

BOTSWANA - GENERAL

1995

FW, Mandela and Mugabe meet over Lesotho crisis

# Back in the regional

Star 27/11/94

# fold

**SUMMIT** effectively marks South Africa's re-emergence as a power in the subcontinent (12)

BY CHRIS WHITFIELD  
POLITICAL CORRESPONDENT

Gaborone — South Africa came back in from the cold yesterday when President de Klerk and Nelson Mandela joined other regional leaders in probing ways to deal with the conflict racking Lesotho.

The joint diplomatic initiative — the first time Mandela and De Klerk have acted in concert outside the Republic — effectively marked South Africa's return to the regional fold and its re-emergence as a power on the subcontinent after the years of isolation.

The meeting also bought De Klerk and Zimbabwean President Robert Mugabe together for the first time, a moment Mugabe said "should have happened long ago".

The mini-summit of leaders — called together only late on Tuesday night — decided to form a task group that would meet in South Africa today to begin seeking ways of defusing the Lesotho crisis.

Also at the meeting were Botswana President Quett Masire and Lesotho Deputy Prime Minister Selometsi Baholo.

De Klerk and Mandela — who flew to Botswana separately yesterday morning — were accompanied by Foreign Affairs Minister Pik Botha and Umkhonto we Sizwe head Joe Modise respectively.

Mugabe, who chaired a

▶ To Page 3

## Meeting on Lesotho crisis

◀ From Page 1

press conference after the meeting in Gaborone yesterday, declined to comment on reports that a regional peacekeeping force might be formed to intervene in Lesotho. (12)

It is understood this is among proposals that will be considered by the task group. It is unclear what role South Africa would play in such a force.

However, the Lesotho crisis was yesterday pushed into the background by the significance of the meeting, which amounted to an act of reconciliation between SA and the Frontline

states. The meeting was chaired by Mugabe, who said it amounted to a "very happy occasion".

Mandela said it was the first time he and De Klerk had "come out of SA (together) to meet our brothers in the region".

De Klerk said the meeting was an indication South Africa was destined to play a positive and constructive role in the region.

Lesotho's major opposition parties yesterday signed a statement asking the SADC to allow Lesotho to solve its own problems through domestic mediation.

# JOCUS ON Gaborone

**S**TATE PRESIDENT FW de Klerk stepped out of his plane on Wednesday morning at Seretse Khama Airport, Gaborone.

At last he was to meet the one leader in Southern Africa, in Africa, that he had wanted to meet most but had been turned down.

Robert Mugabe, president of Zimbabwe, chairman of the Frontline States, had refused to meet De Klerk, banning even ministerial contact.

The ban was upheld until drought and a threat of mass starvation forced the then transport minister, Dennis Norman, to hurry to Cape Town for a meeting in 1992.

Late last year Foreign Minister Pik Botha hosted his counterpart, Nathan Shamuyarira.

But Mugabe himself remained elusive, and as the election dates were set and the campaign started up, it must have seemed to FW that he would leave office without shaking the hand that rocked Ian Smith out of office.

Then came Lesotho, and the rebel soldiers demanding a 100 percent pay increase, and the loyalists, fighting them.

Suddenly, Pik Botha was in Maseru to talk to the warring factions after a call for assistance from prime minister Ntsu Mokghele.

## Mountain fiasco

It was this fiasco in the mountains, where poorly armed rebels had skirmishes with the headquarters brigade that turned the tide in De Klerk's favour.

Pik's midnight calls to the United Nations, Organisation of African Unity and the Commonwealth, bore fruit.

The call came to De Klerk on Monday, from Botswana president Sir Ketumile Masire, stating that the Frontline States chairman, Mugabe, would like to meet him and ANC president Nelson Mandela in Gaborone on Wednesday morning to discuss the crisis in Lesotho.

Appointments were hastily cancelled, for this was the trip of De Klerk's lifetime.

He had met the leaders of Morocco, Ivory Coast, Nigeria, Namibia, Zambia, Mozambique, Swaziland and Madagascar, but compared to Mugabe, all these trips and meetings amounted to nothing.

Mugabe, the man from just across the Limpopo, who mouthed socialist slogans and supported the armed struggle, but made purchases from South Africa at the height of sanctions, had turned him down.

This was his chance.

It would also come in handy in the elections, the picture of FW shaking hands with Mugabe, completing the opening of doors in Africa for the New Nats, which would make good poster material for the black farm hands to wave during the road show.

And so, at 9.07 on Wednesday morning, De Klerk stepped out of his ZS NAN private executive jet (which made no headlines when it was bought) on to the wet tarmac at Gaborone.

Sowetan 28/1/94

After effectively eluding FW de Klerk for years, Robert Mugabe met his counterpart under the pretext of looking into the happenings in Lesotho. Political Editor **Mathatha Tsedu** reports on the historic meeting:



The handshake State President FW de Klerk has been waiting for. Zimbabwean president Robert Mugabe greets De Klerk during a joint meeting with ANC president Nelson Mandela and Botswana president Quett Masire. PIC: AFP

He had reason to smile, for behind his jet was the Air Zimbabwe Boeing that Mugabe borrows from the national airline when he flies around.

His prey was here and he was stalking that prey with tenacity. He was met by Masire.

The purpose of the meeting was to be Lesotho, but even South African Government aides agreed that "that would also be discussed".

The main event was the meeting of FW and Mugabe.

And then there was Mandela, the shadow president, if media and opinion polls are to be believed.

His role was somewhat undefined, although he was accorded the status of a head of state, arriving in a smaller plane but met by Masire.

It was believed that Mugabe, a seasoned tactician who plotted the revolution that brought down Rhodesia, had made Mandela's attendance a condition of the meeting, ostensibly to ensure that De Klerk does not gloat in glory alone and abuse the meeting for electioneering purposes.

Many saw Mandela's presence as symbolic, a kind of passport to De Klerk's international pleasure, a necessary presence but effectively amounting to nothing if, indeed, Lesotho was the subject.

There is no denying that it was discussed but what input could Mandela make, by virtue of the

ANC's involvement in the TEC, when that body was failing to deal with the East Rand violence, or effect a subpoena against a recalcitrant police commissioner in KwaZulu? But it was still important that he was there, for it showed that in the eyes of his African brothers, he was the shadow president. But Wednesday belonged to De Klerk, thanks to the rebels in Lesotho.

## Backdrop

That the fighting in Lesotho only formed a backdrop through which the meeting could take place can be gleaned from the lack of urgency in the result of the meeting.

After listening to a briefing by deputy prime minister Mr Selometse Baholo, the presidents took no concrete action to halt the fighting.

Instead, a committee was formed, to look into the causes and recommend the way forward.

Questions abound. Does this mean Baholo's report which Mugabe said gave the delegations "a concrete picture of events in Lesotho" was rejected, inadequate or just simply unsatisfactory?

If, as Mugabe said, the situation in Lesotho was cause for "great concern", why not act on the report given by such an exalted person as the deputy head of Lesotho?

Or was the real purpose of bringing De Klerk and Mugabe together accomplished?

# Botswana's president deep in debt

## ■ STAR AFRICA SERVICE

Gaborone — The president of Botswana, Sir Ketumile Masire, has reportedly admitted he was in arrears on his loan from the National Development Bank, but blamed "the worst drought in living memory" for his problem.

According to the Gazette newspaper, Masire would not confirm how much he owed but a document leaked to the press and dated September said his debt of R709 800 was R297 000 in arrears.

(12)  
The newspaper reports that Masire has undertaken with the bank to clear all his arrears by the end of the month. However, he called on newspapers to "refrain from this witch hunt" which he said was "unethical".

The newspaper points out, however, that the situation at the National Bank was of public interest as it faced closure "partially because of the failure of our leaders to meet their obligations both as borrowers and leaders".

Already, about 120 workers at the bank have been laid off in a restructuring of operations. Students at the University of Botswana have demanded that "those at the top" should pay their debts "like everyone else".

## Botswana ministers in loan <sup>(12)</sup> scandal

ARG 10/2/94

Argus Africa News Service

GABORONE. — The opposition Botswana National Front has called for an inquiry into all state-run financial institutions after revelations that several Botswana cabinet ministers and MPs are among those whose total arrears on bank loan repayments run into millions of rands.

Among those in arrears are the president, Quett Masire, who owes R297 000, Botswana Democratic Party MP Ronald Sebege (R900 000), cabinet ministers Patrick Baloyi (R500 000), Ponatshego Kedikiloe (R338 000) and Ray Malomo (R78 000).

Vice president Festus Mogae said several public enterprises in Botswana were "in serious difficulty", among them the National Development Bank.

He said that the NDB had outstanding loans of R118,6 million as at last March.

Mr. Mokae said much of the money may be irrecoverable.

The bank reduced its staff by 127 in a restructuring process.

The Botswana National Front said that the collapse of the bank was "directly due to the abuse of authority and corruption by state officials" and demanded the immediate re-instatement of the 127 workers who "should not be made victims of the corruption of state officials".

It said: "The BNF demands that the outstanding balances and arrears be paid forthwith, and the estates of those who are unable to pay be sequestered as part of an exercise to rescuscitate the operations of the NDB."

The government said on Monday there would be no salary increases for public servants this year, and the new revelations are bound to have political repercussions for the ruling party as it prepares for an election this year.

BOTSWANA RST *Pm 2513/94*  
**Plumbing the depths** *(12)*

**Activities:** Base metal producer in Botswana.  
**Control:** Botswana government and Anglo American.

**Chairman:** M A Foreman.

**Capital structure:** 17,8m ords. Market capitalisation: R8,9m.

**Share market:** Price: 50c. 12-month high, 100c; low, 45c. Trading volume last quarter, 56 000 shares.

Year to Dec 31	'90	'91	'92	'93
Loans (Pm)*	1 769	2 173	2 600	3 254
Accumulated deficit (Pm)	1 403	1 774	2 207	2 864
Turnover (Pm)	256	251	216	198
Metal produced (000t)	37,6	37,4	36,6	38,2
Earnings (c)	(826)	(2 075)	(2 433)	(3 687)

\* 1 Botswana pula equals R1,3

**COMPANIES**

**Cost-cutting** at Botrest has reached the point where it has terminated its across-the-counter ADR facility in New York, and its listing on the London Stock Exchange, leaving the shares listed only on the JSE.

If you thought things could not get worse at Botrest, read on. The latest annual report retells the familiar story of excellent operating performances at the Selebi-Phikwe mine being overwhelmed by Botrest's staggering debt structure.

Far from being whittled down or even just contained, the debt mountain is rising inexorably. Last year saw the fifth debt restructuring agreement reached between the Botswana government and Anglo American Corp in terms of which bridging finance will continue to be fed to the base metal producer. A subsequent amendment raised the ceil-

*Pm 2513/94*  
 ing on the provision for emergency funding and the agreement provides for the further subordination of debt and other measures to allow Botrest to continue operations.

Net loss attributable to Botrest shareholders totalled P656,4m (Botswana Pula) in the year to December (1992: P433,2m loss), pushing the accumulated deficit to P2,8bn from the year-ago P2,2bn. *(12)*

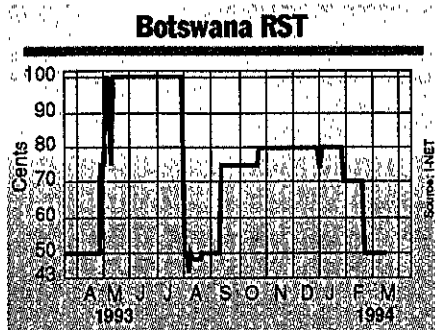
Reasons are low base metal prices and the crushing amounts of deferred royalty payments, deferred interest payments and unrealised forex losses. These swamped an excellent operating performance, which saw a record 3,4 Mt of ore milled and the production cost per ton of metal down by 6% despite a 12,7% rise in the Botswana inflation rate during the year.

Botrest chairman Michael Forman echoes his recent predecessors in saying dividends are never going to be paid, so it has to be asked why Anglo has not closed Botrest to stop the steady cash haemorrhage. The answer probably lies with the strategic requirements of the greater Anglo group and Botswana's importance as the world's largest producer of gem diamonds. Botrest is a large employer, and keeping it in operation keeps the Botswana government happy, which is fine with De Beers.

The share price still swings like a pendulum. It has moved from 100c to 45c and back

to the current 60c over the past year — and the punters have never forgotten the unexplained miracle that drove the stock from 45c to 550c in 1987.

The chances of that being repeated in some future base metal price orgy — we should be so lucky — seem the only reason for keeping the JSE listing going. *Brendan Ryan*



## Star 29/6/94 Botswana lends money to IMF

Gaborone — Botswana will become the first Southern African country to lend money to the International Monetary Fund in a reversal of the trend prevailing in most of Africa.

The loan of 12,5 million pula (about \$4,5 million) will be used to bolster the IMF's Structural Adjustment Fund, which is used temporarily to offset shortfalls in the balance of payments in countries where there is an IMF financial reconstruction programme. (12) (S)

Recipients of such assistance in Southern Africa are Zambia and Zimbabwe.

Diamond-rich Botswana, whose foreign reserves are

running at about \$4 billion, is only the fourth African country to lend money to the IMF.

Egypt has advanced \$12 million, Morocco \$8,6 million and Tunisia \$2,3 million.

Professor Clark Leith, director of research at the Bank of Botswana, says the IMF has been having problems in raising enough cash.

"The IMF thinks that those countries that have benefited from such help in the past should now help others.

"The approach is that there should be more support for the Third World countries from their neighbours who can afford it," he says. — Star Africa Service.

on economic management which it can...  
their talks at the Bonn Economic Summit...  
Mr Alec Erwin said yesterday...  
dent Nelson Mandela has also...  
would be stepping down.



RETURNING ...  
Chris Ball

# Ball to head new bank

Own Correspondent 12 CT 8/7/94

JOHANNESBURG. — Former First National Bank managing director Mr Chris Ball has agreed to return to South Africa to head a new community housing bank.

The PWV Regional Community Bank was to be established as a funding agent for a housing plan announced yesterday by PWV Premier Mr Tokyo Sexwale.

According to the plan, 150 000 low-cost houses would be built, funded by the government, members of the Life

Officers Association of SA and contributions from construction companies.

Mr Ball, 58, who would be the new bank's chief executive was embroiled in a squabble with former president Mr P W Botha in 1987.

Mr Ball left South Africa in 1989 to join the London-based Private Bank and Trust.

Mr Sexwale said yesterday Mr Ball was "just the man for the job".

● Tokyo Sexwale unveils housing plans — Page 5

RIEF CAR CAPE DANCERS BUSINESS



## Botswana wants 6,7% growth this year

GABORONE — Economic growth in Botswana is expected to jump to 6,7% in the 1994/5 financial year from 1,8% in 1993/4, says Vice-President and Minister of Finance and Development Planning Festus Mogae.

"We performed badly in 1992/3," Mogae said. "Growth halved to 4% from the previous year, and last year to 1,8%, but we have reached the bottom."

However, Mogae said in an interview that he was not optimistic of any early reduction in unemployment or an improvement in wages.

"Our budget is balanced. We cannot create demand. We have in-

creased jobs in the public sector. There are road and construction projects worth 500-million pula," he said.

Government funding of development would be curtailed, and the private sector would be encouraged to play a larger part in the economy.

"New engines of growth will have to come from the private sector. We are creating a climate to encourage that," he said.

To stimulate investment, exchange controls could be abolished within three years. Some parastatal operations would be privatised.

"We have maintained a stable exchange rate and have the most liberal forex policy on the continent."

"We are now examining the possibility of totally abolishing exchange controls over the next three years," he said. (12)

Foreign exchange reserves were healthy. "For the time being our reserve levels are comfortable. They are worth 17 months of import cover ... the government's cash balance is comfortable, but we must husband these resources and use them."

After a recent cut in company tax and a reduction in the top marginal rate for individuals to 35% from 40%, Mogae saw room for further cuts.

He said government revenues were expected to fall, and thus spending would have to be reduced. -- Reuter.

Star 6/19/94

## Botswana poll date decided

Gaborone (Botswana) — President Masire has announced that his country's general election will take place on October 15. His Botswana Democratic Party is expected to retain power for the fifth successive time.

However, Michael Dingake, vice-president of the main opposition Botswana National Front, expects to win 15 seats as against the three currently held.

(12) The president of the BNF, Dr Kenneth Koma, left for Moscow yesterday for eye treatment and is expected back on September 17.

The BNF manifesto includes a proposal that 30 percent of all elected members be women. — Star Foreign Service.

# Jobless could help opposition

Star 28/9/91

## ECONOMIC problems could mean a stronger showing for Botswana's opposition in next month's polls, writes Barry Baxter in Gaborone

Voters in Botswana, a country with a rare record of political stability for Africa, go to the polls next month against a background of economic problems more often associated with the rest of the continent.

Political and economic analysts in the diamond-producing southern African state say there is little doubt President Ketumile Masire's Botswana Democratic Party (BDP) will win the election on October 15. But the emergence of economic problems such as unemploy-

ment, rife elsewhere in Africa, could mean a stronger showing for the opposition Botswana National Front (BNF).

"Botswana has a small formal employment sector and school and university leavers with high expectations. But even graduates are not finding jobs, a situation previously unheard of in Botswana," said stockbroker Alan Norrie.

"What is government going to do with them? We have had a lengthy recession, new jobs have not been created. Companies have closed, jobs have been lost," he added.

gained independence from Britain in 1966 and has since enjoyed rare democratic stability.

The country has enjoyed healthy economic growth thanks to rich diamond deposits — in 1987, diamonds accounted for 80 percent of export earnings.

But last year diamond revenue dropped to US\$850 million (about R3 000 million) from more than \$1.06 billion (about R3,74 billion) the year before.

The diamond boom started an unprecedented rush to the towns in which the urban population grew by 38 percent in the 20 years to 1991.

The population of Gaborone grew from 17 178 to 133 468.

Latest available figures show the jobless rate rose to 29 percent in 1992 from 27 percent in 1991.

Rakwadi Madipane, acting executive secretary of the BDP, acknowledged that the rival BNF had gained support because of the dissatisfaction of unemployed youth.

The BNF had three seats in the 34-member parliament dissolved earlier this month. The BDP held the remaining 31.

**NEWS FEATURE** *President Masire predicted to win majority despite recent problems*

# Botswana goes to the polls soon

**By Barry Baxter**

## 7TH ELECTION Unemployment will lose the ruling party some votes:

**G**ABORONE — VOTERS in Botswana, a country with a rare record of political stability for Africa, go to the polls next month against a background of economic problems more often associated with the rest of the continent.

Political and economic analysts in the diamond-producing Southern African state say there is little doubt President Ketumile Masire's Botswana Democratic Party will win the election on October 15.

But the emergence of economic problems such as unemployment, rife elsewhere in Africa, could mean a stronger showing for the opposition Botswana National Front.

"Botswana has a small formal employment sector and school and univer-

sity leavers with high expectations. But even graduates are not finding jobs, a situation previously unheard of in Botswana," says stockbroker Mr Alan Norrie.

"What is the government going to do with them? We have had a lengthy recession and new jobs have not been created. Companies have closed, jobs have been lost," he adds, singling out unemployment as the burning issue.

The election will be the seventh in Botswana, which gained independence from Britain in 1966 and has since enjoyed rare democratic stability.

The country has enjoyed healthy economic growth thanks to rich diamond deposits—in 1987 diamonds accounted for 80 percent of export earnings.

But last year the diamond revenue dropped to R2,550 billion from more than R3,18 billion the year before.

"The time has come for us to work harder at diversifying the economy," says Mr Baledzi Gaolathe, managing director of Debswana Diamond Mining Company, a joint project between diamond giant De Beers and the government.

"A major challenge is to identify other economic opportunities that could become engines of growth. The economy has been used to growing at a high rate, but we have now seen a slowing down.

"We made a lot of progress after independence, but we have a long way to go before we can cross the river of

development."

The diamond boom started an unprecedented rush to towns in which the urban population grew by 38 percent in the 20 years to 1991. The population of Gaborone grew from 17 178 to 133 468.

But jobs have become increasingly hard to come by. Latest available figures show the jobless rate rose to 29 percent in 1992 from 27 percent in 1991.

Gaolathe says unemployment is closely linked to education.

"There is a lot to be done to improve the number of students, but more to improve the quality of education and also to move towards technical and professionally orientated education."

He says the new government should be able to take advantage of the regional stability that followed South Africa's transition to democracy in April.

"We have a stable neighbour with whom we can now cooperate openly. Our development efforts will be greatly facilitated. Many projects which might

not have been viable before, might now be feasible," Gaolathe says.

Mr Derek Price, general manager of First National Bank Botswana, says the government should review spending.

"In the next parliamentary term, government must be more liberal in its spending."

Mr Charles Middleton, managing director of Barclays Bank Botswana, agrees.

"It has managed its funds very well and financial discipline is a strong asset," he said.

Rakwadi Madipane, acting executive secretary of the BDP, acknowledges that the rival BNF has gained support because of the dissatisfaction of unemployed youth.

The BNF had three seats in the 34 member parliament dissolved earlier this month.

The BDP held the remaining 31. — *Sapa-Reuters.*

12 WJM 14-20/10/94

# All not as it seems on eve of Botswana poll

## Monageng Mogalakwe in Gaborone

**R**AMPANT corruption and widespread poverty belie Botswana's image as Africa's democratic and economic success story. However, this murky side of Botswana's character is unlikely to affect the outcome of general and local elections, due to take place on October 15.

On the surface, Botswana is a thriving multi-party democracy with a recent history of impressive economic growth. At independence in 1966, Botswana was one of the poorest countries in the world: only about 100 Batswana had a secondary school education, there were just 22 students at the university, and less than 10 people had a university education. Since then, primary school enrolment has more than quadrupled, and the number of pupils attending high school has risen from 2000 in 1966 to around 225 000 today.

In 1966, Botswana had only 20km of tarred roads — today that figure stands at 3000 km. The per capita Gross Domestic Product is now in the region of P6000 (R7 800), as compared to P50 at independence, while the country currently has in the

region of P9-billion (R11.7-billion) in foreign reserves — a rare achievement for any developing country.

Political pluralism and regular elections have also led many to consider Botswana a shining beacon of democracy. But Botswana is not all that its liberal, constitutional framework makes it out to be.

This month's elections take place amidst allegations of electoral irregularities, at the centre of which is the government's persistent refusal to allow an independent electoral commission to supervise the elections. The ruling Botswana Democratic Party's (BDP) aversion to an independent commission baffles analysts and the public alike, but BDP strongman, Presidential Affairs Minister Lieutenant-General Mompoti Merafe, argues that, as the government was not a coalition, there was no point in involving opposition parties in overseeing elections!

By 1989, the BDP's share of the vote had dropped to 65 percent from the 80 percent it enjoyed after Botswana's first general election in 1965. And yet, despite winning 35 percent of the votes, the opposition parties only gained nine percent of the seats in parliament, as a result of the "first-past-the-post" electoral system

Botswana inherited from the British.

Needless to say, the BDP rejects calls for the introduction of an alternative system of proportional representation. Research showed that in 1989 polls, 56 percent of the urban electorate voted for opposition parties, so the ruling party used legislation to appoint "specially elected" councillors to local authorities, thus undermining opposition majorities in local government. Central government also cut state subsidies to some local authorities controlled by the opposition Botswana National Front (BNF).

Then there is the other side to Botswana's much-lauded economic success. Research released last year by the United Nations Children's Fund (UNICEF) reveals that 55 percent of Batswana live below the poverty line, with poverty being noticeably high in households headed by women. The gulf between rich and poor continues to widen, with the most recent United Nations Development Programme (UNDP) inequality index ranking Botswana as the country with the most skewed income distribution in the world!

Government corruption is also rife. Construction companies submitting inflated tenders are reported to have been awarded government contracts,

with money later finding its way back into the pockets of politicians and senior civil servants, who then make generous contributions to the BDP's coffers.

In February, the weekly *Gazette* newspaper revealed that 14 ministers and members of parliament owed the National Development Bank more than P2-million (R3-million) in unpaid interest — among them President Ketumile Masire, who owed P229 000 (R297 000). His and others' failure to pay had resulted in the retrenchment of 129 bank employees.

In the capital Gaborone, more than 50 000 people are on the parastatal Botswana Housing Corporation's (BHC) waiting list, with some applications dating back more than 15 years. While these people waited, others bribed their way to the front of the queue. After his death in a car accident, BHC General Manager Joe Letsholo was found to have amassed a personal fortune of around P3-million (R4-million) in just two years.

Embarrassed by incidents such as these, the government has now established a Directorate of Corruption and Economic Crime, the Director of which — retired British police officer,

Graham Stockwell — says that corruption uncovered so far was just the tip of the iceberg.

Nonetheless, the October 15 elections — due to be contested by 10 political parties — are set to be the now all-too familiar tussle between the BDP and the BNF, with few doubting victory for the ruling party, even though the BDP goes to the polls a divided party for the first time in its history.

Like most of the government's opponents, the BNF is also plagued by internal divisions, so much so that three of the parties contesting the elections are BNF siblings formed during the past 12 months. The government also manipulates public opinion through its monopolisation of broadcasting and other public forums, such as traditional meeting places (*kgotla*).

Last year the BNF even considered boycotting this month's elections. "Our party commanded 23 percent of the vote in 1989," BNF central committee member Peba Sathamsho lamented at the time. "After the election we gained six percent, but we still lost seats. We can't keep investing in losses. The only way out is to let the Democratic Party go it alone." — *Misael*

# Botswana holds elections

CIP 1200 16/10/94

THE people of Botswana, possibly Africa's most stable democracy, voted yesterday in general elections that could loosen President Ketumile Masire's virtual monopoly on power. (12)

Political analysts said the main opposition party, the Botswana National Front (BNF), led by Kenneth Koma, could win up to 10 of the 40 seats at stake with the rest going to Masire's Botswana Democratic Party (BDP).

The BNF, which holds three of the 36 seats in the current parliament, predicts it will win 15 seats.

Koma said his party would win more but for alleged electoral cheating by the BDP, which has been in power since Botswana gained independence from Britain in 1966. — Sapa-Reuter

Political comment and newsbills  
by K. Sibiyi, headlines and sub-  
editing by N. Dreyer, both of 2  
Herb St., New Doornfontein,  
Johannesburg.

## Early poll gains for Botswana opposition

GABORONE — Early results from Botswana's elections showed gains for opposition parties yesterday but the ruling Botswana Democratic Party (BDP) seemed certain to retain its 28-year grip on power.

Incomplete results of local council elections held on Saturday, along with polling for the 40 seats in the national parliament, showed likely defeats for BDP MPs in at least three constituencies.

If the council results are matched by parliamentary results — the first of which were expected later yesterday — at least one cabinet minister could lose his seat.

Election officials said voting in the sev-

ent post-independence elections had gone smoothly and turnout had been good.

Political analysts and opinion polls had predicted the main opposition Botswana National Front (BNF) of Kenneth Koma could win up to 10 seats against the three it had in the previous parliament of 34 seats.

Analysts said support for the BNF had been boosted by the rising number of jobless in the towns and by recent government corruption scandals.

"I am very, very confident of victory," President Ketumile Masire said when he voted in Gaborone. "The opposition will be trounced." — Sapa-Reuter.

(12) ARG 17/10/94

# Ruling party wins Botswana election

## □ Opposition trebles its parliamentary seats

GABORONE. — The ruling Botswana Democratic Party (BDP) was declared the winner of Botswana's general election today after taking 23 seats in the Southern African nation's 40-member parliament.

Declaring the BDP the winner, Chief Justice Moleleki Mokama said that President Ketumile Masire's ruling party had 23 seats and the opposition Botswana National Front 10. Final results are expected later.

The opposition party has more than trebled its number of parliamentary seats from the last assembly when it held only three.

The last constituency in the 40-seat parliament, enlarged from a previous 34-member assembly, will be fought later this month after the death two weeks ago of its incumbent MP.

The BNF said it planned to seek a government of national unity.

"That is the only way we will be able to solve the problems of this country," said BNF leader Kenneth Koma.

Mr Masire's Botswana Democratic Party (BDP) has ruled Africa's most stable democracy since independence from Britain in 1966.

Election supervisor Nathaniel Mmono said voting had

gone smoothly on Saturday.

University of Botswana sociologist Patrick Molutsi said opposition parties' gains corresponded to a move in the population from rural areas to towns.

Mr Molutsi and other analysts said government corruption scandals and a slowdown in economic growth were key factors in voters turning away from the BDP.

Political analysts said they expected little change in government policy after the election. They once pro-Marxist BNF now endorses a free-market economy, as does the ruling party, but has not as yet formulated clear policies. — Reuter.

# Kenya's economy recovering

ARG 17/10/94  
NAIROBI. — Kenya's economy, which has been ailing in recent years, is showing signs of recovery after a tough dose of Western-backed reforms, say financial experts.

But Western aid donors say the government has failed to dismantle a chain of loss-making state-owned firms that draw \$375 million (R1 027 million) in annual subsidies.

Experts also warn that the rising Kenya shilling — now 48 to the dollar against 80 last year — is endangering Kenya's export base and its thriving tourism industry.

"The pace of reforms has been good in many areas and one can clearly see positive results," said a Western diplomat.

The government last year introduced major reforms, including floating the shilling, freeing interest rates and removing import and export restrictions.

Under pressure from the World Bank, the International Monetary Fund (IMF) and Western donor nations who underwrite annual aid of up to \$850 million (R2,975 million), the government also abolished price controls on key commodities and liberalised a formerly strict foreign exchange regime.

A World Bank representative in Kenya said that booming world prices meant coffee exports would earn 50 percent more than last year's \$250 million (R875 million).

But he said streamlining state firms was proving difficult and controversial.

The government says it has earmarked some 250 state firms for sale in one of the biggest privatisations Africa has seen since the West began pushing for major reforms four years ago. — Reuter.

## Niger leader ousted by vote

NIAMEY. — Niger's new prime minister Abdoulaye Souley has been voted out just 18 days after he was appointed.

A no-confidence motion in his minority government was yesterday carried by 46 votes to 36. It said the government was no longer able to govern and was incapable of dealing with economic problems.

Mr Souley was appointed on September 28 to replace Mahamadou Issoufou, whose Niger Party for Democracy and Socialism (PNDS) defected from the ruling Alliance of Forces for Change (AFC) to an opposition coalition, giving it 46 of parliament's 83 seats.

President Mahamane Ousmane said on Friday that if the opposition went ahead with the vote, he would take all steps to ensure stability. — Reuter.

## 'Somaliland' troops seize control of airport

NAIROBI. — The president of self-declared Somaliland republic said his troops had seized control of Hargeisa airport and were chasing clan militiamen towards the border with Ethiopia.

Aid officials said 13 foreign aid workers were flown from Hargeisa yesterday to the Red Sea state of Djibouti as a protective measure after sporadic shelling of the city.

"We took the airport at 10am. Our troops have cleaned it out and it is now completely in our hands," President Mohamed Ibrahim Egal said by telephone from Hargeisa.

"The operation to take the airport began at 7.30am and by 9am we had them on the run."

The Republic of Somaliland in the northeast was declared in May 1991 but has failed to win international recognition. The fighting on Saturday and yesterday was the worst there in months.

Clan militiamen had allowed Hargeisa airport to operate for the past year but exacted "taxes" from arriving flights until Mr Egal ordered his troops to surround it more than a month ago.

Mr Egal said he ordered his forces to attack militiamen holding the airport for the past year after rebels attacked government troops on the road to Berbera on Saturday and one militia commander was killed and four soldiers wounded. — Sapa-Reuter.



## Masire in with smaller margin

GABORONE. — President Ketumile Masire's ruling party won Botswana's seventh elections since independence yesterday, but with a reduced majority.

With six seats still to be announced, the ruling Botswana Democratic Party was declared the winner with 23 seats compared to 10 won by the opposition Botswana National Front (12).

The BNF said it planned to seek a government of national unity. — Sapa-Reuter

# Botswana still sparkles

BY CLAIRE GEBHARDT

All that glitters is not gold — in fact it's probably uncut diamonds.

Who would have believed that the fastest growing country in the world in the 1970s and 1980s was not one of the newly industrialising economies in East Asia but a small country in sub-Saharan Africa.

Botswana's GDP grew by a mind-boggling annual 14.5 percent between 1970 and 1980, according to the latest World Bank publication on developing countries.

It slowed to an enviable 9.8 percent between 1980 and 1991.

Botswana is the quintessential commodity-exporting economy, relying for 80 percent of its export revenues on one commodity — uncut diamonds.

But the World Bank

says Botswana's impressive economic performance is not due solely to the unusual commodity it exports.

It also resulted from careful attention to three things — maintaining a stable macroeconomic environment through the use of prudent fiscal policies; maintaining an aggressive exchange-rate policy that helped export activities; and providing a hospitable policy environment for foreign direct investment.

## Cash surplus

For most years during the past two decades Botswana achieved a cash surplus in its budget.

The government had no domestic debt and foreign borrowing was almost always on soft terms so that the government's debt-service obligations remained low.

"In good times the government built its reserves, which it then ran down in leaner times.

"It's 50 percent holdings of the Debswana Diamond Company and the imposition of royalty taxes on diamond mining contributed to healthy growth in revenues that supported rising expenditures on education, health, infrastructure and an expansion of government services — all while the government was maintaining a budgetary cash surplus."

The World Bank says Botswana was unusual among the Sub-Saharan African economies in making frequent changes to its nominal exchange rate.

This, and its low inflation, meant that its real effective exchange rate remained relatively stable through the 1970s and the early of the

1980s.

It depreciated after 1984 when the US dollar strengthened markedly.

"This aggressive exchange-rate policy kept Botswana competitive in international markets.

"Export earnings in US dollar terms grew at almost 18 percent a year between 1973 and 1991 with most of these earnings representing volume, not price, increases."

The rapid expansion in Botswana's export volume was mainly due to an increase in the productive capacity of the mining sector, financed largely by foreign direct investment.

"Moreover, it obtained the latest technology in mineral exploration and extraction and gained entry to international markets on favourable terms for many of its mineral exports."

Star 19/10/94

12

# R130-m brewery deal in Botswana

ARG 7/12/94

The Argus Foreign Service

GABORONE. — In its biggest privatisation deal so far, the Botswana Development Corporation has sold 46 million shares in its Sechaba Investment Company for more than R130 million.

The company will now become a holding company for Kgalagadi Breweries and Botswana Breweries, both of which operate under a management contract with SA Breweries.

Shares will be on sale first to Botswana citizens and residents, then to non-residents from December 16.

Sechaba will become a holding company for 60 percent of both Kgalagadi Breweries and Botswana Breweries. The remaining 40 percent will be held by SA Breweries, which will retain control through its double voting rights agreement.

Chief executive officer of Stockbrokers Botswana Alan Norrie said: "BDC must be congratulated on this major planned privatisation of its brewery assets which represents a solid investment opportunity in the long-term."

## Recall of tenders impacts on Engen Botswana

Gaborone — The surprise recall of Botswana Railways fuel supply tenders had impinged on the performance of Engen Botswana in 1994, according to its latest annual report.

Managing director Guy White says the contract, to supply an estimated 20 million litres of fuel, could have doubled Engen Botswana's turnover.

In the annual report to August 1994, chairman Frits Smit says the group, which is 70 percent-owned by Engen of South Africa, confidently expected to win the business.

"Our tender was the most competitive. However, for rea-

sons which are still unclear to us, the tenders were recalled."

Subsequently, the business was split between Engen, BP, (the incumbent supplier) and Total.

Engen was awarded a contract for approximately 25 percent of the total amount, but purchases during the 1994 financial year were only five percent of the expected volume.

Smit has promised shareholders he will continue to obtain clarity on the situation.

Nevertheless, turnover was up from 43,976 million pula in 1993 to 58,192 million pula.

(12) Star 18/11/95  
He attributes this to contracts to supply fuel to the government's Central Transport Organisation in the north of Botswana, and to the Botswana Concessions' copper and nickel mines at Selibi-Phikwe.

The group's attributable profit for 1994, after transfer of 1 million pula to the stock profits equalisation reserve, was 26 percent up, from 2,42 million pula in 1993 to 3,05 million pula.

Earnings per share were 25,4 thebe, against 15,1 thebe in 1993.

A dividend of six thebe has been declared — one thebe up on 1993. — Sapa.

# No fireworks likely when Botswana eases controls

WHEREAS the liberalisation of SA's exchange controls is expected to be a pivotal financial event, the easing of Botswana's controls will have a limited effect on SA and Botswana, according to analysts.

The move did, however, mean non-residents could now open foreign currency accounts in Botswana following the liberalisation of the country's exchange controls which started on January 1, said the Bank of Botswana.

The Bank said the changes "should make Botswana a much more attractive locus for investment and commercial activity, by making foreign exchange more readily available and facilitating foreign transactions through the reduction or removal of bureaucratic regulations".

Analysts said the move allowed residents to invest outside Botswana.

This fact meant SA could enjoy some extra investment in property and equities.

But as Botswana's pension funds

MUNGO SOGGOT

could already invest up to 50% of their funds in SA or elsewhere, the new investment would be limited and confined to private individuals.

Individuals would now be allowed to buy shares, property or other investments worth up to 100 000 pula a year, the analysts said.

One analyst said private individuals had previously been able to get money out of Botswana using "very relaxed" travel allowance rules.

"It is basically a formalisation of the status quo," he said.

The Bank said the relaxation of exchange controls would allow residents' global earnings to be taxed.

An analyst said it was likely that the remaining minor restrictions on non-resident investment — which included a limit on the amount of shares which could be held by a non-resident — would soon be scrapped.

But such restrictions were rarely an obstacle in the country as the Bank of Botswana was usually will-

ing to make exceptions.

"The Bank is not seen as an opponent here."

One said the healthy state of Botswana's foreign exchange reserves — which were equivalent to that of SA — in proportion to its population meant the country could easily afford the move.

The Bank of Botswana's financial statistics last month pegged its reserves at \$4,445bn at the end of September. This was equivalent to 30 months of import cover.

"As most of the money circulating in Botswana is from government, the pula didn't budge when they announced the move.

"The pula is a managed currency attached to the rand."

The government's money, derived mainly from diamond sales, was spent mainly on parastatal and infrastructure spending, which was behind the country's 1980s boom.

"This spending then slackened off, but there are signs that government is getting its cheque book out again."

BD 24/11/95

48 (12)

# Botswana budget deficit likely

(12) CT 27/1/95  
GABORONE. — Botswana, considered a rare African success story for almost three decades of stability, could register its first budget deficit this year, a bank official says.

A drop in exports, especially in the leading diamond industry, and a fall in world diamond prices combined to threaten a deficit just two years after a bud-

get surplus of more than \$100 million (about R350m), said Mr Lawrence Clarke, deputy governor of the state Bank of Botswana.

"The country's traditional exports, diamonds and beef, did not perform well," Mr Clarke said on Wednesday. "This is likely to force the country to introduce some major cost-cutting."

Mr Clarke said despite the

gloomy outlook, there was little cause for deep concern. Foreign reserves and government cash balances could "cushion the situation", while spending cuts would solve the problem, he said.

Despite growing unemployment and complaints of corruption, the ruling Botswana Democratic Party easily won re-election last October.

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# Botswana students (12) invade parliament

SKW 17/2/95  
Gaborone — Botswana President Ketumile Masire was whisked away by helicopter yesterday when school pupils and students from the University of Botswana invaded the National Assembly.

But their stay was brief. They were quickly ejected and later armed policemen and soldiers guarded the parliament.

Dr Masire was not harmed and was hurried away by the presidential guard as helicopters hovered overhead.

Earlier in the day rioters were chased into the centre of Gaborone where police beat them with batons.

The students were rioting against what they call police inefficiency in investigation of the murder of a 14-year-old girl, Segametsi Mogomotsi last November in Mochudi, about 40 km north of Gaborone.

The students smashed windows at Standard Bank and Barclays Bank and a few businesses.

Four suspects, including the girl's father who is still being held, were arrested for the murder. — Star Foreign Service, Sapa.

# Gaborone tense in wake of riots

AN 18-year-old youth was shot dead by police, shops had their windows broken and four cars were burnt out in continuing riots in and around the Botswana capital of Gaborone yesterday. (12)

A number of students and pupils, including a blind boy and a girl of 12, are being treated for injuries after clashes with the security forces.

Unemployed people have joined students and children in mounting barricades amid reports of stonings of cars and attacks on businesses.

With tension running high, further trouble was expected over the weekend. ST 19/2/95

Defence Force troops and police from the paramilitary Special Support Group patrolled the streets of Gaborone and Mochudi, about 40km to the north, in the wake of last week's riots by University of Botswana students — ostensibly over the ritual killing of a 14-year-old Mochudi girl, Segametsi Mogo-motsi, in November.

