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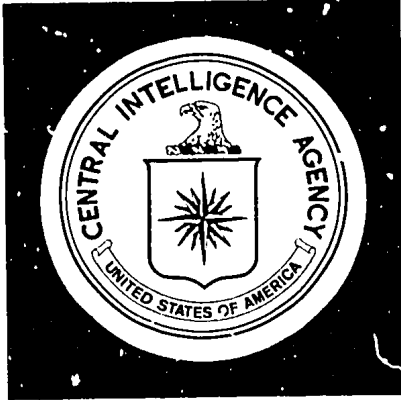
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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

Asian Exodus from East Africa

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EXODUS FROM EAST AFRICA

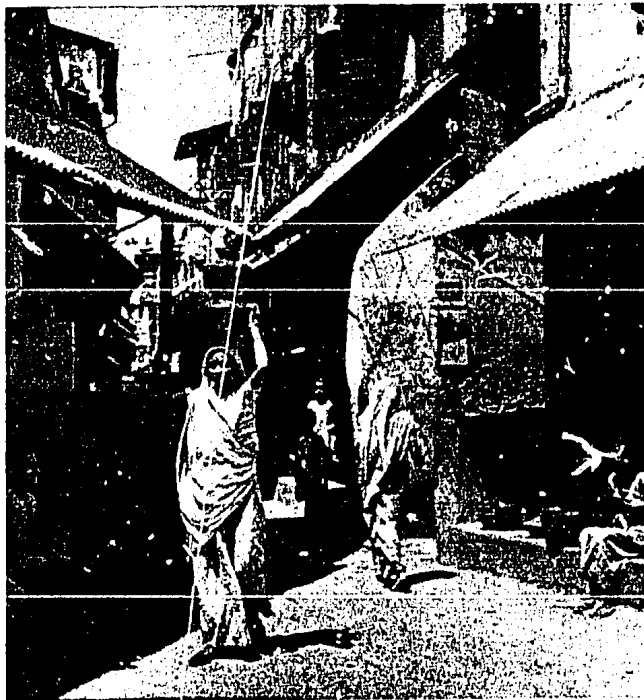
**"The expulsion of the Asians,
seen by most of the world as brutal,
inhumane, and foolish, has enhanced
Amin's popularity not just in Uganda
but throughout east Africa"**

The Economist

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In early August 1972, Uganda's unpredictable leader, General Amin, ordered virtually the entire country's Asian community—some 44,000 people—to leave within 90 days. For the next three months, Britain and several other countries, as well as the UN, worked hard to help evacuate those affected by the expulsion order. This was not the first time that world attention has focused on the plight of the Asian in east Africa, and it is not likely to be the last.

Kenya, Tanzania, and Uganda had large and well-entrenched Asian communities when they became independent in the early 1960s. Since then, Asians have been leaving the area in large numbers. The reason for the exodus is simple. Like other shrewd, clannish, and prosperous minorities elsewhere, the Asians are envied and hated. Their only virtue in the eyes of the three east African governments is the fact that they possess vitally needed skills that are in short supply. By the same token, their predominance in commerce and industry has been the source of long-standing popular grievances. Each govern-



Typical Asian Quarter in East Africa

ment has dealt differently with this problem, but the goal has been the same—to push the Asian out. In Kenya, this process has been a slow and pragmatic one. In Tanzania, the pace has been somewhat faster and disjointed. Now, in Uganda, Amin has uprooted the Asian community at a single stroke, seriously damaging the modern parts of the economy.

Historical Backdrop

Long before the Western age of discovery, Asian merchants—mainly from southern Arabia and the Indian subcontinent—had been drawn to the east coast of Africa by the lucrative trade in spices, leopard skins, rhinoceros horns, gold, ivory, and slaves. By the time the Portuguese arrived at the end of the 15th century, Indian bankers, money-lenders, and middlemen were well established in all the major coastal towns from Mogadiscio to Mozambique. It was not until the European colonial powers established themselves in the interior in the late 1800s, however, that Asians—this time mainly from India—began to flock to this part of Africa in large numbers. Some Indians were brought in by the British to build railroads in Kenya and Uganda. Others fought there against the Germans during World War I and stayed on. But the majority of Asian immigrants came later. Between 1921 and the early 1960s when Tanzania, Uganda, and Kenya gained independence, the Asian population in east Africa increased from 50,000 to over 375,000.

