population and Z300 for the Blacks.

Adding to the information furnished by Mr Gagneux, he stressed that the budget 1.4 billion Zimbabwe dollars was only covered by taxes up to Z863 million. It is the budget's "weak point". It is very conservative with priority accorded defense expenses (because of the size of the armed forces, including guerrillas).

Other grounds for concern are unemployment and manpower training. The great triumph of economic policy during the sanctions, import controls, will be strictly maintained. Foreign currency quotas are granted each year by the Central Bank to two professional groups, ACCOZ and CZI. The exporter should get in touch with them since import licenses are granted only if a foreign currency authorization has been secured. Currently exchange controls allow annual repatriation of 50 percent of dividends after taxes for corporations and 100 percent for individuals. By the end of 1980 Zimbabwe was in 79th place in the risk classifications established for the use of Anglo-Saxon banks, with a "confidence rating" of 27 percent, comparable to Senegal or Liberia. In 6 months the country rose three points on that scale.

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Until now \$300 million in international assistance have been granted Zimbabwe, the principal donor being Great Britain (\$115 million) followed by the United States (\$30 million). The World Bank is considering an aid package of \$30 million over 5 years. At the end of the meeting Mr de Lieven of Alstom Atlantique shared his experience as economic partner of Zimbabwe. He dwelt on the role of his company in outfitting the thermal plant of Wankie and on its role in supplying electric locomotives on the national railways.

The Interest of French Enterprises

From January to November 1980, according to a file prepared by the CECE, France imported Fr 145.5 million worth of Zimbabwe merchandise (CAF) while it exported Fr 63.19 million worth of products (FOB) to Zimbabwe. These figures cannot be compared with an earlier situation in view of the existence of economic sanctions against Rhodesia from 1965 to 1979.

According to the same source it is pointed out that French industrialists are interested in the following projects in Zimbabwe:

--Electrification of the railways (organization responsible: National Railways of Zimbabwe).

--Construction of a thermal plant of 1,600 MW at Wankie (Electricity Supply Commission).

--Outfitting of airfields (Department of Civil Aviation).

--Construction of new dams on the Zambezi for irrigating the Sabi valley (Central African Power Corporation).

--Development of telecommunications equipment, possible installation of a land station for satellite communications (Posts and Telecommunications Corporation).

--Creation of new radio-television chains (Zimbabwe Broadcasting Corporation).

--Construction of new ammonia and fertilizer factories, and ethanol factories using cane sugar and coal as raw materials (Industrial Development Corporation).

--New sources of energy (solar, in particular); mineral prospecting; health infrastructure (construction and modernization of clinics, hospitals, dispensaries); town planning; cattle raising; tropical agricultural equipment; renewal of industrial implements...

Following an investigation carried out by the CFCE, the ATA Walon company stated that it would open a permanent office for air transport affairs in Salisbury in January 1981; it would also represent the TTA company.

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