On Thursday, President Ketumile Masire had to be escorted from the National Assembly in Gaborone when it was invaded by students, who later damaged two banks and looted shops in the city before being dispersed with bird-shot and teargas. — Sapa



*Ritual murder suspects released*

## Gaborone reels after three days of riots

Gaborone — Botswana President Ketumile Masire called for calm in the capital Gaborone yesterday after three days of riots which left at least one youth dead and two policemen seriously wounded.

A 24-year-old teacher, Mercy Motlamedi, was also in hospital in critical condition after she was stabbed during the riots.

More than 60 people have been arrested, and the University of Botswana has been closed indefinitely following student demonstrations.

Rioting began after suspects arrested in connection with the alleged ritual murder of a schoolgirl, Segemetsi Mogomotsi, in Mochudi, 40 km north of Ga-

borone, were released.

Masire said the suspects were released because of lack of evidence, although the murdered girl's mentally retarded father was still in custody because he had implicated himself.

The president added that the suspects could be rearrested if more evidence implicating them was forthcoming.

Masire warned that he had instructed police and the army to restore law and order.

"Riots are foreign to our way of life. We will not allow them to take root in our midst lest they become a way of life, as is the case in certain other countries."

He accused the rioters of having a hidden agenda, and said

their behaviour had nothing to do with the ritual murder of the girl in November.

Since January 25, her former school friends in Mochudi have rioted sporadically after police released three of the four suspects.

Dr Kenneth Khoma, leader of the opposition Botswana National Front, also called for calm, but said the closure of the university was unlawful. He demanded the immediate release of detained students unless there were valid charges.

He claimed the people had lost confidence in the government and its handling of the matter.  
— Sapa.

(12) (12) star 20/2/95

# Botswana rocked by riots

(12)

GABORONE 24/3/95

Botswana, for nearly three decades an island of tranquility in an unstable Southern African region, has been rocked by riots and protests sparked off by the ritual murder of a teenage girl. Protesters, many of them jobless youths, rampaged through the normally quiet streets of the capital Gaborone last month, demanding the killers be brought to justice. The protests swiftly turned into anti-government demonstrations the like of which this diamond-rich country of 1.5 million people has not seen since independence 28 years ago.

President Ketumile Masire's government blamed opposition parties for inciting the unrest, but opposition politicians cited dissatisfaction with the government and soaring unemployment as the real causes. "The government is looking for scapegoats. They should be looking for solutions to the poverty and unemployment in our country," opposition leader Kenneth Koma told Reuters.

At least one man was killed and damages amounting to tens of thousands of rand caused during three days of protest. Police used teargas and rubber bullets to disperse angry crowds. The protesters retaliated, setting government vehicles alight and stoning police and the parliament building.

Many people say Masire's Botswana Democratic Party has done nothing for the country's people despite its wealth. Botswana uses its revenue from diamond sales to build up its cash reserves which stand at R1.3 billion. The country has large foreign reserves but unemployment — officially running at 25 percent — and a lack of housing have fuelled public discontent. Unofficial unemployment is between 40 and 50 percent of the economically active population.

In newspapers and at public meetings, critics voice their discontent with the BDP. There have been calls for the 70-year-old Masire to step down but there is no indication he will. In an effort to stem the protests and get to the bottom of the ritual killing, the government has called in two detectives from London.

The British policemen say they are confident they will be able to solve the murder but opposition politicians are not sure the government will be as successful in removing the seeds of discontent. — *Sapa-Reuters*

Long hailed as a model state, Botswana experienced an eruption of violence recently. Lebona Mosia, for The Star's Foreign Service, writes that this prosperous African country's much-wanted democracy is starting to ring hollow.

# Botswana's

Starts 4/95

12

In February, the peaceful and stable liberal democratic state of Botswana was uncusomarily hit by three days of rioting by youths. A person was killed, many were injured and several arrests were made. The University of Botswana was forced to close down.

This is unprecedented in Botswana. What has gone wrong with Africa's fastest-growing economy? How can a country with an average annual growth rate of 8.1% and foreign reserves of R16.3-billion produce such a rebellious youth?

However, the truth of the matter is that Botswana has to deal with almost intractable problems that confront even the most successful economies in our contemporary developing world: unemployment is unofficially estimated at 40 to 50%, the divide between rich and poor is growing at a phenomenal rate and the percentage of those living below the poverty line has risen from 45% in the 1970s to above 60% in the late 1980s.

How is it possible that Botswana, with a population of only 1.3-million, cannot afford to keep its youth and urban population placated?

There are several historical factors that have contributed to this scenario.

Britain, in the process of transferring political power to Botswana in 1959, established the Legislative Council dominated by chiefs and prominent tribesmen. In 1961, some members of the council who were not chiefs formed the Botswana Democratic Party (BDP), while remaining closely aligned to the chiefs and loyal to the council itself.

When the first election was held in 1965, as expected the BDP party of Sir Seretse Khama, a son of the Bangwato chief, won with a large majority. This was to be the trend throughout the successive six general elections held between 1969 and 1994, albeit the last with a lesser majority.

One of the fundamental problems in Botswana is that despite the constitutional democracy, the government has not been receptive to criticism from civil society. Legislation and other mechanisms available to the State have been used to stifle and restrict civil society.

For example, trade union committee members are not allowed by law to be full-time officers of trade unions. There has been only one off-

# shine wears

cial strike in the past 32 years. Other labour unrests, including the one this year, were declared illegal and brutally suppressed.

The private press is subject to constant criticism and threats from government ministers. Some newspapers have been threatened with legal suits while others had their editors — who happened to be foreigners — declared *persona non grata*. President Ketumile Masire in February this year chided a journalist, Outsa Mokone, of The Gazette, which had run extensive coverage of divisions in the ruling party.

Women's organisations, teachers' unions and church groups have also been accused of being politically inspired by the opposition when they raise grievances on matters that affect them. The paternalistic nature of Botswana's democracy manifests itself clearly when groups try to question government decisions.

Despite criticism from the opposition, a lot of progress has been made in social development programmes. For instance, 83% of the children aged between seven and 13 years enjoy free education. The illiteracy rate has fallen from about 80% in 1966 to about 26% at the present.

Preventive health programmes have also been very successful. Over

70% of the children under five are immunised against common child diseases. Consequently Botswana has one of the lowest infant mortality rates — at 46 in every 1 000 — in developing countries.

The October 1984 general election was a litmus test for the ruling BDP and served as a wake-up call. Since independence, the highest number of seats the opposition has obtained is six — and that was in 1984.

However, last year the Botswana National Front (BNF) obtained 13 in the 40-seat parliament. It is also significant that the bedrock of BNF support lies in the urban and peri-urban areas, while the BDP maintains its firm grip on the rural areas.

The BNF won most seats in the main cities like Gaborone, Lobatse, Selibe-Pikwe and Francistown. The opposition made gains in the election by campaigning for the lowering of the voting age from 21 to 18, establishment of an independent electoral commission, introduction of postal voting for the citizens currently leaving outside Botswana and the introduction of a proportional representation electoral system.

These issues are supposed to be normal constitutional provisions in a liberal democracy, but the BDP

strongly opposed them.

The ritual murder of a 14-year-old girl was not the reason for the riots in February, but like the June 1976 uprising, it was the spark that ignited the powder keg of cumulative discontent.

The fact is that poverty and unemployment are at the root of the riots and the brutal suppression of the rioters by the police is not the solution.

Unfortunately these stern measures against rioters have made President Masire very unpopular and there is currently a campaign for his resignation.

It is ironic that while the president is becoming unpopular with the youth in the urban areas, the older generation still value and respect the traditional chieftancy system in the rural areas. That is where the majority of people live and that is the stronghold of the BDP.

The instability in Botswana reflects the dramatic impact of constitutional and democratic changes in Namibia and South Africa. The hollowness of Botswana's once-cherished liberal democracy is now exposed for what it is.

Lebona Mosia is development director at the South African Institute of International Affairs.

# Off

BOTSWANA RST

(12)

### For speculators only

FM 12/5/98

**Activities:** Base metals producer in Botswana.

**Control:** Botswana government and Anglo American.

**Chairman:** D J Hudson. MD: B V Stewart.

**Capital structure:** 17,9m ord. Market capitalisation: R14m.

**Share market:** Price: 80c. 12-month high, 85c; low, 55c. Trading volume last quarter, 14 000 shares.

Year to December 31	'91	'92	'93	'94
Loans (Pm) .....	2 173	2 800	3 254	3 573
Accumulated def (Pm) .....	1 774	2 207	2 864	3 133
Turnover (Pm) .....	251	216	198	264
Metal produced (000t) .....	37,4	38,6	38,2	39,3
Earnings (c) .....	(2 075)	(2 433)	(3 687)	(1 937)

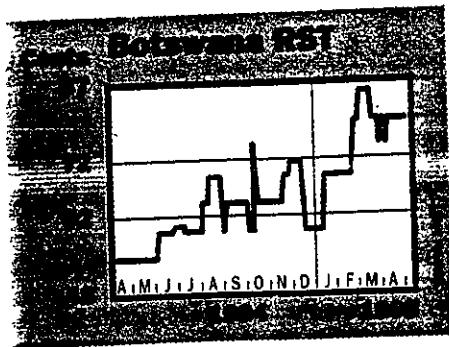
\* 1 Pula = R0,71.

This company's only rationale for continued operation is that it provides jobs for nearly 5 000 people, almost all Botswana citizens, and injects some economic life into an area of the country which would be moribund without the mine.

The company will never pay dividends. Year after year, this same sad message is faithfully relayed by whoever is unlucky enough to be the current chairman. This time it is Derrick Hudson: "... it is not envisaged that dividends will ever be paid." The fact is that Anglo American and the Botswana government, which jointly control Botswana RST (Botrest), hold huge subordinated loans; so do the World Bank and the European Community.

Early mining and metallurgical problems forced ever increasing injections of capital — far beyond what the feasibility studies envisaged. Meanwhile, government provided substantial infrastructural access. By the time it became clear the right business decision would be to flee, it was too late.

### COMPANIES



That aside, the mine operated with conspicuous success last year, producing almost 40 000 t of metal (copper and nickel in concentrate) and realising an operating profit of P36m. Unfortunately, all this is swallowed up by interest charges, royalties and exchange losses. The bottom line is a net loss of P269m, making the accumulated deficit a mind-blowing P3,1bn.

There is a glimmer of light for loan providers, if not for shareholders, in ex-

pected price rises for nickel. The London Metals Exchange overhang, which peaked recently at 160 000 t, is in free fall as supplies from Commonwealth of Independent States plunge and demand surges in line with growing stainless steel production. The price is about US\$3/lb now but analysts expect this to rise to \$4,50/lb-\$5/lb — and some optimists believe \$8/lb is possible over three to four years.

If this prophecy is fulfilled — and maintained for a while — then Botrest's income will grow exponentially. This kind of spike — last seen in 1988 — could enable it to repay some of those loans. Sadly, this line of argument can't be applied to copper. The market view is that the metal's run is now over, curtailed by perceptions of substantial new production coming on stream from various new mines.

There seems little practical reason to maintain the listing on the JSE. Of course, it does give speculators an easy nickel/copper play at a low entry price. David Gleeson

**Tax incentives plan**

5028145  
BOTSWANA was planning to become an international financial services centre which could offer SA companies tax incentives once exchange controls were lifted.

The Botswana Development Corporation has appointed a team, which includes British merchant bank Flemings, to look into the possibility (12)

An analyst in Gaborone said yesterday this followed the World Bank's recommendation that Botswana reduce its dependence on diamonds by developing as a financial services centre.

## Botswana eyes financial role

(12)

FROM S.A.P.A.

Gaborone, — Botswana is considering becoming an international financial services centre.

A team of experts has been appointed by the the Botswana Development Corporation (BDC) and the finance and development planning ministry to look into the proposal, the BDC said yesterday.

The Botswana government believes the country could provide collective investment undertakings and be an ideal regional headquarters of international companies. It could offer selective exemptions from taxation and exchange control regulations.

CT (MR) 26/5/95

# The end of the road for Botswana's wild west

SKAN 27 5 195 (12)

The isolated Kalahari Desert of Namibia and Botswana will be opened up by the Trans-Kalahari Highway. **DUNCAN GUY** of the Argus Foreign Service hitch-hiked the length of the route

Buitepos — "Swaa-ee-ear dae" (heavy days). "Kon-ou-one magre" (Cold nights). "Min seks op die pad" (Little sex on the road). Namibian road construction worker Gerhardus Coetzee jokes as he starts another day on the Trans-Kalahari Highway. His work, with fortnightly breaks, is confined to the Namibian end of the road, where only 25km remain untarred.

Across the Botswana border, there is still 428km of construction to go through this isolated "west end", where people complain that all development in the country has happened in the east.

## Completed

Once completed, in early 1988, Durban and Walvis Bay will be directly linked by tar.

The completion of the road will probably see the end of the legendary cattle treks from the west, across 600km of arid land, to the Botswana Meat Commission abattoir at Lobatse. Already, ready trucks, called "cattle trains", have replaced much of the trekking on foot.

*The road will probably see the end of the legendary cattle treks from the west, across 600km of arid land.*

Isolated towns like Kang will have more petrol stations and hotels, and the idle border post at Buitepos will be Namibia's main gateway, operating around the clock.

Life will change radically along the Trans-Kalahari. "I don't think people realise it at the moment," says Deon van Vuuren, pioneer entrepreneur in Buitepos where he has established a petrol station, bungalow and a workshop, and has future plans for a truckport. Over the border, in Botswana, is a remote farming centre where Cecil John Rhodes once settled Boer farmers among San communities to create a buffer against German South West Africa.

Local entrepreneurs wanting

to apply for business sites are still not sure exactly where the T-junction connecting their town to the new road will be.

"The location is more or less decided in terms of the alignment," says Armando Lionjarra, Botswana's Permanent Secretary for Works, Communication and Transport.

He adds that it is more technically efficient for the route — a Southern African Development Community initiative — to miss the town.

Ghanzi to the Namibian border, via the T-junction, will be the last leg of the route to be completed.

Botswana will then be a year away from its next national and local elections. The most recent, in October, saw remarkable gains by the opposition Botswana National Front (BNF). But the Botswana Democratic Party remains in power, and in the majority on the Ghanzi district council, although the number of BNF seats jumped from one to eight last election.

"If the BNF wins, and the road is not yet finished, we shall change its course to follow the existing dirt road through Ghanzi to Namibia," warns BNF councillor Elias Masuzu.

Masuzu has stuck to a promise allowing Ghanzi's poorest of the poor, who could not afford self-help housing units, to claim their own plots of land.

He too is applying for a business site at the T-junction — wherever that will be. "The west has been neglected and so have the minority tribes out here," Masuzu says.

Close to the tarmac at Kang, the Wayside Bar attracts the town's boozers without too much competition from other watering holes. But that won't go long, including hotels and petrol stations.

"Before the tar came it was difficult to bring building materials and cement along the appalling dust road," says businessman John Khea.

"We were always cross with the government for not developing this side of the country. I think the majority of people stayed in the east because they were scared of living here."

Maybe that will change with the expected boom.



**MODERN-DAY COWBOY:** Romakale Ramitshwane, a "cattle train" driver, with his live cargo in the barren Kalahari. PHOTOGRAPHS: DUNCAN GUY



**EXPECTING A BOOM:** Ghanzi local politician Elias Masuzu, who has already unilaterally allocated plots to the town's poor, says he would like to change the route of the Trans-Kalahari Highway to benefit his town

Price war, poor demand hurt plant

# Soda Ash Botswana to be liquidated

BD 1/6/95 (12)

**Mungo Sogot**

SODA Ash Botswana, the plant owned by the Botswana government, AECI, Anglo American and De Beers, announced yesterday it had applied to the Botswana High Court for liquidation.

AECI, responsible for managing the plant which has cost more than R1bn, said the liquidation would not have a material effect on AECI's results. AECI had already provided R305m for Soda Ash's losses in its year-end statement in December. This would cover AECI's obligations to creditors and the cost of liquidation, AECI finance director Neale Axelson said.

AECI, which has a 26,5% stake in Soda Ash, had put R237m into the plant. The Botswana government has a 48% stake and Anglo American and De Beers 12,5% each.

AECI MD Mike Smith said that Soda Ash had been hit by declining demand for soda ash since 1990, by a fierce price war and by escalating fixed costs.

Analysts said Soda Ash had faced stiff competition from cut-price imports from the US. Soda Ash has in the past accused US producers of dumping, naming world leader American Natural Soda Ash as the major culprit.

AECI executive director Johnny van Leeuwen said the slump in demand for soda ash — used in detergents and for making glass — had begun when the company came on line in 1991.

The plant, which is a major feature of Botswana's diamond-dominated economy, employs 566 people. Botswana has one of

the biggest soda ash deposits in the world.

Smith said the company stakeholders had been negotiating a restructuring and refinancing package for the plant with the Botswana government and the company's bankers since the last quarter of last year, but could not settle on a solution which suited everyone. "The shareholders are not prepared to continue bearing the full burden of providing financial support for the company at these levels."

Smith said the combination of circumstances which had afflicted Soda Ash were "beyond the reasonable expectation of shareholders" in 1988 when the venture had been approved. Since it had come on line the plant had been downscaled, "but not enough", and it remained unviable.

The company's cash shortfall was R137,8m in the year to December 1994 and it had budgeted for a further shortfall of R222,3m for the year to December 1995.

Smith said the plant, which had benefited from import protection, had had about 75% of the SA and neighbouring states' soda ash market. It had not been set up with the export market in mind. The liquidator would probably be appointed on Friday. He did not know whether the liquidator would sell the plant or shut it down.

The Botswana government had for some time indicated it wanted to reduce its stake in the ailing operation, he said.

Smith's predecessor, Mike Sander, said last year Soda Ash's performance had shaved 19c a share off AECI's earnings. AECI's share closed yesterday at R30,50 from a previous R30,75.



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CAPE TIMES

# BUSINESS REPORT

SOUTH AFRICA'S NATIONAL FINANCIAL DAILY

## Soda Ash Botswana files for liquidation

By JOHN SPERA

CAUTION: BUSINESS EDITOR

Soda Ash Botswana (SAB) is to be liquidated. At stake are more than R1 billion and nearly 600 jobs.

AECI, the major private shareholder in the project — the others are Debhold and Anglo American Corporation — and SAB yesterday announced that the board of the company had passed a resolution

for its liquidation. It is applying to the High Court in Botswana for the appointment of a liquidator.

According to AECI: "Following discussions between the shareholders and lenders of SAB regarding the long term viability of the company, a decision has been taken to apply for the liquidation of SAB. This decision was taken with regret after all other options had been pursued."

The Botswana government has a 48 percent stake in the company and, should the liquidators decide to close the operation, the effect on the country's economy could be severe.

Since it started operations in 1991, it has consistently incurred operating losses and has required substantial financial assistance from shareholders.

AECI said previously its finan-

cial under-performance was the result of a structural and cyclical decline in demand for soda ash since 1990 and a cost structure that had risen to unsustainable levels.

"This combination of circumstances was beyond the reasonable expectation of shareholders in 1988, when the venture was approved," said AECI.

The costs it would incur as a result of liquidation would not dif-

fer materially from the provision it had made for such an eventuality in its 1994 accounts.

The liquidation of SAB would not effect this year's financial results, AECI said.

The company was initially financed via R320 million in equity and R600 million of debt.

The Botswana government has also ploughed substantial sums of money into the company.

ET (BR) 11/6/95(12)

# AECI moves to liquidate SABot

SSA  
Star 1/6/95  
(12)

■ BY JOHN SPIRA  
BUSINESS EDITOR

Soda Ash Botswana is to be liquidated. At stake is more than R1-billion and nearly 600 jobs.

AECI, the major private shareholder in the project (the others are Dehold and Anglo American Corp), and Soda Ash Botswana yesterday announced that the board of the company had passed a resolution for its liquidation.

It is applying to the High Court in Botswana for the appointment of a liquidator.

In a statement AECI said that following lengthy discussions between the shareholders and lenders of Soda Ash Botswana regarding the long term viability of the company, a decision had been taken to apply for the liquidation of SABot.

"This decision was taken with regret after all other options had

been intensively pursued."

The government of Botswana has a 48% stake in SAB and, should the liquidators decide to close the operation, the impact on the economy of the country could be severe.

## Losses

Since it started operations in 1991, SABot has consistently incurred operating losses and has required substantial and ongoing financial assistance from shareholders by way of interest free loans and other financial support.

SABot's cash shortfall was P106-million (R143-million) in the financial year to December 31 and a further shortfall of P171-million (R231-million) had been budgeted for this year, AECI said.

AECI has on several past occasions noted that SAB's financial underperformance had been the result of a structural

and cyclical decline in demand for soda ash since 1990, along with a cost structure that has escalated to unsustainable levels.

It now observes: "This combination of circumstances was beyond the reasonable expectation of shareholders in 1988, when the venture was approved."

AECI says the costs it will incur as a result of liquidation will not differ materially from the provision it has made for such an eventuality in its 1994 accounts. Accordingly, the SABot liquidation would not have an impact on the current year's financial results.

SABot was initially financed via R320-million in equity and R600-million of debt.

In addition, the Botswana government has ploughed substantial sums of money into it in the form of supporting infrastructure.

# Soda Ash millions up in smoke

ST(BT) 4/6/95 (12)

## PACIOLI

SHAREHOLDERS and bankers in Soda Ash Botswana must be sitting on the edge of their seats, hoping their R1,3-billion investment does not turn into a ghost town "in the middle of nowhere".

An application has been made to Gaborone's Botswana High Court to liquidate Soda Ash Botswana. The project, owned by the Botswana government (48%), AECI (26,5%), De Beers (12,25%) and Anglo (12,25%), was set to replace southern Africa's imports of soda ash and was hailed as one of the region's most important economic projects.

The project cost R920-million, of which R600-million was funded through interest bearing loans.

The project's main lenders are First National Bank, UAL, Standard Bank, Barclays Bank of Botswana, Barclays Bank plc and Standard Charter of Botswana. Further investments were made by Botswana's government in related infrastructure.

According to AECI, the decision to seek liquidation followed lengthy discussions between shareholders and lenders regarding Soda Ash Botswana's long-term viability.

Operational since 1991, Soda Ash Botswana has incurred losses, requiring financial help from share-

holders via interest-free loans and other support. Its cash shortfall was P106-million in the financial year to December and a further shortfall of P171-million was expected for the same period to December this year.

AECI says Soda Ash Botswana's woes stem from a structural and cyclical decline in demand for soda ash since 1990, accompanied by a cost structure that has escalated to unsustainable levels.

Another factor has been a fierce price war. Previous international suppliers to South Africa have had to deal with poor global conditions, as well as a new southern Africa competitor, and responded by dropping prices and increasing volumes.

Soda Ash Botswana has accused US producers of dumping, naming American Natural Soda Ash as the major culprit. Even during the plant's construction, a US supplier, peeved at being squeezed out of the SA market, cut its credit terms to its SA agent, AECI subsidiary Chemserve, from 120 days to 30 days. Chemserve had been appointed to market Soda Ash Botswana's product in South Africa.

At the time, Soda Ash Botswana's management thought it had underestimated regional demand by 50 000 tons. The plant was expected to produce 300 000 tons annually but demand last year slipped to about 230 000 tons.

Soda ash is used in making detergents, glass, pulp, paper and various bleaching agents. It is also involved in vanadium extraction and processing.

The liquidation application comes at a time when demand in southern Africa is hardening even though

prices are not.

In its last financial year, AECI made a R305-million provision for Soda Ash Botswana. Yet there was talk of recovery and an upgrade. And, just last month, the Botswana government denied a newspaper report that it planned to close the project.

As recently as March, the SA Board on Tariffs and Trade decided to maintain a 10% duty on soda ash to help the company.

The liquidator was expected to be appointed on Friday. Given market conditions and Soda Ash Botswana's huge debt, it will not be easy to save R1,3-billion worth of infrastruc-

ture. The plant was constructed in the remote Sua Pan, about 180km from Francistown.

The Botswana government built a railway line and provided water, electricity, access roads and about 600 houses for the 3 000 people who live there.

Those not employed by Soda Ash Botswana supply support services to the plant and its workers.

Because overhead powerlines would have interfered with the flight path of flamingos, R3,8-million was spent on an underground electrical system.

**Zilla Efrat**

## Millions 'lost' by Soda Ash creditors

GABORONE — Spoornet, which is owed 3-million pula (R2,3m) by Soda Ash Botswana, now in provisional liquidation, has refused to carry further consignments from the plant pending negotiations with the liquidator.

On Friday three Botswana banks, two of which are said to have lent money to Soda Ash, and a third which is a subsidiary of a SA bank involved in the venture, lost market capitalisation of 12,65-million pula as the Botswana share market closed.

Barclays was bid down 6,2%, losing 8,5-million pula; Standard Chartered was bid down 2,4%, losing 2,9-million pula; and

(12) BD 5/6/75  
First National, a subsidiary of FNB SA, was bid down 1,25%, losing 1,3-million.

Soda Ash MD Len Larson at the weekend blamed a high interest burden for causing the company's failure.

Mineral resources and water affairs ministry spokesman Blackie Marole said the total unsecured exposure by lenders to Soda Ash could be as high as 150-million pula, while the Botswana government was facing costs of 550-million pula.

Soda Ash, which is owned by the Botswana government, AECL, Anglo-American and De Beers, applied for liquidation last week. — Sapa.

# Glass-makers review soda ash supplies

Mungo Soggot

(12)  
BD 6/6/95

SA GLASS-MAKERS, relying on Soda Ash Botswana, which was put up for provisional liquidation last week, expect to know on Thursday whether the plant will close and force them to find other soda ash sources. PFG Building Glass MD Keith Luyt said SA glass-makers — including Consol and PFG which were Soda Ash's main buyers — had met AECI and Chemserve, Soda Ash's import agent, and agreed to stick to existing contracts. The glass-makers would reassess the situation on Thursday when the liquidators' preliminary decision was due on whether to keep the plant going for a future sale or close it.

The liquidators are Vorster Pereira and Gaborone-based KPMG Aiken & Peat.

Luyt said PFG, which sourced all its soda ash from the Botswana plant, would carry on buying from the plant while it operated — which was slightly cheaper than using other imports. Consol Glass MD Dave Spindler said Consol bought its soda ash from many sources.

Spoornet yesterday qualified a report that it had refused to carry further consignments from the plant pending negotiations with the liquidator. A spokesman said it would carry soda ash for the plant's clients' accounts if Soda Ash Botswana paid in advance. Sapa reported that Soda Ash owed Spoornet R2,3m.

# 'Botswana pushed into Soda Ash'

(12) CT (BR) 8/6/95  
FROM SAPA

Gaborone — A newspaper yesterday alleged that Botswana was pushed by the South African government, De Beers and Anglo American into investing in the failed pula 900 million (about R680 million) Soda Ash Botswana.

"In 1988, South Africa was desperately looking for friends in black Africa to prop up its apartheid government. The presence of the then foreign minister, Pik Botha, at the official opening of the plant was evidence of South Africa's interest in the project, as was the Southern African Customs Union agreement to protect Botswana soda ash from cheaper imports from the United States," the Botswana Gazette reported.

"We also know that the agreement between the government and the De Beers diamond cartel was up for renewal and De Beers was anxious to tie down Botswana's production of diamonds.

"The government is totally ill-equipped when it comes to international trade. We cannot help asking whether Anglo American and De Beers, which so dominate the Botswana economy are not just fairweather friends."

Shareholders in Soda Ash Botswana are the Botswana government with 48 percent, and three South African companies. AECI has 26,5 percent and AAC and De Beers via Anglo American Industrial Corporation, 25,5 percent. Anglo American has a controlling interest in AECI.

The liquidators were meeting yesterday with Soda Ash shareholders and the company's bankers in a bid to keep the plant running for 90 days to find time for a buyer.

## BOTSWANA SODA ASH

# Down but not out

FM 9/6/95

The chances of stitching together a deal to rescue Botswana Soda Ash from liquidation appear to be receding. However, Johannesburg-based joint liquidator Laurie Pereira says there's no possibility the highly sophisticated, R2bn investment on Botswana's Sua salt pan will cease operations.

The contradictions are easily explainable: on one hand, lengthy discussions between the private shareholders, the Botswana government and the lending banks failed to produce an acceptable solution. Since resolution of the problem lies firmly within this grouping, quite why they should now produce the rabbit from the liquidation hat is a puzzle. On the other, the liquidators will want to keep Soda Ash in operation as a going concern for as long as possible: this will make it much easier to sell than if it's in mothballs.

Soda Ash was originally commissioned in 1991 at a capital cost of about R1bn, much of which was supplied through loans provided by a consortium of banks which include First National, Standard, UAL, Standard Charter Botswana and Barclays Botswana. About three-quarters of these were guaranteed by shareholders, including the Botswana government; the balance is unsecured.

This doesn't include large sums devoted by government to the provision of infrastructure.

The liquidation of Soda Ash clearly took the banks by surprise. Discussions between the shareholders began late last year to find ways of extricating the company from the classic investment trap: Soda Ash came into full production just as world prices fell and SA's recession took hold. Since then, Soda Ash's costs have escalated at a rate roughly in line with inflation, much of it of a fixed nature as the company redeems government's infrastructural capital expenditure.

About two months ago these talks were expanded to embrace the banks. One of Soda Ash's problems is that though it still returns a negative cash flow at the operating level, it was also required to meet interest payments and the redemption of loans. Shareholders were required to subsidise the shortfalls from their own resources.

AECI MD Mike Smith says the problem was in producing a package which satisfied the requirements of every party. Eventually it proved an impossibility. That's when the shareholders, the Botswana government (48%), AECI (26,5%), Anglo and De Beers (12,75% each) called it a day.

If there is any criticism, it is that the private shareholders didn't sing the company's distress louder and earlier.

AECI has provided a total of R305m as write-offs: this includes R237m invested in the plant and further amounts to cover

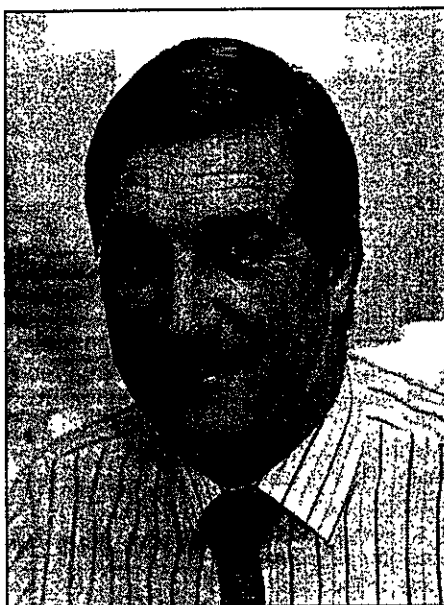
AECI's share of continuing losses.

Soda ash is produced internationally principally in Europe, the US and Australia either from natural sources or chemically. The Botswana material was considered world class but it had to compete under hostile circumstances: long distances from its major users coincided with dumping by those companies which previously supplied SA and wanted to retain the market at a time when world demand was slumping.

More recently, Kenyan producer Magadi, part of the Australian-controlled Penrice group, has been actively capping SA domestic prices. Ironically, with Soda Ash's supplies now under threat, local consumers will scramble for product and will probably be forced to pay premiums over the prices which would have ensured Botswana Soda Ash's viability.

They put a brave face of it though: customers like Consol, PFG Building Glass and Metal Box Glass say they are not that concerned. either they have sufficient stocks or they can easily switch to external supply sources. The estimate is that there is probably about six to seven weeks of soda ash either in stockpile or in transit.

The immediate problem facing the liquidators is how to keep Soda Ash in operation. There are always problems associated with mothballing metallurgical processing plants — principally that they often require major expenditure on rehabilitation. Another feature is that it is easier to attract potential buyers to a going concern. Clearly, the liquidators will look to the



Smith . . . problem proved an impossibility

banks to provide bridging finance; as the FM went to press no-one was prepared to comment on this aspect.

Aside from the money lost — and about which there will be subsequent post mortems — it is the Botswana government which inherits the biggest headache. What it won't want is a moribund town and railway system with nowhere to go. That suggests it will seek to keep the operation intact, perhaps with an international partner, though it is noticeable that the global majors have kept their distance.

David Gleason

## AGRICULTURE

### Spade work

FM 9/6/95

The White Paper on Agriculture, released this week, is an attempt to merge the policy interests of the commercial (largely white) and small-scale or subsistence (largely black) farming communities.

It draws a distinction between past policies aimed at food self-sufficiency and the current social policy needs. But the paper evades the trap of using the market and pricing mechanisms to support the indigent.

While it sets out to promote policy goals at both national and provincial levels, the paper basically remains an open-ended. But, as could be expected in the new political dispensation, the paper is heavily weighted in favour of social and developmental considerations. Commercial farmers can therefore prepare themselves for a less than helpful attitude regarding their financing pleas of the past, as the new policies will be heavily focused on the needs and demands of small-scale farmers.

While farmers would still be able to count on a helping State hand in the case of climatic and other disasters, this would exclude the "normal" drought relief assistance of the past, as farmers now have to factor this in as a normal farming risk for which they have to make provision.

The wide-ranging document is the result of a "dynamically inclusive" process of deliberations, merging the policy views contained in the previous government's White Paper, the ANC's agriculture policy document and inputs from the Land & Agriculture Policy Centre. Industry pundits point out, farming efficiency has to remain the guiding principle of a market-orientated farming sector that wants to remain competitive.

Socio-political policy targets should therefore not be allowed to distort these vital driving forces if SA wants to retain a successful farming sector that continues to contribute to economic growth. ■

## Angola's plan to cut inflation

(E) CT(BR) 29/6/95

FROM REUTERS

Lisbon — Soaring inflation in Angola is blocking an economic restructuring agreement with the International Monetary Fund.

In an interview with Portugal's Diario de Noticias newspaper yesterday, Augusto Tomas, finance minister, said inflation, running at a monthly average of 40 percent, was the stumbling block to implementing the IMF deal.

"The fight against inflation is one of our fundamental goals. We aim to reduce public spending, set credit limits and readjust interest rates," he added.

Tomas has said he hopes to meet IMF officials in Washington in July or August to discuss the reconstruction of Angola's war-ravaged economy. The country is 80 percent dependent on foreign imports to feed its population of 10 million.



(12)  
**Botswana seeks ILO help:** Botswana has asked the International Labour Organisation to help it with a survey into the introduction of a national old-age pension scheme. There are few government social benefits in Botswana and old-age pensions were promised by the ruling Botswana Democratic Party during the elections last year.  
ET(MR) 30/6/95

# Construction begins on Botswana, casino complex

CT (BR) 3/7/95 (12)

By ROSS HERBERT

STAFF WRITER

Construction on a casino complex at the Cabarone Grand Palm Hotel and Casino Resort in Botswana will begin this month, said Global Resorts Management, which took over management at the weekend.

Chief executive Ernie Joubert said the organisation intended to

"seek casino licences in all nine provinces in South Africa and become a major player in the casino resort sector".

However, because of delays in the legislation and licensing of South African casinos, Joubert said the group had moved its plans ahead and would launch casino operations in the rest of Africa.

The casino is scheduled to

open by the end of the year. The Protea group will manage the hotel.

Jackson Mphafudi has been appointed chairman of Global Resorts South Africa (GRSA). He also is chairman of Matla Leisure Holdings.

"It is my ambition to help GRSA not only achieve a substantial stake in the South African casino and tourism industry, but also

to-emerge as a truly global player," Mphafudi said.

GRSA and Matla will work together to encourage black ownership and employment in the casino and tourism sector.

Moss Ngwenya, the acting chief executive officer of the National Tourism and Environment Development Initiative, has also been appointed to the GRSA board.

volatile, cautious trading next week," said trader Martin Kearney.

Later in the day, technology stocks sent the Dow to

**Salaker unchanged from takeover:** The takeover

# Drought more than lack of rain

(12) WM 7-13/9/95

Caitlin Davies in Francistown

**A**t the end of every important occasion in Botswana, comes the rallying cry "pula".

Pula is the name of Botswana's currency, but on these occasions, people are not calling for money; they are calling for rain — the meaning of *pula* in the local Setswana language.

And in February the rains did come. But it was a case of too much, too late. A two-day down-pour left 10 people dead in Palapye, central Botswana, and more than 1 000 homeless in Masemiyanga in the northeast.

Most of Botswana is covered by the Kalahari Desert. Kalahari is a corruption of the local name *Kgalagadi*, meaning the Great Drying Up or the Great Thirst. Despite the February floods, the "great thirst" is here again.

The result is drought, water restrictions, the suspension of development projects and severely threatened wildlife.

January rainfall was "much below average" and cumulative rainfall from October 1994 continued to be "deficient", say the meteorological services.

The country is drier than during the previous two planting seasons. Crops planted early were devastatingly affected by the October to January dry spell. Most either failed to germinate or soon died.

About 70 percent of Botswana's 1.3-million people depend on the land, growing sorghum, millet, beans, melon and vegetables.

The planting season normally begins with the rains in November, but by January, many farmers in the north-east had done nothing because of lack of rain. The area was already threatened by a serious drought.

In Boteti in the north, villagers say this year's drought is the worst since the 1930s. At Sepako, further east, nothing was planted. Elsewhere, the only crop was watermelon, most of which has been eaten by now.

Botswana needs 122 000 tons of maize annually. There is about 20 000 tons in stock, says Montsho. The shortfall of 98 000 tons has to be imported, mainly



Levels of desperation not encountered for over half a century focus attention on the imbalances of farming

PHOTOGRAPH: PAUL WEINBERG

from neighbouring South Africa. Last year sorghum was imported from as far away as Italy.

"Thirty years ago we ground our own sorghum," says one farmer.

"These days we rely on our young employed people (relatives) with cash to buy us sorghum from shops"

Whenever there is a drought, farmers — mostly women — suffer. "The men plough for us long after they have ploughed their own fields, and then it is already very late," says Rose Masego, a farmer.

"After ploughing," adds Limbo Kamwi, "the men hire us to weed their fields. As we need the money,

we have to accept their pay. We go out to weed their fields and little time is left for our own fields"

"Then we do not have transport to carry our harvest home, and again we have to hire the transport from men, says Mashima Mangala, another farmer.

While male politicians blame drought for food shortages, women farmers fault the whole structure of agriculture.

Botswana has about 276 000 households, and almost half are headed by women, says the 1991 census. They depend on agriculture, although they do not own land.

The majority of women marry under community of property, which means legally they can't get title deeds. They don't own cattle and have limited access to markets.

Credit programmes often require self-contribution or security, which most women don't have. Married women, meanwhile, can't get credit without their husbands' help.

The women's group, Emang Basadi, warned last year that if women are not involved in planning and implementing agricultural projects, basic food production will continue to decline. — AJA

# Soda Ash Botswana expects purchase offer

Michael Urquhart

(12) 13013/17/198

AN offer for the purchase of Soda Ash Botswana was expected by July 21, provisional liquidators said yesterday.

Joint provisional liquidator Laurence Pereira said an offer, the only one received so far, would be made to purchase the plant, assets and business of the company as a going concern.

The liquidation of the company, jointly owned by the Botswana government (48,5%), AECI (26,5%) and De Beers and Anglo American (12,5% each), was announced at the beginning of last month.

It was placed in liquidation after declining demand for soda ash coupled with escalating fixed costs led to continued losses. A rescue plan negotiated with the Botswana government had fallen through, and shareholders had balked at continuing to cover

the company's losses.

Although Pereira would not reveal who the prospective purchasers were, or the terms, he said they were looking at taking over the company as a going concern and restructuring it.

The offer would be submitted to the creditor banks, which had a right to all the company's plant and other assets. Should the offer be considered insufficient, negotiations would have to take place to determine an acceptable price.

In a statement yesterday the liquidators said they expected the sale of the plant to be completed before the next meeting with shareholders and creditors.

At a meeting with creditors earlier this week, the liquidators had indicated they were satisfied with results for June, and directed creditors to continue operations for July.

# Hyundai asks for time

(12) (12) Stan 13/7/95

■ BY ROY COCKAYNE  
PRETORIA CORRESPONDENT

Bilateral negotiations are currently taking place between Botswana and South Africa about extending the two-year dispensation granted to Hyundai Motor Distributors (HMD) to allow it to convert its Botswanan facilities to comply with new customs regulations.

The new regulations, which were effective from April 1 this year, closed the loophole that allowed motor vehicles to be imported into the Southern African Customs Union under full rebate without any major investment in plant or employment.

Hyundai projects manager Les Watson said it was difficult for a company to achieve CKD manufacturing when it had to build a facility from inception.

He confirmed the company had submitted a business plan to the Botswana

authorities in terms of which 100-million pula (R130-million) would be invested to convert its semi knocked down (SKD) car assembly operation to supply vehicles from completely knocked down (CKD) kits.