Barred by British colonial law from owning farm land (except in Tanzania), most Asians initially moved into commerce and the skilled trades or sought jobs in the colonial administration. The *dukawalla*, the small Asian shopkeeper and trader, became ubiquitous in rural areas. Later, as their wealth increased, some Asian families entered the professions and invested heavily in local manufacturing and construction. Although only about one percent of the population in east Africa, the Asian communities made up the bulk of the middle class before independence. They still do.

During the colonial period, British officials did everything they could to keep the races apart.

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Each racial group had its own schools, clubs, hospitals, residential areas, even cemeteries. In government, British colonial civil servants monopolized the top positions while Asians filled the middle ranks and Africans were consigned to the more menial tasks. The same was true in business. European companies hired Asians over Africans, and if an Asian wanted to expand his business he sought the help of a relative. This naturally generated resentment among Africans who came to regard the Asians as a roadblock to economic advancement.

Although relegated to second-class citizenship himself, the Asian grew to accept this situation. Not only did east Africa offer a better life than he had known before, he enjoyed a privileged position above the African. Independence, however, reversed the roles—at least politically—and Asians were called on to adapt in ways few were willing to do.

Africanization

Asians who could prove that they and at least one of their parents had been born in east Africa were automatically granted local citizenship after independence. Those who did not qualify were given the option of applying for citizenship by giving up their British "protected person" status. The Asians were already heartily disliked by the African for their social clannishness, racial arrogance, and reputation for sharp business practice, and most were unwilling to bind themselves to the new nations. This left the Asians vulnerable to attack by the new African governments, which were under popular pressure to break the Asians' stranglehold on commerce and to end their predominance in the civil service. In order to accomplish these objectives, the three governments adopted "Africanization" programs designed to ease the Asians out in favor of the Africans, without seriously disrupting the economy or the government. At least this was true until Amin abruptly moved against the Asian community in Uganda.

Kenyan Pragmatism

Two years ago, the picture of a dejected young Asian girl named Rajanbala Viad made the



Asian business house in East Africa.

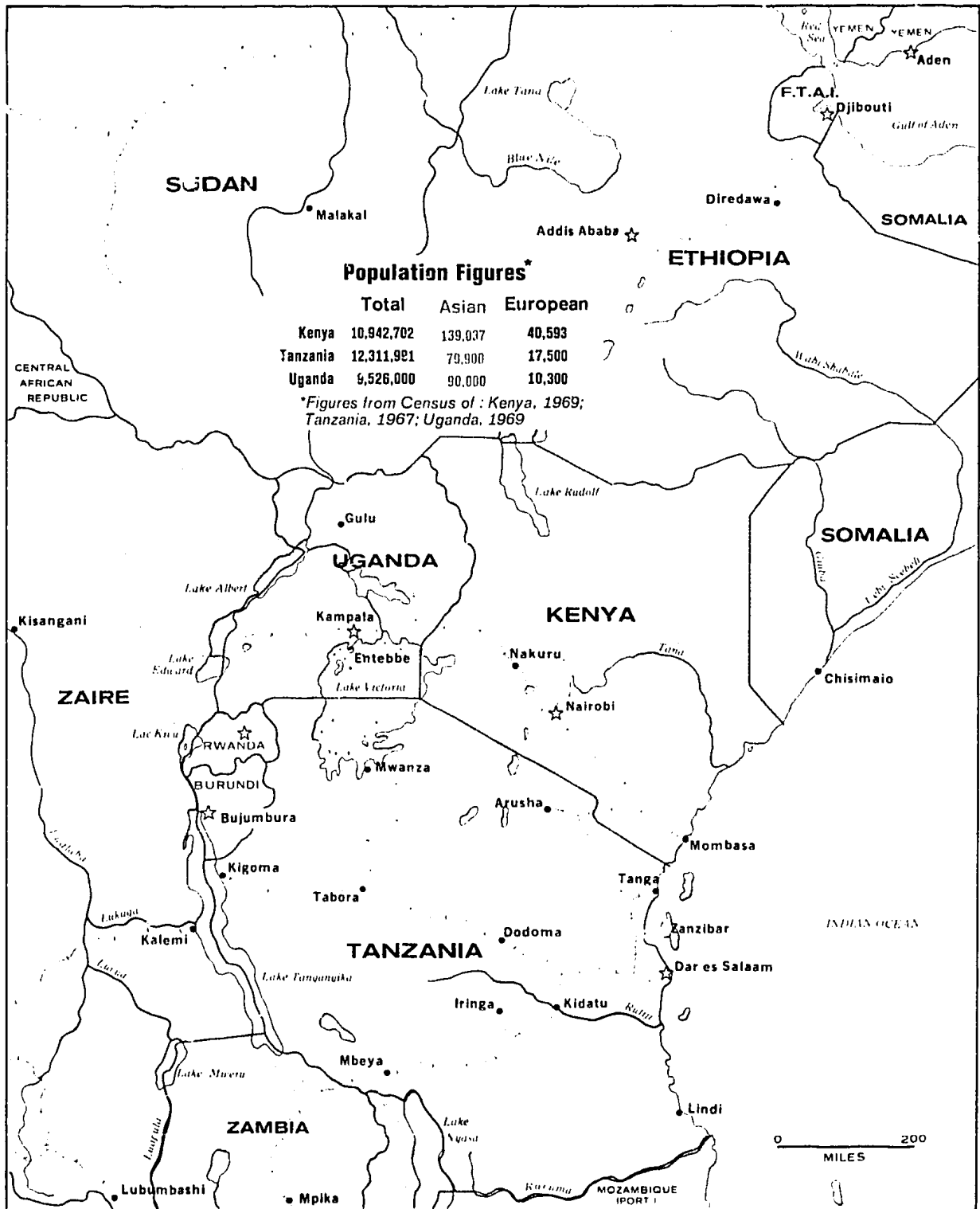
front pages when immigration officials in England, Germany, and Kenya refused her entry. Unable to obtain a work permit needed to stay in Kenya, Miss Viad flew to London to join her brother in hope of gaining admittance. Turned away, she became caught up in a nightmarish round of transcontinental flights that took her to Frankfurt, Nairobi, Johannesburg, back to Nairobi, and then back to London, where she was finally admitted because of her inability to re-enter Kenya.