But Watson stressed Hyundai as a company — and not its SKD facility — would convert to CKD manufacturing.

Watson said the plan was to build a totally new CKD plant from inception in Gaborone which, because of the demands of CKD, would be six times larger than its current SKD premises.

Converting to CKD means Hyundai will have to introduce several new production processes and activities. These include such things as welding jigs, an expensive paint shop and trim section for finishing the inside of vehicles.

In terms of the business plan, the first CKD vehicles should be off the assembly line in 1999.

# Soda Ash awaits sale

(12) CT (PR) 13/17/95

By DEREK TOMMEY

MINING EDITOR

The provisional liquidators of Soda Ash Botswana are expected to finalise the sale of the company as a going concern by early next month.

Soda Ash Botswana's shareholders are the Botswana government, which has a 48 percent stake, and three companies in the Anglo American group, which hold the remaining 52 percent.

The provisional liquidators — Laurence Pereira and Thomas J Piper — said last night they had been informed that an offer to purchase the assets and business of the company would be submitted by July 21. As soon as they had received the offer they would submit it for consideration to the bank's creditors in whose favour the plant and all the assets of the company were encumbered.

Should the provisional liquidators and bank creditors consider the offer too low, negotiations would begin so that an acceptable price could be determined.

# Botswana in talks with SA on Hyundai venture

ROY COKAYNE

PRETORIA BUSINESS EDITOR

CT(BR)B/7/96 (12)

Negotiations are under way between Botswana and South Africa on extending the two-year dispensation granted to Hyundai Motor Distributors to allow it to convert its Botswana facilities to comply with new customs regulations.

The new regulations, which were effective from April 1 this year, closed the loophole that allowed motor vehicles to be imported into Southern African Customs Union countries under full rebate without any major investment in plant or employment.

Les Watson, the projects manager at Hyundai, said it was difficult for a company to achieve completely knocked down manufacturing when it had to build a facility from inception.

He confirmed the company had submitted a business plan to the Botswana authorities in terms of which 100 million pula (R130 million) would be invested to convert its semi-knocked down car assembly operation to supply vehicles from completely knocked down kits.

But Watson stressed Hyundai as a company — and not its semi-knocked down facility — would convert to completely knocked down manufacturing.

He said the plan was to build a new completely knocked down plant from inception in Gaborone which, because of the demands of the operation, would be six times larger than the company's current semi knocked down premises.

Converting to completely knocked down meant Hyundai would have to introduce several new production pro-

cesses and activities. These included welding jigs, an expensive paint shop and a trim section for finishing the inside of vehicles.

In terms of the business plan, the first completely knocked down vehicles should be off the assembly line in 1999.

But Watson said the company would do its best to work within the two-year exemption period if an extension to this exemption was not granted.

"That is a bridge we will cross when we come to it," he said.

Watson said Hyundai now produced about 1 400 passenger vehicles a month with about 90 percent of them destined for the South African market.

He said the plan was for production to increase to 2 500 units a month when the completely knocked down facility came on stream in 1999. The new facility would also create more jobs.

Watson said Hyundai would employ about 720 people when the completely knocked down facility came on stream, compared to the current workforce of 452. "We are the biggest private industrial employer in Botswana, which obviously has some meaning to the Botswana government," he said.

Watson said Hyundai would continue to oppose the new completely knocked down definition.

The company said the implementation of this definition was contrary to the requirements of the General Agreement on Tariffs and Trade to which South Africa was a signatory.

"We are still pursuing our opposition to this definition with the customs union through the Botswana government. But I can't comment any further on it because we don't know what the future holds," Watson added.

# Botswana, Anglo may buy Soda Ash

Mungo Soggot

(12)  
60 19/7/95  
THE Anglo American group and the Botswana government could buy back Soda Ash Botswana, which they put up for liquidation last month, sources said yesterday.

Some combination of the original stakeholders in the project — which included Anglo American, chemical company AECI, De Beers and the Botswana government — would bid for the operation.

It appeared that without a hefty debt burden — which would be wiped out with the liquidation — the operation, which started up in 1991 just as soda ash prices dived, could work, especially since prices were rising. Furthermore, demand in SA — which bought about 90% of its product — was picking up. "It looks as if they are going to go back and buy it off the chopping block, which is a very nice way of getting rid of the debt," said one source.

AECI had a 26,5% stake in the operation and Anglo American and De Beers 12,5% each. The Botswana government had a 48% stake. The operation is estimated to contribute 5% to the diamond-dominated country's GDP.

The shareholders applied to the Botswana High Court for liquidation last

month. The company was then put into provisional liquidation. Joint provisional liquidator Laurence Pereira said last week he expected an offer to buy it as a going concern by Friday.

There was no comment yesterday from AECI, Chemserve (which imported Soda Ash's output into SA), liquidators Vorster Pereira or the operation's main creditor, First National Bank. PFG Building Glass, one of Soda Ash's main customers, said its main concern was the reliability of supply from Soda Ash. PFG MD Keith Luyt said he would want "a lot more commitment on reliability and security of supply".

When AECI — which according to industry sources would probably carry on managing the operation even if someone else bought it — announced the move to liquidate the operation, it blamed declining demand for soda ash, escalating costs and a fierce price war. It had provided R305m for Soda Ash's losses in last year's accounts. It was reported that Soda Ash's liabilities amounted to about R700m.

Another source said it appeared that the American Soda Ash Corporation, which was one of Soda Ash's fiercest competitors and which had expressed interest in the operation, would not bid for it.

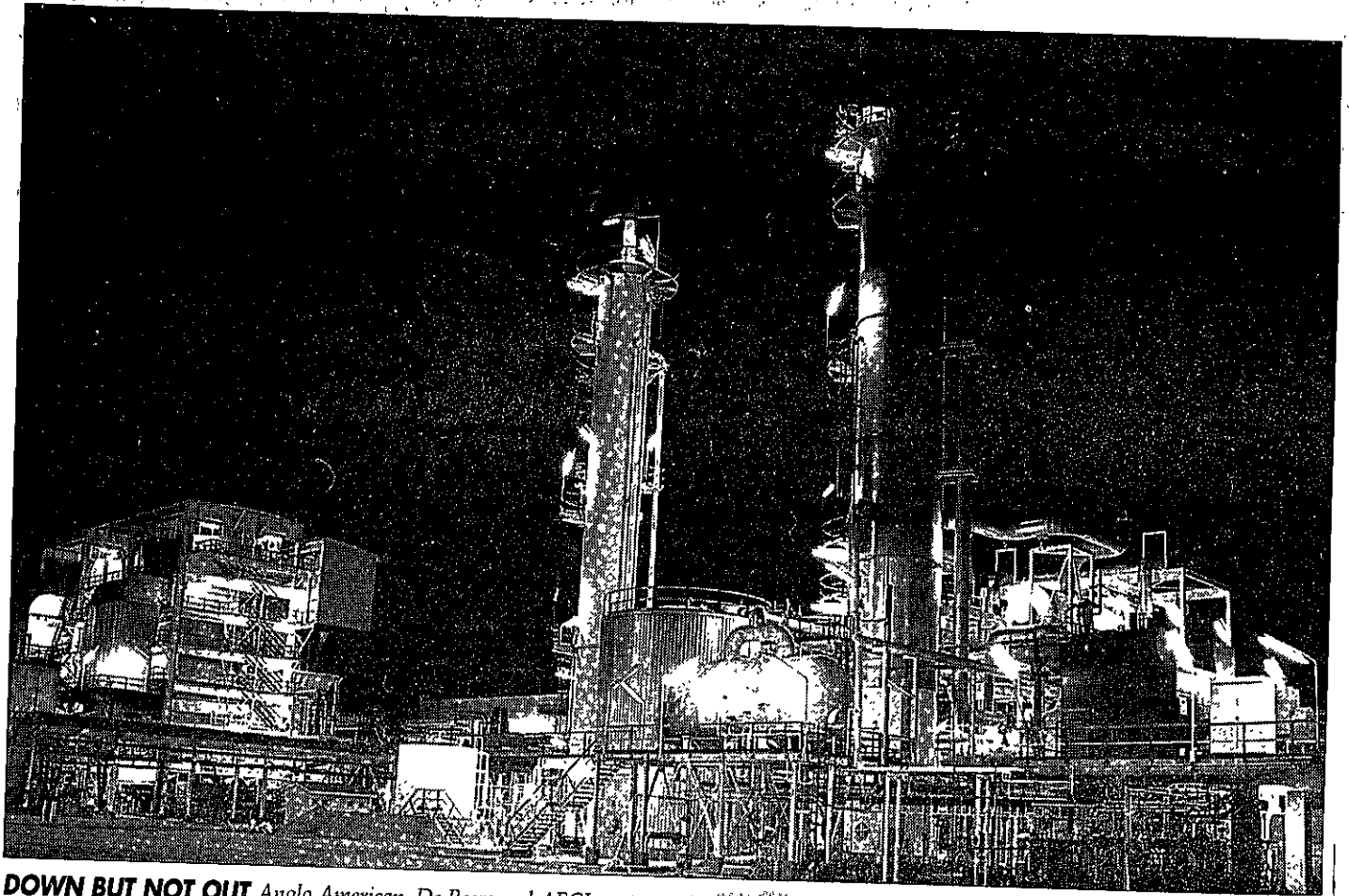


**Debswana agreement**

DEBSWANA Diamond Company had reached agreement with the Botswana Mining Workers' Union on wages and conditions of employment, it said yesterday.

A 7,5% wage increase across the board and an individual performance award of 2% would be paid retrospectively from April 1.

(12) REPORTS 21/7/95



**DOWN BUT NOT OUT** Anglo American, De Beers and AECI are to put in a bid for Soda Ash Botswana after it put the company into liquidation less than a month ago. The company's state-of-the-art chemical plant at Sua Pan is also to attract a bid from the Botswana government

## Anglo to bid for bust Soda Ash Botswana

By ANDY DUFFY

STAFF WRITER

Anglo American and associates De Beers and AECI are bidding for Soda Ash Botswana less than a month after putting the troubled business into provisional liquidation.

The companies — which together had held 51,5 percent of the company — tabled their bid late last week and said they expected an announcement early this week. The other Soda Ash shareholder, the government of

Botswana, has made clear it would also bid.

Anglo American refused to detail its proposals or say whether the deal would fully cover the plant's liabilities, which stand at R1,3 billion against R1,1 billion of book assets.

But an Anglo American spokesman said the group hoped to persuade creditors, including the main victim First National Bank, that any deal was preferable to the company's failure.

"There must be a better solution than winding the thing up," the

Anglo spokesman said.

"Soda Ash Botswana has made losses for its shareholders for a long time. Discussions are going on and these issues are being dealt with."

Liquidator Laurence Pereira said the business would be sold as a going concern. He said Soda Ash Botswana was not insolvent on book value, given the shareholders' total R315 million investment in it.

There was only one bid on the table and he could not say whether creditors would recoup their losses.

"There is no deadline for bids but we're under pressure from the

customers. The banks want this resolved. I believe there will be an announcement this week," he said.

The deal is likely to be seen as a sharp move by Anglo American.

The AECI-managed plant had gone down under the burden of rising costs and falling demand. Cleared of its bank debt, the operation could exploit a recent recovery in demand.

First National Bank, in which Anglo American has a 26,1 percent stake, refused to comment, but said it did not expect an announcement until next month.

CT(BR) 24/7/95 (12)

# Anglo, Botswana bid for soda ash plant

Mungo Soggot

20 26/7/95

(12)

THE former shareholders of Soda Ash Botswana — the Anglo American group and the Botswana government — were the only bidders for the provisionally liquidated company and the bid results were expected by Friday, sources said yesterday.

Liquidator Vorster Pereira said the parties involved remained locked in negotiation and an announcement was expected towards the end of the week.

Anglo American and the Botswana government have confirmed that they are bid-

ding for the operation. Sources said it appeared the plant's creditor banks held the key to the "fine tuning" of the former shareholders' bid.

Anglo American's AECL, which operated the plant, had a 26,5% share, Anglo American and De Beers 12,5% each and the Botswana government 48%. When they put it up for liquidation, they blamed escalating costs and low soda ash prices. Soda ash is used in glass and detergents.

Reports have said liabilities total about R700m. Analysts said with a reduced debt burden the operation was viable.

SODA ASH BOTSWANA

# Laryngitis as witching hour looms

With the deadline for acceptance of an offer to buy Soda Ash Botswana's assets out of liquidation barely 24 hours away as the *FM* went to print, a self-imposed censorship was imposed by most of those involved.

Anglo American Corp financial manager David Fish confirms that Anglo, De Beers and AECI, together with the Botswana government — in other words, all Soda Ash's shareholders — have made an offer to buy the assets but not the company.

Fish won't disclose the terms other than to say that a small premium has been offered over the amount which shareholders believe the creditors would receive if the plant is broken up and sold out of hand.

It isn't possible, with this scant information, to calculate the eventual payout.

Asked to comment, joint liquidator Laurie Pereira's hasty response is: "Look, I'm under an embargo. It is very complex and involved. The negotiations which are going on right now are delicate and I certainly wouldn't want to say anything which might jeopardise their success."

Soda Ash was put into liquidation by its shareholders at the end of May after extensive negotiations failed to produce a solution to apparently intractable financial difficulties, most related to the costs of servicing large loans. Capitalisation was 236,7m pula, of which accumulated losses left only P20,7m at liquidation.

A further P408m was contributed by shareholders in the form of loans. In addition, a consortium of banks granted P367m in secured loans. Fish says the final position is that there are loans of R458m guaranteed by shareholders and a further R140m not guaranteed.

The deal has all the marks of a classic squeeze, with shareholders liquidating the company and returning to pick it up at a bargain basement price, debt-free. Angry letters to the daily press testify to this perception.

FM 28/7/95

But Soda Ash's troubles began when the project was initiated. It was premised on a rapidly depreciating rand, high inflation and continued economic expansion. The rand fell but not at the rate expected, inflation soared and southern African economic growth went into reverse; the world economy softened and increasing quantities of soda ash were offered at ever-lower prices. Soda Ash was bound by local transport charges, indexed to soaring inflation.

Discussions among shareholders late last year were expanded in March to include the lending banks. These include First National, Standard, UAL, Standard Chartered Botswana and Barclays Botswana. Shareholder representatives were at pains to explain that transport costs make Soda Ash cash-negative even at operational level; when interest charges are added, the load on shareholders is unbearable. "As it turned out," says Fish, "we were selling transport — not something we wanted to be in."

It is possible, with hindsight, to criticise the decision to undertake the project. But that's crying over spilt milk. For now, the issue is how to rescue the situation.

Insiders say Anglo American deputy chairman Leslie Boyd played a leading role in structuring the time-limited bid which, even if unsuccessful, will keep shareholders "in touch" with the lending banks.

Fish discloses that shareholders have resolved to stand ready to pay employees fully if the banks reject the proposal. "And we will also assist trade creditors not allied with shareholders if the offer is accepted," he adds. This is a pretty cunning way of pressurising the banks.

However, if the proposal is accepted, the new company to be formed to own the assets will be held equally by the Botswana government and the Anglo grouping.

Pereira confirms the offer by shareholders, the only one to come out of many previously interested parties, is time-limited. "But I'm convinced," he adds, "it will be extended. I am really hopeful of success. I keep saying this operation is much bigger than any of the parties. There's a town out there (at Sua Pan) with 3 000 people dependent on Soda Ash for their livelihood." Pereira's statement of the obvious is understandable. Unfortunately, hard economic realities may get in the way.

David Gleason

SALDANHA BAY

Slick move

FM 28/7/95

Opponents of the R4,7bn mini steel mill at Saldanha Bay have been thrown into disarray following the disclosure that the Strategic Fuel Fund (SFF) is set to conclude an agreement with Iran to store 15m barrels of oil at the bay's storage facility.

The environmentally sensitive steel mill issue is being probed by a commission headed by Judge Jan Steyn.

A surprised Steyn says he finds it "an extraordinary state of affairs" that the public had not been involved in the decision to hold oil at the strategic storage facility.

But SFF GM Kobus van Zyl says the deal received Cabinet's blessing last September.

He adds government was kept fully informed of the negotiations with Iran.

The increased oil tanker traffic might, in fact, take some of the heat off the environmental focus on the steel mill — especially as it might now be seen as the lesser risk to the bay's sensitive wetlands areas.

The mill — a joint venture between Iscor and the Industrial Development Corporation (IDC) — "poses no risk to the environment. It is a myth that it poses a threat to the bay's ecosystems," says IDC MD Carel van der Merwe.

"All necessary steps have been taken to ensure that the proposed steel mill will produce no pollution, no smoke and no liquid effluent at all. I would have thought that the movement of oil tankers in the bay would always pose some risk."

Meanwhile, Iscor MD Hans Smith says all activities at the site of the proposed mill will stop unless the commission reaches a favourable conclusion by mid-August.

The reason is that the mini-mill — design capacity 1,2Mt hot rolled coil a year — will take three years to reach full production. Unless the first sod is turned in time, the export-dedicated plant will miss the current upturn in global steel markets.



Boyd... leading role in structuring bid

# AECI may lower Soda Ash stake

Mungo Soggot (12) (12) BD 15/8/95

AECI, Anglo American's chemical business, was likely to cut its stake in the resurrected Soda Ash Botswana in a deal which would allow the original shareholders to bag its assets at a substantial discount, sources said yesterday.

It appeared AECI would reduce its exposure to the operation in the new company to be formed, they said. AECI had opted for a smaller stake than its original 26%, while the other original shareholders — De Beers (12.5%), Anglo American (12.5%) and the Botswana government (48%) — would also reshuffle their shares in the company.

AECI, which provided R305m for Soda

Ash's losses in last year's accounts, is expected to continue managing the plant.

Soda Ash Botswana was provisionally liquidated in June, since when it has emerged the original shareholders are going to buy it back.

An AECI spokesman said only he hoped there would be an announcement made this week.

A source said finalising the bid had been delayed by protracted negotiations with Soda Ash's creditors and with the Botswana electricity utility and Spoornet, which serviced Soda Ash.

The high costs of these services, which

Continued on Page 2

## Soda Ash (12) (12) BD 15/8/95

Continued from Page 1

had been linked to Botswana's inflation rate, had been one of the problems which had forced the former shareholders to put the operation up for liquidation. The shareholders had also blamed their decision on a slump in soda ash prices.

One analyst said the high fixed costs of the original operation meant it was

cheaper to import soda ash from the US.

A source said the negotiations had probably given Anglo American the chance to make these costs less harsh and generally to make the company more competitive.

Soda Ash's creditors, led by First National Bank, have not commented since it became clear last month that the original shareholders were going to buy it back off the chopping block.

# R150m offered for Soda Ash

(12)CF(MR)18/8/95  
BY ANDY DUFFY

STAFF WRITER

Anglo American Corporation, AECI and De Beers have offered R150 million for the assets of Soda Ash Botswana, the company they put into liquidation in June.

The group — which bid in partnership with the Botswana government — said yesterday it would honour loans to Soda Ash worth R460 million as part of the deal.

But creditors, including First National Bank and Standard Bank would have to

recoup another R140 million of Soda Ash's debt from the purchase price.

The creditors would also be offered 8 percent of a new company created using the assets, which could also help recover the borrowings.

The Anglo companies would each hold 14 percent in the new firm, with the Botswana government holding 50 percent.

Anglo said Soda Ash's creditors had confirmed they would accept the offer. Standard and Barclays Botswana have already set aside provisions against its debts.

# R150m offered for Soda Ash Botswana

Mungo Soggo (12)

BD 18/8/95

THE former shareholders of provisionally liquidated Soda Ash Botswana — Anglo American, AECI, De Beers and the Botswana government — said yesterday they had offered to buy its assets for R150m.

Anglo American told a Soda Ash shareholders' meeting that an undisclosed slice of this money would go towards paying unsecured debt of R140m. First National Bank, Soda Ash's lead creditor, declined to say how much would be paid without consulting the other banks in the consortium of creditors.

The shareholders remained liable for

secured loans of R460m. Soda Ash's creditors had accepted the deal.

Anglo American finance director David Fish said as no one else had put in a bid the former shareholders had decided to come forward. If another company had bid for the operation, Anglo would have been "delighted", but no one else would have been able to secure such a favourable deal.

A new company would be formed in which the Botswana government would have 50% and Anglo American, De Beers and AECI 50%. AECI would have a smaller exposure than its previous 26% stake.

Continued on Page 2

## Soda Ash (12) BD 18/8/95

Continued from Page 1

In addition to the amount the shareholders would pay towards Soda Ash's R140m of unguaranteed loans, they had offered banks an 8% stake in its equity to compensate for the remaining portion of unguaranteed outstanding debt. The banks still had to decide whether to accept this part of the deal. If they did, the Anglo American group would share 42% of Soda Ash's equity three ways.

The shareholders put Soda Ash up for liquidation after the operation had been hit by low soda ash prices and high fixed costs. Soda Ash provides 80% of the SA market for soda ash, used in glass and detergents. Soda Ash chairman Johnny van

Leeuwen said costs would be far more favourable as the shareholders had negotiated or were negotiating new contracts for key costs such as transport and electricity. This would be the key to making the operation viable.

Fish said none of the original company's tax breaks were included in the new deal, but that the deal was "highly satisfactory". Soda ash prices had picked up. The new project would not be funded by any third party interest-bearing debt, but he did not anticipate that the shareholders would have to pour more money into Soda Ash.

Van Leeuwen said the provision of R305m in last year's accounts for Soda Ash's losses was adequate. At worst, Soda Ash would incur a "small cash deficit".

# R150m Soda Ash offer (12)

BY ANDY DUFFY

Star 18/8/90

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**SODA ASH BOTSWANA**

(12)

**Sackcloth and ashes**

FM 25/8/96

**Details of the deal between Soda Ash Botswana's shareholders and the company's creditors — specifically the lending banks — reveal the extent to which the lenders have been penalised.**

Asked why the bank consortium wasn't represented at last week's press announcement, Anglo American Corp finance manager David Fish, nonplussed at first, finally responded with: "well, they're probably in mourning." And it certainly appears they have cause to be, though the extent of their

equally and the purchase price is applied in reducing both similarly. As partial compensation, the banks will get up to 8% of the equity. The balance will be held by the Botswana government (50%) and private shareholders (42%).

But apparently it has also been agreed that any profits will be split between government and other shareholders on a basis which is still secret. However, it is known government's share includes all taxes, royalties and imposts. Any new capital expenditure requirements will also be funded in the same way. To cap it, Botswana has undertaken that decisions will be made with the agreement of private shareholders.

A further feature which requires clarification is the arrangement which is to apply in future to rail transport and housing repayments.

When the decision was taken to proceed with Soda Ash, part of the deal was the construction of a rail line and township.

Soda Ash was required to repay these infrastructural costs on a mortgage basis and also to guarantee large volume use of the railway. Substantial penalties were applied — in the tens of millions, says a source — if soda ash volumes weren't met. This was a major contributor to the company's financial difficulties. Fish says these factors no longer apply but won't add anything further. It must be a problem for Botswana whose rail system operates at large losses. The conundrum for government will be deciding where to apply its subsidies best.

Assuming present trends of demand and prices continue, it is unlikely the original investment will ever be recovered on a real return basis. This raises questions about why the Anglo American group decided to persist with the investment — economic sense would have been to withdraw. This suggests the group's real interest in the project is to protect its substantial diamond interests in Botswana.

*David Gleason*



**Soda Ash chairman Van Leeuwen and Fish ... laughing all the way to the banks**

losses hasn't yet been quantified.

Soda Ash was financed by its shareholders — Anglo American, De Beers, AECI and the Botswana government — and by borrowings from a bank consortium led by First National and including Standard, UAL, Standard Chartered Botswana, Barclays Botswana and Barclays Dusseldorf. These loans totalled about R600m and were either guaranteed by the shareholders or secured against the company's assets.

Shareholders have offered to buy Soda Ash's business and assets for about R150m. This includes R29m for the Germiston rail terminal, R64m for all other assets and about R57m for stocks, debtors and cash.

Effectively, therefore, the arithmetic suggests that, after deducting the German sovereign-guaranteed loan of R115m, about R485m is left as bank loans. That is reduced to R335m by the purchase price (R150m); about 70% of the outstanding balance will be repaid by shareholders. This leaves the new company, which may be called Nata Ash, without debt.

The point of interest is that the 70% applies to guaranteed and unsecured loans

■ A few years ago South Africa was raiding the country. Now Botswana is a close ally. Staff Reporter **MXOLISI MGXASHE** spoke to Botswana's Minister of Presidential Affairs.

# Working together again

ARG 9/9/95 (12)

**B**OTSWANA does not regret the heavy price her people and government had to pay in supporting the struggle against apartheid, because the sacrifices the country made have paid off.

Botswana's Minister of Presidential Affairs, Ponatshego Kedikilwe, made this point during his visit to Cape Town to attend a Southern African Development Community (SADC) conference on security and defence.

Mr Kedikilwe said the price his country paid was in the form of constant military raids by South Africa which left several people dead, an economic blockade and espionage.

"We were walking a very tight rope. But the point had to be made and we made it very clear that apartheid was something we could not entertain, although we were trading with apartheid South Africa and were heavily dependent on her for a number of essential commodities because our industries were still in their infancy.

"I think that was a thorn in their flesh. They didn't like it and saw it as an attitude of 'a naughty and recalcitrant boy.' More so that we were attempting to prac-

tise a multiparty democracy, which was what they were avoiding. To them this was a very bad example for the oppressed in this country," he said.

The minister said he was, however, happy that all this was now history and the two countries were like true sisters working towards strengthening not only their bilateral relations, but also co-operating with each other and other neighbouring states in building what they hoped would one day be a very strong regional union.

He cited the issues discussed at the regional ministerial conference on inter-defence and security as an example and the fact that the region was now menaced by strong criminal syndicates of drugs and car smugglers who were efficient and sophisticated.

Mr Kedikilwe acknowledged that the threat to the SADC state's security which existed during the days of apartheid no longer existed, but this did not mean all kinds of threats had ceased.

"We are still faced with hunger, unemployment, poverty, underdevelopment and drought. These are the new threats we want to work together with you in finding lasting solutions to. With goodwill

and determination we must succeed," he said.

He saw, for instance, the recent signing of the first protocol on shared water-course systems by SADC countries recently as a great step forward towards the resolution of the problems faced by the region.

The protocol was signed by heads of state and government from the 11 SADC member states on August 29 in Johannesburg.

The signing followed "very lengthy and difficult negotiations" by SADC governments and it started in December 1991 in Lusaka.

According to a statement released by the SADC environment and land management sector, this legal instrument will go a long way in assisting member states in avoiding any possible conflict in the use of shared waters.

Its main goal is to promote environmentally sound, integrated management and equitable use of water resources in shared river basins in the region, with a view to enhancing the socio-economic upliftment of its peoples.



Picture: OBED ZILWA  
Staff Photographer

□ **TOP MINISTER:** Botswana's Minister of Presidential Affairs, Ponatshego Kedikilwe who was in Cape Town attending a conference on defence and security.

The protocol also includes an article on settlement of disputes. It also recognises the various international declarations, conventions and agreements in the field of water resources.

It also stresses the need for critical research that should be done by the river basin management institutions which will report to SADC's monitoring unit and the council of ministers through SADC's environment and land management sector.

# S Africa's revival worryes others

(12) (226) F. Somerset 12/9/95

## US and UK firms leave Botswana for SA again

By Pamela Dube

**D**URING PRESIDENT NELSON Mandela's three-day state visit to Botswana last week many sensitive issues were left in the background.

It was not until Mandela's last day that he was confronted with bread-and-butter issues - the Botswana business community's fears of losing investment to South Africa and cross-border crime.

The Botswana business community, is uncomfortable about South Africa taking business from the smaller economies.

During the economic sanctions against South Africa, Botswana enjoyed the high flow of investment from international corporations.

When some major American and British companies pulled out of South Africa, they found the economically and politically stable Botswana a safer haven.

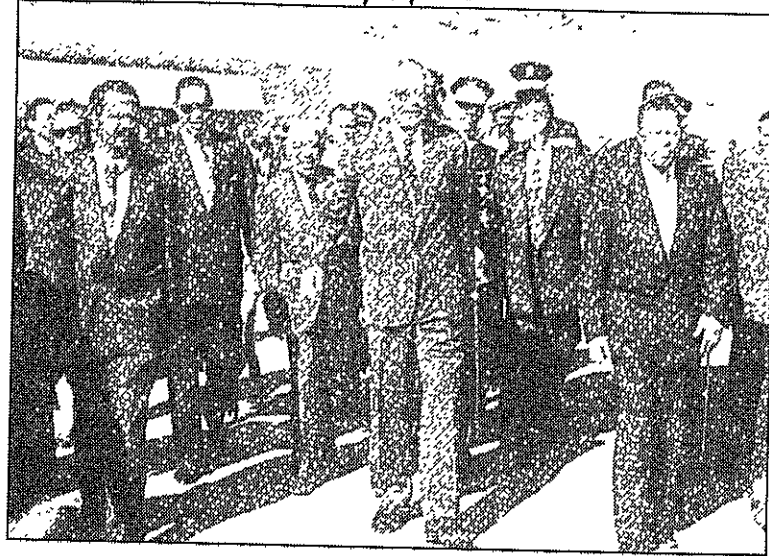
These trends remained in place for at least a decade, boosting the Botswana economy.

But when the process of democratisation started sweeping across South Africa four years ago, these same companies started reinvesting in South Africa - leaving Botswana's government and private sector panic-stricken.

While other states in the region had for some time been battling with a high unemployment rate, labour unrest and collapsing economies, Botswana continued to prosper.

Until 1993 Botswana's unemployment rate was below 10 percent. But the past two years have seen the rate rising rapidly when major international companies moved operations to South Africa.

This trend, said Botswana Confederation of Commerce, Industry and Manpower president Mr. Neo



Botswana's President Ketumile Masire welcomes South Africa's President Nelson Mandela on his arrival last week.

Moroka, led to many small and medium businesses liquidating and some cutting down on their labour force.

Retrenchments were now becoming common.

But these new developments do not only threaten the region's smaller economies. If an urgent solution is not found to Botswana's increasing unemployment problem, South Africa will be forced to deal with "an influx of job-seekers, with serious social problems for South Africa", Moroka warned.

The unemployment rate was also threaten-

ing the relatively peaceful Botswana, exposing it to violent crime. Car hijacking, drug trafficking as well as white collar crime is on the increase, notes Botswana's Foreign Minister Lieutenant-General Mompoti Merafhe.

To assist each other to fight crime, Botswana and South Africa agreed to establish a permanent commission to deal with, among other things, security and cross-border crime.

Another issue that caused distress to the Botswana business community, Moroka stated, is that South Africa's tourism sector is growing rapidly, while it is dwindling in neighbouring states.

Moroka noted that this was impacting negatively on his country's

economy. He pleaded with Mandela to see that those in the tourism sector in South Africa and Botswana meet urgently to formulate a joint marketing strategy.

"We implore our two governments to encourage and facilitate this," he said.

Also of major concern, Moroka noted, was the slow pace of South Africa's Government in correcting the abnormalities that exist in the Southern African Customs Union. SACU agreement is such that South Africa exports 80 percent of its goods to the other member-states - Botswana, Namibia, Lesotho and Swaziland - and imports only 20 percent from these countries, an unfair advantage for South Africa.

# Botswana row over hangings

Execution of five people have rouses the ire of human rights groups

(12) *Sowetan*  
27/9/95

**G**ABORONE — HUMAN RIGHTS organisations are outraged over the execution by the Botswana government of five criminals last month despite appeals for clemency to President Ketumile Masire.

The executions bring to 38 the number of people hanged since independence in 1966, and there are no plans to abolish the death penalty, says Deputy Attorney-General Abednico Tafa.

Leading the protest is the Human Rights Centre — Ditshwanelo — which wrote to Masire before the executions. Ditshwanelo also asked him to abolish the death penalty, the practice of which places Botswana among 102 states which still enforce it.

The centre told the president an abolition of executions would bring the penal code in line with the constitution which proclaims "respect for human life", the most fundamental of all rights.

It says it cannot sanction executions, even for murder. "One wrong is not corrected by another and the principle of an eye for an eye has no place in the law. An individual who has violently killed another human being has committed a vicious and unforgivable crime.

"A state which punishes this crime with death is guilty of enforcing a cruel and inhu-

man punishment as well as violating the respect for human life as enshrined in the Universal Declaration of Human Rights and the African Charter on Human's and People's Rights," says Ditshwanelo.

Amnesty International was also involved in the appeal for clemency. It circulated letters asking people and organisations worldwide to write to Masire, Foreign Affairs Minister Lieutenant-General Mompoti Merafhe, Chief Justice Mololeki Mokama and the president of the Appeals Court, Justice Amissah, to oppose the executions.

The Roman Catholic Bishop of Gaborone, Boniface Setlalekgosi, says he also opposes the death penalty but the Press is divided. While the *Botswana Gazette* advocates its abolition, *Mmegi/The Reporter*, says the nation cannot afford to "respect the life of people who have demonstrated disrespect for life.

Why pardon somebody who consciously and carefully plans and orchestrates the death of another man? Just because South Africa has abolished the death penalty is not a reason enough for Botswana to consider doing the same. At least, in our situation, it has so far never been used to settle political scores. There is no reason why it should be scrapped." — *Sowetan Correspondent*.

# Outrage at Botswana executions

(12) ARG 28/9/95

GABORONE. — Human rights organisations are outraged over the execution by the Botswana government of five criminals, after appeals for clemency to President Ketumile Masire.

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Amnesty International was also involved in the appeal for clemency. It circulated letters asking people and organisa-

tions worldwide to write to Mr Masire, Foreign Affairs Minister Mompoti Merafhe, Chief Justice Mololeki Mokama and the president of the Appeals Court, Justice Amisah, to oppose the executions.

The Roman Catholic Bishop of Gaborone, Boniface Setlalekgosi, says he also opposes the death penalty but the Press is divided. While the Botswana Gazette advocates its abolition, Mmegi/The Reporter says the nation cannot afford to "respect the life of people who have demonstrated disrespect for life.

"Why pardon somebody who consciously and carefully plans and orchestrates the death of another man? Just because South Africa has abolished the death penalty is not a reason enough for Botswana to consider doing the same." — Reuter.

# Botswana gears up to attract investors

(12) 808/11/95

GABORONE — The Botswana government is drafting a six-year development plan, to go into effect in April 1997, to attract foreign investors, says President Ketumile Masire.

He told the Gaborone parliament on Monday that national development plan number eight would have the goal of encouraging the private sector.

The country's eighth post-independence de-

velopment plan would cover the period April 1997 to March 2003 and was expected to be presented with the 1996/97 budget next February.

"Botswana will move aggressively into a period of growth based on diversification of its economy into manufacturing and tradeable services," Masire said.

"Investors whose activities help further the objectives of our diversification policy will be given priority in the allocation of land."

Government departments' operations were being examined to improve efficiency and productivity and to deal with various problems cited by investors.

"Reviews of the organisation and methods of operation of nine out of 11 ministries have been completed.

"Reviews of the other two will be completed by the end of the year," he said.

Reviewing current development projects, he said that the private sector would be called in to speed up roadworks stalled by inefficient government implementation.

"Government has," he said, "found that some of its in-house construction teams are very slow in their delivery."

"Some road projects will now be awarded to the private sector."

Masire said that the Botswana Telecommunications Corporation was working on a direct microwave link with Namibia by next year. Digital capacity would be provided on the links with SA later this year.

According to Masire, there would be 11 000 new lines available to domestic subscribers by March.

"We will have to develop a range of new activities whose combined impact will be adequate for economic growth," Masire said. — Reuter.

## Zimbabwe's quelea a threat to neighbours

808/11/95

HARARE — Zimbabwe's neighbours have expressed fears over the security of their seed crop because of the lack of control over that country's quelea population.

Failure to control Zimbabwe's quelea pop-

# Asset transfer forms Botash

BY LLEWELLYN JONES

Johannesburg — The business and assets of the former Soda Ash Botswana will be transferred to a new company, Botswana Ash (Botash). This will secure Botswana's role as a significant producer of soda ash for the future.

The shareholders of the former Soda Ash — the Botswana government, Anglo American, De Beers and AECI — made an offer to the provisional liquidators to acquire the business and assets of Soda Ash. The company's creditor banks

accepted the offer.

The Botswana government will own 50 percent of the new company and the rest of the former shareholders will each hold an equal share of the remaining 50 percent.

The creditor banks will also acquire an 8 percent stake in the company from the private shareholders in Botash.

## Success

Harry Calver, the deputy technical director of Anglo American, has been appointed chairman of the

new company. Calver warned that the new company could not achieve success overnight.

"While we have negotiated more favourable conditions with our suppliers, and despite both increasing production in 1995 and the fact that our new company is not burdened with any debt, market conditions for our products remain difficult."

He said he remained optimistic that these challenges could be overcome with the commitment and support of all stakeholders.

(12) Star 13/11/95

# Botswana questions economic policy in face of rising inflation

CF(BR)28/11/95 (12)

FROM REUTER

Gaborone — Monetary policy in Botswana is likely to be tightened to counter double-digit inflation, a senior economist has said.

"Inflation has been in the 10 to 11 percent range for most of the year and shows little sign of following South Africa's inflation rate downwards," said Keith Jefferis, an economist at the University of Botswana.

He predicts a rise in interest rates and tighter monetary policy to curb consumer credit as well as further market devaluations of the pula.

"It seems likely that real and nominal interest rates will have to rise to bring Botswana into line with South Africa and support the commitment to continued liberalisation of exchange controls on capital movements," he said in the Botswana Stock Exchange's November economic review.

Botswana's discount rate is 13,5

percent, but Jefferis did not specify how far he saw rates rising.

He predicted further decline in the value of the pula to support Botswana's export-driven economy.

"Exchange rate policy is governed by the need to maintain export competitiveness, especially in the southern African region. Given the recent decline in inflation in South Africa, the pula will need to depreciate against the rand."

He sees the pula weakening to about R1,26 by the end of the year and to R1,23 by the end of next year.

"Against the dollar, we would expect to see the pula fall from its current value of \$0,357 to \$0,35 by the end of the year, and to \$0,32 by the end of next year.

"Although competition from cheaper South African commodities should eventually have a beneficial impact, we expect that inflation will remain at about 10 percent for the foreseeable future."

Jefferis said government's estimate that Botswana's economy grew 7 percent in the past fiscal year is too optimistic, but a prediction that it will grow by 4,8 percent in this fiscal year may be too pessimistic. He puts this year's growth at a maximum of 5 percent.

"Principal commodity exports were sharply down in real terms in 1994/95," Jefferis said. "Government spending is projected to be have been flat.

"The mining and government sectors account for nearly 60 percent of GDP and it is unlikely that recovery in the rest of the economy will have been sufficiently strong to produce total growth in GDP of more than 4 to 5 percent."

The most recently published official figures are growth of 4,1 percent for the year to June 1994 and a contraction of 0,3 percent for the comparable period in 1993. The fiscal year ends March 31.



BOTSWANA - GENERAL

1996 - 1997

(12) ST (BT) 21/1/96

## R270m pipe contract sealed

BY DON ROBERTSON

OWENS-CORNING Pipe, Botswana, has been awarded a R270-million contract for the supply of 250km of glass-reinforced polyester pipe for the R1.8-billion North-South Carrier water project in Botswana.

The GRP pipe will have a diameter of between 1m and 1.4m and will stretch from the Sashe River in the north-east of Botswana to Gabarone in the south and then to Lobatse, providing

water for Mmadinare, Selebi-Pikwe, Palaye, Morupule, Mahalapye, Mochudi, Gabarone, Tlokweng and Lobatse.

The pipe will be delivered over a period of three years.

The overall contract includes the construction of the Letsibogo Dam on the Sashe River.

Owens-Corning Pipe

Botswana is a joint venture between Owens-Corning Fibreglass Corporation of Toledo, Ohio, the Botswana Development Corporation and Motsweidi, a group of private investors from Botswana.

Bryan Lemar, general manager of the Botswana operation, says the contract will open up new opportunities for the use of GRP pipe for other water transfer systems around the world.

**US ASSAULT**(12)  
FM 26/1/96

**Botswana Ash** (Botash), the reconstructed Soda Ash Botswana, says monthly targets are being met and production is on track to cater for a slight upturn in demand.

Chairman Harry Calver says the company recently hit a record monthly production figure of 23 000 t. "But the market in southern Africa is experiencing slow growth, and there is still strong international competition."