The Asian lobby in London immediately seized on the incident to focus attention on the plight of other non-citizen Asians in Kenya caught in the crunch of Africanization. Although Kenya's 130-140,000 Asians have been subjected to much verbal abuse, harassment, and racial discrimination, the number of persons affected by this displacement policy has been greatly exaggerated by the international press. Hoping to avoid the dislocations that are now occurring in Uganda, the Kenyatta government in fact has moved its so-called "Kenyanization" program at a gradual, almost glacial pace.

Nothing did more to confirm the Kenyan Government in its conservative approach than the panicky, much publicized flight of 15,000 Asians from Kenya in early 1968. Their departure was

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triggered by the Kenyan Government's efforts to lay the legislative groundwork for turning control of the economy over to Kenyan citizens. The bureaucracy had already been largely Africanized by then, but the Asians' domination in trade and industry had hardly been touched. The government had informally encouraged some large foreign corporations to hire more Africans. It had also established a chain of "people's shops" to compete with local Asian retailers. Neither step had proved very effective.

In order to speed up matters, the National Assembly in December 1967 enacted an immigration and a trade licensing act. The immigration law required all non-citizens to register for work permits and gave the government the power to withhold or revoke these permits, thus terminating the holder's right to stay in Kenya. The licensing act empowered the government to prohibit businesses owned by non-citizens from handling certain basic goods and from trading in some parts of the country. Fearing the worst, thousands of Asians stampeded to the British passport office in Nairobi, prompting an alarmed British Government to clamp a lid on the flow of Kenyan Asians to the UK on 1 March 1968. After that date, a quota was established permitting only 1,500 Asians with British passports and their immediate families to emigrate to Britain each year. This quota was increased to 3,000 in 1971.

The 1968 exodus had no serious repercussions on the Kenyan economy. Many commercial firms and small repair shops were temporarily hit by a loss of clerical and semi-skilled personnel. In addition, some capital was smuggled out of the country and private domestic investment and employment fell as jittery Asian businessmen tightened up their operations and converted more of their assets into cash. Few professionals, skilled artisans, or Asian merchants left, however, and the economy continued to show signs of strength.

Nevertheless, the government became concerned about the decline in local business confidence and about the unfavorable impact the exodus might have on foreign investment and tourism—Kenya's largest foreign exchange earner. To counteract these tendencies, the government

offered reassurances to skilled Asians both verbally and by freely issuing work permits. It also postponed the implementation of the trade licensing act for one year. Even after the law was put into effect, the government did not move as vigorously against Asian traders as it had previously indicated it would. In fact, it allowed many of them to dodge the intent of the act by registering their firms in the name of a relative with Kenyan citizenship or by taking on an ostensible African partner.

Since then, the Kenyatta government has maintained a delicate balancing act. On the one hand, it has moved steadily ahead with its Africanization program. Lower and middle level labor, technical, and clerical positions are gradually being filled as qualified Africans become available. On the other hand, the government has resisted popular pressure to move faster. When pressed, it has taken action amid much fanfare designed to give the impression that it is making greater strides forward than is actually the case.

Kenyan Asians have become inured to this kind of display and there has been no repetition



Kenyatta with sculpture symbolizing Kenya's commitment to multiracialism.

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of the 1968 panic. Nevertheless, events such as those in Uganda are vivid reminders of how vulnerable they are, and many Asians have probably made plans to leave Kenya if things get rougher under a successor government that is less pragmatic than that of venerated 80-year-old President Kenyatta.

Tanzania: Socialism with a Racial Tinge

When General Amin issued his expulsion order, the only African leader to condemn him publicly was Tanzanian President Nyerere. Although his attitude hardly reflected the feelings of most Tanzanians, Nyerere has long been an outspoken opponent of racism—white or black. "Socialism is not racialism," Nyerere proclaims. There is a certain irony, therefore, in the fact that the President's socialist policies have done much to undermine the Asians' position in Tanzania.

By far the most damaging blow to Asian interests came early last year when the government nationalized all rental property in the country worth more than \$14,000. Some African-owned buildings were expropriated, but the Asians suffered more by virtue of the fact that they were the country's property-owning class. The suddenness with which the government moved, moreover, aroused an intense feeling within the Asian community of being under siege.

Since Nyerere launched his socialist "revolution" in 1967, the government has steadily whittled away at the Asians' control over the economy. A few Asian agricultural estates and commercial holdings were nationalized in 1967 along with several other foreign-owned concerns. Subsequently, the Tanzanian Government has taken over most of the import-export trade as well as the wholesale business—areas traditionally dominated by Asians. Over 90 percent of all imports and probably all exports are now handled by the State Trading Corporation and other government agencies.

In an effort to curb the outflow of foreign exchange, the government halted all educational remittances abroad in mid-1970. The measure may not have been intended as "anti-Asian," but

it hit hardest at Asians who send their children to India or Europe for schooling. Many Asians subsequently began to fear that the government would move against their few remaining private schools in Tanzania—that their very cultural identity would come under attack next.

In the face of these events, many Asians began to move their assets out of the country. This movement became so great that the government finally imposed strict exchange controls in April 1971. The expropriation of rental properties a few weeks later was the crowning blow. Within a matter of months, Tanzania's Asian population shrank from about 70,000 to 50,000. Among the first to leave were the most talented. Scores of Asian doctors, nurses, civil servants, technicians, and businessmen departed, resulting in a deterioration in services and a general slowdown of the economy. The government initially made some half-hearted conciliatory gestures to try to stem this brain drain, but these efforts quickly ceased and the departures continue.

For those Asians who remain, the future looks bleak. As a business and professional class, they face extremely high taxes, a crushing credit squeeze, a reduction in income and capital as a result of the loss of rents, and increasing competition from government-supported cooperative enterprises. In short, Tanzania has become less and less hospitable to local capitalists, and few Asians still take heart from Nyerere's continued espousal of multiracialism.

Zanzibar: A Footnote

Although ostensibly a part of Tanzania, Zanzibar has treated its Asian minority far more harshly than the mainland. Since 1964 when the African majority overthrew the island's Arab ruling caste, the virtually autonomous Revolutionary Council has carried on a vendetta against the small but dwindling non-African communities (Indian, Persian, Goan, and Arab). In the name of socialism and equality, the council has purged Asians from the civil service, confiscated their businesses, and forced their daughters into marriages with Africans. All of this has made the Asian a vanishing species on Zanzibar. The Asian