And that competition is still from the US, says acting MD Tony Forsyth. In May last year, when the Pula990m (US\$332m) Soda Ash was placed in provisional liquidation, Forsyth, then technical director, said closure of the plant would be a disaster for the industry worldwide and that



AFRICA

### 30% of Botswana women have HIV

GABORONE: About a third of sexually active women in Botswana are infected with HIV, the virus that causes Aids, the Health Ministry said yesterday.

The ministry based its estimate on a survey of pregnant women between 15 and 49 who were tested during prenatal care.

ET 13/2/96

(92) (12)

(12)  
Botswana

steps up

war on Aids

CT (MR) 13/2/96

By DEREK JAMES

Gaborone — Botswana's private sector, increasingly worried about the impact of Aids on the economy, has called on concerned organisations to join forces.

This follows figures released by the ministry of health on the prevalence of Aids among pregnant women between the ages of 15 and 49.

In Gaborone, the figure was 28,7 percent and the country's average was more than 30 percent.

The ministry tests pregnant women for HIV when they attend antenatal clinics. About 90 percent of pregnant women in Botswana attend clinics at least once during pregnancy.

The United Nations Children's Fund predicts there will be more than 60 000 Aids orphans in Botswana in the next four years.

The SOS Children's Village is the country's only orphanage. A spokesman stressed the need for careful planning, including the fostering of Aids orphans and victims, but said the onus was on the government.

A spokesman for the Princess Marina Hospital said nearly 50 percent of all beds were occupied by Aids and HIV sufferers. — Independent Foreign Service

CT (BR) 13/2/96

# Botswana announces budget deficit

BY BARRY BAXTER

Gaborone — Botswana yesterday announced a deficit budget for the fiscal year 1996/1997, the second in the recent history of the diamond-rich country.

The annual budget was presented yesterday.

Finance Minister Festus Mogae told parliament the 636 million pula (about R827 million) shortfall would be financed from government cash balances.

"Total expenditure and net lending of 6 057 million pula will exceed total revenues and grants of 5 421 million pula," Mogae said.

"Consequently, government cash balances will be reduced by 692 million pula as amortisation exceeds estimated external borrowing."

Mogae warned drawing down the cash balances could only be a short-term solution for the country, which is trying to diversify from its traditional dependency on commodities.

"The 1996/1997 budget has been prepared against a backdrop of

declining growth, while implementation of existing policies is calling for the allocation of more resources," Mogae said.

"The need to control expenditures cannot be over-emphasised," he said.

The government's cash balance at the Bank of Botswana was 6 852 million pula at the end of September last year. Foreign reserves stood at 13 212 million pula in December last year, equal to 23 months of import cover.

Mogae also announced a further easing of the country's foreign exchange controls. Mogae said the relaxation would give further impetus to the government's attempts to promote diversification of the economy away from diamonds.

The limit on remittances by temporary residents, mostly contract workers, which was restricted to 65 percent of gross earnings, will be removed and they will now be permitted to remit their entire after-tax income.

Foreign currency borrowing from non-resident sources by permanent

residents will be permitted up to 100 000 pula for individuals and 1 million pula for companies. The limit on outward institutional investment will be increased to 65 percent from 50 percent of total assets.

Botswana increased allowances substantially early last year, allowed offshore investment and approved local foreign exchange accounts for residents. — Reuter

12

## Botswana, Russia sign diamond deal

Gaborone — Russia and Botswana had agreed to exchange information to harmonise methods of selling diamonds to ensure equitable sharing of the market, industry sources said yesterday.

The memorandum of understanding was signed at the weekend by Evgency Bychkov, who heads the Committee on Precious Metals and Precious Stones of the Russian Federation delegation to Botswana, and David Magang, the Botswana mineral resources and water affairs minister. It said the two countries would also explore the feasibility of creating an appropriate forum to promote liaison and co-operation between all major producers of diamonds.

Botswana is the one of the world's largest diamond producers. The mines are operated by Debswana, a fifty-fifty partnership between De Beers and the Botswana government. Botswana diamonds are marketed exclusively through the Central Selling Organisation. Diamond exports, which in 1994 accounted for 75 percent of all export revenues and contributed about 30 percent to GDP, totalled 3,72 million pula (about R4,95 million). — Reuter

(12) CT (BR) 20/2/96

# Botswana pins hope on diamond deal

BY HELEN PALMER

Gaborone — Botswana hopes its diamond industry will benefit from the signing of last month's understanding between De Beers and Russian producers.

Botswana has three mines that it operates with De Beers in a joint venture called Debswana. Its output accounts for 80 percent of Botswana's export earnings.

"As a major producer, Russia is an important player and if it can co-operate with other major producers including ourselves it means we can all manage the market and we can all equitably share the market," said Baledzi Gaolathe, the Debswana managing director.

Botswana has \$4,7 billion in foreign reserves and is one of only four African states classified as "upper middle-income" countries by the World Bank.

CT(BR) 5/3/96 (12)  
But its diamond industry has lost some of its sparkle recently. In last month's budget speech, Festus Mogae, the finance minister, reported that growth in the mineral sector had fallen in 1994-95 to 3,1 percent compared with 4,1 percent the previous year.

Like other major producers, Botswana has been hit by instability in the world market caused by the leaking of Russian and Angolan diamonds on to the market outside the control of De Beers' Central Selling Organisation. Depressed demand has led to quotas on producers. De Beers takes 85 percent of Botswana's output.

Gaolathe was confident diamonds would contribute more in the future. But the government has realised how fragile is an economy that is based on a single source of income.

Diversifying into areas such as bank-

ing, manufacturing and tourism has become a priority, with an emphasis on the private sector's role in creating jobs.

More than half of Botswana's population of 1,4 million is under 16. Diamonds provide capital, but they provide relatively few jobs. This leaves the government with the challenge of ensuring that future generations benefit from the windfall.

Quill Hermans, the governor of the Bank of Botswana, said the country was well-placed to manage the transition, thanks to its handling of the 1980s boom in which GDP rose by an annual average of 11,3 percent in real terms.

Diamond profits have been locked away in the bank and earnings have been spent on infrastructure, which should stand the country in good stead as it seeks to diversify into new ventures, he said. — Reuter



BOTASH

(12)

## IN DEEP WATER

Am 8/3/96

**Dogged by** bad luck since its inception, embattled Botswana Ash (Botash) is in trouble again.

Operations were suspended when a flood retaining wall at Sua Pan was breached. The brine pans from which the plant produces soda ash are said to be under several metres of water.

A more detailed assessment is expected soon and the company says it has enough stocks to meet demand for two months. But this must be cold comfort for shareholders.

Only five weeks ago, Botash chairman Harry Calver said production at Botash was back on track.

The P990m (R732m) Soda Ash Botswana, from which Botash was restructured, went under at the end of

May, unable to shoulder a heavy debt burden. The Botswana government held 48% of the equity, AECI 26,5%, Anglo and De Beers a joint 25,5%.

The original shareholders bought the insolvent company back for P114m with no debt burden.

The Botswana government is still the main shareholder with 50% of the equity. Other holdings are: Anglo 14%, De Beers 14% and AECI 14%. A spread of banks, rather unwillingly, hold the remaining 8%.

In the restructuring, lending banks got only about half of their money back. Guaranteed loans, reportedly as high as P200m, were paid by the government. The unsecured exposure by banks totalled P150m. ■

# Construction starts on Hyundai's R135m Botswana vehicle plant

By ROY COKAYNE

Pretoria — Construction of a completely knocked-down production plant for Hyundai in Gaborone in Botswana at a cost of at least R135 million is expected to start next month, says Benson Gimbungu, the assistant-director of Botswana's ministry of commerce and industry.

But Gimbungu said Hyundai from Korea would like to invest in the project to make it a production centre for Africa and Europe in addition to supplying countries inside the Southern African Customs Union.

Gimbungu said Hyundai would have ISO 9002 certification at its current plant by June this year, which would allow it to supply vehicles anywhere in the world.

The plant would probably be larger than expected and involve an investment of R160 million, though Hyundai of Korea had not mentioned the size of its investment.

Gimbungu said the plant would have a capacity of 37 000 vehicles a year. The 512 people employed at Hyundai's semi-knocked-down assembly plant would probably be increased to about 1 000 by July 1998 when Hyundai converted to completely knocked-down manufacturing.

The plant's output could be increased by

66 percent by introducing a double shift.

He said indications were that "ground-breaking for the project will be in the first week of April".

Gimbungu said the Hyundai plant was a private venture and did not involve any subsidies or investment by the Botswana government, though the 12ha site for the plant had been sold to Hyundai at cost.

Gimbungu said the Botswana ministry of commerce and industry was negotiating with South Africa over vehicle quotas.

The plan approved for the construction of Hyundai's plant involved the construction of a completely knocked-down plant within 32 months. The outside limit for the completion of the project was 48 months.

A spokesman for the South African department of trade and industry confirmed bilateral negotiations had been concluded between Botswana and South Africa about extending the two-year dispensation granted to Hyundai to allow it to convert its Botswana facilities to comply with new customs regulations introduced last year.

The regulations took effect on April 1 last year and closed the loophole that allowed motor vehicles to be imported into the customs union under full rebate without any major investment in plant or employment.

(1a) CT (BR) 13/3/96

BOTSWANA ASH

29/3/96

# SEEKING INSURANCE BAILOUT

(12) FM 29/4/96

**Crisis-swamped** Botswana Ash (Botash) is gambling on a massive insurance claim — possibly in excess of R250m — to stave off a second liquidity crisis.

Heavy flooding brought soda ash production at the Sua Pan plant to a halt on January 25. The company says that normal production is due to resume in June, but industry experts consider this an optimistic forecast.

Even if the shutdown is limited to four months, Botash is in deep trouble. Its stockpile of 51 000 t at the beginning of the year has dwindled to 27 000 t.

Chairman Harry Calver says the company is in discussions with its insurers, but refuses to put a figure on the claim. "It would be inappropriate to discuss the nature of the claim and the amount involved at this stage."

But relief — though at a price — is on the horizon as the Diamond Bulker steams towards Durban. Botash has bought the ship's entire 27 000 t prime American soda ash cargo.

This soda ash belongs to arch rival Ansac (the US producers' cartel American Natural Soda Ash Corp) which only last year Botash accused of "flooding the local market." Ansac sells its soda ash in SA to the chemical and high purity metallurgical industry at a 30% premium on the normal price of about US\$130/t. Botash is buying the Diamond Bulker's cargo at the \$160/t premium price, but will not pass on the premium charge to its customers. A competitor says: "We believe Botash is going to be buying from Ansac at the premium price, but it's not going to be charging the premium price to the marketplace. They're going to be linking it to an insurance claim."

"There's talk that Botash will buy 50 000 t from Ansac at the premium price — which is \$8m. If I was the underwriter of the insurance claim, I'd be horrified."

In an attempt to play down the dwin-

dled stock crisis, shareholder Anglo American claimed in early March that Botash had an adequate stockpile and could meet demand "for at least two months."

Local industry needs 300 000 t of soda ash a year. Until the January flood, Botash provided about half, Ansac 105 000 t and Kenya's Magadi enterprise 45 000 t. Botash's record monthly production is 23 000 t.

Ansac has been supplying soda ash to



SA for the past 15 years. Ansac's sales vice-president Pat Hoey says his company held the majority of the market until the Botswana plant began production in 1991. "Now we probably have a third."

Hoey refuses to discuss any sales resulting from Botash's troubles, though he concedes that business will increase. "Suffice to say, we're going to help the market out. I don't know exactly what the numbers are going to be — 2% or 20%. It depends on how long the plant's going to be down."

"There's no big deal to it. We're fortunate in that we make a lot of soda ash and we can move it around fast when it's needed. SA's always been a good market for us."

Botash's history has been a stormy one. Last May — under its former name

Soda Ash Botswana — it was placed in provisional liquidation with liabilities of R682m. Having failed to generate profits, the company had relied on unsecured loans from its shareholders (the Botswana government, AECI, De Beers and Anglo American), as well as bank borrowings, to get it through its regularly recurring cash flow crises.

Three months later, its shareholders announced a controversial offer to buy back the assets and operations for about R150m. Last October saw the rebirth of the operation as Botswana Ash.

Ansac claimed recently that Botash had already failed and would show a loss of \$57m for 1995. Hoey sums up the story: "Liquidated last year, had a change of boiler first couple of months this year, and now it's shut down for five months."

Ansac agent in SA John Crawley is sceptical of Calver's on-stream-in-June pledge. "It's a difficult thing to predict. You've got a unique situation and I don't think that anybody could really calculate how long that plant is likely to be out."

"All right, June-July is an estimate. But it's not like building a house. You've got a chemical process there and it depends on being able to harvest a particular brine. Now that brine is being affected by the condition of the pan, which in turn is being affected by the weather."

But Botash's Calver reiterates: "Considerable work has to be done in regard to bringing the ponds back into action, and current estimates indicate the recommencement of production in June." ■

29/3/96  
FREE TRADE AGREEMENT  
(12) FM 29/4/96  
**DANGEROUS LIAISONS?**

**At last,** negotiations for a free trade agreement between SA and the European Union (EU) can begin. That is if the South Africans are interested in the deal.

The case has been on the agenda of the EU Council of Ministers for four months, and on Monday it eventually mandated the European Commission to open nego-

# Botswana splashes out on arms

Stefans Brümmer

**B**OTSWANA is rapidly expanding its defence force, bucking a trend of demilitarisation in Southern Africa and sparking fears that the region's most peaceful country may be heading for instability.

A controversial order of an estimated 50 tanks from the Netherlands this year follows closely on that of another 36 British tanks. Botswana, which is reportedly swelling its armed forces from about 7 500 to more than 10 000 soldiers, had no tanks before.

"At the end of the day, if you build up a large military without a purpose, it becomes a threat to the country itself," says Dr Jakkie Cilliers, executive director of the Johannesburg-

based Institute for Defence Policy.

He points out that in spite of tension with Namibia over the ownership of a tiny island in the Zambezi River and perennial problems with Zimbabwe over refugees, Botswana has no natural enemies. "I think it has much more to do with the internal politics of the country."

The chief of the Botswana Defence Force (BDF) is Lieutenant-General Ian Khama, son of the country's first post-independence president, the late Sir Seretse Khama. The Khama family is seen as politically ambitious and another son, Tshekedi Khama, recently announced his candidature in the ruling party of President Gnetl Masire.

After three months of controversy, the Dutch government earlier this year agreed to sell the BDF an esti-

mated 50 surplus Leopard tanks, 200 trucks and 50 pieces of portable weaponry. The independent Botswana newspaper *Mmegi* last month said the Dutch parliament had approved the sale after at first the country's coalition government was split over the deal, which is reportedly worth US\$63-million (about R252-million).

Dutch Foreign Minister Hans van Mierlo argued Botswana needed the equipment for peacekeeping operations, while Jan Pronk, his Development Aid counterpart, was against Botswana, a developing country, being encouraged to "spend extraordinary amounts of money on defence".

Dutch Defence Ministry representative Frank de Bruin told *Mmegi* that he could not reveal details of the sale

(12) MFG 4-11/4/96

as his country was "bound to a certain amount of discretion", but said parliament finally agreed as it "conformed" with European Union policy, which stipulated that it should not affect regional peace, among other criteria. The Botswana government has refused to comment on the deal, but questions have now been tabled in parliament by the opposition.

The London-based International Institute for Strategic Studies (IISS) said in its latest military balance estimate that Botswana spent 415-million pula (about R550-million) on defence in 1993, upped it to P615-million (about R820) in 1994, and budgeted P625-million (about R833-million) last year. The BDF had an army of 7 000 soldiers and an air force of 500 personnel, but planned to expand by 3 000. The BDF was also awaiting

delivery of 36 British Scorpion light tanks, the IISS said. Cilliers says Botswana is building a large air base in the north, without apparent purpose. "Botswana's defence expenditure is rising, but there is no threat. If South Africa were a threat, it could not defend itself in any case."

Military analyst Helmoed Römer-Heitman agrees. "This is quite a build-up. It came as a surprise to me." He says it may be that Botswana is "expecting trouble", but it is as likely the result of internal political factors.

He says he is surprised the BDF decided on tracked vehicles rather than wheeled armoured cars, because of the terrain and long distances they may have to cover — but price could have been the deciding factor.

Botswana has contributed significantly to United Nations peacekeeping missions, including more than 700 soldiers to the Onuoz operation in Mozambique and more than 400 to Unosom II in Somalia.

# Botswana's president calls for regional economic integration

Tim Cohen

BD 24/4/96

of us". (12) (28)

CAPE TOWN — Botswana President Ketumile Masire, in SA yesterday on a state visit, stressed the need for regional integration, calling for the speedy conclusion of talks on the southern African Customs Union deal.

Addressing the constitutional assembly, Masire said Botswana was also looking forward to a new customs agreement which would "hopefully provide a solid agreement for trade and investment".

He said the 1969 agreement between SA, Lesotho, Swaziland and Botswana, later joined by Namibia, was "no longer sustainable" as it subordinated sovereign states to the whims of another.

Masire said SA had a greater opportunity to advance than other countries in the Southern African Development Community because it had a developed economy and was "less dependent than the rest

There was a subtle threat to Third World countries from the present world economic order. When Africa met specifications for aid laid down by world economic powers, the aid was simply not forthcoming and when countries got into what appeared to be a lift going up, they discovered it was going down.

He described the SA government's RDP as a "masterpiece of creative thinking", which was showing the way for development in other countries.

Peaceful and democratic advancement in SA would have a salutary effect on SA's neighbours, "assuming that the neighbours for their part have their houses in order".

South Africans should vow to never again allow their country to be torn apart by violence, and said it was regrettable that some pockets of violence remained.

## COMPANIES

### Botash resumes limited production

Edward West

(12)  
BD 8/5/96

BOTSWANA Ash (Botash), which lost two months of production after flooding brought the soda ash plant to a halt on January 30, has commenced limited production from its unaffected ponds.

An Anglo American spokesman said yesterday that repair work would take several months to complete and production would be increased in phases from an output of 40%. Botash's capacity prior to the flooding was 220 000 tons a year, which could be increased to 300 000 tons if market conditions warranted it, he said.

Botash's operations were suspended in January when a flood retaining wall at Sua Pan was breached and the brine pans from which the plant produced soda ash were flooded. Limited production began last month.

Anglo, De Beers and AECI each

hold 14% of Botash, with the Botswana government holding 50% and a spread of banks owning the remaining 8%.

The company was put up for liquidation last year by its shareholders, which then bought their assets back.


Botash had more than 23 000 tons of soda ash in stock, which included some of the 27 000 tons being imported from its main competitor, American Natural Soda Ash Corporation. About 17 000 tons of the 27 000 tons still had to be delivered.

Local industry needs about 300 000 tons a year, of which Botash supplied about half before the flood.

The spokesman said Anglo American was unwilling to disclose financial details of Botash's business plan as discussions were being held with its insurers on the flood damage. Soda ash prices were expected to firm worldwide over the next 12 months.

MAD COW DISEASE (12)

**BOTSWANA BEDEVILLED**

FM 10/5/96   
Botswana's beef industry may not survive a UK ban on imports as the British tackle mad cow disease.

Much of the industry's exports go to the UK, where a ban is in force for the next few months.

And, as if that were not bad enough, lung infections could carve another unhealthy slice off within three years.

Though contained in one area, the disease could spread to others. It does not harm people but the European Union will not allow imports of affected meat.

President Ketumile Masire has expressed deep concern that Botswana's beef industry, already in decline, might not survive.

From a contribution of 7.4% of GDP and 20% of export earnings in 1981, the beef industry contributed only 1.6% of GDP and 4% of export revenue in 1994.

Beef export cash revenue increased threefold over the 13 years but inflation never dropped below 10% and the annual slaughter fell by a quarter.

More than 75% of Botswana's beef is exported to the EU and half of that to Britain.

"We will lose 40% of our export sales," says Martin Mannathoko, CE of the Botswana Meat Commission.

Agriculture Minister Roy Blackbeard has told parliament he will plead a case that Botswana be exempted from the UK ban as its cattle grazed on free range.

"Mad cow disease has never been recorded in Botswana and our disease control and the free range cattle production system make it highly unlikely that it ever will be," Blackbeard said before leaving for the UK.

Cattle lung disease is spreading rapidly in Ngamiland, which borders Namibia. Under a presidential order, all cattle in the region not in fenced farms are to be shot.

More than 85% of cattle slaughtered at the three abattoirs come from traditional, unfenced tribal ranges. "Some sell us only one beast. Most offer between one and 50 animals. But, collectively, we get most of our beef from them," says Mannathoko.

Masire says the eradication order is the only way to stop the disease from engulfing the country and spreading to neighbouring states.

"My government will implement the decision with all the authority and means at its disposal," he says.

Last week, units of the Botswana Defence Force, the police Special Support Group and veterinary teams moved into Ngamiland. A veterinary control fence from the Okavango Delta and along a

section of the border between the two countries is being reinforced.

The abattoir at Maun, which slaughters cattle from Ngamiland, has been closed. "There are no cattle to slaughter," Mannathoko says.

It has not been determined how many cattle are free range and affected by the eradication order but Mannathoko estimates 20 000 will be lost out of an annual 166 000 throughput — 12% of exports.

Special relief measures will be tailor-made to aid restocking, says Masire.

Farmers will get P300 per head compensation for the first 70% of cattle shot. When the area is disease-free, herds will be restocked. "This will take three or four years," says Mannathoko. ■

## Botswana (12)

# Ash halfway to normal

Johannesburg — Soda ash production in Botswana was back to 50 percent of normal levels after flooding stopped the plant's operations in January, its main shareholder Anglo American said yesterday.

"Botswana Ash recommenced soda ash production on April 12, following an 11-week shutdown.

"Plant start-up went smoothly and production is now running consistently at 50 percent of normal levels," Anglo said yesterday.

"It is anticipated that full soda ash production levels will be established by September or October 1996," it said.

Torrential storms in January in the catchment area, 90 percent of which is in the Zimbabwe and Sua Pan areas, resulted in severe flooding.

This caused damage to the main supply pipeline, from the well field and the eventual breach of the berm wall on March 4. Water from the pan caused partial flooding of the solar ponds.

Anglo said pumping of water from the flooded ponds started on April 12 and ended on April 28, when a total of 10 million cubic metres of water had been pumped from the ponds to the pan.

Salt harvesting was started last Saturday. The company said insurance covered the damage and the interruption to business.

"It would be premature to quote numbers at this stage, however, we believe that the claim will be resolved to the mutual satisfaction of Botash and the insurers," it said. — Reuter



*Vision of 50 000 cars and 1 000 employees*

# First sod turned at Hyundai's R234m Botswana assembly plant

By Roy Cokayne

Gaborone — Hyundai Motor Distributors yesterday reached a milestone in the southern African region with a sod-turning ceremony for a R234 million manufacturing facility.

HW Baik, the vice-president of Hyundai, said the company intended to be part of the economic growth of Botswana and the entire southern African region.

"In conjunction with our local partner, Hyundai Motor Distributors, we are planning initially to produce 3 000 cars a month at the new facility.

"Once annual production reaches 50 000 units, it will become viable to establish an automobile component manufacturing industry in

Botswana," Baik said.

The factory's 20ha site, in the Gaborone West industrial area, will house full vehicle assembly and related facilities such as warehousing, a body shop, a paint shop, an assembly line, trim shop, an outdoor test track, a container park and a holding and dispatch facility.

Neville Frost, the marketing director of Hyundai Motor Distributors, said the completely knocked-down (CKD) plant would be capable of producing other vehicles.

"We want to keep our options open," he said.

The earliest the new plant would be up and running would be the end of next year, he said, adding that CKD manufacturing should "not add materially" to the

cost of its vehicles.

The local content of the vehicles would initially be 25 percent, but rise to 40 percent within two years. The company was also looking to broaden its base to include commercial vehicles, he said.

An investigation into the existing infrastructural resources offered in the area, such as services, transport and the availability of a reliable labour force, identified the Gaborone site as ideal for the purpose.

The factory will play an important role in the creation of employment in the sub-continent.

In the short term, up to 500 people will be on site at the height of the construction and technical installation processes.

In the longer term, the compa-

ny envisages up to 1 000 employees at the new plant by the time production is at full capacity.

Much of the plant's operation would be highly labour intensive, providing much needed employment in the southern African region, said Frost. This would, however, be combined with advanced, hi tech equipment in some areas — such as the paint shop — to bring the factory in line with Hyundai's commitment to provide quality products.

The company currently has 1 600 employees in Botswana, Namibia and South Africa — a figure set to increase to about 2 000 once the new assembly plant becomes operational.

Hyundai has 20 self-owned dealerships in southern Africa.

CT (BR) 15/5/96

12

# Debswana income tops 2-billion pula

GABORONE — Botswana's diamond production rose 8% last year to 16,8-million carats, the Debswana Diamond Company said yesterday.

Presenting the company's annual report for the year to December, MD Baledzi Gaolathe said Debswana's net income had surpassed 2-billion pula for the first time. But this had been primarily due to the declining value of the pula against the dollar.

Debswana's net income for 1995 was 2 188-million pula from 1994's 1 817-million pula.

Debswana is a 50/50 partnership between the Botswana government and De Beers Centenary AG. The company is not listed on the Botswana Stock Exchange.

"The company has continued to contribute significantly to the economic growth of Botswana," Gaolathe said.

"Revenue from diamonds accounted for 75% of the country's export earnings, about 55% of government revenues and 30% of GDP."

In line with other producers who market through De Beers Central Selling Organisation (CSO), Debswana is selling to a quota. Gaolathe does not expect

that situation to change soon, despite an improvement in the diamond market.

"Owing to the continued imbalance in the supply of and demand for diamonds in international markets, the company's sales were maintained at a quota of 85% over the year."

"In the short term I do not see any further improvement," he said. "But generally speaking the trend is positive. The global market improved as evidenced by a record sale of diamonds by the CSO," Gaolathe said.

CSO sales had reached \$4 531m last year, up 6,6% on 1994's \$4 250m.

Gaolathe confirmed Debswana was stockpiling diamonds, but refused to disclose details. In April, diamond market analysts in Botswana estimated the stockpile at \$650m.

Production at two of the company's three mines was up over the year compared with the previous year.

Jwaneng raised production 15,4% to 10,5-million carats. At Orapa output was up 1,2% to 5,4-million carats. Production at Letlhakane fell 18,8% to 906 000 carats. — Reuter.

# Botswana bomber deal unnerves neighbours

Southern African countries should refrain from military buildup which could provoke an arms race and cause tensions in region, says Namibian foreign minister

By Ross HERBERT  
Star Foreign Service

Botswana, in a move that represents a massive increase in defence spending, has agreed to purchase a squadron of 13 F-5 fighter-bomber aircraft from Canada.

The deal is worth US\$50 million (R215-million) and could put Botswana roughly on a par with South African air capabilities.

This follows a deal announced in January in the Netherlands under which Botswana will spend \$63-million for 50 German Leopard tanks, 200 troop carriers and a variety of weaponry. In addition, Botswana is buying 36 British Scorpion tanks.

Exactly why Botswana needs heavy armour and the ability to strafe and bomb is unclear. The Botswana government could not be reached for comment, but a reporter for the Botswana newspaper Mmegi, who wrote several stories on the deals last week, said he was told by the Botswana government that it needed the tanks to help with anti-poaching and border-control efforts.

The sudden surge in arms spending drew sharp criticism from Namibia and an announcement that Namibian president Sam Nujoma is scheduled to fly to Germany this week for high-level talks.

Namibian Foreign Minister, Theo-Ben Gurirab, has criticised Botswana's arms purchases as provocative and unnecessary.

"It is in the interests of all of us



Sam Nujoma ... flying to Germany to discuss sale of tanks.

in the region to refrain from anything that looks like a military build-up because that could lead to tensions and misunderstandings and provoke an arms race which is the last thing southern Africa wants," said Gurirab.

Tensions have long simmered between Namibia and Botswana over a tiny disputed island on the border between the countries.

Namibian sources also complain that South Africa stripped all military equipment from the country.

In part because of Namibian protests, Germany is moving to block the sale of its tanks.

Botswana planned to buy the German-made arms from the Netherlands, but Germany apparently has a right to block sales outside of the North Atlantic

Treaty Organisation.

A German foreign ministry spokesman would not provide details, but said Germany had initiated talks with the Netherlands on the sale.

When the costs of training 13 pilots (estimated at \$50-million), maintenance, fuel, radar systems, air strips, munitions and aircraft storage are added, Botswana's arms purchases are likely to require more than R700-million in spending, compared to its present defence budget of R833-million.

Botswana earlier announced plans to expand its army from 7 000 to 10 000 troops.

Mmegi reported the government refused to provide details of the Canadian deal, stating only that it involved some aircraft.

However, the Canadian foreign ministry confirmed that the aircraft were F-5s that had been upgraded in the past few years.

According to a US military aircraft expert, the F-5s are roughly the same capability as the Zimbabwean Mig-21s and South African Mirage F-3s and are capable of air-to-air combat and bombing.

Mmegi reported that Namibia has signed a military co-operation agreement with Russia, which will include equipment, maintenance and training.

"We do not see it as an arms race," said Jack Twiss, a Dutch foreign ministry spokesman.

"The way the Botswana government has behaved in the recent past indicates that they will deal in a very sound way with this shipment of tanks."

# Hyundai expands in Botswana

(12) CT (PWR) 25/6/96

By Roy Cokayne

Gaborone — Botswana's motor industry is the second-largest net foreign-exchange earner after minerals, despite being in its infancy, said Kheledi George Kgoroba, Botswana's commerce and industry minister.

He emphasised the motor industry's importance and Botswana's need to attract foreign investment to create new jobs when he spoke at the recent ground-breaking ceremony for Hyundai's new completely knocked down (CKD) plant in Gaborone.

Locating the project in Botswana signified the benefits of a strong partnership based on mutual trust and cooperation between the investor, Hyundai Motor Distributors (HMD), and the host country, he said.

Kgoroba said it indicated the confidence HMD had as a large foreign investor in Botswana's economy, despite the decline of direct foreign investment to Africa. Investment was now mostly flowing to eastern and central European countries after their political and economic reforms.

He said the government sought to promote investment that provided better prospects for the socio-economic development of the country through economic diversification and employment-creation opportunities, and that earned export revenue.

The contract for design and construction co-ordination of the new CKD plant has been awarded to the Botswana office of Stewart Scott International the consultants.

Geoff Stephenson, a director of international operations for Stewart Scott International, said the design work would be done in South Africa and the construction would be monitored by its staff in Botswana.

A Korean team would design the assembly line and equipment.

The plant was designed to be labour intensive, but the parts would not be manufactured locally.

The factory's 20ha site in the Gaborone West industrial area will house full vehicle-assembly and related facilities, such as warehousing, a body shop, a paint shop, an assembly line, a trim shop, an outdoor test track, a container park and holding and dispatch facilities.

HW Baik, Hyundai Motor's vice-president, said the company planned to produce 3 000 cars a month at the new facility in the beginning.

Baik said once the yearly production reached 50 000 units it would pay to establish a vehicle component manufacturing industry in Botswana. That would have further employment creation spinoffs, he said.

Kgoroba said the industry was still in its infancy with only four assemblers, three in the truck sector and only Hyundai in the passenger car sector.

He said most of the production was for the South African market.

South African motor manufacturers have felt the effects of Hyundai's entry to the market, where it claims to have gained an 8 percent share of the market for passenger cars.

South African motor manufacturers have been actively lobbying the South African government about Hyundai's unfair advantage and calling for a level playing field ever since Hyundai launched its first models.

Hyundai started its semi-knocked down (SKD) operations in Botswana in 1993 with sales of fewer than 100 cars a month. Neville Frost, Hyundai's marketing executive, said monthly sales now average 1 600 units. Frost said sales would rise to about 3 000 vehicles a month and get the new CKD plant off to a good start.

Criticism of Hyundai should cease once its CKD plant is operational, he said. The Motor Industry Development Programme, effective from September last year, applies to all Customs Union countries and encourages all SKD operators in the region to move to CKD operations.

Kgoroba said CKD assembly was preferred because it "offered better opportunities for both investment growth and further employment growth within the region".

He said total employment had increased from fewer than 200 in 1993 to 800 last year. Motor vehicle exports had increased from 3 621 units in 1994 to 15 066 last year, a 300 percent growth rate.

Of these figures, Hyundai's units were 3 342 in 1994 and 14 407 last year, he said. Hyundai employs 519 people at its SKD facility. Its workforce will increase to 1 000 employees when the CKD facility becomes operational by the end of next year.

# Botswana beefs up its military

(12) CT 26/6/96

RICHARD MEARES

JOHANNESBURG: A costly military build-up by peaceful, sparsely-populated Botswana — which has been shopping for tanks and fighter-bombers worth \$100million (R575m) — has baffled diplomats and political experts.

Western states seem divided over the wisdom of selling arms to the landlocked Southern African state, which is stable and democratic but has a smouldering border dispute with Namibia.

Canada said on Wednesday it sold Botswana 13 CF-5 fighter-bombers last month for around \$50-million (about R237,5-million) and would start delivering them later this year.

The Netherlands also agreed in January to sell Botswana 50 German-made Leopard tanks and other hardware in a deal that newspapers estimated was worth even more.

But Germany, which has a say in sales of its arms to third parties and forbids their export to conflict zones, has raised the planned arms delivery with the Dutch.

A Bonn government spokesman declined to give more details, but Western diplomats said the talks were a sign Bonn objected to the deal and might be trying to block it.

Richard Cornwell, regional expert at Pretoria's Africa Institute think-tank, has echoed comments by puzzled diplomats: "I can't understand it. What does Botswana need all these arms for?" he asked.

"There is no obvious reason for a military build-up and even then, what do they want main battle tanks for? I'd hate to see what they will do to the country's roads," he said.

Botswana, which has also said it will expand its army from 7 000 to 10 000 troops, said the build-up was part of a long-term plan to beef up its deterrence capability.

Local newspapers quoted government officials as saying it was designed

to beef up border anti-poaching patrols.

Botswana, which has a population of 1.4-million people who live mainly from diamond mining, is vast and made up mostly of desert and swamp.

It has been at peace since national father-figure Sir Seretse Khama, whose son Ian now heads the army, led it to independence from Britain 30 years ago.

"Maybe the government is worried Ian Khama wants to re-enter politics and has given him some expensive toys," Cornwell said. Other analysts said fears of internal unrest could be the key.

Whatever the reason, Namibia — with the same population but even more vast — is disconcerted by the build-up, reported to include 36 brand-new British Scorpion tanks.

The two states asked the International Court of Justice in May to resolve a dispute over a tiny mudbank island on the Chobe river along their 1 000km border.

"It is in the interests of all of us in the region to refrain from anything that looks like a military build-up," said Namibian Foreign Minister Theoben Gurirab.

"That could lead to tensions and misunderstandings and provoke an arms race — the last thing Southern Africa wants."

Canadian and Dutch officials said they had no qualms about selling arms to Botswana, which also borders Zimbabwe and the region's real superpower, South Africa.

"It is one of the more stable African countries, with a good human rights record and sound governance and it's not engaged in internal or external conflict," said Canadian Foreign Affairs spokesman Rodney Moore.

"We certainly consider that Botswana is unlikely to become a regional security threat." — Reuter

# Watery welcome for new chief of Botswana Ash

(12) ST (BT) 30/6/96  
By JULIE WALKER

NEWLY appointed Botswana Ash managing director Paul Henry has had a baptism of water since taking office in January.

In mid-February, heavy rains in the catchment area of the Nata river caused the pan to flood. The berm, built to protect the 22km<sup>2</sup> of solar ponds from which common salt is crystallised and harvested, became damaged by the torrents.

The water level climbed by 6,3 metres: January 1995's rainfall of 14mm paled against the 300mm of 1996.

The mine's 540 employees, 400 casual labourers and a full battalion of the Botswana Defence Force began to reinforce the wall. More than 90 000 sand bags and 12 000 old tyres were deposited along the part of the 12km wall facing the inflow. The pan is protected by the Sua sandspit on the south side.

Botash pumps brine from 79 wells spaced at 2km intervals across the pan. Firstly, the sodium chloride is crystallised out in the solar ponds, then the sodium carbonate is recovered in the plant.

The plant was never in danger of flooding, but the solar ponds were. The berm was breached on March 4, but the pre-emptive action reduced the speed at which the panwater flooded the solar pond and two-thirds of it was saved.

All the wells had been accessible by vehicle until the rains came; now none of them are.

The well platforms were damaged by the flooding, as were 5,5km of the main pipeline to the plant. "We had no way to access the wells and had to

order airboats," says Mr Henry.

The biggest problem was to save the rest of the solar pond from damage and to recover the lost area. A TV news report of how a plastic tube was used to prevent the Vaal river from flooding Vereeniging gave Botash the idea of using such a tube to build a temporary water barrier.

"We commissioned a Durban company to make us one 4,5km long. It was installed on April 3 and we borrowed the pumps Eskom uses to reverse the flow of the Vaal river at Sterkfontein to pump 10-million cubic metres of water out of the solar ponds," he says.

Soda ash production started again 11 weeks after the January shutdown, the well fields began to pump in May and salt harvesting began again six weeks ago. Full capacity should be reached by October.

# Botswana buys arms as the world wonders why

ARG 29/6/96 (12)

PRETORIA. - Botswana's government appears determined to continue beefing up its military in spite of unease in some neighbouring states at its massive arms purchases.

As part of a military build-up begun six years ago, the landlocked southern African nation has spent hundreds of millions of dollars on arms, a jet airfield and military training.

But it is recent reports of new purchases that have drawn attention to Botswana, even though the country has no history of aggression.

According to the reports, Botswana has gone shopping for thirteen F-5 fighter-bombers from Canada at an estimated cost of about \$50 million. Military experts say the F-5s will give the Botswanan air force combat capabilities similar to neighbouring Zimbabwe.

The country, which plans to enlarge its 6 900-strong army by 42 percent, has also bought 36 British scorpion tanks and entered into a \$63-million deal with the Netherlands for 50 used German Leopard tanks and 200 troop carriers.

This has temporarily made Botswana sub-Saharan Africa's largest current weapons importer, according to political analyst James Zaffiro, a visiting professor at Natal University.

After independence from Britain in 1966, the sparsely-populated nation pursued a policy of peaceful co-existence with its neighbours.

But during the apartheid era, it was the victim of numerous raids by the security forces of South Africa.

And after majority rule came to South Africa in 1994, fears arose that a possible civil war in the former apartheid state might spill over into Botswana, according to Professor Zaffiro.

It appears that there is still unease in Gaborone over South Africa's military might. Botswana President Ketumile Masire has made it clear that "serious dangers remain in the region," and Botswana needs to be ready to defend itself.

Professor Zaffiro said: "Distrust, uncertainty and internal disagreement over the proper course of bilateral relations with South Africa remain. Once burned, twice shy."

But military analysts believe the more likely clash would be with Namibia, Botswana's western neighbour.

Namibia and Botswana have a long-running dispute over Sedudu, an island on the Okavango River, which forms the border between the two nations. The two countries almost went to war over the island after Namibia's independence in 1990 and the dispute resurfaced earlier this year.

Botswana's High Commissioner to South Africa Oteng Tebape hotly denies that his country is beefing up its military because of Sedudu.

"There cannot be any link between the dispute we have over the island and our mili-

tary build-up," he says.

"The case is before the International Court of Justice and both parties will honour the court's decision."

Reasons Botswana has advanced for its arms purchases include the need to build its capacity to assume its growing role as a peacekeeper on the African continent.

The Botswana Defence Forces took part in the UN missions in Somalia between 1992 and 1994 and in Mozambique in 1993-1994.

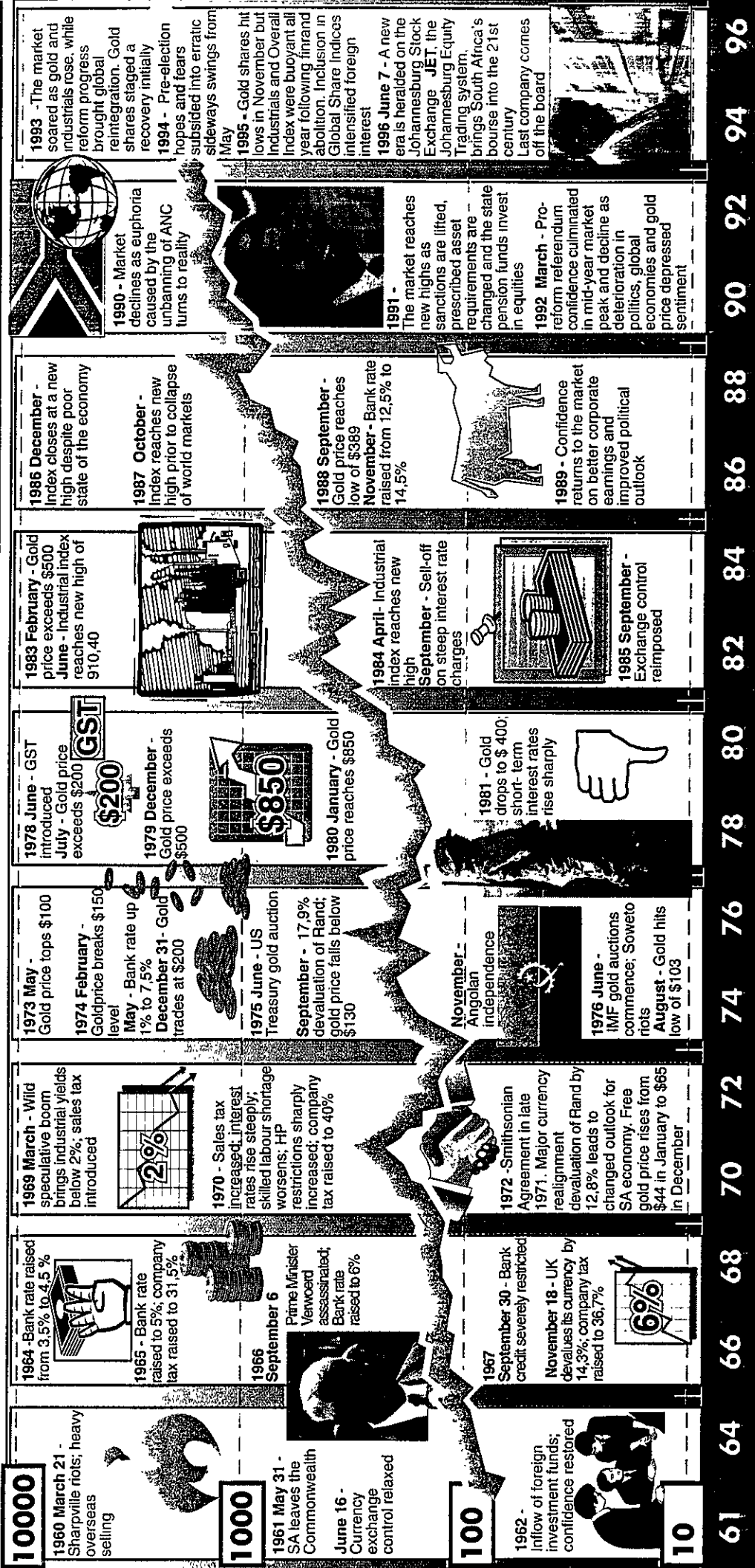
One Western diplomat in South Africa says there is no need yet to panic over the country's military expenditure, which is equivalent to about five percent of its gross domestic product.

"If, however, the military spending remains at such a scale for the next five years then there would be a basis to question the country's economic priorities," he noted.

Botswana presents a picture of poverty amid wealth. Its 1994 per capita gross national product of \$2 800 per annum was higher than that of middle-income nations like Russia and Costa Rica. Its foreign reserves grew by 10.5 percent during 1994/1995.

However, about 60 percent of its 1.4 million people are poor. Many are also jobless. Unemployment affects 25 percent of the active population, according to official estimates, and 45 to 50 percent, according to economists. - Sapa-IPS.

# JSE: 36 years in perspective



**10000**  
1960 March 21 - Sharpville riots; heavy overseas selling

**1000**  
1961 May 31 - SA leaves the Commonwealth  
June 16 - Currency exchange control relaxed

**100**  
1962 - Inflow of foreign investment funds; confidence restored

**1000**  
1964 - Bank rate raised from 3.5% to 4.5%  
1965 - Bank rate raised to 5%; company tax raised to 31.5%

**1000**  
1966 September 6 - Prime Minister Verwoerd assassinated; Bank rate raised to 6%

**1000**  
1969 March - Wild speculative boom brings industrial yields below 2%; sales tax introduced

**1000**  
1970 - Sales tax increased; interest rates rise steeply; skilled labour shortage worsens; HP restrictions sharply increased; company tax raised to 40%

**1000**  
1973 May - Gold price tops \$100  
1974 February - Gold price breaks \$150 level  
May - Bank rate up 1% to 7.5%  
December 31 - Gold trades at \$200

**1000**  
1975 June - US Treasury gold auction  
September - 17.9% devaluation of Rand; gold price falls below \$130

**1000**  
November - Angolan independence

**1000**  
1976 June - IMF gold auctions commence; Soweto riots  
August - Gold hits low of \$103

**1000**  
1977 June - GST introduced  
July - Gold price exceeds \$200  
1978 December - Gold price exceeds \$500

**1000**  
1979 January - Gold price reaches \$850

**1000**  
1980 April - Industrial index reaches new high  
September - Self-off on steep interest rate charges

**1000**  
1981 - Gold drops to \$400; short-term interest rates rise sharply

**1000**  
1982 - Confidence returns to the market on better corporate earnings and improved political outlook

**1000**  
1983 February - Gold price exceeds \$500  
June - Industrial index reaches new high of 910.40

**1000**  
1984 April - Industrial index reaches new high  
September - Self-off on steep interest rate charges

**1000**  
1985 September - Exchange control reimposed

**1000**  
1986 December - Index closes at a new high despite poor state of the economy  
1987 October - Index reaches new high prior to collapse of world markets

**1000**  
1988 September - Gold price reaches low of \$389  
November - Bank rate raised from 12.5% to 14.5%

**1000**  
1989 - Confidence returns to the market on better corporate earnings and improved political outlook

**1000**  
1990 - Market declines as euphoria caused by the unbanning of ANC turns to reality

**1000**  
1991 - The market reaches new highs as sanctions are lifted, prescribed asset requirements are changed and the state pension funds invest in equities

**1000**  
1992 March - Pro-reform referendum confidence culminated in mid-year market peak and decline as deterioration in politics, global economies and gold price depressed sentiment

**1000**  
1993 - The market soared as gold and industrials rose, while reform progress brought global reintegration. Gold shares staged a recovery initially  
1994 - Pre-election hopes and fears subsided into erratic sideways swings from May  
1995 - Gold shares hit lows in November but Industrials and Overall Index were buoyant all year following firm and abolition. Inclusion in Global Share Indices intensified foreign interest  
1996 June 7 - A new era is heralded on the Johannesburg Stock Exchange JET, the Johannesburg Equity Trading system, brings South Africa's bourse into the 21st century  
Last company comes off the board

By Nancy Myburgh

Johannesburg — From today, the graph above, or at least its daily counterparts, may start to look a bit more jagged. Today marks the first day of fully automated equities trade on the Johannesburg Stock Exchange's new Jet system. Mining and golds, the last sectors left on the open trading floor, were transferred to the onscreen system on Friday.

The trading floor may be dark now, but computer screens in brokerage houses and banks are flickering with South African stock trades.

The new system has been heralded for bringing greater liquidity and volatility to the equities market.

It will be first come, first served now that everyone will be able to see at a glance on a trading screen what orders are on the book for any particular stock and now that orders are matched automatically by the system.

Industrial shares moved on to share, all gold, industrial, metals and minerals, and financial — are likely to get a new lease on life as they approach middle age.

Though the stock exchange is 109 years old, the indices are only 36.

They were first published by the Rand Daily Mail in 1960 and were taken over by the JSE in 1978. The initial indices reflected 80 percent of the shares in their sectors. They were revised last March to reflect all the shares in the sector.

The all share 40 index, the industrial 25, the financial 30 and the gold 10, reflecting the top stocks in each of those sectors, were also introduced last year for index futures trade.

GRAPHIC BY JAMES DE VILLIERS



# US magazine picks 12 SA stocks set to excel

Simon Barber

IN A bullish assessment of SA's prospects, US personal investment magazine Money picks 12 SA stocks in its July issue which it says should post 40% dollar gains over the coming year if the rand stays at about R4,30 to the dollar.

Money writer Junius Ellis, who says the dozen SA selections he made in the July 1994 issue have appreciated by an average of 62% in dollar terms, is unfazed by the rand's devaluation and says he is still "convinced of (SA's) enormous potential for profit on a continent starved for progress".

BD 2/6/96 (21)  
He classifies his picks as three mining-related groups, Anglovaal, Gencor and Samancor; four cyclical, Amcoal, Duiker Mining, AECI and Sappi; and five growth stocks, M-Cell, Naspers, Waltons Stationery, Absa Bank and Stellenbosch Farmers' Winery.

Merrill Lynch, he believes, is likely to spur a surge of US interest in SA equities when it begins supplying brokerage clients with research on 300 stocks covered by recently acquired Smith Borkum Hare.

The first seven picks on Ellis's list trade over the counter as American depositary receipts in the US, while the rest are available on the JSE via US

brokers at commissions in line with those charged on US stocks.

With the lower rand reducing the fixed costs of the mining companies and increasing export proceeds in rand terms, Ellis sees industry earnings growing by well over 20% in the year ahead and by over 15% if metals start appreciating in line with gains recently posted by other commodities. Devaluation should help Amcoal boost earnings 38% over the next 12 months.

Duiker should benefit similarly, ABSA portfolio manager John Liackman convinced Ellis, and had the

Continued on Page 2

## Magazine

Continued from Page 1

added attraction of being a potential Amcoal takeover target. Liackman also backed the AECI pick, citing increased demand for fertiliser.

Ellis follows Sanlam's Gerrit Smit in liking Anglovaal, whose earnings, Smit believed, should be significantly boosted by its stake in Anglovaal In-

dustries. The latter is seen as benefiting from the effect of the weak rand on sales of competing imports.

Smit also told Ellis he was "scooping up" Amcoal shares and pointed the writer towards Waltons, ABSA and SFW. Carmen Maynard, Johannesburg-based manager of the New York-traded closed-end New SA Fund, liked Gencor and Samancor. Mark Breedon, London-based manager of the closed-end SA Fund, told Ellis he fancied Sappi, M-Cell and Naspers.

# Squatting grows

(12) Somerset 2/7/96

By Lekopane Mooketsi

**FRANCISTOWN** – Botswana faces a squatter problem in urban areas because of poverty, acute shortage of accommodation and high rents.

In the northern town of Francistown a squatter camp known as Somerset West has an estimated population of 1 600 people. The camp was demolished in 1993 by the town council, but almost immediately came back to life.

The shacks are made with a paraphernalia of plastic materials, broken bricks and iron sheets with huge stones placed on top of the roofs.

The council does not provide sewerage or sanitation systems. Pools of stagnant water block pathways and garbage is strewn everywhere.

## No place to stay

Most residents of this camp say they allocated themselves plots illegally because they have no place to stay.

Rent for low cost houses go from Pula 500 to 3,000 (R639–R3 836) way beyond the reach of the unemployed and marginally employed. Prices of plots range from P8 000 to P40 000 (R10 236 – R51 178).

A father of five children, Ashford Mpofu, says he moved to Somerset West a "long time ago" from his village in the North East district. He ekes out a living by selling zinc baths and

coffee tables.

Mpofu said the squatters are waiting to be allocated new plots by the council.

Another resident Senzeni Mazongo, mother of six children, says she survives by doing casual jobs like washing clothes for other people.

She vows that she will not go back to her village because there is more poverty there. "We do not own cattle for ploughing so what can we eat in the village?" she asks.

Mazongo says she is not worried about her health in the squatter camp, but is more concerned about finding a job. Mazondo is one of the squatters who had their shacks demolished by the town council in 1993. But she is happy now because "they never bothered us after the elections".

An ailing 58-year-old man, Albert Mudula says that they applied for plots which have not been allocated. He settled in the squatter camp in 1982.

The member of parliament for the area, Vain Mamela, says the council has been allocated a piece of land in the western part of the town where the squatters were to be allocated new plots. He blamed the government for delaying development of the new site.

"The money is there but government is just taking its time," he says.

– Africa Information Afrique.

# Botswana arms itself

**B**OTSWANA'S GOVERNMENT appears determined to continue beefing up its military despite unease in some neighbouring states at its massive arms purchases.

As part of a military build-up begun six years ago, the landlocked Southern African nation has spent hundreds of millions of rands on arms, a jet airfield and military training.

But it is recent reports of new purchases that have drawn attention to Botswana, even though the country has no history of aggression.

According to the reports, Botswana has gone shopping for 13 F-5 fighter-bombers from Canada at an estimated cost of about R200 million. Military experts say the F-5s will give its air force combat capabilities nearly on a par with neighbouring Zimbabwe.

Botswana, which plans to enlarge its 6 900-strong army by 42 percent, has also bought 36 British scorpion tanks and entered into a R132 million deal with the Netherlands for 50 used German Leopard tanks and 200 troop carriers.

This has temporarily made Botswana sub-Saharan Africa's largest current weapons importer, according to political analyst James Zaffiro, a visiting professor at Natal University.

## National security strategy

Zaffiro, who has written extensively on Botswana's foreign policy, notes that "while never a military threat to any of its neighbours, including Namibia which has protested against these sales as 'provocative and unnecessary', Botswana's leaders clearly do not believe it is time to abandon ongoing efforts to complete implementation of a comprehensive national security strategy".

After independence from Britain in 1966, the sparsely populated nation pursued a policy of peaceful co-existence with its neighbours, seemingly content to reap the benefits of the diamonds from which it derives most of its income.

But during the apartheid era it was the victim of numerous raids by the security forces of its powerful neighbour, South Africa.

The realisation of majority rule in South Africa in 1994 gave rise to fears of a civil war that might spill over into Botswana, according to Zaffiro.

It appears that there is still unease in Gaborone over South Africa's military might. Botswana's president Ketumile Masire has made it clear that "serious dangers remain in the region", thus Botswana needs to be ready to defend itself.

"While cooperation (between Botswana and South Africa) is possible, friendship is still to

Botswana's increased military expenditure has given rise to speculation, growing instability and even impending war in the region. **Gumisai Mutume** considers the situation and provides some answers...

(12) Samelan 3/7/96



**President Ketumile Masire ... Botswana needs to be ready to defend itself against dangers in the region.**

be achieved," says Zaffiro. "Distrust, uncertainty and internal disagreement over the proper course of bilateral relations with South Africa remain. Once burnt, twice shy."

But military analysts believe the more likely clash would be with Namibia, Botswana's western neighbour.

Namibia and Botswana have a long-running dispute over Sedudu, an island in the Okavango River, which forms the border between the two nations. Both claim Sedudu as theirs.

The two countries almost went to war over the island after Namibia's independence in 1990 and the dispute resurfaced earlier this year.

Botswana's high commissioner to South Africa, Oteng Tebape, hotly denies that his country is beefing up its military because of

Sedudu.

"There cannot be any link between the dispute we have over the island and our military build-up," he says.

"The case is before the International Court of Justice and both parties will honour the court's decision," he adds.

Reasons Botswana has advanced for its arms purchases include the need to build its capacity to assume its growing role as a peacekeeper on the African continent.

The Botswana Defence Force took part in the United Nations missions in Somalia between 1992 and 1994 and in Mozambique in 1993-94.

## Economic priorities

One Western diplomat in South Africa says there is no need yet to panic over the country's military expenditure, which is equivalent to about five percent of its gross domestic product.

"If, however, the military spending remains at such a scale for the next five years, then there would be a basis to question the country's economic priorities," he notes.

Botswana presents a picture of poverty amid wealth. Its 1994 gross national product of R15 200 a year per head was higher than that of middle-income nations like Russia and Costa Rica. In Africa, only Gabon, Mauritius and South Africa achieved higher scores.

Its foreign reserves grew by 10,5 percent during 1994-95 to about R16 billion, sufficient to finance 23 months of imports - a situation many other developing countries would envy.

However, about 60 percent of its 1,4 million people are poor.

Many are also jobless. Unemployment affects 25 percent of the active population, according to official estimates, and 45 to 50 percent, according to economists. - Sapa-IPS.

# Botash overcomes floods, turns to expansion plans

(12) BD 3/7/96

Edward West

BOTSWANA Ash (Botash) appears to be recovering after a massive campaign to save the operation from floods which forced an 11-week shutdown.

The company, which was bought back by its shareholders Anglo American, the Botswana government and some banks after a liquidation last year, is now planning to expand.

It is still cash positive and MD Paul Henry believes shareholders will not have to provide for losses this year. An interim insurance claim on damage and loss of business is expected to boost cash resources. A final claim — the full value has yet to be determined — is expected to be made next year.

Water still covers about 700km<sup>2</sup> of the Makgadikgadi Pans, an area which was little more than salt pan and scrub last year, but Botash's operations have resumed, with salt production at full capacity and soda ash at 52% of normal production levels.

However, stark production figures tell little of the drama which unfolded when the pumps and machines were halted because of rain. Last week, management provided the first details of the rescue operation to save Botash.

On January 25 water from the Nata river started pouring into the pan from Zimbabwe at a rate of 1 200-million cubic metres a second, diluting the T-brine soda-ash feedstock which is pumped from beneath the salty crust of Sua Pan. Botash operates more than 100km of pipework in the wellfield, which comprises 79 wells over 200km<sup>2</sup> in Sua Pan.

The brine is pumped out of the wells, concentrated in solar ponds, and crystallised by further evaporation. Salt is harvested, while the remaining carbonate rich brine constitutes the feedstock for the soda ash extraction process.

By February 13, Sua Pan was flooded and wave action started eroding a major berm wall. Management faced a crisis. The solar

ponds, which cover 22km<sup>2</sup> and are protected by the wall, were in danger of being flooded. Water had also damaged 5,5km of the main brine feedstock pipeline, and several wellheads were damaged.

The next day the Botswana army was called in to help save the wall. A battalion made up of 450 troops, 40 trucks and jeeps, and a landing craft was mobilised. Beside 570 Botash employees, 400 casual labourers were employed.

Earthmoving equipment from Orapa mine 400km away and contractors assisted with road buildings and repair work. Botswana was scoured for used tyres.

More than 12 000 tyres and 90 000 sandbags were laid to strengthen the berm wall. The salt bagging plant was used to help fill sandbags and more than 300 an hour were laid over 18 days to strengthen the wall.

## Solar ponds

On March 14, in spite of these efforts, water gouged a 20-metre gap into the wall, partially flooding one of the solar ponds. A worker fell into the water and drowned.

In January, when over 300mm of rain was recorded compared with only 14mm in the same month a year before, Sua Pan became a 900km expanse of relatively shallow water. The water level has fallen since then.

The tyres and sandbags helped, but as the water began receding, it began eroding the wall beneath the level of the barrier. Botash management found that in Parys a water barrier was being used in the streets made up of two polyethylene tubes filled with water in 50-million polypropylene bags. About 5km of the bags were immediately ordered and erected as a temporary barrier against the water. Pumping began in the solar ponds on April 12 and more than 10-million cubic metres of water was pumped out using pumps borrowed from Eskom. A dredger, imported from Holland, is currently strengthening the wall further.

Because only part of the solar pond was flooded, production was started up earlier than expected, as brine had been concentrating in the unflooded crystallisers.

The halted production also threatened the company's market share. About 27 000 tons of soda ash was bought at a premium from Botash's competitor, American Natural Soda Ash Corporation (Ansac). About 11 000 tons of salt were also bought in.

Henry says the purchase of the soda ash represented the biggest dent to cash resources over the period. He says he is not in a position to disclose the value of the full insurance claim yet, but it is likely to be substantial. The company has about 32 000 tons of soda ash in stock.

Once production has fully resumed, Botash intends expanding. Capital expenditure of 5-million pula for 18 new wellheads is planned to increase the brine feedstock supply.

Last year Botash sold about 160 000 tons of SA's estimated total annual market for soda ash of 295 000 tons. The plant has a maximum capacity of 300 000 tons. Competitor Ansac holds sway over the 50 000 ton-a-year detergent market, a more lucrative market for soda ash than the industrial market.

Henry says Botash has been unable to break into the detergent market because the soda ash at Sua Pan contains micro-organisms which give the product a pink sheen. SA's consumers, however, insist on having "whiter-than-white" detergent, effectively barring Botash from this market.

Botash is investigating two possible solutions: one is to erect a crystallisation plant, or the cheaper option using biotechnology.

Botash was formed when creditor banks accepted an offer by shareholders to buy back the assets of the operation after a provisional liquidation in June last year when the company, then known as Soda Ash Botswana, had debts of about R600m.

BOTSWANA ASH

(12)

**OUT OF A PICKLE**

PM 5/7/96

At last things appear to be panning out for Botswana Ash (Botash). Having survived the worst floods recorded in Botswana's history, the company has resumed limited production earlier than anticipated.

Located at Sua Pan, the company produces soda ash and salt by naturally evaporating and crystallising liquid brine pumped from 40 metres underground into open solar ponds.

Production was stopped in January, due to widespread flooding of the ponds. The rains added to a litany of woes which the beleaguered company has undergone. Originally called Soda Ash Botswana — the company was reconstituted after being liquidated in May last year. Fierce competition from the American Natural Soda Ash Corporation (Ansac), which has been accused of dumping product on the SA market,

added to the project's travails. After the flooding competitors gleefully expected Botash to be out of production for at least the rest of this year.

And ironically, in order to maintain deliveries during the 11-week shutdown, Botash was forced to buy 27 258 t from the Ansac cartel. It also drew from its own stockpile for two months.

But now to sweeten the pill even further, Botash chairman Harry Calver says the cost of the disaster is covered by insurance. "We are covered for both damage and business interruption, and the insurers have indicated this incident is included. We cannot evaluate the claim until the end of our financial year in March next year, but we believe it will be resolved to the mutual benefit of Botash and the insurers."

The facility is producing at 52% of capacity and expects to be back to full production of 190 000 t/year by October.

Botash is 50% owned by the Botswana government, with the Anglo American Corp, De Beers and AECI each holding 14%. The remaining 8% is held, rather unwillingly, by lender banks to the original Soda Ash Botswana. Anglo and De Beers manage the operation.

In the restructuring, the original shareholders effectively bought the company, free of the debt that had crippled it, for P114 million. "Botash was viable from the day we took it over," Calver says. At the time of the liquidation order, Soda Ash blamed a high interest burden for the company's collapse. Overall losses for 1995 had been forecast at P171m, of which only P20m would have been a trading loss.

The banks reportedly lost P150m and were offered the 8% holding. Their secured loans of about P200m were paid.

Calver puts world demand for soda ash at 40 Mt/year, but Botash's market is SA. The country uses 250 000 t/year.

Planning for Botash is based on a 25-year mining lease granted by the Botswana government, but it is more likely an open ended agreement. "Reserves," says Calver, "have been estimated as enough for world consumption for 100 years."

He believes the naturally produced product is edging synthetic producers out of the market. "The cost of synthetic production is higher, and the quality not so good. Synthetic plants worldwide are closing." ■

# Idiots, boozers are not wanted in Botswana

Star 5/8/96 (23/8) (12)

Norwood doctor is appalled by form he is obliged to fill in before a patient can emigrate to our neighbour: and follow-up by Star shows their government isn't joking

By **NIKKI WHITFIELD**

**I**diots, imbeciles and the feeble-minded, beware – Botswana doesn't want you.

And that's official – there's even the Coat of Arms stamp and a lot of bureaucratic jargon to prove it.

An incredulous Norwood doctor found himself presented with a form this week by a patient wishing to relocate to the state on South Africa's northern border.

"They won't let me in unless a doctor completes this," the patient told him.

The GP drew it nearer. At first glance, it looked normal enough. It had the words "Medical Report" printed in large, bold type. It started with: "I hereby certify that on the ... day of 19.. I examined ... and found him/her to be 1) not suffering from the disabilities referred to in Note 1."

But then the doctor scanned the page to see what ailments he had to pronounce his patient free from. They were: a) being an idiot; b) being an imbecile; c) being a feeble-minded person; d) being

“  
**Person who wrote this is an idiot ...**  
”

an epileptic; e) having had a previous attack of insanity; f) suffering from constitutional psychopathic inferiority; and g) suffering from chronic alcoholism.

"I thought he was joking," said the doctor, who faxed the form through to The Star before

performing the necessary examinations – so far as he could – and dutifully filling it in. "But he was deadly serious. He said they wouldn't let him into the country without having the form filled in by a doctor.

"In my opinion, I think the person who wrote the form is an idiot."

But the Botswana government is adamant. It does not want imbeciles or alcoholics who have been at it so long they have become chronic.

An immigration official even went off to find the form when asked by The Star if it was for real.

"Yes, form 4, here it is," he said, and then reeled off the disabilities deemed undesirable.

"If you want to stay in Botswana, you have to have a doctor say you don't have these conditions. Any doctor, as long as he's qualified."

# Botswana holds 'liberal' prospects

Patrick Wadula

(12) BO 19/8/96

BOTSWANA has a "liberalised exchange control regime" for SA exporters, attorney Neil Armstrong told delegates at a Werksmans' seminar on "Doing business in Botswana".

He said dividends and capital gains on equity investment received from a foreign source could be taken freely out of Botswana — but subject to tax.

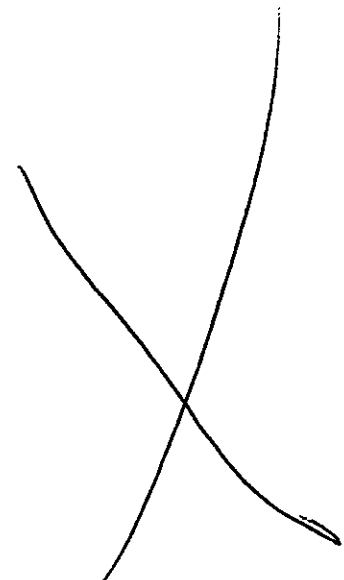
Capital repayments on loans, usually after a two-year moratorium, were freely remittable in foreign currency.

A company operating in Botswana could invest up to 1-million pula, or 20% of its gross turnover, in capital investment offshore.

Armstrong said a company operating in Botswana but which was foreign controlled could borrow up to four times its equity locally without reference to the exchange control authority.

"The commercial banks in Botswana are actively looking for good projects to which to lend," said Armstrong. The Bank of Botswana had been known to grant loans in excess of a company's equity on an individual case basis, "particularly when the project involves development and employment creation".

Botswana Telecommunications Corporation planned to develop a cellular network system, which would be put out to tender.



# Union debate on investment role

BD 29/8/96  
Reheé Grawitzky

COSATU affiliates appeared divided on the establishment of union-controlled investment companies, especially because such companies had been bidding for radio stations, and this could undermine labour's broad opposition to privatisation.

Unionists opposed to investment companies have questioned the strategy of unions effectively going into business, the motivation of those involved and the ultimate impact on the labour movement.

Such concerns come in the wake of a joint bid by Primedia and a number of consortium partners including the Mineworkers Investment Company and SA Clothing and Textile Workers Union (Sactwu) Investment Company.

An increasing number of unions in recent months have formed investment companies including the Food and Allied Workers Union, SA Railway and Harbour Workers Union, National Union of Metalworkers of SA, Communication Workers Union and the SA Commercial, Catering and Allied Workers Union.

CosatU itself is in the process of

(21) forming an investment company, but was not prepared to comment on this development.

Unions including the Transport and General Workers Union (TGWU), SA Municipal Workers Union and the Chemical Workers Union were presently debating the issue with some reservations.

One union source said he wondered how such a move would be reconciled with the labour movement's mission.

"As a labour movement we should be servicing our members and we would not be achieving this if we were sitting in boardrooms the whole day."

But another union source whose union had formed an investment company said there was nothing wrong with establishing investment vehicles as long as there were clear guidelines as to how workers would benefit, and which would safeguard against the move benefiting an elite.

TGWU assistant general secretary Harold Harvey said yesterday that the union was looking at its long term investment strategy. An investment company was only one of a number of options which could include establishing an asset management company to manage excess union funds.



# Nothing to celebrate

(12) Sametun 30/9/96

By Lekopanye Mooketsi

**G**ABORONE – Botswana has much to celebrate at its festivities today to mark its 30th year of independence from Britain

But, behind the success story of democracy and the rise from Africa's second poorest country to the second richest, lies a very disturbing development.

Although government revenue is 8.9 percent higher than expenditure – the only such case in Southern Africa – and foreign reserves to pay for imports are the highest on the continent, 55 percent of households do not earn enough or earn just enough to keep their families housed and fed, according to the latest Poverty Datum Line study.

Sechele Sechele, editor of the independent weekly newspaper *Mmegi*, points out the anomalies

## Significant strides

"There have undoubtedly been significant strides since independence. The government has been prudent and money has gone into building up the infrastructure.

"But there is also poverty which has resulted in an inflow of people to the towns, with the consequences of unemployment, crime and poor living conditions."

He criticises the recent big spending on military hardware.

"They say it is for the development of the army but do we need guns more than full stomachs?"

The disgruntlement of ordinary people is summed up by Kenathata Ramaja, a 24-year-old telephone technician from Mahalapye village, 200 kilometres north of the capital Gaborone.

While being proud of the fact that the country is no longer a colony, he laments the rise in poverty:

"It appears that the government has abundant resources, but most people

Sparingly populated Botswana celebrates her 30th anniversary of independence amid hunger and misery



Flashback: Botswana's President Sir Ketumile Quett Masire reviews a parade at the National Stadium in Gaborone during the country's 14th independence celebrations

still live in poverty."

For pensioners, the situation is even worse as their incomes are static. Says 61-year-old Samuel Mammawanoka: "We are starving and goods are expensive."

"I do not think there is anything worth celebrating. There is no development and the government looks after foreigners only"

Yet average economic output is about R15 000 a year for each of the 1.3 million people. The national coffers have become so full that foreign reserves are enough to pay for 24 months of imports.

By contrast, South Africa has only enough reserves for three months' imports.

And in 1994 Botswana became the

first sub-Saharan country to lend money to the International Monetary Fund.

The puzzle as to why there is poverty in a land of plenty is partly explained by the fact that mining, mainly diamonds, accounts for 48 percent of the annual economic output, but only four percent of formal employment. Much money is going to

only a few people.

Agriculture is responsible for 80 percent of employment, but contributes only five percent to national earnings.

The government gets 22 percent of its revenue from the subsidies paid by South Africa for the country being part of the duty-free Southern Africa Customs Union

No economic activity is involved – it is just money pouring into the government coffers.

Politically, the country is the envy of much of the continent, with multi-party democracy. Elections are free and fair, and human rights are observed.

On that score alone, Botswana is far ahead of most countries in Africa. But the government should spare more than a thought for the huge section of society that is living in miserable conditions

The R5 million being spent on the independence festivities should be giving the politicians twinges of conscience – *African Information Afrique*.

● South Africa's neighbours are concerned that a planned trade pact between the economic giant and the European Union will harm intra-regional trade.

South Africa is currently negotiating with the EU over a far-reaching trade pact which it hopes will unlock the doors of Europe's tightly regulated markets – while opening up the former pariah to European-manufactured goods.

"Any agreement between South Africa and the EU will have to be monitored," warns the Namibian Economic Policy Research Unit (Nepru).

"The current Sacu agreement prohibits the entry of goods imported under a bilateral agreement to other Sacu members."

Under the Sacu arrangement, goods are traded within the union free of duty and quotas, with one third of all revenue to the Sacu Common Revenue Pool going to Sacu members. – *Sapa-IPS*.



# Business and government in Botswana agree on privatisation

(12) 29/10/96  
BARRY BAXTER

Gaborone — Botswana's private sector has listed parastatals and government departments it considers ripe for privatisation in a report welcomed by the government at the weekend.

"Our analysis showed there is substantial potential for privatisation in Botswana," Modiri Mbaakanyi, the director of the Botswana Confederation of Commerce, Industry and Manpower, said on Friday.

The report, compiled by Coopers & Lybrand the accounting firm, named the Botswana Meat Commission, Botswana Telecommunications Corporation and loss-making Air Botswana as top candidates for public share issues.

"Opportunities for quick successes should be identified to demonstrate that the programme can obtain results," the report said. "At least one public issue should be promoted to attract public attention to the programme."

Festus Mogae, the finance minister, welcomed the report. "The issue of privatisation has been exercising our minds for some time," he said.

Botswana Telecommunications Corporation had a trading profit of 18,5 million pula (R23,7 million) in its last financial year. It has 60 000 subscribers, with demand growing at 20 percent a year.

The report suggested privatisation as a joint venture competing in a freer telecommunications environment with other newly licensed operators.

Two cellular network licences were expected to be granted soon. Botswana Telecommunications Corporation will bid for one with a partner.

Botswana Meat Commission had a 40,8 million pula operating profit in the last financial year. It has capital and reserves of 147 million pula.

Botswana Airways has 270 staff, a higher number than the seats on its three aircraft. Though debt of 75 million pula was written off in 1994 after capital restructuring, the airline lost 2,1 million pula last year. A similar loss is projected for this financial year.

The report listed seven parastatals and departments for immediate privatisation and suggested five others as candidates to hand over certain oper-

ations to the private sector.

Immediate privatisation was also suggested for the debt-ridden Botswana Housing Corporation.

Botswana Savings Bank was named as a candidate to go private, but it was felt unlikely there would be interest. Significant contracting out of services was recommended for Gaborone City Council, Botswana Railways, the supply department and the government printer.

The Botswana Power Corporation was not seen as a candidate for a privatisation project.

More than 20 other parastatals, departments and councils not examined in detail were listed as possibly suitable for complete or partial takeover.

The report said a start should be made by running the public sector along more commercial lines. "An arms'-length relationship should be established between government and parastatals which would give the parastatals greater freedom in taking pricing, operational and investment decisions," it said.

"There will be significant revenue for the government," the report said. "This could all amount to hundreds of millions of pula annually." — Reuter

BOTSWANA ECONOMY (12)

## MARKING TIME

*RM 1/11/96*  
**Botswana's plans** to target the private sector as the force behind further economic development won't be achieved unless government moves quicker on its privatisation programme, says international fund manager Mark Mobius.

Mobius heads the emerging markets division of international investment group Templeton Asset Management. Market sources credit him with placing a major share of foreign investment in Botswana.

Representatives of Botswana's private sector identified several government enterprises at the weekend which they say are ripe for privatisation.

A report by accountancy firm Coopers & Lybrand, released by the Botswana Confederation of Commerce, Industry and Manpower, identified the Botswana Meat Commission, Botswana Telecommunications Corp and Air Botswana as prime candidates.

Says Mobius: "Unless you give the private sector the opportunity to manage large entities, such as the telephone

company and large transportation systems, it will never develop as the economic driving force.

"A good example is the tourism sector. With land tenures of five or 15 years, there's no way that anybody is going to put substantial amounts of money into developing the industry. That's something the government must move on."

Inhibiting further capital flows into Botswana is the lack of potential investments. "There are not enough places to put our money," says Mobius.

In its annual report, the Botswana Development Corp (BDC) said it would privatise 41 of its 114 public corporations within five years. It had divested from eight and was negotiating on another seven. Chairman Kenneth Matambo describes the BDC's financial position as "worrisome." Without the proceeds from these divestments, it would have been in financial difficulties.

Mobius supports, at least for now, the often criticised policy of the Bank of Botswana of not moving to stop the slide of the Botswana pula with the rand.

"I see nothing wrong with linking them," he says. Unless Botswana can diversify its income base, allowing the pula

to strengthen against the rand would seriously damage its exports, most of which go to SA. ■

Group interviews were cond  
this technique encouraged

**BOTSWANA DEVELOPMENT (2)**  
**VISHY BUSINESS** FM 8/11/96

**Botswana's citizens** woke up last week to learn their economy was about to be transformed.

SA entrepreneur Jan du Plessis Visser, president of little-known, Botswana-registered Universal Investment Co, made the front pages of the country's newspapers with the announcement of a US\$7bn oil-from-coal project intended to generate income of up to \$20m/month. The promised investment is double Botswana's entire 1995 gross domestic product of \$3.5bn.

Unknown to most people in Botswana, however, Visser has been in the news before. Three months ago (*Business* July 26) the *FM* told how Universal Investment Co was offering bargain loans in SA at 12%, the only proviso being that you had to buy shares in the company to qualify.

Visser's holding company was the impressive-sounding Universal Securities Corp of Delaware, in the US, with claimed assets in excess of \$900m and apparently earmarked for public listing on the Wall Street and Canadian stock exchanges. And then there was back-up from affiliates like the Bank for Trade & Commerce (Botswana) and the UK's Universal Securities Plc.

The trouble is that Visser forgot to mention Universal Securities Corp was dissolved last September, the UK Plc was struck off and dissolved in July 1994 and that the criminal investigation department of the Botswana police had started a probe into the local Universal Investment Co and its allied Bank for Trade & Commerce — which was not authorised to conduct banking business.

Visser told readers of the *Botswana Gazette* and *Midweek Sun* that layouts for two new coal mines had been prepared and an application for a mining lease would be submitted within three months. A 1 000 ha township had already been surveyed for 12 500 workers, which is more than the total work force in Botswana's combined diamond, coal, nickel and copper mining industries.

Universal Investment, in a joint venture with a "Rumanian corporation," would work in co-operation with some of the

largest synthetic fuel research corporations in the US, Germany and Japan. For funds, said Visser, there were continuing "discussions with investors" in Malaysia, Dubai, Hong Kong and Taiwan.

The venture would include his latest Botswana-registered finance house, Global Mining & Development Bank. However, the Bank of Botswana says an application by Global for a banking licence has been rejected.

The central bank's Governor, Quill Hermans, says: "Visser has not broken any law, but he has violated the Banking Act in that he registered two companies with the word bank in their names. They will have to be de-registered."

Visser is a difficult man to contact. His address in Botswana is a Gaborone post-box; there is a telephone listing for him at an address in Lawley Street, Waterkloof, Pretoria, but the number rings unanswered. However, our man in Gaborone was granted a brief audience.

Visser refused to reveal the location of his coal mines: "There are too many sharks in the market." Reminded that Botswana has no oil refinery, he replied: "We will build one."

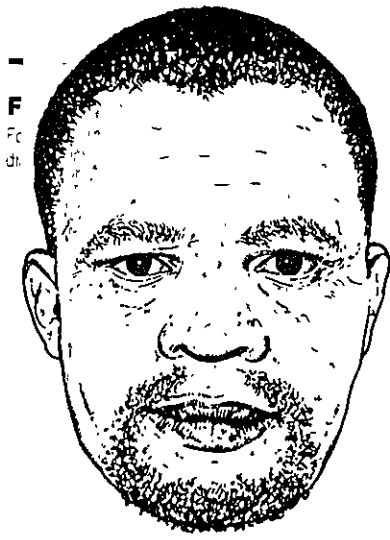
He told the Botswana press his companies would provide workers with a hospital, police station, post office, churches, technikon, shopping mall and recreation club. He even intended to give them a casino.

His plans have attracted interest in high places. The Office of the President has called for a report from the Ministry of Mineral Affairs. And the curiosity of the police has also been rekindled. CID chief Edwin Batshu says: "We are looking into it."

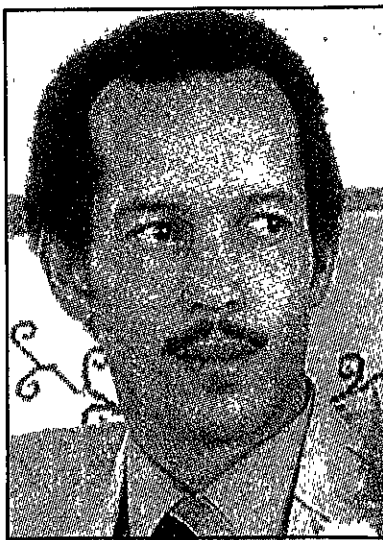
So is it all just pie in the sky? After all, Sasol — the world leader in oil-from-coal technology — manages to produce 100 000 BPD of crude oil equivalent at its Secunda plant. A Sasol spokesman describes the whole thing as "highly questionable." Visser has not approached Sasol and "we are not aware of the details of his proposed process."

In any case, say oil industry analysts, there are some obvious obstacles. The first is the absence of a market — key areas of SA are already supplied by Sasol's Secunda plant.

The second is the inherent unprofitability of turning coal into liquid fuel at current or expected oil prices. Thirdly, Sasol owns the relevant technology and is hardly likely to license it to a potential competitor. ■



'ARMY MUST BE MAINTAINED' ... President Ketumile Masire says buying arms is not a waste of money.



'WE NEED BIGGER ARSENAL' ... Botswana's army commander, Lt General Ian Khama.



'WE'LL GET TANKS ELSEWHERE!' ... Lt General Mompoti Merafhe is angry at losing German tanks.

# Botswana's iron fist

(12) CP 10/11/96

GABORONE - Botswana's military build-up is raising eyebrows in the region, particularly as relations with neighbouring Namibia are strained.

Diplomatic tension between Namibia and Botswana has been simmering since a dispute over Sedudu island on their border. After Zimbabwean President Robert Mugabe's mediation failed, the matter was referred to the International Court of Justice in The Hague.

Namibia has also threatened to pipe water from the Okavango river in Botswana.