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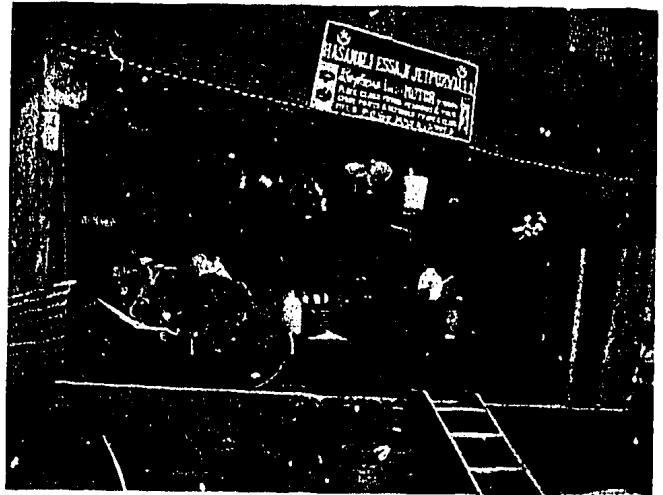
merchant and craftsman who once filled Zanzibar town's main bazaar and narrow side streets is almost a thing of the past. In 1964, there were some 66,000 Asians on the island; now there are less than 7,000.

Amin's Folly

In a sense, the exodus of Asians from Uganda began even before Amin's expulsion order. In contrast to Kenya and Tanzania, Uganda had brought little government pressure on the Asians until three years ago. Then in January 1970, the Obote government passed licensing and immigration legislation similar to Kenya's. Five months later, Obote announced that his government intended to take over the import-export trade by the end of the year and to become the senior partner in the 85 largest industrial and financial enterprises, most of which were owned by Asians.

Not surprisingly, the Asian community welcomed the overthrow of President Obote by General Amin in January 1971. A few months later, however, Amin himself began to lash out at the Asians, accusing them of sabotaging the economy and of failing to integrate with Africans. He also canceled long-pending citizenship applications of 12,000 Asians. In December 1971, Amin called a conference to allow the Asian community to air its grievances. The meeting, however, turned into a long recital by Amin of past and present Asian sins. The session must have convinced those Asians who had remained that it was time to leave. In any event, by August 1972 when Amin ordered all non-citizen Asians to leave Uganda, the Asian population had dropped by at least 30,000 from an estimated 80,000 only three years earlier.

Most of the 44,000 Asians who were expelled have found some place to go. Britain has absorbed just over 25,000. India, Pakistan, Bangladesh, Canada, and other Commonwealth countries have taken several thousand more. About a thousand have come to the US. Another 4,000 stateless Asians have found at least temporary refuge in relocation centers in Europe. Up to 8,000 Asians are still in Uganda. Some are



An Asian shop—before and after.

Ugandan citizens; others have been granted special exemptions because of their skills. Under the circumstances, however, most of these people will probably leave before long if they can find some place to go.

Amin's action is immensely popular in Uganda, but the results of his folly are already evident. At least 40,000 Africans have been thrown out of work. Trade has declined sharply, and basic commodities are becoming scarce. Tourism, a growing exchange earner in east Africa, has ground to a halt. Some of Uganda's smaller urban areas are reportedly almost ghost towns. In Kampala, most of the stores, garages,

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Departing Asian families
in Kampala.

restaurants, and other small businesses are closed and up for sale. Government efforts to help Africans take over these concerns have largely been limited to rhetoric. Even if there were enough trained Africans to buy and run the businesses—and there are only a handful—credit has virtually dried up. Because most Ugandans live at the subsistence level, they will not be greatly affected by all of this. But by dispatching the Asians, Amin has gutted the small modern portions of the economy and set back economic development in Uganda by a number of years.

Where They Go

All told, east Africa's Asian population of some 375,000 has in the last decade dropped by almost half. Well over 100,000 have left in the last five years. Some have gone to nearby African

states such as Zambia and Malawi and perhaps Mozambique, where there are small Asian communities. But most have left the continent.

India and Britain have been the main recipients. Over 60,000 Asians have emigrated to the UK since 1968. Once there, they have met with a mixed reception. London's policy of letting in large numbers of coloreds from the West Indies and the Indian subcontinent as well as east Africa has never been wildly popular. The British economy has managed to absorb what is for England large numbers of these people, providing them with jobs, largely menial, and housing. Prejudice against them has obviously not been legislated out of existence, and most of them live in the poorer sections of English cities. Nevertheless, their lives and property are no longer in jeopardy as they start over again.

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