Botswana's rapid military growth has kept President Ketumile Masire, Defence Minister Ponatshego Kedikilwe and the army commander, Lt General Ian Khama, on their toes as they justify the need for a bigger arsenal. They are supported by the foreign affairs minister, Lt General Mompoti Merafhe (the former defence minister and army commander).

They say much of the budget is intended to maintain the army and provide essential infrastructure.

The R427 million Botswana Defence Force (BDF) budget raised hell in parliament and sparked a row even among members of the ruling party.

The military build-up includes a new R9,4 billion airbase south of

AS Botswana continues to shop for more arms, planes and tanks, its neighbour Namibia is watching with a wary eye. Botswana's military build-up has worsened simmering tension between the two countries. AIA reports ...

Gaborone, dubbed "The Eagle Project," and the purchase of 36 Scorpion tanks from Britain at an undisclosed cost and more than a dozen surplus CF 5 Fighter bombers at R230,3 million from Canada and 13 American-built fighter bombers.

The opposition argued that priority had to be given to rising unemployment, housing problems and poverty. "Why should we put up such a sophisticated and costly facility when people are starving?" asked opposition party leader Dr Knight Maripe.

Defenders of the project say just because there is peace now does not mean Botswana does not need defence capability.

It has been rumoured that the airbase was sponsored by the West, led by the United States, as

a move to control the region by creating an "Israel in Botswana."

Recently, American Secretary of State Warren Christopher touted a plan to create an all-Africa peace-keeping force to be trained in Botswana.

□ The latest diplomatic hassle came when Germany blocked the BDF's bid to procure 50 second hand German-built Leopard Fighter bomber tanks and 200 trucks from the Netherlands valued at R7,4 million dollars. This was after Namibia, a former German colony, advised the Germans that the Dutch had violated an agreement forbidding weapons to any country outside the North Atlantic Treaty Organisation.

The German vice chancellor and foreign minister, Dr Klaus Kinkel, was in Botswana in July to tell the government they could not have the tanks. He confirmed Namibia had lobbied against the sale.

"We will get them somewhere else," responded Merafhe - adding they were disappointed by the Namibians' conduct. He said as a sovereign state Botswana had the right to enter into any deal without interference from other countries.

In a bid to counter Botswana's move, the Namibians have signed an agreement with Russia for military training. - AIA

# Weak pula won't hold back Botswana's budget surplus

**BARRY BAXTER**

Gaborone — Diamond-rich Botswana's 1997-98 budget should focus on a weakening pula and better incentives for foreign investment, analysts said last week.

The budget, to be released today is once again expected to show a surplus. Festus Mogae, the minister of finance, said in December he expected Botswana to record its 15th consecutive surplus in 1997-98, thanks to higher diamond revenues.

Botswana is well on course for a surplus in the 1996-97 budget year, ending next month, despite initial forecasts of a 636 million pula (R792.1 million) shortfall, reflecting windfall profits in pula terms on the country's dollar reserves.

The pula — which shadows the rand — stood at \$0.35 at the start of last year but had fallen to \$0.27 by the end of December. This year, it has strengthened only slightly to \$0.28, despite the strong rally in the rand.

Standard Chartered's managing

director in Botswana, Les Gibson, said Mogae should explain why the pula had been allowed to slip against the rand. "There was reason for the pula to drop with the rand, but a 3 percent drift down against the rand over the past few weeks is puzzling," Gibson said.

On the tax front, Alan Norrie, the acting chairman and chief executive officer of the Botswana stock exchange, predicted cuts in personal taxes and a widening of tax bands.

"My guess is that the top rate of

personal tax will come down to 25 percent (from 30 percent) to match company tax," he said.

Norrie said he hoped to see more company tax incentives such as accelerated write-offs for capital expenditure. "At the moment if you put a building up in Botswana, it takes 25 years to write it off," he said.

Norrie said tax on overseas earnings could be introduced as a precursor to the total abolition of exchange controls. Although he believed this would not happen this year, he did,

however, see substantial further liberalisation of Botswana's exchange controls.

Charles Middleton, the managing director of Barclays Bank, said he hoped for better investor incentives.

He said the government should concentrate on offering better incentives to small business to help lower unemployment, which affected nearly 30 percent of the workforce.

"It is imperative that there is growth in that sector," Middleton said. — Reuter

CT (BR) 10/2/97 (12)

# Botswana pursues financial hub status

(12) BO 12/12/97  
GABORONE — Botswana is pursuing aggressively legislation to set up the diamond-rich country as a regional financial and banking service centre, Vice-President Festus Mogae said yesterday.

Parliament has recently passed a series of laws, including the Bank of Botswana Act and the Collective Investment Undertakings Act, which are paving the way for the country to become an International Financial Services Centre, he said.

Legislation has reduced corporate and personal income tax and exchange controls. Mogae, who is also finance minister, said individuals could now hold foreign exchange accounts inside the country or abroad.

Legislators have passed seven pieces of legislation protecting potential offshore investors and the banking system against money laundering and other fraudulent activities, he said.

Officials hope the financial centre will provide additional revenue for the economy, which depends heavily on diamond production.

In his budget speech in parliament this week, Mogae said it was the government's intention to "adopt a phased approach to the development of the services centre, concentrating on the development of niche markets for which known demand exists, and marketing that attracts high quality clients".

Potential offshore banking has been given a boost by last year's deregulation of the telecommunications sector, leading to the introduction of local Internet service providers. Cellular telephones are expected to be available to consumers this year.

Because of its production of diamonds, Botswana is projecting a 6,8% growth in its gross domestic product for the 1996/97 fiscal year ending in April.

Botswana has benefited from some offshore banking of its own.

It generates millions of dollars in revenue from interest on investments overseas using its foreign exchange reserves, which Mogae said amounted to almost \$5,05bn.

The country's positive financial position is in spite of setbacks in the secondary cattle industry. Mogae estimated his government spent about 500-million pula in fighting an outbreak of cattle lung disease in the northern Ngamiland district in 1996. Almost 300 000 head of cattle were destroyed, and the government reimbursed farmers more than \$4m.

The livestock sector was also affected by "mad cow" disease in Europe.

Over the past year, beef consumption fell dramatically in Germany and Britain, where Botswana exports the bulk of its beef and related products. — Sapa-DPA.

**BOTSWANA** *Most of the chronic unemployed are in the 15-24 age group*

## No jobs for the boys in Gaborone

CT (MR) 17/2/97

(12)

**LEKOPANYE MOOKETSI**

Gaborone — It is almost five years since Mogaisi Orekeng, a resident of Gaborone, registered with the labour and social security department as a job seeker. He is still unemployed.

Each morning, Orekeng joins the thousands of who queue up outside the offices of the labour department in the hope of finding a job.

The department acts as an employment agency by keeping a register of the jobless and finding the right people for companies.

Orekeng, an aircraft technician, had to leave the armed forces in 1992 because of ill health. He is now looking for employment as a driver.

Though unmarried, he has two children to support.

He is still hopeful, but criticises the government for having done too little about the unemployment problem.

Kagisanyo Moshibidu, mother of 10, says she has been job hunting since October last year. She is looking for a job as a cleaner. Her husband is also unemployed. The family is barely surviving by working the fields.

Orekeng and Moshibidu are part of a rapidly swelling army of jobless.

Every year the numbers are reported to increase as school

drop-outs and retrenched workers join the ranks of the jobless.

Even university graduates face difficulties, and sometimes it takes months or even years before they find any gainful employment.

According to the government's 1994 Household Income and Expenditure survey (the latest available), the number of unemployed increased from 61 265 in 1991 to 99 537 in 1994.

Today unemployment is reported to be in excess of 100 000.

According to the survey, unemployment is highest among the youth, especially junior and secondary school leavers.

The survey found the rate of unemployment among this group increased from 17 percent in 1991 to 28 percent in 1994.

The highest rate of unemployment was found to be among the 15-to-24 year age group. From 31 percent in 1991 the rate rose to 51 percent in 1994 among the 15-19 year age group, and from 22 percent to 36 percent among the 20-to-24 year age group during the same period.

The survey confirms Botswana's high inequality in in-

come distribution.

The country's poorest 40 percent earned 11,6 percent of the national income, while the middle-income group, also 40 percent, earned 29,1 percent.

The rich, who comprise 20 percent of the population, earned 59,3 percent of total national income.

According to the annual economic report, released by the finance and development ministry, the rapid increase in the rate of unemployment poses a

huge challenge to the government. This is especially true during a time when there is slow economic growth and therefore inadequate growth of new employment opportunities.

It says employment prospects for the future will depend on the success of government policies to stimulate the economy, especially the manufacturing and construction sector.

A bitter irony for those seeking work is that while there is widespread unemployment in the unskilled sector, Botswana still depends on expatriates in the engineering and teaching fields. — Independent Foreign Service/AIA

**Every year  
numbers rise as  
school drop-outs  
and retrenched  
workers join the  
ranks of jobless**



# Rand drag on pula worries Botswana central bank trying to attract investors

Gaborone - Botswana is concerned about the effects the fall of the South African rand, to which Botswana's pula is linked, is having on foreign investment.

The pula is linked to the rand to protect exports and has been pulled down 25 percent alongside the rand against most major currencies over the past year.

Questioned by concerned delegates among a group of representatives of 35 Singaporean businesses, Bank of Botswana deputy governor Linah Mohohlo hinted at a change in policy.

"I do not want you to be discouraged from investing in the country because you believe the rand is going to go down and take the pula with it," she said.

"It is no good making money by opening a business in Botswana and seeing it slip away from you," said the chief executive officer of the Singapore Trade Development Board, Barry Deskér.

"This is a controversial issue. We are quite responsive to what is happening in

South Africa. We are looking to see if maybe we should be doing something else instead of remaining with the current peg and the current ways we have of doing things," Ms Mohohlo replied.

As part of Botswana's policy to diversify its economy away from reliance on diamond revenues by promoting manufacturing industries, the pula is tied to a basket of currencies in which the rand is dominant.

Almost all Botswana's non-diamond exports are sold into South Africa.

Conversely, more than 80 percent of Botswana's imports come from South Africa. Diamonds, which account for 80 percent of all export revenues, are sold in US dollars used largely to bolster Botswana's foreign reserves.

Because of the pula's slide, the reserves are at a record level of 30 months of import cover.

It was important for any exchange rate to be competitive, Ms Mohohlo said, but the bank was not insensitive to the concerns expressed by investors. - Sapa

ARL 7/3/97 (12)

# De Beers listing puffs up Botswana bourse

(12) ST (BT) 9/3/97

AT LEAST 10 foreign companies are expected to list on the Botswana Stock Exchange this year, exchange chairman Louis Nchindo said, on Friday, after the BSE's market capitalisation increased 50 times with the listing of diamond giant De Beers.

"No fewer than 10 companies with primary stock exchange listings in Ireland, Canada, Australia and of course South Africa, will have dual-listed on the BSE or declared their intention to do so," he said.

Apart from the De Beers linked units, the BSE on Friday also listed Regent, Undervalued Assets Africa Fund, a company geared to investment in Africa.

The listing of De Beers, which opened at 125 pula, giving it a market capitalisation of 38.4 billion pula, boosted the BSE's market capitalisation 50 times. Regent debuted at 38 pula.

Nchindo said since the inauguration of the BSE in 1995, management of the exchange had looked to increase investor access to the underlying economy of Botswana and to promote cross-border investment.

"We identified the dual listings as a means to widen investment opportunities for individuals, corporations and institutional investors such as life, assurance and pension funds," he said.

Nchindo said the BSE would introduce two new indices, the Foreign Companies Index and the All Companies Index.

On Thursday De Beers chairman Julian De Beers Thompson said the Botswana listing would boost trade and investment between Botswana and its southern African neighbours.

De Beers is an equal partner with the Botswana government in the country's three diamond mines. Regent, which is keen on involvement in mining opportunities in Africa, is seeking to raise \$50 million. It has said it will invest some 2.5% of this in Botswana. — Reuter

# R100-m contract for ABB

By Russel Molefe

A JOINT venture led by ABB Industry, a member of the world's leading electrical engineering consortium ABB Group, has been awarded a R100 million contract by Botswana's Water Utilities Corporation to build three water pumping stations.

The project forms part of Botswana's R1,5 billion scheme – the biggest construction project in that country's history – to bring water to the fast growing industrial southeastern region from the more endowed northeast.

The project also includes Grinaker Botswana, which will handle the civil construction work while Kentz will be the sub-contractor for mechanical systems and installation.

Construction is expected to start this month and the three pumping stations will, when completed, have a combined capacity totalling 118 000 cubic metres a day.

Completion of the project, which will benefit domestic, industrial and commercial users in Mahalapye, Mmadinare and Selibe-Phikwe is scheduled for November next year.

Commenting on the awarding of the contract, ABB Industry managing director Mr Derek Jones said: "The project emphasises ABB's strong commitment towards development in the region.

"ABB is supplying the most advanced technology available to provide this vital natural resource to the people of Botswana cost-effectively and efficiently."

ABB Industry is a supplier of process engineering, industrial turnkey project business and also manufactures electrical equipment.

Jones said the ABB Group employs 217 000 people worldwide. Orders in 1996 amounted to R151,2 billion.

*Some Jan 31/4/97*

# Botswana accused of ostrich mentality

M+G 18-24/4/97 (12)

K Letsholo in Maun

**T**HE Botswana government is being accused of hiding its head in the sand when it comes to involving citizens in the lucrative ostrich industry. The country which has the largest wild ostrich population in the world still only has nine registered farmers — and one of them is the president.

Two years ago, 300 Batswana turned up for a meeting in the capital Gaborone, eager to become ostrich farmers. Last month, at a similar meeting in the eastern part of the country, only around 15 showed up.

"I'm upset," says Maun ostrich farmer Tim Longdon. "Those potential ostrich farmers were so dissatisfied with the industry regulations and now their interest has waned. Ostrich farming is still seen as an industry controlled and dominated by whites."

According to the Department of Wildlife, since 1994 there have been 289 inquiries from people wanting to establish ostrich farms. Out of these, only 18 people submitted proposals and three were approved. The remaining proposals have not been approved because the applicants have not yet provided proof that they own the land they want to farm the ostriches on.

Despite government promises that it would review the national ostrich policy, Batswana still feel excluded — with the possible exception of President Ketumile Masire, himself an ostrich farmer.

Longdon says the regulations remain very complicated and include management plans, financial forecasts and getting permission for land

— all of which frighten people off.

Wildlife officer Thato Sejoe doesn't agree. She denies that the regulations are complicated and explains applicants must submit management plans "to ensure that [they] have a clear understanding of what they are getting involved in".

Tell that to Batswana Paramount Chief Tawana II. "I can read and write and I've got a degree, but I still couldn't fill in the forms," he says.

Tawana wants to set up a community-based ostrich project in the delta village of Shorobe where villagers would collect ostrich feed, catch chicks in the wild, and make jewellery.

Tawana says he has the land, he's written three proposals and European Community donors are interested. But he's been greatly discouraged by the registering process.

Like Longdon, Tawana believes ostrich farming is an ideal alternative to the present cattle dilemma, as local farmers wait for the partial restocking of the 250 000 cattle slaughtered last year by the government because of lung disease.

**L**ongdon suggests giving dispossessed farmers two adult birds to mate. Once a chick is 10 months old it can be sold for R1 500 — three times what farmers got in compensation for each slaughtered cow.

He started farming in 1988 and currently has about 300 birds. Longdon sells the meat (low in cholesterol and calories) to lodges in the Okavango Delta, the skins to a tanning company and the feathers and empty shells to a business in the southern village of Serowe. — *Okavango Observer*

# Opposed loan approved

(12) Sowetan 29/4/97

**GABORONE** – Despite opposition from members of parliament, the government of Botswana has gone ahead with its decision to approve a controversial R62.3 million loan to bail out debt-ridden locally owned contractors.

This is the second time that the government has bailed out citizen contractors. The first attempt last year was abandoned because of public disapproval.

Some of the companies are reportedly owned by relatives of President Ketumile Masire and cabinet ministers. The money is to be repaid over seven years at nine percent interest. As part of this package, 30 percent of government building projects will be reserved for local contractors, to enable them to repay the loans.

Botswana's construction industry faced difficulties in the early '90s at

the end of a boom period. As recession escalated, most of the local construction companies were forced to close.

The introduction of Chinese building companies, who undercut the prices charged by other companies, also made things tough for the indigenous contractors. Many of these then abandoned government projects that were only partly completed.

## Rescue package opposed

The rescue package is being opposed by members of the ruling party as well as the opposition.

The representative for Gaborone West, Paul Rantao, who belongs to the opposition Botswana National Front, said that although he was not opposed to local people being given preferential treatment, the conditions of the rescue

fund must be expressed formally.

"The government cannot finance people to repay their debts especially since some of the citizen contractors who are to be bailed out are insolvent," he said. It was not all citizen contractors who would benefit from the fund but just the chosen few.

An MP of the ruling Botswana Democratic Party, Jacob Nkate, said the decision was a risk that even the commercial banks would not undertake.

Nkate also emphasised that while he was not opposed to the idea of empowering citizens, the "government is creating a cartel of a small number of companies who are a monopoly and who act as a lobby group for their interests. In fact the people that they want to help are driving around in Mercedes-Benz cars". – A/A.

BOTSWANA

(12)

ET (ee) 2/5/97

### **Eskom signs new power export deal**

Botswana Power Corporation and Eskom recently signed an agreement which provides for a firm power supply of up to 410 megawatts to Botswana until 2003. A spokesman for the Botswana utility said it was the third accord between the two. It was initiated by the need for future additional sources of power. The utility had various options and Eskom was best placed to provide this export, he said. The utility first bought power from Eskom in 1980.

— *Independent Foreign Service/AIA, Gaborone*

## Botswana to curb pula's strength (12)

CT (BR) 6/5/97  
FROM REUTER

Kasane — A main aim of Botswana's exchange-rate policy is to prevent the pula from becoming too strong, Linah Mohohlo, the Bank of Botswana's deputy governor, told businessmen at a conference.

At the First Southern Africa International Dialogue on Smart Partnership for the Generation of Wealth, she also defended Botswana's interest-rate policy.

Rates had risen but were lower than those of Botswana's main trading partner, neighbouring South Africa. Botswana's Bank rate is 12,5 percent against 17 percent in South Africa.

She said interest rates in Botswana were aimed at encouraging private savings.

Although Botswana saved between 30 and 40 percent of its gross domestic product, most came from the government.

"This is fine while the government is running large budget surpluses, but in the longer term, this will probably not be the case," she said.

"It will be necessary to boost private household savings. Monetary policy is therefore taking a long-term outlook."

Botswana is forecasting a 14th successive budget surplus for 1997-98. The Bank of Botswana has been criticised for indirectly linking the pula to the South African rand, which depreciated 22 percent on a trade-weighted basis last year.

□ BOTSWANA

### President calls for regional business forum

Ketumile Masire, the president of Botswana, proposed yesterday the establishment of an emerging nations business forum for southern Africa and round tables to bring together governments and their private sectors. "This would create the environment for promoting southern Africa as a growth area," Masire said at a business conference hosted by Botswana, which was attended by 14 African countries.

He said he wanted to explore the setting up of a regional Southern Africa Business Advisory Group. He pointed out: "There would be national action groups in the individual participating countries with members from the government, the private sector and the workforce."

Business councils in each country would monitor progress. Masire said southern Africa would have to promote joint investment so that roads, railways, power and water could be organised on a regional and co-operative basis. — *Reuter, Kasane*

(12) CJ(BK) 8/6/97



**BOTSWANA RST**

**Bombed-out fundamentals**

Only a metal price clairvoyant should consider investing in this one

**One has to** assume the only reason Botrest stays listed is that stockbrokers would hate to lose the commissions which, inexplicably, this stock continues to generate.

- **ACTIVITIES:** Base metals producer at Selebi Phikwe, Botswana.
- **CONTROL:** Botswana government and Anglo American.
- **CHAIRMAN:** D J Hudson. MD: J M Rech.
- **CAPITAL STRUCTURE:** 18m ords. Market capitalisation: R12m.
- **SHARE MARKET:** Price: 67c. 12-month high, 90c; low, 20c. Trading volume last quarter, 12 524 shares.

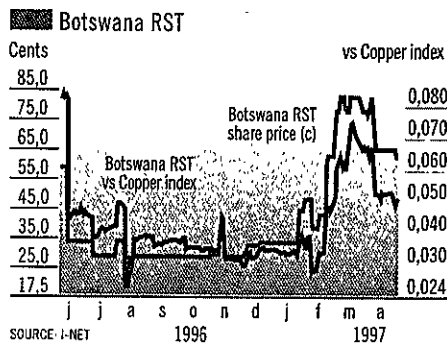
Year to December 31	'93	'94	'95	'96
Loans (Pm)*	3 254	3 573	3 511	4 529
Accumulated deficit (Pm)	2 864	3 133	3 408	4 523
Turnover (Pm)	198	264	318	422
Metal produced (000t)	38,2	39,3	34,7	38,8
Earnings (c)	(3 687)	(1 937)	(1 531)	(6 194)

\*1 Pula = R0,81

On the face of it Botrest should not trade — it should not even be listed — because you will not find a more bombed-out set of fundamentals anywhere on the JSE boards. Derrick Hudson is the latest in a long line of chairmen to write that Botrest will never pay a dividend because of accumulated losses, which spurted to P4,5bn at December 31 from P3,4bn a year previously.

Reason is Botrest's debt structure, which clobbered the base metal producer with deferred interest charges of P204,6m (1995:

P140,6m) and unrealised exchange fluctuations of P946m (P121m). Yet the share moves in response to developments in the nickel and copper commodity markets. In the past year Botrest has swung from a low of 20c to a high of 90c. The previous 12 months saw a trading range of 55c-85c.



Botrest has remained in business courtesy of emergency funding from the European Community, the Botswana government, World Bank and Anglo American.

Justification for this is obviously the employment spin-offs.

Anglo has probably gone along with the various debt restructurings because keeping the Botswana government happy presumably has goodwill benefits for the all-important Debswana diamond operations.

The investor in the street should avoid Botrest unless he has worked out a fool-proof way of divining movements in the share price in relation to the nickel and copper metal prices.

Brendan Ryan

# Botswana to privatise in bid for efficiency

**GABORONE** — The Botswana government is drawing up a framework for the privatisation of certain government enterprises in a bid to improve efficiency, and a white paper is expected towards the year-end.

Although policy is still being formulated, government has already indicated the partial privatisation is likely to affect the Botswana Telecommunications Corporation, Air Botswana, the Botswana Agricultural Marketing Board and the Botswana Livestock Development Corporation. Certain cleaning, catering and other nonmedical functions have also been earmarked for outsourcing to private contractors.

The Botswana Confederation of Commerce, Industry and Manpower has urged government to privatise enterprises such as Botswana Airways, Botswana Meat Commission, the Central Tender Board and Botswana Housing Corporation, as well as to outsource the services of certain departments, such as the architecture and building service department, the printing and publishing department and the accounting unit of the finance and development planning ministry.

Abdalla Gergis, senior research fellow at the Botswana Institute for Development Policy Analysis — an independent body which advises government on policy — emphasised that plans did not only revolve around the sale of public enterprises. They would also involve leasing of public sector assets and transfer of management contracts or the deregulation and liberalisation of activities previously restricted to the public sector.

The confederation has campaigned for privatisation of state-owned enterprises hoping it will enable them to compete in southern Africa.

"We have to learn to do business with little protection and to compete with other businesses. This is crucial since the world is moving towards open markets," policy coordinator Ditsheba Molobe said.

He warned that people's mentalities would have to change. Botswana had few entrepreneurs and people would have to be educated and given the chance to take part

in privatisation. Botswana is drawing up policy on the future of state enterprises, writes Prof Molema

Ed 3/6/97 (12)  
ternatively the companies might be taken over by the multinational companies, but this is doubtful because the market base is very small and not that attractive," he added. "I'm not very optimistic that the government will get buyers who can provide what the government cannot provide now."

He said the most important thing was to try to give the customer good service, rather than doing it for the sake of transferring a monopoly from the state to the private sector.

Botswana Stock Exchange CEO Rupert McCammon said he hoped privatised companies would be attracted to the exchange because this would allow the government to most efficiently distribute resources to the people. "We also believe privatisation through the stock exchange will allow companies to develop in the most efficient way possible."

Some parties argue that privatisation will simply mean giving away national assets to foreign companies because locals cannot afford to buy them, as well as exacerbating unem-

ployment. Botswana's most radical trade union, the 30 000-strong National Amalgamated Local and Central Government and Parastatal and Manual Workers' Union, staunchly opposes the privatisation of state enterprises, saying it would lead to massive retrenchments.

"We are worried about the privatisation. It has created some socioeconomic problems such as poverty and an upsurge in crime rate in other African countries," said administrative secretary Samuel Molaodi.

The union's fears are largely aggravated by a chain of retrenchments that beset Botswana's industry during the economic slump from 1991. The layoffs pushed the unemployment level to about 24% in a country where 60% of people live below the poverty line.

The government's 1995 statistical bulletin paints a disheartening picture of the poverty level in the country — it says those in the top 20% of income earners have 24 times more cash than those in the bottom 20%.

□ Prof Molema is a freelance writer for *Business Day*.

# Botswana's removal of San triggers controversy

BD 5/6/97

(12)

Prof Malema

GHANZI — The government has begun removing the San people of the Central Kalahari Game Reserve in Botswana to a site outside the park, a step which has sparked controversy within the community.

The moves, to make way for tourism developments, have left the Basarwa people (a San clan) divided. Some do not want to leave while others who have moved have become embroiled in infighting over the allocation of land.

Botswana government ministers said this week that their plan to move the clan from the main settlement, Xade, to New Xade, a site outside the park borders, by the end of this month were going smoothly and that most people wanted to move. The new site is 60km to the west of Xade, which is in the northwestern part of the country.

They said the clan would be given a "new and modern life", replete with better clinics, schools, water reticulation, financial assistance for businesses, farm plots and livestock.

The park was established in 1961 to protect animals that the hunter-gatherer San people depended on. Officials said the Basarwa, who had been based within the reserve area for centuries, had grown dependent on outside aid as levels of game had declined.

Local Government, Land and Housing Minister Patrick Balopi said: "A great number of people are willing to move, and by last Thursday 81 families out of 160 in Xade (the largest Basarwa community inside the park) said they would like to move. The Land Board has allocated plots for 102 families which will be issued with title deeds."

Residents have dubbed the new site "Xquensakane", which means "searching for a new life".

Balopi said the community's living arrangement was the first in Botswana

to have been "completely pre-planned" by government. Water would be piped in, costing government R13m.

However, human rights groups said that several hundred families had not yet said they would move.

The newly settled group has complained about tensions which have arisen among the Basarwa subgroups — the Baxhanakwe, Balolongwe and Bangologa — which speak distinct dialects. The three groups are being given surveyed plots next to one another in New Xade, and say they were not consulted on allocations. Each group appeared to be vying for what they perceived to be better sites or were unhappy about who they were put next to.

A new resident, who called himself Ramadonga, said he would not be able to hunt. Officials had confiscated his guns and traps just before the move.

The Central Kalahari Reserve is off-limits to commercial hunters, but the Basarwa were allowed to hunt with bows and arrows. The area round New Xade is also a nonhunting area, although the San have special privileges.

Ramadonga said the transplanted Basarwa were facing problems, including the loss of donkeys and goats to preying lions. Yet the main reason why they had moved was because game had dwindled in the park, and predators had been killing their livestock. Government had refused to compensate them unless they moved, he claimed.

Human rights groups, including the First Peoples of the Kalahari and the Gaborone-based Ditshwanelo Human Rights Group, have opposed the move, saying government is bribing the Basarwa with promises of riches. Ditshwanelo claims some Basarwa have been beaten by soldiers in a bid to persuade them to leave the reserve.

Government denies the claims, saying its development programmes form part of existing aid for all Botswanas.

## Blair in move on political awards

Own Correspondent

nior MPs, former ministers and prominent political figures, are not affected.

# Botswana outpaces SA in stock market stakes for 1997

Neil Behrmann

009/6/97

(12)

LONDON — Botswana has outpaced Johannesburg by a wide margin in the central and southern African stock market race this year.

It rose 41% in US dollars in the first five months, according to Standard Bank London. Namibia was next best with gains of 16%, SA and Kenya 14% and Zimbabwe 10%. Ghana was the only loser, declining 10%, mainly because the poor bullion price hit Ashanti gold mine.

"Sub-Saharan markets have become popular with emerging fund managers since the beginning of 1996," said Christopher Hartland Peel, a specialist on sub-Sahara at Standard Bank London.

The relatively poor showing of the Johannesburg market and the rand last year encouraged the fund managers to switch to alternative African exchanges, Peel said.

Similarly to other embryonic emerging markets, however, large parcels of shares cannot be bought and sold readily. The market capitalisation of SA shares is about \$280bn, but Zimbabwe's capitalisation is only \$5bn, Nigeria \$4bn, Kenya \$2.2bn, Namibia \$600m, Botswana \$400m and Ghana \$200m.

Hartland-Peel said banks have been at the forefront of Botswana's rise. Barclays Botswana soared 78% and Standard Chartered 62%. Sechaba, the brewer, and Coca-Cola bottler had risen by a third. Metsef, a food and distribution company, and First National Bank were also popular shares.

He said despite the market's strong performance, Botswana was still cheap. The economy was set to grow 6% this year, the average price earnings ratio was 7.7 and dividend yield 7.3%. Barclays and Standard Chartered's PE's were below 6. The disadvantage was illiquidity, said Hartland-Peel.

The Zimbabwe exchange fell 7% in May following a spectacular run in the past few years. A 2% interest rate hike to 25% on Friday caused further weakness. Yet analysts said holders of Zimbabwean shares were still doing well. Since 1993 Zimbabwe's industrial equity index had surged about 500% in US dollar terms and last year alone, the market soared 93%.

One analyst said even though real inflation adjusted, earnings growth was estimated at 12% in 1997 and the market was looking expensive at its peak in April. The historic price earnings ratio was 21 and forecast 1997 level 16.

Nevertheless, the analyst said corporate results had been impressive and leading companies, Delta Corp and Barclays Bank had reported profit improvements of 20% to 25%. Barclays shares have increased by more than 1 000% since June 1993, when the market was opened for foreign investors.

Another analyst said other leading Zimbabwe shares were Meikles Africa, a hotel group which reported a 53% earnings gain during the past financial year, Hippo Valley, a sugar concern, TSL, which was involved in tobacco auctions and Edgars, the retailing chain.

He said Namibia, which rose by 36% in dollar terms last year and continued to do well, had an average historic PE of 13. The share with the largest market capitalisation was Namibian Minerals which incurred a loss last year. The company and ODM were producers of diamonds.

# Lobbyists oppose move to uproot Botswana clan

(12) BD 17/6/97

Campaigners say a San clan should be able to choose to leave its Kalahari game reserve, writes **Prof Malema**

GABORONE — An international human rights organisation has joined Botswana rights campaigners in trying to persuade the country's government to halt its move of the Basarwa San clan from the Central Kalahari Game Reserve.

London-based human rights body Survival International said it was seeking additional international support to lobby against the move, which is in line with the government's new tourism policy adopted in 1992.

The biggest Basarwa community is being moved from Xade, to New Xade, 60km outside the park, to make way for game lodges and tourism ventures.

Local groups campaigning against the move include the Gaborone-based Ditsiwanelo organisation and the Ghanzi's First People of the Kgalagadi. Survival International has called on those opposing the move to write to President Ketumile Masire.

Survival International said that as the reserve's original inhabitants, the San people and the Bakgalagadi lived there in accordance with a "right recognised by international law and by the constitution of Botswana".

"They should be able to choose either to leave or stay inside the reserve, and they should participate in the management of wildlife," the human rights body said.

Survival International said that action should be taken only after there had been full consultation with the communities' chosen representatives.

This comes shortly after Local Government, Lands and Housing Minister Patrick Balopi said that 81 out of 160

families in Xade — the biggest Basarwa community in the park — had agreed to move.

They would be given better clinics, schools, water reticulation, financial aid for businesses, farm plots and livestock, he said.

However, San residents of other park settlements said they could not face an uncertain future away from their forefathers' graveyards.

"We originate in the area together with the wild animals," said Amogelang Segweetsane of Kukama settlement.

"If government is committed to developing us, then developments should be brought to the area."

He alleged that government was also bringing people into the park to explore for diamonds.

He said a confined life was not in accordance with Basarwa culture. Some of his people had been moved to Kaudwane settlement outside the park last year and "have been fenced in, in an area of 9km<sup>2</sup>".

Xade headman Tuelo Sekalabwe said people were moving out of the reserve because they had been promised money.

"But I am worried that we will lose out on new hunting and tourism revenues," he said.

Mothomelo community headman Mogolwane Gaseitsiwe said residents were tired of being resettled.

Many had, he said, previously been moved within the park, from Metsiemanong, Gopem Mothomelo, Kikau and Kukama to Xade, and faced being moved again.

## Botswana's new bills to aid investors

Prof Malema

GABORONE — Three bills aimed at attracting more investment to Botswana were tabled at the opening of parliament yesterday.

The Income Tax Bill and the Capital Transfer Tax Bill seek to amend existing acts, while the Export Credit Reinsurance Bill provides for new legislation that will protect Botswana-based exporters against monetary risks that might result from business transactions with parties outside the country.

The Income Tax Bill, tabled by Assistant Finance and Development Planning Minister Lesedi Mothibamele, will provide tax rebates of up to 20% on taxable income for a given year if a company contributes to social services such

(12) 80 17/16/97  
as education. It also proposes that taxable income for individual residents will apply only from 20 000 pula upwards, while companies tax will drop from 25% to 15%.

According to the Government Gazette, the Export Credit Reinsurance Bill aims to "protect exporters against the risk of monetary loss arising out of the failure, by foreign buyers, to pay the exporter for goods received whether that failure arises out of insolvency of the buyer, or arises out of political reasons".

The Capital Transfer Tax Bill seeks to cover the disposal of a company's property during restructuring or the merger of two or more companies, as long as the restructuring does not prejudice shareholders.

# Botswana govt denies forcing San to move

19/6/97

AFP  
Mothomelo

**D**ropping into a crouch, Phethlhodipuo imitated for his visitors the ancient San - African Bushman - practice of hunting with a bow and poison-tipped arrows.

"You must be very quiet and patient, and sneak close to the animal so that you cannot miss," he said, moving slowly across the desert sand. "You shoot fast and only once. If the animal dies quickly, you will soon have meat for your stomach."

Phethlhodipuo and other Basarwa - hunter-gatherer San who have lived for generations in Botswana's remote, arid Kalahari Game Reserve - were granted a special licence in the 1960s to hunt with traditional weapons in the park, one of Africa's largest wilderness areas.

## Basarwa accused of selling game

In recent years, however, patrolling Botswana wildlife and military officers have often confiscated the hunters' weapons and traps, accusing them of selling their catch for commercial profit, Phethlhodipuo said.

Authorities have also tried to remove the Basarwa from the dozen tiny villages in the reserve, citing a need to protect wildlife, boost tourism and improve the lot of the Basarwa.

The herds they depend on have declined by up to 95% in the past decade as a result of drought, according to wildlife officials.

Consequently, they said, about 350 Basarwa agreed "voluntarily" to move west on government trucks from the reserve's largest settlement, Xade, to a new tent village dubbed New Xade. There, they believe they will receive development aid.

"There is no future for the Basarwa,"

19/6/97  
Botswana's wildlife director, Fedia Modise, said. "They must join the modern world now."

Officials have promised to provide schools, clinics and livestock to help the hunter-gatherers begin farming and commerce.

However, several hundred Basarwa scattered through the reserve have refused to leave, saying they would rather die than give up their ancient, sacred hunting grounds.

In the tiny one-family community of Kikama, a young Basarwa leader, Amogelang Segwetsana, said he would become physically "sick" if he left the land of his ancestors.

"My grandfather died here, my uncles died here and I must die here," Segwetsana said.

"My ancestors' spirits sometimes speak to me in my dreams and tell me to use soil from their graves (as medicine) when I am sick."

He said Basarwa leaders had asked the government to involve them in tourism development by acting as guides, wildlife officers and hotel employees.

Those who agreed to leave cite government promises of Western-style homes, shops, health and education services - and even liquor stores.

Government officials - including two senior ministers - sped into the tent village last week, promising to spend 10-million pula (about R12-million) on development.

Botswana's minister of local government, land and housing, Patrick Balopi, denied the government was unfairly "pressuring" the Basarwa to move.

At least two Botswana human rights groups - the First Peoples of the Kalahari and the Ditshwanelo Human Rights Group - have accused the government of bribing the Basarwa and threatening to cut off all government aid.

George Kgoroba, minister of commerce and industry, said he hoped the Basarwa would open "bottle stores ... to sell chibuku (traditional liquor)."

# Botswana media proposals under fire

Star 25/6/97

(12)

BY RICHARD NYBERG  
Gaborone

Botswana's journalists are receiving support from several international media and human rights institutions in their campaign against the government's draft mass media communications bill, which local editors have described as being a "monster" and "very sinister".

The bill, which was given to the media about two weeks ago for comment, is to be debated in parliament next month. It provides for wide-ranging powers for the government minister in charge of information to appoint

members to a national broadcasting board and a "self-regulatory" press council.

The minister has the final say in any appeal in the case of refusal of a broadcast licence.

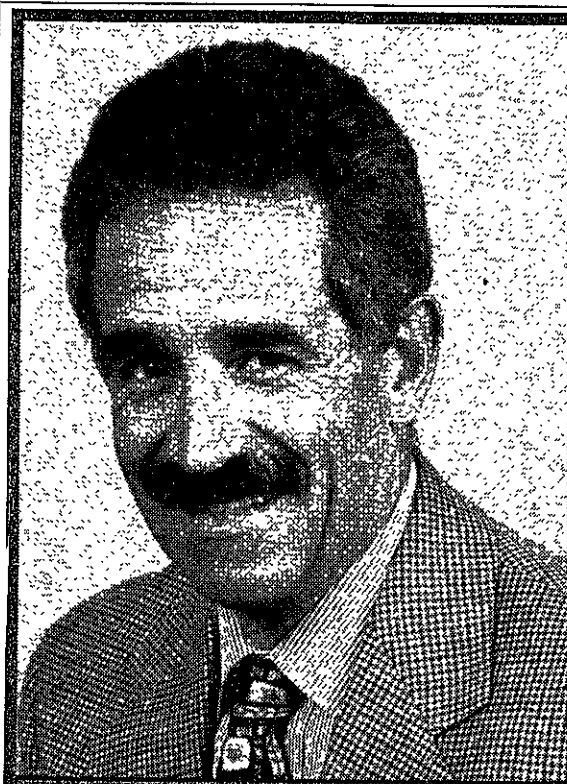
It also stipulates that Botswana citizens must own 80% equity in media organisations. Critics argue that this runs against the government's policy of trying to entice foreign investment. Many of the existing newspapers are owned by foreigners.

According to Edge Kanyongolo of the London-based International Centre against Censorship, provisions of Botswana's bill were "a little bit sinister". Kany-

ongolo, a Malawian, flew to Botswana to attend a weekend "emergency" workshop by the country's media to thrash out a response to the draft legislation.

Clive Emdon, director of South Africa's Independent Media Diversity Trust and executive member of the Freedom of Expression Institute, said many of the clauses contained in Botswana's bill reflected the approach authorities in the former apartheid regime took in hindering the work of his country's media.

"This is clearly the kind of legislation that will erode press freedom," he told participants of the Gaborone workshop. - Sapa-dpa.



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## WORLD

# Bill threatens Botswana media

GABORONE — Botswana, one of Africa's wealthiest and most liberal states, has lost much its "soft" reputation, with journalists concerned that a tough new media bill poses a serious threat to free speech.

The draft Mass Media Bill, which goes before Botswana's cabinet on July 9 and could be enacted by mid-August, calls for stiff new penalties for foreign and local journalists who break yet to be named rules.

Under the bill, all media members, including foreign journalists, would have to join a state-appointed national press council which would enforce media regulations with prison terms and fines, according to government officials.

The bill, which also requires all media companies to be 80% owned by local shareholders, would force the country's only two national newspapers, the Botswana Guardian and its sister, The Midweek Sun, to be closed or sold.

Both newspapers are 100% owned by William Jones, a British businessman based in Botswana.

Local independent newspapers have described the proposed new bill as "shocking" and "heavy-handed".

The southern African press freedom watchdog, the Media Institute of Southern Africa (MISA), has termed the legislation "a serious potential threat to freedom of expression and the free flow of information", while the Paris-based lobby group Re-

porters sans Frontieres said in an open letter to President Ketumile Masire it was concerned the draft legislation included "restrictive measures".

The Vienna-based International Press Institute (IPI) also weighed in on Saturday, telling Masire the proposed legislation was "an unacceptable infringement on press freedom".

"Botswana has often been cited in recent years as one of Africa's few shining lights, where the press operates freely and fairly," IPI director Johann Fritz said.

"The enactment of this bill will serve to nullify previous progressive efforts," he said, urging Masire to scrap the measures.

Fritz said the proposals contravened the Universal Declaration of Human Rights and a resolution protecting press freedom passed at a recent Southern African Development Community meeting hosted by Botswana.

"You cannot bring a harsh law like this in without providing guarantees for press freedom," said Midweek Sun editor Shimologo Boitumelo on Friday. "I do not think that even Abacha has done what the Botswana government is trying to do," Boitumelo added, referring to Nigerian dictator Sani Abacha, criticised for his country's human rights record.

(12) BD 30/6/97

Keto Segwai, editor of the Guardian, the country's largest weekly, called on the government to allow individual media outlets to accredit their own journalists, instead of requiring a state registry.

Segwai also noted the state was largely controlling the local press through the official news agency, the Botswana Press Agency (BOPA), and the state-run Botswana Daily News.

The government "is already dictating stories to BOPA. What will be able to stop officials in future from dictating who should get press cards?" he asked.

The Tswana-language paper, Mmegi, has also condemned the bill. — Sapa-AFP

# BUSINESS



## Botswana optimistic on new trade in ivory

(12) ET (BR) 2/7/97

FROM REUTER

Gaborone — Botswana hopes restricted sales of ivory to Japan will lead to sustainable trade, George Kgoroba, the commerce and industry minister, said on Monday.

A world forum on endangered species last month eased a seven-year-old global ban in ivory trade, giving Botswana, Namibia and Zimbabwe conditional approval for sales of ivory to Japan from their "excess" elephant herds.

Kgoroba said Botswana would do everything to abide by the rules laid down by the Convention on International Trade in Endangered Species (Cites).

"We will then show the next Cites meeting our track record and apply to trade in our future

production," he said. "If poaching increases and leads to illegal trade, we could find ourselves back on Appendix I."

The 138-member Cites transferred elephants of the three countries to Appendix II — a list of endangered species tradeable under control — from the no-trade Appendix I list.

Under terms of the agreement Botswana would be entitled to sell 25.3 tons of raw ivory, Zimbabwe 20 tons and Namibia 13.8 tons in 1999, under an international reporting and monitoring system.

Kgoroba said his country's ivory would be sold in Japan with the help of the Japanese Ivory Carvers' Association.

"We are looking at many alternatives to actually conclude the sale. One is an auction in Japan," he said.

# Bushmen battle for control of Okavango game reserve

CT (PR) 8/7/97 (12)

KATE MOSHETI

Gaborone — “When I was a child, my family benefited only a little from tourism,” says 25-year-old Keitiretse Kwere, as he sits outside his thatched mud house in the village of Khwai in Botswana.

“It was only elders with tracking skills who were employed by safari companies. But now there is a change because younger people are employed. Today we want to build our own camps, run our own safaris and manage the land for ourselves,” he says.

Kwere is a professional safari guide and the secretary of Khwai’s interim management committee. The issue here, he says, is control of the land. The land in question is Moremi Game Reserve in the Okavango Delta, one of the richest wildlife areas in the country.

Khwai village sits on the northern boundary, once the domain of white crocodile hunters and known as Lucas Camp. When the game reserve was set up in 1963, Basarwa (Bushmen) at Xuko were moved to the north bank and founded what is now Khwai.

The original population of 30 has grown to 364, mainly because people were brought in to work at the nearby lodges and the department of wildlife camp.

The community recently formed committees to sell baskets and thatching grass and has started cultural groups to entertain tourists, but no locals yet manage or run their own safaris. “The government and the safari companies talk of community participation, but we are still workers, not participants,” says Kwere.

It is only since 1991 that the community has become more outspoken about its rights. Many people are bitter at not being compensated when they were moved from Xuko. They have also firmly dug in their heels when it comes to relocation.

In the past few years, villagers say the government has tried to move them several times because Khwai is within a wilderness area. Though the villagers want to control the land and run their own safaris, this seems unlikely



**BATTLE FOR BIG BUCKS** The Basarwa people of Khwai want the income from the Moremi Game Reserve to benefit their village

until the leases of the existing three safari lodges have expired and until the community has registered a trust.

Khwai borders two wildlife areas created under a 1991 land-use plan of the delta region.

The villagers are suspicious of assurances by consultants hired to draw up land-use plans that the community will be involved in managing the areas.

One of the consultants, John Benn, said the plan would “integrate the rural masses” into tourism for the first time. “Since 1962-63, when white hunters arrived in Botswana from east Africa, until now, the Batswana have never been involved in tourism excepting by employment in safari camps as trackers etc. ... now you are expected to come up with your own ideas on how you are going to manage these areas and how you will utilise the natural resources,” he said.

“What about the safari companies operating in the area?” asked one villager. “Do you think they are just going

to give in after profiting for so long?”

Today they are suspicious that they will have no control under a joint venture.

“We don’t want to sub-lease to safari camps; we want our own camps. Safaris can book and come there,” says Kwere.

“But when we say this, we are asked whether we have the skills. The answer is: the camps we have in Khwai are working because of us.”

Richard Bell, a senior parks planner in the department of wildlife, insists the Khwai villagers are not being pressured into a joint venture and that it’s “fair enough” that they want to build their own camps. But he doubts this will happen before they register a trust.

The Tawana Land Board, which is in charge of renting out the land, says Khwai will not get management control until the lodge leases have expired, and that is not until the next century. — Independent Foreign Service/AIA

## Air Botswana set for privatisation

(12) ARG 8/7/97  
Gaborone - Air Botswana expects to be given the go-ahead to start its privatisation operation next month, after it announces details of its first-ever profitable year.

"We were told by government that as soon as we become profitable, we would be privatised," general manager Joshua Galeforolwe said.

"At the end of March, we recorded the first net profit ever in Air

Botswana since it was formed in 1965."

Figures will be announced during August. Mr Galeforolwe took the airline from annual R25-million losses to a profit in three years.

He already has a plan for privatisation. "We have been talking to many parties, including the International Finance Corporation. They have made us a proposal which we are taking up with government." - Sapa

□ BOTSWANA

(Be) 10/7/97 (12)

### Sweden to assist state in electrifying villages

The Swedish government is co-sponsoring a project of the Botswana government for the electrification of 14 villages. Christina Rhelen, Sweden's ambassador to Botswana, said the development co-operation between the two countries, since its commencement last year, had been guided by the principle of improving the living conditions of the poor. To date, she said, Swedish support to Botswana had amounted to about 1,5 billion pula (R1,89 billion).

In an unrelated subject, a study conducted by the Botswana Institute for Development and Policy Analysis had revealed that although the government had access to basic education, there continued to be questions regarding the quality of services provided and their distribution, especially among the rural population. According to the study, the distribution of educational resources tended to disfavour rural and remote areas. Children in these poor areas therefore did not enjoy educational equity intended by the Basic Education Policy, the report stated. — *Independent Foreign Service/AIA, Gaborone*

# No viable market in sight for proposed Botswana colliery

CT(PBR) 21/7/97(12)

FROM SAPA

Gaborone — The viability of a proposed 80 million pula (about R100,58 million) colliery over the Mmamabula coalfield in Botswana has been thrown into question.

This comes after Ribson Gabonowe, the Botswana mining commissioner, confirmed on Saturday that a mining application, by Makgadikgadi Investments concerned only a preliminary licence. "There are no mining plans, no environmental nor water studies," he said.

The field has 500 million tons of measured reserve and a further 20 000 million tons are indicated.

Makgadikgadi says the main customer for the colliery is expected to be a power station, which is not yet a definite part of Botswana's planning nor a confirmed part of the southern Africa power pool. It hoped coal would also be sent 1 500km to South Africa's iron ore plant at Saldanha Bay, although there is, as yet, no direct nor heavy traffic rail link between Botswana and Saldanha Bay.

Makgadikgadi said South African power utility Eskom's Matimba power station could source 2,5 million tons of coal a year from the colliery, which is

90km from Matimba, even though there is no rail link between the two and Matimba already has established South African suppliers on its doorstep.

Jock Burden, the managing director of Makgadikgadi, said on Saturday that the company had applied for a mining lease to establish the colliery at the town of Mmamabula, 140km north of Gaborone.

"I have a strong feeling we will be in production next year," Burden said. "One million tons of high quality steam coal and some metallurgical coal will be produced in the first year, rising to several million tons a year."

Burden said Iscor Mining, the South African mining company and subsidiary of steel maker Iscor, had been invited to participate in the venture. "We are stalling other investors, waiting for Iscor."

However, Jannie Grimes, Iscor Mining's general manager, expressed reservations. "We looked at it, but were not interested, mainly because of the logistics," he said. "The field is too far from the markets. It would not be viable."

"If a power station is built on the field, that might change the picture as regards the steam coal, but for the metallurgical product it is too far away to interest us."

EXPLOITED, DEPRIVED AND DISPOSSESSED

# Southern Africa's unwanted people

er 21/7/97 (1a)

**THE BUSHMEN GROUPS** of Southern Africa are under severe pressure from the region's governments. Staff Writer **MELANIE GOSLING** reports on their plight.

**B**USHMEN in the Kalahari have had rubber rings wound tightly around their testicles and plastic bags held over their faces by Botswana authorities who have caught them hunting illegally.

Some have died of their injuries after being "questioned" by game scouts about poaching.

This was revealed by a leading academic at the International Khoisan Identities and Cultural Heritage conference held in the city last week — attended by researchers and descendants of Khoisan peoples — where the plight of the Bushmen all over Southern Africa came under the spotlight.

Another academic told the conference that the situation of the Bushmen in Botswana was "one of such acute deprivation and exploitation that it almost negates the citizenship they possess".

Their situation was hardly better than it had been last century when they were all virtually enslaved by Tswana groups.

"Exploitation, domination and lack of political power has been the lot of the Bushmen in Botswana ever since," he said.

Today, the burning issue facing Bushmen in Botswana is the removal of the G//wi and the G//ana groups from the Central Kalahari Game Reserve, where they have lived for over 8 000 years.

This has raised eyebrows internationally and the European Union (EU), which has preferential trade agreements with Botswana and Namibia, has set up an official inquiry into government treatment of Bushmen in both these countries.

Already, 500 of the 1 500 Bushmen have been moved. The government claims it is not a forced removal, but the Bushmen say it is, as the government is slowly cutting off services inside the reserve, leaving them no choice but to move.

## The scattered remnants of Southern African Bushmen



The caravans used as schools have been towed away, clinics closed down and the government has also taken away their special hunting rights, whereby Bushmen could legally hunt in the central Kalahari without licences.

All development has been frozen, but the government says it will not stop providing water and a mobile clinic.

Bushmen are being offered cash to move, but it is way below what they would need to re-establish themselves.

Said one researcher: "They know what they will face when they move — very little land, almost no game, lots of cattle, and lots of people who want to exploit them."

There are claims that development workers have been banned from discussing eco-tourism development with the Bushmen as this might make them economically independent of the government.

"Community-based sustainable utilisation of wildlife is government policy, but they will not allow it to be applied to the Bushmen," the researcher said.

The government claims the Bushmen's lifestyle, which is no longer traditional hunter-gatherer, is not compatible with land use in a reserve. Researchers say this is debatable as there are many examples of communities which have successfully managed wildlife resources to the benefit of both people and conservation.

They also say the Central Kalahari Game Reserve, the third largest in the world (52 000 km<sup>2</sup>) is easily able to accommodate the Bushmen.

Because the Botswana government is nervous about the international implications of the Kalahari removals, they have slapped a moratorium on foreign researchers doing any work on the Bushmen, as they claim it is they who "infect" the Bushmen to protest — a move

reminiscent of government attitudes in apartheid South Africa.

Their main concern is that the EU, which gives Botswana preferential trade agreements, might withdraw their huge cattle subsidies and deals whereby they are allowed to sell their beef to Europe at higher prices.

"One of the conditions of the trade agreement," explained a researcher, "is that there is no violation of human rights in the country."

"The trade agreement is about to be renegotiated and the Botswana government is lobbying the EU furiously to maintain the agreement."

"The EU wants to, because in the capitalist world, Botswana is the jewel of Africa.

"It is the oldest democracy in Africa, it has the highest economic growth, everyone loves it.

"But the dark underbelly of Botswana is how it treats the Bushmen," he said.

The Bushmen are starting to fight back, and with donor money have commissioned legal assistance from international quarters.

It would seem that people who have occupied land for 8 000 years would have a watertight case to remain there. Not so, say legal

put up holiday bungalows for themselves.

● The Hai//om Bushmen, who were moved in the 1950s to make way for the Etosha Game Reserve, are fighting to get some of their land back.

Earlier this year groups of them who protested outside the Etosha gates were shambocked by police, jailed and fined. They are even denied entrance to visit the community's graves.

● Near Gobibias, where the Ju/'hoansi Bushmen live, the Namibian government has gradually begun transfer of land from white to indigenous ownership, but no land is owned or controlled by the Bushmen.

A researcher wrote: "About 31% of the (Bushman) work for Herero and Tswana stock owners, where they typically receive meagre rations, sometimes only alcohol, for their labour ... conditions resembling serfdom are common."

### SOUTH AFRICA:

● The Khomani Bushmen, most of whom live in a squatter camp called Welkom outside the Kalahari Gemsbok National Park, have instituted a land claim to be compensated for some of the land they lost when they were moved in the 1950s to make way for the park.

● At Schmidtsdrift near Kimberley, 4000 !Xu and Khwe have been living in limbo for seven years in a tattered tent town, where they were settled by the former South African Defence force.

After the Tswana-speaking Batlapin won a land claim for the Schmidtsdrift land, the Department of Land Affairs then bought the Bushmen alternative land at Platfontein, closer to Kimberley.

It is now up to the provincial government to build housing and infrastructure for the Bushmen, but the government is playing handball.

They slapped an illegal moratorium on the Bushmen moving to Platfontein, which it is believed the province wanted themselves, some say to build a casino.

After a protest march by the



**RARE SIGHT:** One of the last Bushmen hunters in Southern Africa, seen in Namibia. Although the Bushmen have adopted Western clothing, they sometimes dress up in traditional garb for hunting. **PICTURE: GARTH STEAD**

Bushmen last month the moratorium was lifted, but since then there has been no action to get on with the move.

The !Xu and the Khwe have been told by the premier, Mr Manne Depico, that he cannot start with infrastructure at

Platfontein as the needs of the Tswnas come first.

The province is also refusing to allow them to appoint their own consultant for the Platfontein development.

The Bushmen believe the continued stalling by the provincial

government is simple racism.

Meanwhile, as one !Xu man said, the tents have become so worn after seven years, that one need not go outside at night to see the stars: "You lie in bed and see them through the holes in the canvases."

# Botswana press-freedom fears

Vociferous protests lead to delay of controversial bill, writes Lekopanye Mooketse

(12) Star 22/7/97



**P**ress freedom is under threat in Botswana and a bill scheduled to be tabled in the current session of parliament has unleashed a wave of protest from journalists.

So strong have been the protests that Ponaishago Kedihlwe, the Minister of Presidential Affairs and Public Administration, has agreed to delay the controversial Mass Media Communications Bill and hold more discussions.

The bill establishes a national broadcasting board, the licensing of decoders, registration of newspapers, establishment of a press council and also accreditation for journalists. The Media Institute of Southern Africa, a press and broadcasting monitoring group, says the bill contains "serious infringements on media freedom and diversity".

The national broadcasting board,

which will oversee broadcasting activities, will be appointed by a minister. "This will impair the board's functioning and independence", says Chibuya Nethanyana, executive secretary of the Institute's Botswana branch.

All publishing companies registered locally will need at least 80% of their shares to be owned by Botswana citizens. No publishing company can be controlled directly or indirectly from outside the country.

Newspaper registration will be controlled by a minister, who will appoint the registrar of newspapers.

**B**ut the minister retains the power to reject the registration of a publication. Conditions for registration have not been stated. The media institute says it opposes any registration and licensing of the media. "Registration of publications can be used against publi-

cations in bad books with the state.

"If further compromises the independence of journalists when they report critically on matters of the state and its conduct." Police will be able to search offices and seize publications.

A media council will be set up with five government appointed representatives and six journalists. Foreign journalists will be barred from covering any event unless they have been accredited by the director of information and broadcasting.

Unaccredited local journalists will be barred from reporting on any official event unless in possession of a press card, which will be issued on "prescribed conditions".

The media institute says the conditions have not been stated and opposes the accreditation of journalists, as this could be used to stifle press freedom.

The managing editor of the weekly independent Mmegi, Tlhis Mbuya, says

that the proposed law shows the government's aversion to the independence of the private press.

**I**nstead of strengthening and institutionalising the freedom of the press and freedom of access to information through the bill, the government intends to use it to discipline the private press," he says.

Another weekly independent newspaper the Gazette, says in its editorial comment that "the new law combined with the old laws will have a devastating effect on the media and will inhibit the growth of this important sector at a time when it should leap forward to take us into the 21st century".

The main opposition party, the Botswana National Front has also renounced the draft law.

"It is indeed worrisome that a government claiming to be democratic

could stoop as low as brewing some legislation that gives sweeping powers of control to its information minister, to undermine media freedom, with a provision for permitting direct police surveillance of the media involving office searches and seizure of property," says the party.

The bill comes at a time when private radio and television stations are waiting for their licences to operate. Observers say that the bill will stifle the operations of the private stations.

The country's only radio station is owned by the government, which also runs the country's only daily newspaper. There is no television channel.

In the past, the government has often fought with the private press, which has exposed corruption scandals in the public sector. There have been renewed calls by government officials for a clamp down on the private press. - Star Foreign Service/Africa Information Afrique.



## Referendum in Botswana

Prof Molema

GABORONE

Botswana is preparing for a referendum in September to test public opinion on important constitutional amendments.

The proposed amendments, which have to be certified by the current parliamentary session which ends next month, include restricting the presidential term to an aggregate of 10 years.

President Ketumile Masire has already been in power for about 16 years, but there has been speculation that he may intend retiring.

Other proposals include a reduction in the voting age from 21 to 18 years, the introduction of an independent electoral commission which will be chaired by a High Court judge, and the extension of the franchise to absentee nationals.

The office of the elections supervisor, Nathaniel Mmono, said the referendum date had not been confirmed, although September 27 was being discussed.

BASARWA VOW TO FIGHT MOVE

# Botswana plans to resettle San hunters

ET 1/8/97  
(12)

**GABORONE:** San living in the Kalahari are fighting to stay on their ancestral land while the government insists they are destroying wildlife and must move out.

**H**UNDREDS of Basarwa San have been trucked out of the Central Kalahari Game Reserve because the Botswana government believes they pose a threat to wildlife.

But the remaining 1 300 Basarwa, most of whom are still hunter gatherers, say if any people know about conservation, it is they.

"The government is only protecting its interests for economic reasons at our expense," says spokesperson Mr Aaron Johannes.

"We are not ignorant when it comes to conservation.

"We don't only kill and eat animals, we know how to nurture them."

The reserve was created in 1961 (when Botswana was a British protectorate) to conserve wildlife and to preserve enough land for traditional use by hunter-gatherer communities.

But for the past 10 years the government has been trying to relocate the villagers, ostensibly to provide "economic emancipation". It has offered little proof for its claim the Basarwa threaten the environment in Africa's third largest game reserve.

"Why did it take the government such a long time to say the environment is not suitable for people?" asks Mr Qhose Xukuri, office manager of Kgeikani Kweni, the First People of the Kalahari. "It is not a sound reason to move people out."

The Basarwa argue that they have lived with and protected the wildlife for "many, many years", and unlike commercial or part-time hunters they kill for the pot.

Though villagers have been

promised cattle if they move, the usual response of the Basarwa is "Diphologolo ke dikgomo tsa rona (wildlife are our cattle)".

A 1985 fact-finding mission appointed by the Ministry of Commerce and Industry confirmed that virtually all the residents are still hunter gatherers, particularly the largest group, the G/wikwe, who use bow and arrow to hunt.

However the mission found that "the integrity of the reserve as a haven for wild animals and the Basarwa lifestyle has become increasingly precarious" thanks to the "relentless pressure from cattle owners for more land" and the destruction of wildlife habitat outside the reserve.

The government, which has always argued that no one is being forced to leave, says it needs to protect mineral deposits in the reserve and develop tourism (De Beers has a diamond mine at Gope).

Mr EGM Mhlauli, permanent secretary in the Ministry of Lands, dismisses fears that cattle ranching will be introduced and says "logically, projects which are wildlife orientated will be promoted and tourism is one of them".

According to Mhlauli, the real problem is one of conflicting land uses.

"In 1961 it was assumed that residents of the reserve were strictly hunter-gatherers and would always remain so. Over time it has become clearer that many wish to become settled agriculturalists, raising crops and tending livestock."

Yet villagers say it is the government that has encouraged this new sedentary lifestyle, and a 1992 Botswana Christian Council report warned that "with the creation of settled communities, the Basarwa are being fitted into an alien mode of existence".

In the 1980s, people from the other six villages in the reserve were promised livestock and farming tools if they moved to Xade, which would then become a permanent settlement. The reasons for creating such a settlement within a game reserve remain unclear.

Those from Metseamanong were told that the move was to protect wildlife at Metseamanong, but nothing was said about the need to protect wildlife in Xade.

Ms Kadiwela Gaoberekwe, who was moved from Metseamanong with promises of cattle and goats, is suspicious of any further resettlement.

"They failed to compensate us then. How can we trust them now?" she asks.

As early as 1985, wildlife and veld foods had been virtually eliminated within a 40km radius around Xade, yet more and more people were relocated there. Then, abruptly, all developments were frozen.

As most of the Basarwa in the reserve are still hunter gatherers, they can't see why they can't be allowed to stay and coexist with the animals.

In the meantime, does the government have a clear policy on protection of wildlife?

The 1985 mission was clearly confused by its terms of reference and reported that "there is no indication as to what the extent of wildlife conservation should be". — Independent Foreign Service

**TOURISM** Hospitality group has three-tiered strategy to corner market

# Cresta hotels to develop Okavango

CT(PAR) 5/8/97 (12)

**GUY OLIVER**

Gaborone — A 40 million pula (R50,4 million) luxury hotel is being planned by the Cresta Hospitality hotel chain, which is part of the Zimbabwe-listed group TA Holdings, in the heart of the Okavango delta.

The hotel is part of a strategy to tie up the top-end international tourist market for destinations in Zimbabwe's Victoria Falls, Botswana's Chobe National Park and the delta.

Cresta has already established the upmarket 100-bedroom Mowana Lodge with conference facilities in the Chobe National Park, and is awaiting a decision from the Zimbabwean authorities for a site in Victoria Falls.

It is proceeding with an environmental impact survey for a planned five-star

hotel within the environmentally sensitive Okavango inland delta.

The group is also on the expansion trail in South Africa, with the opening of a Best Western hotel in Nelspruit on December 1 and the scheduled opening of another hotel in Umhlanga Rocks in February next year. It is also prospecting for a Cape Town site, Dries Neethling, the sales and marketing manager for Cresta in South Africa, said yesterday.

Locally, Cresta caters for the corporate market and operates Best Western hotels in Bedfordview, Pretoria and Sandton. Cresta received the rights to Best Western hotels in South Africa in 1993 and is included in the marketing strategy for the 3 800 hotels in 68 countries.

Barry Pickett, the Gaborone-based managing

director of Cresta lodges, conceded that the Okavango project was environmentally sensitive and declined to confirm the projected costs and bedroom numbers. But a source close to the project in Maun said projected costs were about 40 million pula.

With marketing offices in Germany, Australia, the US, the UK, South Africa, Botswana and Zimbabwe, the business strategy is to ensure international tourists divide their time at the three Cresta destinations in the Chobe, Okavango, and Victoria Falls, Pickett said.

Clients at Mowana Lodge, at present its only recreation-orientated property, stay an average of 60 hours before moving to other destinations such as Sun City and Cape Town. Cresta's planned Okavango development is a lynchpin

in the company's three-pronged strategy in the region, Pickett said.

The main objections to the Victoria Falls development concern privacy and the additional strain to existing infrastructure, he said. But should the application be approved, the development could start before the end of the year.

Although Pickett was guarded about the planned Okavango hotel and acknowledged the possible wrath of environmentalists, he said it would be aimed at the same clientele the company services at Mowana Lodge and hopes to service at Victoria Falls.

Since entering into a joint venture agreement with the Botswana Development Corporation in 1987, Cresta has expanded rapidly in Botswana.

## NATURAL RESOURCES

# Muddy waters for Botswana

CT (PR) 6/8/97

(12)

GUY OLIVER

**E**ight years ago a World Heritage Site representative visited the Okavango inland delta system to inspect it for possible recognition.

The reception he got from the Botswana Democratic Party government of President Ketumile Masire was described by him as the most inhospitable he had yet received.

Last year, however, the delta region was granted World Heritage status during the growing spat over Namibia's plans to tap the Okavango river to alleviate water shortages in Windhoek.

In those seven intervening years, Botswana showed little more than contempt for the wetlands it now jealously protects from Namibia's avarice.

The luckless timing of the World Heritage Site representative in 1989 coincided with Botswana's grand designs for the delta: the Southern Okavango Integrated Water Scheme.

The scheme called for drastic measures with no sympathy for conservation.

The water needs of the De Beers Orapa diamond mine were to be provided by the delta. The damming and dredging of the Boro, one of the delta's main channels, would further provide for large-scale agricultural projects in the region.

By the time delta residents and tour operators had woken to the government's plan, dredging equipment was on the streets of Maun.

Vociferous objections by residents and tour operators were joined by Greenpeace, the environmental action group.

The threat by Greenpeace to launch a worldwide "Diamonds are Death" campaign cowed both the government and the De Beers Botswana Mining

Company (Debswana).

It was subsequently decided that the mine's water needs could be met by underground supplies closer to the mine.

But desires for the delta's agricultural usage did not die so abruptly. The delta's wilderness and its wildlife have now been effectively imprisoned by cattle fences.

Ironically, if Botswana's water scheme had gone ahead, the dams would now be high and dry.

"We've just been through the worst drought this century," said Peter Smith, a vegetation ecology specialist and independent consultant. "Last year was probably the worst that has ever been."

Why is the government so protective about the delta when it comes to Namibia, but conveniently forgets its own misguided attempts to exploit the resource?

A report by Smith to the Botswanan government on the effect of the Namibian pipeline plans concluded that the runoff would be so negligible that it would be almost impossible to calibrate because of the 1 per cent built-in error margin. On the evidence, he was in favour of the project for its humanitarian concerns.

But on this issue, the Botswanan government sides with the environmental lobby, which believes in the Okavango river's absolute sanctity.



Attitudes may also have been hardened through plain old bad diplomacy.

According to one source, the Namibian government took the attitude that no matter what the decision, they would take the water.

Namibia was serious about its water concerns, with the construction of a system of canals and pipelines connecting Windhoek to groundwater in Grootfontein and the plans for connecting a 250km pipeline to the Okavango river.

But fortuitous rain has cooled tensions between the two neighbours for at least four years.

A commission established in 1994 with the consent of Angola, Namibia and Botswana, funded in the region of \$20 million by the UN's Global Environment Facility, will assess the Okavango river from source to delta and produce a fully transparent integrated management plan, says Steve Crerar, the Windhoek-based study manager.

However, the Namibian pipeline issue is not part of the commission's study at this

stage, and any usage of the delta by Botswana is a grey area, Crerar says.

Part of that grey area is tourism, which remains an expatriate-dominated industry in the Okavango delta, largely out of the state's reach.

But recent proposals for a 40 million pula (R32 million) hotel development in the wetlands provides an avenue for the state to exploit the potential tourist riches that the delta promises.

The concern of environmentalists is that the proposed development will have an influence on the very essence of the delta and might herald the first of many such large-scale projects.

The Botswanan government has been redeemed in the eyes of many environmentalists through its hard-line approach to Namibia's plans.

But in spite of the low-key attitude of hotel developer Cresta and its partner, the Botswana Development Corporation, the planned hotel is causing far greater concern among conservationists than the Namibian pipeline saga ever did.

# We are not a threat to wildlife, say Bushmen under threat of relocation

Nobody knows more about the importance of conservation than we do, say villagers as they battle against Botswana government's efforts to move them

Stamg/8/97 (12)

BY CAITLIN DAVIES  
Gaborone

**H**undreds of Basarwa (Bushman) have been trucked out of the central Kalahari game reserve because the Botswana government believes they pose a threat to the local wildlife.

But the remaining 1 300, the majority of whom are still hunter-gatherers, say if there's anyone who knows about conservation then it's them.

"The government is only protecting its interests for economic reasons at our expense," says spokesman Aaron Johannes.

"We are not ignorant when it comes to conservation. We don't only kill and eat animals, we know how to nurture them."

The reserve was created in 1961 (when Botswana was still a British protectorate) to protect wildlife and preserve enough land for traditional use by hunter-gatherer communities.

But for the past 10 years the government has been trying to relocate the villagers, ostensibly to provide "economic emancipation". It has also offered little proof for its claim that the Basarwa threaten the environment in Africa's third largest game reserve.

"Why did it take government such a long time to say the environment is not suitable for people?" asks Qhose Xukuri, office manager of Kgeikani Kweni, the First People of the Kalahari. "It is not a sound reason to move people."

The Basarwa argue that they have lived with and protected the wildlife for "many, many years", and unlike commercial or part-time hunters, they still kill only for the pot.

Though villagers have been

promised cattle if they move, the usual response is "*Diphologo ke dikgomo tsa rona*" (wildlife are our cattle).

A 1985 fact-finding mission appointed by the Ministry of Commerce and Industry confirmed that virtually all the residents are still hunter-gatherers, particularly the largest group, the Gwikwe, who use bows and arrows to hunt.

However, the mission found that "the integrity of the reserve as a haven for wild animals and the Basarwa lifestyle has become increasingly precarious" thanks to the "relentless pressure from

cattle owners for more land" and the destruction of wildlife habitat outside the reserve.

The government, which has always argued that no-one is being forced to leave, says it needs to protect mineral deposits in the reserve and develop tourism.

EGM Mhlauli, permanent secretary in the Ministry of Lands, dismisses fears that cattle ranching will be introduced, and says: "Logically, projects which are wildlife-oriented will be promoted and tourism is one of them".

According to Mhlauli, the real problem is one of conflicting land uses. "In 1961 ... it was assumed that residents of the reserve were strictly hunter-gatherers and would always remain so. Over time it has become clearer that many wish to become settled farmers, raising crops and tending livestock."

Yet villagers say it is the government that has encouraged this new sedentary lifestyle, and a 1992 Botswana Christian Council report warned that "with the creation of settled communities, the Basarwa are being put into an

alien mode of existence".

In the '80s, people from the other six villages in the reserve were promised livestock and farming tools if they moved to Xade, which would then become a permanent settlement. The reasons for creating such a settlement within a game reserve remain unclear.

Those from Metseamanong were told that the move was to protect wildlife at Metseamanong, but nothing was said about the need to protect wildlife in Xade.

Kadiwela Gaoberekwe, who was moved from Metseamanong with promises of cattle and goats, is suspicious of any further resettlement. "They failed to compensate us then. How can we trust them now?" she asks.

As early as 1985, wildlife and veld foods had been virtually eliminated within a 40km radius around Xade, yet more people were relocated. Then, abruptly, all developments were frozen.

As most of the Basarwa in the reserve are still hunter-gatherers, they can't see why they can't be allowed to stay and co-exist with the animals. They are also keen to become partners in the development of tourism and to be employed in wildlife-protection projects.

Meanwhile, there is doubt over whether the government has a clear policy on protection of wildlife.

The 1985 mission was clearly confused by its terms of reference and reported that "there is no indication ... as to what the extent of wildlife conservation should be".

Chairman of the First People, Roy Sesana, grew up in the village of Molapo in the '50s where his elders taught him to

hunt with a bow and arrow. Game was in abundance, as were veld foods.

And 30 years later villagers say the animals are still plentiful, but they fear outside poachers using vehicles and guns given easier access to the reserve by tracks made by diamond-mining prospectors.

A few Basarwa have access to guns, but are not allowed to use them. Instead they are expected to use bows and arrows and can hunt animals chosen by the Department of Wildlife.

In 1992, hunting was suspended in the district for three years because, according to the government, people had complained that the animals were decreasing, but the villagers deny this.

Today Xade stands empty as the entire population of 583 have been trucked out. They have been verbally promised undisclosed amounts of compensation and the government is spending millions developing the new Xade outside the reserve.

When the removal plans were announced last February, residents said animals were now being given more security than them.

"According to my culture, a lion was a friend of mine," said Rra Moruakgomo. "Now why, in the world of today, is a lion to be given development and I am not?"

Attempts to clear other villages have met with fierce resistance. On June 20, residents of Molapo and Mothomelo told Ghanzi district commissioner Geoffrey Sereboto that the "government should leave us alone". They said as they are part of the wild they could not be regarded as a threat to wildlife. - Star Foreign Service

## Ranching plans are dismissed

## Suspicion plays a key role

# Botswana journalists draft ethics code

GABORONE — Botswana journalists have drafted a code of ethics in a bid to forestall government efforts to put in place a press council largely influenced by government appointees.

A two-day weekend workshop convened by the Media Institute of Southern Africa was addressed by Presidential Affairs and Public Administration Minister Ponatshego Kedikilwe, whose portfolio includes responsibility for information and broadcasting.

"The watchdog role of the press is a serious responsibility that entails high public expectations about prevailing standards of journalistic practice," Kedikilwe said. In June his office proposed a Mass Media Bill which would have set up a press council and controlled the registration and accreditation of journalists.

Kedikilwe said the standards pertaining to journalism in Botswana had long been a source of jus-

00 11/8/97 (12)  
tified concern to government and the public. "If the watchdog is to assume responsibility for watching over itself, it must come up with socially acceptable guidelines for its professional behaviour, as well as credible procedures for upholding the agreed norms," Kedikilwe said.

A code of ethics should secure the freedoms Botswana had upheld and continued to uphold: respect for the rule of law and order and the due processes of a democratic dispensation.

The Mass Media Bill, seen by the press as a move to control the media, brought to a head many years of antagonism between the press and government.

"The fibre of the ethics of journalism is somewhat tarnished when a journalist depicts himself or herself as majoring in partisan politics and taking journalism as a minor subject. We detect quite a dose of this in this country," Kedikilwe said. — Sapa.

# Botswana 14/8/97 hoodwinked Bushmen to quit land, says expert

(12)  
Gaborone - Bushmen were hoodwinked by the Botswana government into moving away from their ancestral homes in the Kalahari Desert game reserve, according to a report just made public.

University of Botswana sociologist Samora Gaborone, who compiled the report, said the government withheld vital information from the Baswara people - Botswana's largest Bushman group - about its new tourism policy.

Under the policy, he said, the government was committed to providing financial assistance to empower traditional communities to live off tourism.

Communities were also entitled under the policy to manage natural resources to their own benefit, he said, quoting from a booklet issued by the Department of Wildlife.

This had never been explained to the Baswara people of the Central Kgalagadi Game Reserve.

The Baswara have since July been moving from their tribal lands in the game reserve to the government-designated New Xade settlement 68km away. - Sapa-AFP

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## New acts aim to (12) diversify economy

Prof Malema

BO 14/8/97

**GABORONE** — The Botswana parliament has enacted laws aimed at boosting investment confidence in the country in a bid to diversify its economy which relies heavily on mining.

The passing of the Capital Transfer Tax Act and the Export Credit Reinsurance Act are the latest moves aimed at boosting nontraditional exports which exclude mining and beef.

The Industrial Property Amendment Bill, which still has to be approved by parliament, is also part of the package.

Government ministers have said the introduction of the laws will help to make the country's businesses more competitive as well as extend protection to exporters.

Finance and Development Planning Junior Minister Lesedi Mothibamele said the Capital Transfer Tax Act was aimed at companies which intended merging to improve their capital base.

"The Capital Transfer Tax Act is being amended to exempt the transactions relating to mergers of companies, where there is no change in the beneficial ownership of the assets, from payment of capital transfer tax," he said.

The same concession would be extended to companies which reorganised, restructured or merged with others to improve capitalisation before listing.

The Export Credit Reinsurance Act seeks to open the markets for companies with nontraditional exports by providing commercial and political risk cover to local exporters, enabling them to compete on equal terms in the international markets. The law will cover the failure of importers of goods from Botswana to pay due to insolvency or cash-flow problems.



# Debswana gearing up and up

ST (BT) 24/8/97  
mining lease until 2017.

(12)

IF A shortage of gem diamonds develops at the beginning of the next century, as some believe it will, Botswana will be one of the main beneficiaries, writes **KENNETH GOODING**.

Diamonds already account for three-quarters of Botswana's export earnings, one-third of its GDP and 50% of government revenues. All this is generated by Debswana, a company jointly owned by the government and De Beers.

Debswana is the world's biggest rough (or uncut) diamond producer in value terms but it intends to become even bigger. It is investing 1.4-billion pula (about \$410-

million) to expand its Orapa mine, the biggest capital project ever seen in Botswana.

A feasibility study for the expansion was completed as long ago as 1994, but the scheme was put on hold because of weakness in the diamond market. The go-ahead was eventually given last year and, in order to make up for lost time, the project has been put on a "fast track".

Approval for the project coincided with the signing of another five-year marketing contract between Debswana and De Beers' UK-based Central Selling Organisation.

The government also extended Debswana's

Debswana hopes the Orapa expansion will double the mine's annual output to 12 million carats (one carat is one-fifth of one gramme) as early as January 2000.

This would take Debswana's total annual production to at least 24 million carats.

Extra output this year will result from a switch from a six-day to seven-day working week. This was at first resisted by the unions but now, according to Derrick Moore, general manager of the Jwaneng mine: "The employees love it. It gives them more money and more time off."

Jwaneng, for the time being the biggest mine in the group, is widely believed to be the richest diamond mine in the world.

Moore adds: "Jwaneng's output has been increasing almost continuously since it came into production (in 1982). Now we will consolidate as well as cut costs."

Seven-day working will help a great deal. It will give Jwaneng a 14% in-

crease in carats produced this year — from 11-million in 1996 — and boost productivity as the mine and plant will shut down for only 13 days a year for maintenance.

Once the expansion at Opapa is finished, production costs will fall rapidly because output will be doubled with only 200 more employees, compared with the present 2 560 and only a 20% rise in overheads.

A new treatment plant capable of handling 17.8-million tonnes of ore a year will be included in the project, some 17 storeys high and destined to be the tallest building in Botswana.

Dave Porter, head of the so-called "Orapa 2000" project team, admits that completing the expansion by January 2000 is a tough target. If problems occur, they will probably be associated with the availability of construction capacity in southern Africa.

"I feel it might be reaching its limits as there are other big projects in the pipeline." — *Financial Times*

# Wild tourists wreck parks in Botswana

ARJ 30/8/97

(12)

KATE MOSHETI

INDEPENDENT FOREIGN SERVICE

**Maun, Botswana - Campsites covered in human excrement, tourists serenading wildlife with car alarms, macho men taking pot shots at hyenas. What has tourism come to in Botswana?**

These are just some of the horror stories among professional guides working for mobile tour operators in Moremi Game Reserve and the Central Kalahari Game Reserve.

While tourist numbers are at record levels, some self-drive visitors appear not to have heard the saying: Take nothing but photographs, leave nothing but footprints.

Instead, they litter campsites, which are often strewn with toilet paper, and leave rubbish bags at the site instead of taking them away.

In a letter to a local newspaper this month, Derek Flatt from the Hotel and Tourism Association of Botswana tells of drivers baiting hyenas with meat and shooting them.

When another tourist remonstrated with them, the men reportedly ambushed him in the ablution block and "threatened him with a 'lekker' good thumping".

The department of wildlife confirms that the behaviour of some visitors leaves a lot to be desired.

According to the Regional Tourism Organisation of Southern Africa (SADC), going on holiday is a

democratic right - but what about the hosts?

In a 28-page paper presented at a SADC meeting in Namibia early this year, future environmental plans were given only passing mention.

Self-drive campers are increasing. In Botswana's central and southern parks, 97 per cent of visitors are overnight campers. Of these, 35 per cent come from South Africa.

Only nine per cent of paying visitors are tour operators with clients, although they stay an average of four nights.

While there are no figures for the northern parks, anyone who stands on Maun's main road on a South African public holiday chokes from dust as tourists roar past.

Mr Flatt argues that the draft management plans for the northern parks encourage self-drive tourists at the expense of those on tour at a safari lodge, or with the mobile operators. This, he says, increases management problems and minimises revenue.

In Mr Flatt's view, a licensed guide working for a local company is easier to control than a self-driver, and has a vested interest in "maintaining the aesthetic aspects of our parks".

The self-driver, on the other hand, makes a limited contribution, stopping only to buy fuel, food and drink and to pay park fees. - Independent Foreign Service/Africa Information Afrique

## Trade help for Botswana

Prof Malema

BD 4/9/97

(12)

GABORONE — Small and medium-scale companies in Botswana will gain access to the information highway and its trade-related information with the introduction of trade point associations later this year.

The co-ordinator of the planned Botswana Trade Point Association, Victor Sebolao, said the project in Gaborone was expected to be fully operational by the end of this year and information "service stations" would be established around the country.

Businesses unable to afford their own technology would be able to join the association for a small fee. It was hoped that the Botswana government would sponsor the trade point project.

He said the establishment of "trade points" would bring Botswana into line with Mozambique, Zambia and Zimbabwe which had such associations to assist entrepreneurs who had no information about the potential of their products on the international market.

Trade points were designed to stimulate competitiveness and trade efficiency, he said.

## Botswana teams up with the UN to train black entrepreneurs

Prof Malema

BD 9/9/97 (12)

GABORONE — A programme aimed at empowering blacks in the business sector, thereby facilitating their involvement in government plans to privatise certain sectors of the economy, is expected to take off next month.

Enterprise Botswana, a programme initiated by the Botswana government, the Botswana Confederation of Commerce and Industry and the United Nations is aimed at providing training for aspirant entrepreneurs so that they can participate fully in the private sector.

The organisation's MD Horatio Mahloane said: "We have to increase the participation of the citizens in the private sector and that can be achieved only by providing them with proper business training, linking them to the financial institutions and teaming them up with foreign companies in joint ventures."

The move represents a bid to address the problems highlighted in a World Bank report which called several years ago for an inherent problem of the Botswana economy to be addressed — namely its domination by government and foreign companies. The report cited the lack of entrepreneurial skills, and the lack of access to credit and information, as the major factors hampering the advancement of local entrepreneurs.

"After training people we have to link them to the financial institutions and experts from the Business Advisory Service so they can participate fully in an economy which is being liberalised," Mahloane said.

Facilities such as trade point associations — giving local entrepreneurs access to trade information on the information highway — would play a major role in linking the businessmen with the outside world, he said.

"We know that the Malaysians and the Swedes have shown a lot of interest in this country. The Swedish have cut their aid to government and now want to redirect their efforts to supporting the private sector," Mahloane stressed. "And of course there are some multilateral organisations trying to source that kind of help from citizens in this country wanting to form joint ventures with Botswana," he said.

The main aim was to train citizen entrepreneurs who would be able to produce internationally marketable products and who could form networks with colleagues in the rest of Africa.

A similar programme championed by the UN had been successful in Latin America and Ghana, he said.

ay September 17 1997

## Key Botswana posts go to women

By DEREK JAMES

Star Foreign Service

(12)  
Star 17/9/97  
Gaborone - The long-awaited reshuffle of President Ketumile Masire's cabinet had one major surprise and that was the complete takeover of the key ministry of local government, lands and housing by women.

The new minister is Dr Margaret Nasha, one-time Botswana High Commissioner to the United Kingdom, and her deputy is the forceful Joy Phumaphi, an appointed member of parliament from Francistown.

The choice of these two women is particularly significant in that the ministry oversees the House of Chiefs and traditional authorities, and to have women overseeing men is remarkable in this conservative country. The minister of education is also a woman, the long-serving Dr Gaotsiwe Chiepe, who was once the minister of foreign affairs.

Masire has given a strong message to women in Botswana and some encouragement to the youth by his carefully considered appointments.

He indicated earlier that he would not remain president much longer and has left a further reshuffle in the hands of his likely successor Festus Mogae.

# Natchix brings Botswana joint venture to fruition

(12)  
RAVIN MAHARAJ

Durban — National Chick (NatChix) had brought its R6,5 million joint venture in Botswana to fruition with the delivery of its first hatching of 30 000 day-old chicks to the local broiler industry, Mike Walne, the managing director, said at the weekend.

Walne said NatChix, Africa's largest independent producer of day-old chicks for the broiler industry, would not only set Botswana "well on the way to becoming self-sufficient in meeting the chick needs of its growing broiler industry, but would also provide enough capacity to enable the country to become a chick exporter".

In addition, the new venture — National Chick Botswana — would unlock much-needed capacity at the company's hatching operations in Gauteng. These operations have previously been the source of supply to Botswana and have been hard-pressed to meet demand from NatChix's South African customers.

Walne said as a first phase, NatChix would commission three incubators, with a combined capacity of 100 000 chicks a week, at fortnightly intervals over the next six weeks. By the end of September the new company would be able to supply 50 percent of Botswana's day-old chicks, he said.

"During the next 18 months we will double our capacity to 200 000 chicks a week, thus making Botswana self-sufficient with enough additional capacity to provide for market growth as well as to meet the needs of Namibia." Namibia is supplied long-range from the Western Cape at present.

NatChix's joint venture partner, Botswana's Associated Investment Development Corporation, has under its umbrella Tswana Pride, the largest broiler producer in Botswana. Tswana Pride, which will

eventually take 40 000 chicks a week from National Chick Botswana, has been a NatChix customer for 15 years.

The Botswana operation is the third move NatChix has made into markets outside South Africa. The company has a joint venture hatchery operation

in Lesotho that is being expanded with the addition of a 15 000-chick-a-week incubator. A new R2 million hatchery in Swaziland is a joint venture with Swazi Chick Limited.

Walne said the developments in neighbouring countries were "building blocks" in a four-year expansion plan to lift NatChix's total production in southern Africa from 1,1 million to 1,5 million chicks a week and "entrench it as by far the largest supplier to independent broiler producers in the region".

**Botswana will soon become self-sufficient and in time become a chick exporter**

# Botswana tackles old mistakes

ARG 30/9/97

(1a)

Gaborone - As Botswana celebrates 31 years of independence today, it will also be embarking on a period of political activity more intense than it has ever seen since it became independent from Britain in September 1966.

Last week, the United Action Party (UAP) announced its registration and intention to challenge the ruling Botswana Democratic Party (BDP), which has been in power for all of the 31 years, and the established opposition Botswana National Front (BNF) at the elections due before the end of 1999.

Both opposition parties have identified unemployment, growing moral decay and a lack of concern for the opinions of the people as the major ills of Botswana.

The emergence of the new party follows the shock loss in 1994 by the BDP to the BNF of 10 constituencies in the 40-elected member parliament. There was a 17,4% voter-swing to the opposition. The BDP had never before had less than 70% of the seats in parliament.

UAP founder Lepetu Setshwealo said in a weekend interview: "There's really no active political leadership in Botswana today. The BNF is asleep waiting for government mistakes. The BNF is going to freedom square and waving its fist, and the BDP ministers are really only fighting fires."

Mr Setshwealo was a long-time member of the BDP, as were many of his supporters. The party was in retreat at Kanye on Sunday to elect officials and come up with its campaign platform for the 1999 election. It will be launched publicly next month.

"The BDP has reached a plateau; the men and the women of the BDP are no longer able to grow beyond where they are. They are not equipped to cope with what the country needs now," he said. "When Batswana were

still good followers who would listen to their leaders, they were okay. Today, people have opened up politically, they can see what this country represents in terms of its wealth, in terms of its potential, and they compare that with what they are getting out of the deal."

Mr Setshwealo said this applied not only to the youth. "The older people have in the last 10 years undergone a tremendous transformation."

"They have to confront not only their own problems, they have to deal with their children and grandchildren who have to go back to the villages because there are no jobs. That same BDP government that took the children to school is not able to absorb them into urban society."

That jobs are the major political bargaining chip in Botswana, the BDP would not dispute. It has embarked on an investment and training policy to create employment, but few jobs have yet been created.

Unemployment is officially 21%, but if informal employment is taken out of the equation, nearer 40%. Since 1994, formal sector employment has increased by only 3 500 or 1,5%.

Mr Setshwealo adds to this a poor quality of education and moral decay. Botswana's education policy is hailed by the government as a model in Africa. Of all children between the ages of 4 and 19, 75% are enrolled in primary or secondary school.

Primary education is almost universal, secondary education accessible to about 60% of children, but the government has started

an ambitious school building programme.

Mr Setshwealo does not dispute these figures, but questions the quality of education meted out to those children that do go to school. He says teachers are poorly trained.

In the 1994 election, some of the fence-sitters came down to vote for the BNF, but out of 600 000 registered voters, less than 400 000 went to the poll.

Despite that, the BNF recorded its first increase in share of the poll. It took 37% of votes cast against 27% in 1989. The BDP lost votes for the first time, taking only 54% of the poll against 65% in 1989.

The UAP, says Mr Setshwealo, is a party of young liberal conservatives. He is 54.

## *That jobs are the major political bargaining chip in Botswana, the BDP would not dispute*

BDP leader and Botswana president Sir Ketumile Masire is 72. Mr Setshwealo says: "Our party will represent a professional culture more than a political one. We have the outlook of young businessmen."

The UAP planned to solve the problems of Botswana together with those of its people.

"We want to deepen the level of consultation and communication between Batswana... to involve the communities and stakeholders in identifying what the real issues are," he said. "There must be a move away from the mode of government which says 'We will do it for you' and then just throws money at problems."

"It is Botswana's substantial foreign reserves - 19,4 billion pula at the end of May - that give rise to the cry that Botswana is rich, its people poor," he added. - Sapa

BD 7/10/97  
(12)

## Botswana's citizens approve reforms

GABORONE — Botswana's citizens have voted in favour of amending the country's constitution to allow for three electoral reforms.

The voting age will be lowered to 18 from 21 years, citizens resident outside of Botswana will be allowed to vote, and the office of supervisor of elections will be scrapped in favour of an independent electoral commission.

Only one in six of Botswana's 370 173 registered voters, and one in 12 of those older than 21, voted in the referendum on Sunday.

Elections supervisor Nathaniel Mmono said he had been expecting at

least a 50% turnout. "It was nearer 17%." Voting was limited to those registered for the 1994 election.

In answer to the three proposals, 59% supported lowering the voting age, 73% voted yes to establishing an independent electoral commission, and 70% to allow Botswana residents outside the country to vote. Lowering the voting age has increased the electorate by 53 000 potential voters and could reduce the ruling Botswana Democratic Party's share of voter support.

The Botswana National Front won 10 seats from the ruling Botswana Democratic Party in 1994. — Sapa.



# Botswana's game is declining 'sharply'

Prof Malema

(12) BD 16/10/97

GABORONE — The numbers of most species of game had declined sharply in the northern part of Botswana, where most game reserves were concentrated, Botswana wildlife and national parks department director Sedia Modise said this week.

Departmental surveys had indicated that wildebeest and hartebeest had been particularly hard hit. Their numbers had declined by 90% in the area. Elephants, however, were the exception and their numbers had been increasing significantly.

Modise said cyclical droughts, the expansion of human settlements and illegal hunting were associated with the decline in numbers. Hartebeest had declined by 15 000 from 1987 figures of 260 000, while wildebeest had declined by 45 000 from 270 000.

Local conservation groups have lashed out at the government's buffalo fences aimed at controlling the spread of foot and mouth disease, saying these are the main contributing factors to the decline in wildlife in the northern part of the country.

Both the Kalahari Conservation Society and the Okavango People's Wildlife Trust have called for the removal of the fences. They say the northern border fence with Namibia must be taken down from the point where it meets the rerouted Kwando buffalo fence up to Kwando River, to restore the migratory route between Botswana and the Caprivi Strip, and to accommodate the formation of an international protected area.

The Okavango People's Wildlife Trust said the Kwando buffalo fence had reduced the habitat available to the wildlife of the Okavango/Kwando area by about 25%.

# Botswana to appoint team to investigate privatisation

BD 4/11/97

Prof Malema

GABORONE (12) The Botswana government is to set up a task force soon to look into the privatisation process, finance ministry officials say.

Financial affairs deputy secretary Gerald Thipe said last week a statement would probably be made this week concerning the team's composition, the date it would begin its investigation and its terms of reference. The finance and development planning ministry had been urging stakeholders in the past two weeks to nominate candidates for the task force.

The latest move ends uncertainty about the government's position on privatisation plans promoted by the business consortium, the Botswana Confederation of Commerce, Industry and Management, which has called for the privatisation of certain sectors owned by local and central government.

In August last year the confederation called for the partial privatisation of, among others, the Gaborone city council, the Central Transport Organisation, Botswana Savings Bank, Botswana Railways, Botswana Housing Corporation, Botswana Telecommunications and Air Botswana. Privatisation plans have been tacitly endorsed by government which has already partially privatised some sectors.

However, government moves towards privatisation have been opposed by the radical National Amalgamated Local and Central Government Workers Union. The union wants a study to be carried out on the full effect of privatisation before the process takes off.

□ BOTSWANA

### **\$14m pipe facility opens in Gaborone**

The recent opening of a \$14 million pipe-making plant in Gaborone has provided new opportunities for the marketing of glass pipe in the Southern African Development Community.

Owens Corning Pipe Botswana (OCPB), is a joint venture between the US glass fibre producer and Botswana investors. "We want glass fibre pipe to be recognised as an important and versatile material in the infrastructural development and water supply which is crucial in the southern African region," said Bryan Lemar, the OCPB general manager.

Glass Reinforced Plastics (GRP), now a world-class engineering material, is revolutionising the installation of infrastructure, particularly in water conveyance systems in developing countries. Most countries in the drought-ridden region have invested in short and long-term water schemes to bring water to areas of need, such as the multibillion-rand Lesotho Highlands water project. — *Independent Foreign Service/Africa Information*  
Afrique, Gaborone

(12)  
ET(BR) 4/11/97

# Investment agency bill goes to Botswana's parliament

Prof Malema

(12)

BD 10/11/97  
restructure it.

GABORONE — Legislation aimed at attracting local and international investment to Botswana is due to be debated during the parliamentary session beginning today.

According to the Government Gazette, the legislation seeks to convert the Trade and Investment Promotion Agency into an effective organisation which will attract, encourage and facilitate local and foreign investment.

It will also promote investment and exports within and outside the southern Africa region.

The new agency will be called the Botswana Export Development and Investment Authority.

The move follows a set of recommendations in a study by International Development Ireland Ltd which was commissioned by the commerce and industry ministry in 1995. The report reviewed critical areas of the existing agency, and urged the government to give it a new name rather than merely

The study said the agency, responsible for export development and investment promotion, had weak internal structures which hindered the drive for investment. So the new structure will have promotional programmes with clear, measurable objectives and specific policies for achieving them, and a time-related plan and budget for implementation.

The structure will be headed by a board of directors and will publish information relating to investment in, and exports from Botswana.

The Botswana Export Development and Investment Authority will be charged with the task of encouraging new investments and expanding existing ones, and will identify partners in or outside Botswana for business joint ventures.

"It will recommend to government changes in the statutory and administrative framework relevant to the investment and export climate of Botswana," the Gazette said.

# Botswana has a no-nonsense future

8/10/11/11/97 (12)

Gaborone - Festus Mogae, who is expected to replace outgoing President Quett Masire at the top of Botswana's political ladder early next year, is no newcomer to the country's economic and political scene.

Masire announced yesterday that he would retire at the end of March next year.

Mogae served under Botswana's first president, Seretse Khama, in the Ministry of Finance and Development Planning. In 1972 he was appointed director of economic affairs in the ministry and became per-

manent secretary in 1975.

He served as Botswana's alternate governor on the boards of the International Monetary Fund, the African Development Bank and the International Bank for Reconstruction and Development. He represented Botswana on the Commonwealth Fund for Technical Cooperation and was a director of De Beers, BCL Limited and the Bank of Botswana.

When Masire became President in 1980, Mogae was governor of the Bank of Botswana. In 1988 he became Minister of Finance

and Development Planning, rising to vice-president in 1992.

He is seen as a no-nonsense strongman, capable of disciplining the ruling Botswana Democratic Party.

"He does not shun the opposition as Masire did. He is more responsive," said opposition leader Michael Dingake.

Mogae's immediate challenge will be to win the party's presidential nomination (the president of the winning party automatically becomes president of the country) before the 1999 election. - Sapa

# Ketumile Masire to quit

GABORONE — Botswana president Sir Ketumile Masire yesterday announced his retirement from active politics.

"The old order changes, giving place to the new," Masire told the Botswana parliament in Gaborone after outlining the successes of the country's economy over the past 31 years. He plans to retire at the end of March next year.

With growth projected at 5,8 percent per annum, employment growth at 4,8 percent per annum, a budget in surplus and debt servicing at a mere 3,5 percent of export earnings, Masire said the Botswana had shown the coun-

try was an internationally acclaimed success story.

"First, as vice-president from 1966 to 1980, and then as president to date, I have been a part of the fortunes and misfortunes of Botswana over those years.

"I retire with a deep sense of gratitude for the support I have received from my colleagues and the nation. I retire confident of Botswana's future. There are compatriots who will continue our traditions of democracy and consultation and our prudent economic management and administration." — Sapa.

# Botswana's 'Midas' Masire bows out

(12) 25 11/11/97

**JOHANNESBURG:** Botswana's president, Sir Ketumile Masire, who announced his retirement from active politics yesterday, will go down in African history as one of the few leaders to leave office voluntarily and one who transformed his country from being dependant on aid to one of the continent's richer nations.

He has been president for 17 years. Riding on the crest of a booming diamond mining industry, set to be the world's biggest by the year 2000, Masire has been able to do for Botswana what most of his African counterparts are struggling to achieve — harness natural resources for the people's benefit.

Husbanding the new-found diamond riches, Masire and his colleagues in government have achieved 14 years of budget surpluses. Foreign reserves top 20 billion pulas (about R25bn).

In 1984 he led the Botswana Democratic Party, which has ruled Botswana since independence 31 years ago, to a 68% victory in elections.

In 1994, the BDP lost 10 seats to the Botswana National Front, which had taken advantage of rising unemployment to woo protest votes. Official unemployment is running at 21%. Statistics show that since 1994, formal sector employment has increased by only 1.5%.

The opposition says Masire's political fortunes have gone full circle and his resignation could be a case of good riddance.

"There is much criticism of his leadership. He does not seem to have control over his party," BNF vice-president Mr

Michael Dingake said yesterday. "There is so much arrogance in the public service that people are beginning to react."

Born on July 23, 1925 at Kanye, 75km from Gaborone, Masire matriculated and trained as a teacher in South Africa. He started a secondary school at Kanye.

Masire's political roots go back to his service in colonial tribal administration and later in the Legislative Council and Executive Council. He helped launch the BDP (then the Bechuanaland Democratic Party) in 1962 and became its secretary-general. He was first elected to parliament in 1965 and appointed Deputy Prime Minister by Sir Seretse Khama.

In recognition of the role he played at the constitutional talks in London, he was made vice-president of the newly independent Botswana in September 1966.

But he appeared to lose touch with his constituency and was defeated in the first post-independence election. He was made a specially elected member and was reappointed vice-president and Minister of Development Planning.

Always calling himself "a farmer on loan to politics", Masire took up farming in 1956. He now owns farms throughout Botswana and is well known for developing ostrich farming.

He has also worked as a journalist for the African Echo, becoming a director of the newspaper.

He is co-chairperson of the Global Coalition for Africa and first vice-chairperson of the OAU. — Sapa



**STEPPING DOWN:** A file picture of Botswana President Sir Ketumile Masire who yesterday announced his retirement from office. **PICTURE: AP**

# Retiring with dignity

**B**OTSWANA president Ketumile Masire, who announced his retirement from active politics on Monday, will go down in the annals of African history not only as one of the continent's few leaders who voluntarily left office but also as a leader who transformed his country from aid dependency to one of the richer nations in Africa.

Riding on the crest of a booming diamond mining industry, set to be the world's biggest by 2000, Masire has been able to do for Botswana what most of his African counterparts are struggling to achieve – harness natural resources for the people's benefit.

Botswana produces about 17 million carats of diamonds annually and the figure is expected to rise to 23 million by 2000.

Husbanded the new-found diamond riches with a conservatism rarely seen in Africa, Masire and his colleagues in government made Botswana the economic miracle of the continent.

The country has had 14 years of budget surpluses and its foreign reserves now top more than R50 billion.

Often described as small in size and big in ambition, Masire is a politician whose ideas and energy have got things done in Botswana. He has been president for 17 years.

In 1984 he led the Botswana Democratic Party (BDP), which has ruled Botswana since independence 31 years ago, to a 68 percent general election victory.

The BDP won 29 of the 34 seats in the National Assembly. In the 1989 poll, the party increased its lead by two seats.

The gains were eroded in 1994 when the BDP's seats in the assembly dropped to 27 despite the creation of six new constituencies.

The opposition Botswana National Front (BNF) took advantage of rising unemployment in the country to take 10 seats from the BDP. The BNF's successes were widely attributed to a protest vote by unemployed youths.

The official unemployment rate is running at 21 percent. Statistics show that since 1994, formal sector employment has increased by only 1.5 percent.

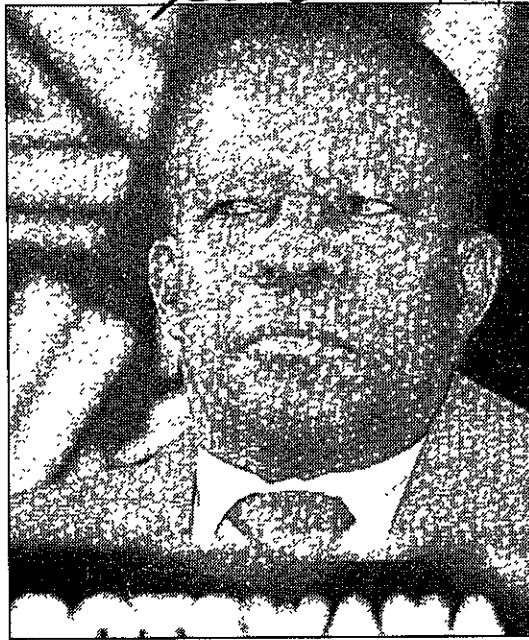
The political landscape in Botswana has also undergone some change since 1994.

Five days before the 1997 independence celebrations, the United Action Party, under former BDP member Lepetu Setshwaelo, was registered and announced that it would contest the 1999 general elections.

According to the opposition, Masire's political fortunes have gone full circle and his resignation could be a case of good riddance to someone who has overstayed his welcome.

"Masire is not very popular. There is much criticism of his leadership. He does not seem to have control over his own party," BNF vice-

<sup>(12)</sup> Botswana's Masire will go down in the annals of African history as one of the few African leaders who quit without being forced to do so, reports Sapa...



**Ketumile Masire ... Botswana's president who has ruled the country since 1980 and will quit politics in March next year.**

PIC: AP

president Michael Dingake said on Monday.

He said he was concerned about growing government arrogance. "The people feel the government looks down on them. There is so much arrogance in the public service that people are beginning to react," Dingake said.

Born Quett Ketumile Joni Masire on July 23 1925 in Kanye, a town 75km south-west of Gaborone, Masire matriculated and trained as a teacher near Vryburg in South Africa.

## Honorary doctorates

He started a secondary school in Kanye, in what was then British Bechuanaland. He and his wife, Olebile, have six children.

The current chancellor of the University of Botswana, Masire was awarded an honorary doctorate of philosophy by the university. He also has three honorary law doctorates – from St John's New York College, Williams College in Massachusetts, and Sussex University in the Britain.

Ohio University in the United States conferred an honorary doctorate of humane letters on him.

Masire's political roots go back to his ser-

vice in colonial tribal administration and later in the Legislative Council and the Executive Council.

He helped launch the BDP (then the Bechuanaland Democratic Party) in 1962 and became its general secretary. He was first elected to Parliament in 1965 and was appointed deputy prime minister by Seretse Khama. A year later the finance portfolio was added to his office.

In recognition of the role he played at the Botswana constitutional talks in London, he was made vice-president of the newly independent Botswana in September 1966.

As the country prepared to celebrate its first birthday, Masire became the first minister of development planning.

But he appeared to lose touch with his constituency and was defeated in the first post-independence election. He was immediately made a specially elected member and was reappointed vice-president and minister of development planning.

In a cabinet reshuffle the same year, Masire again got the finance portfolio.

He retained his government portfolios until he became president in 1980.

Always calling himself "a farmer on loan to politics", Masire took up farming in 1956. His commitment to agriculture saw him being awarded the Africa Prize for Leadership for the Sustainable End of Hunger in New York in 1989.

He now owns extensive farms throughout Botswana and is well known for developing ostrich farming.

He has also worked as a journalist for the *African Echo*, becoming a director of the newspaper. He was subsequently editor of the BDP journal, *Therisanyo*.

Queen Elizabeth II awarded Masire an honorary knighthood in 1991 – the Grand Cross of the Most Distinguished Order of Saint Michael and Saint George.

He was chairman of the Southern African Development Community from 1980 until September last year when Botswana handed over the chair to South Africa.

He is co-chairman of the Global Coalition for Africa and is the first vice-chairman of the Organisation of African Unity.



C.T. (BR)

19/11/97

## Japan gives Botswana debt relief

(12)  
Pretoria — The Japanese government has given Botswana 3,164 million pula (R5,6 million) in debt relief aid to buy government vehicles.

The Japanese embassy announced in a statement in Pretoria that the grant would "contribute to the further development of the economy of the Republic of Botswana and the enhancement of the welfare of its people."

It said the Botswana government would use the money to buy vehicles to alleviate its transport problems, so government officials could "carry out their duties in a more effective manner".

The statement said the Japanese government had given Botswana a grant of about 3,1 million pula (about R5,5 million) in February. — AFP

# Botswana moves to combat corruption, economic crime

BO 24/11/97 (12)

Claire Pickard-Cambridge

THE Botswana government had established a directorate aimed at combating corruption and economic crime, Botswana's Vice-President and Finance and Development Planning Minister, Festus Mogae, said last week.

Mogae, who is to succeed President Ketumile Masire in March next year, was outlining investment opportunities in Botswana to delegates at a conference in Gaborone. He said his government was committed to ensuring a conducive environment for investment and believed the directorate would be among measures aimed at ensuring transparency and accountability.

An ombudsman or parliamentary commission, an "activist auditor-general" and "a combative and vigilant public accounts committee" were all intended

to ensure a climate of accountability.

He argued that the macroeconomic environment in Botswana was shaped by policies supportive of trade and investment. These included a prudent fiscal policy with low rates of company and personal taxation; and adequate foreign reserves with three years' import cover. He said exchange rate policy was also geared towards maintaining competitiveness of nonmineral exports and promoting the diversification of industry and trade in the economy.

Trade policy was geared to opening new markets for Botswana's products within the SA Customs Union, of which it is a member, within the SA Development Community and internationally.

Mogae also punted investment opportunities in the financial services sector, saying unit trusts and many market equity and retirement funds were avail-

able, along with domestic bond issues and reinsurance schemes.

A number of dual listings had been made on the Botswana Stock Exchange which he claimed was the fastest growing exchange in the world. The intended establishment of an international financial services centre would usher in more investment opportunities in offshore businesses.

Botswana had been experiencing rapid economic growth of 7% a year, and had a track record of balance of payments surpluses for the past 15 years. Its privatisation programme was in place and joint ventures were being encouraged between government and the private sector. Foreigners wanting to buy businesses could have 100% foreign ownership guaranteed if this was desired and government considered it appropriate, Mogae said.

# First Botswana bond 47% oversubscribed

GABORONE — Botswana's first bond issue was oversubscribed by 47% ahead of its debut on the local bourse tomorrow, the Botswana Development Corporation said yesterday.

Corporation finance manager Kumbalani Munamati said the strong response to the 50-million pula (\$13,5m) bond had dispelled fears that the domestic market was too small to absorb the issue.

"It has been overwhelmingly accepted by the market, 73,55-million pula was applied for," Munamati said.

BD 4/12/97  
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The bond issue is aimed at developing Botswana's capital market to enable the government to cut funding to parastatals. "The government loaned 2 700-million pula to the parastatals last year, and to the private-sector banks only 70-million," Munamati said.

The bond was a private placing by SA's Investec Merchant Bank and is redeemable after seven years at 14% a year, with a semi-annual coupon. Applications for up to 4,5-million pula were allocated in full with larger amounts scaled back.

"We wanted as many investors as possible so as to grow the market and particularly to attract domestic participation," Munamati said.

To further encourage the domestic market, Investec took a significant slice of the issue onto its own book to stimulate secondary market trade.

Munamati said although he did not expect much foreign interest in the bond issue, he hoped after tomorrow's listing it would attract some investment from abroad. — Reuter.

# NEWS DIGEST

□ BOTSWANA

(12)

ETCOR 4/12/97

## **Pula bond issue oversubscribed by 47% ahead of tomorrow's debut**

Botswana's first bond issue was oversubscribed by 47 percent ahead of its debut on the local bourse tomorrow, the Botswana Development Corporation (BDC) said yesterday. BDC's finance manager, Kumbalani Munamati, said the strong response to the 50 million pula (R63,8 million) bond had dispelled fears that the domestic market was too small to absorb the issue.

The bond issue is aimed at developing the capital market in the country to enable the government to cut funding to parastatals. "The government loaned 2,7 billion pula to the parastatals last year; the private sector banks only 70 million," Munamati said. The bond was a private placing by South Africa's Investec Bank and is redeemable after seven years at 14 percent a year, with a semi-annual coupon.

Applications for up to 4,5 million pula were allocated in full, with larger amounts scaled back. "We wanted as many investors as possible so as to grow the market and particularly to attract domestic participation," Munamati said. — *Reuters, Gaborone*

## Botswana probes privatisation option

20 \* 5/12/97 (12)

GABORONE — Botswana has appointed a task force to draft a white paper on privatisation, with the emphasis on citizen-owned businesses taking over parastatal corporations and the work of government departments.

The task force was expected to assess the different objectives that might be achieved by complete privatisations, partial privatisations and the commercialisation of some activities of government.

The Botswana Confederation of Commerce Industry and Manpower has identified seven parastatals and government departments suitable for immediate privatisation. Five others were selected as candidates to hand over parts of their operations to the private sector. — Sapa.

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## Bid for Botswana cell phone service

Sam Kamphodza

(12)  
BD 19/12/97  
GABORONE — Botswana Telecommunications Authority (BTA) has accepted tender bids from Portuguese and French-dominated consortiums to operate a cellular telephone service in Botswana.

BTA executive chairman Moses Lekaukau announced on Wednesday that the bid from Botswana Vodacom Cellular — a joint venture partnership of SA's Vodacom and Botswana Telecommunications Corp — was not successful but would remain under consideration if the French or Portuguese bids were not confirmed.

Mascom Wireless Consortium is a consortium made up of Portuguese Telecoms, TS Mziwa of Zimbabwe and a Botswana citizen-owned company; while Vista is made up of French Telecomms and five Botswana companies.

France Telecomms has had experience in eastern and western Europe, Africa and Asia. It has 3-million subscribers in France and 15,000 in Côte d'Ivoire. Portugal Telecomms also operates cellular services in its former colonies, Europe and Asia.

The successful tenders will have to pay 1-million pula each for a 15-year renewable licence.

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BOTSWANA - GENERAL

1998 - 1999

BOTSWANA

# Pressure on the media as Masire departs

Does a court case against a tiny newspaper signal a hardening of attitudes in one of Africa's oldest parliamentary democracies?

**O**n December 10 last year, International Human Rights Day, journalists Caitlin Davies and Letswetswe Phaladi appeared in the Maun, Botswana magistrate's court.

They are charged under Section 59 of Botswana's Penal Code, which says it is an offence "to publish any false statement, rumour or report which is likely to cause fear and alarm to the public." They face up to two years in prison and a fine.

The case arises from a report written by Phaladi and published in the *Okavango Observer*, a small but influential newspaper edited by Davies.

The story, headlined "Terror Squad' shocks Maun" and published in September 1995, was about the alleged activities of a criminal gang called MaWestern, which was wreaking havoc in the town of 30 000 inhabitants. The gang's activities have since subsided, and the financially troubled

newspaper closed last year.

The case, in which the journalists are accused of spreading alarm, is the first of its kind in Botswana, and comes at a turning point in its history, prompting many Botswana to say it reflects a hardening of government attitudes towards civil rights.

At the end of March President Ketumile Masire, who took over in 1980 when founding president Seretse Khama died of cancer, steps down from his post. He announced



*Festus Mogae . . . new president will be pressed to retain democratic culture*

last year that he would go voluntarily, an unusual step on the continent where leaders tend to cling to positions.

Masire's departure ushers in a new generation of leaders, led by economist and president-to-be Festus Mogae.

The Media Institute of Southern Africa and the country's Human Rights Centre see the Maun case as an attack on press freedom and an erosion of human rights. Its outcome could be a pointer to what lies ahead for the country in terms of free speech.

Ominous clouds have been gathering on that front for about 12 months. Last year, government tried to push the restrictive Mass Media Communications Bill through parliament, but after protests from the independent press it was referred back to its drafters.

Among other things, the Bill proposed a code of conduct for journalists and control of newspaper registration by government. It would have required all journalists to obtain State permission before

covering official events. Infringement of these rules would have carried fines of up to R13 000.

Brian Thoka of the SA Institute for International Affairs emphasises that Botswana is "far from being about to explode." External factors will force Mogae to handle free speech issues with some delicacy, he says, for the new leaders do not want to jeopardise the country's longstanding status as a democratic beacon in Africa.

Botswana has a relatively strong position in Africa. The International Monetary Fund and the World Bank have bestowed their blessings upon the country as a cradle of democracy and economic success. Since independence in 1966 it has nurtured a free-market economy based largely on rich diamond and copper-nickel exports (diamonds account for 80% of exports). The country has a strong democratic tradition, with regular elections. Its GNP/capita stood at US\$2 800 in 1994. The population is just over 1.5m.

Africa Institute current affairs specialist Herman Hanekom says he does not believe that in the short term Botswana is likely to harden its attitude on civil rights issues.

"With the sensitivity of issues like the land dispute with Namibia, the new leaders will be at pains not to raise the concern of the international community," he says. But he foresees a new style of leadership emerging; less tolerant than that of Masire, though not necessarily repressive.

"It might even become more liberal than it is now," says Hanekom.

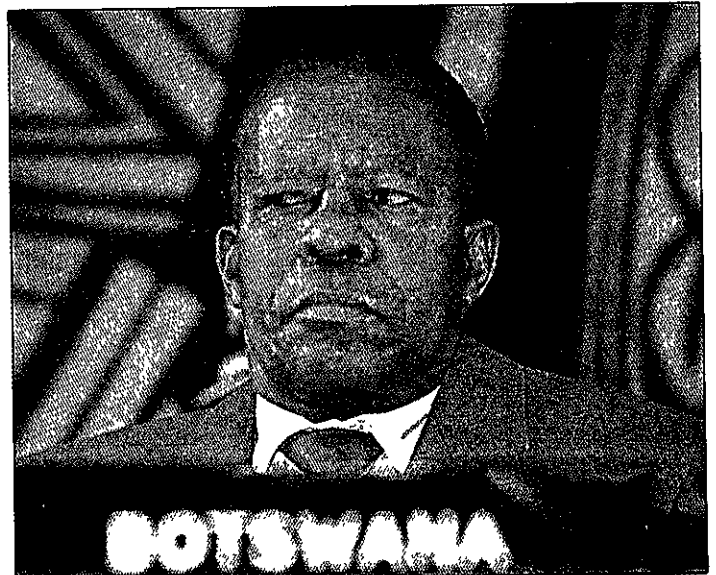
"With the continuing territorial dispute between Namibia and Botswana now at the World Court, Botswana will not want to do anything stupid that will provoke international outrage. This is particularly so with human rights issues. As for the long term one can only sit, wait and see," he says.

But Sandy Grant, an independent analyst in Botswana, says what worries

him about the Davies/Phaladi case is "that the government can haul out this penal code at any time in the future. What is to say there will not be another story which will allegedly 'alarm' the public?"

"It seems incredible that so much should now turn on the outcome of one bizarre court case. But if this case is indeed to be pursued by the State, one magistrate in Maun will soon be deciding the fate of an entire nation," he says.

In announcing his retirement, Masire



*Ketumile Masire . . . bowing out of the presidency*

quoted Tennyson's *The Death of King Arthur*: "The old order changes, yielding place to new/ and God fulfils himself in many ways/ lest one good custom should corrupt the world."

For many, the case of Davies and Phaladi, which will be heard in Maun on February 16, will indicate whether the good custom set by Masire and his generation is coming to an end, and whether the long season of contentment is about to turn sour.

Justice Malala



# Botswana in bid to promote investment and exports

Prof Malema

(12) PD 23/2/78

**GABORONE**—The Botswana government plans to transform its trade and investment promotion agency into a bigger, semi-autonomous organisation this year. It will strive to reduce bureaucratic red tape and unnecessary delays affecting businessmen.

The new organisation will be known as the Botswana Enterprise Investment Authority and its role will be to promote investment and the export of manufactured goods.

Vice-President and Finance Minister Festus Mogae says the authority is also expected to act as an investor service centre, helping investors obtain pre-investment support services such as land, work and residence permits, licences and other necessary authorisation. It will also help resolve investors' problems.

Government called for some sweeping fiscal reforms in its recent budget which, economists say, indicates that Botswana realises it needs to speed up integration with the international

community. Government also said further liberalisation of exchange controls was on the cards.

Botswana University economics lecturer Webster Masenya said the theme of the budget was the breaking down of trade and tariff barriers to make the country more competitive.

Raja Ram, managing partner of accounting firm Acumen, an arm of Andersen Worldwide, noted that the budget surplus for the 1998/99 fiscal year starting on April 1 would amount to about 197m pula, with economic growth rate projected at 6%.

While this did not represent a change in the general position, what was impressive was government's decision to inject about 3bn pula into the development budget.

"We should expect a boom this year, but of course this might have some spinoffs, like inflation."

However, Ram was confident government's monetary controls would keep the inflation rate in check. Botswana's inflation rate has been declining. In January last year it was 10.1% and it was down to 7.8% by the year end.

Ram said some noteworthy measures introduced in the budget were those to improve tax administration. This included a moratorium on penalties for those who had not paid taxes. Pulling more people into the tax net in this way would boost the economy.

However, he believed government should have lowered the company tax from 25% to 15%.

# Botswana relaxes foreign exchange controls

(12) BD 20/a/98

GABORONE — Botswana yesterday eased foreign exchange controls with a batch of measures to relax investment regulations and encourage its budding bond market.

"The new package confirms Botswana's commitment to the removal of exchange controls to permit Botswana to meet the challenges of globalisation," the Bank of Botswana said.

With immediate effect, nonresidents will be able to trade in and issue bonds denominated in the Botswana currency, the pula and hold larger stakes in Botswana companies.

They will be able to borrow more pula, get longer forward contracts on foreign exchange and take their money with them if they sell investments, the bank said. Bank of Botswana Certificates, which the central bank uses to steer money market rates, will remain for residents only.

The eased bond rules are designed to boost the market, the bank said. Botswana began its bond market last year with a 50-million pula issue by the Botswana Development Corporation.

"This is an effort to encourage inward portfolio investments and the development of capital markets," the bank said.

Residents and firms would be able to invest significantly more overseas and borrow offshore, while travellers would be allowed to take more money out of the country. It would also be easier to open a foreign currency account, the bank said.

The maximum holding by an individual nonresident portfolio investor in any one stock was increased to 10% from 5% of listed shares, while the total foreign holding in any one firm was lifted to 55% from 49% of its free share float.

The bank assured investors they would be allowed to immediately repatriate 100-million pula of any investments

they sold, with larger amounts possible in tranches over a maximum of three years.

Banks would also be allowed to lend more to a nonresident company, so long as that company's debt did not exceed 10 times its equity.

Commercial banks will now have the discretion to set terms for foreign exchange forward cover rather than sticking to the previous six-month and occasional 24-month limits.

There are also significant increases in allowances for outward portfolio investment by residents and the amounts they can borrow offshore.

The offshore investment limit for individuals of 100 000 pula has been increased to 1-million pula. The 10-million-pula limit for companies has been increased to 30-million pula. Limits on offshore borrowing have been doubled to 200 000 pula for individuals and 2-million pula for companies. Limits on minimum amounts needed to open foreign currency accounts have been scrapped and left to the banks' discretion.

Travellers will now be able to carry 10 000 pula out of Botswana without declaring it and retain unused travellers cheques for a similar amount. — Reuter.

# Union jeopardises Botswana's privatisation

GABORONE — Botswana's privatisation process is in jeopardy as the country's most militant union has pulled out of the government privatisation task force.

The 30 000-strong National Amalgamated Local, Central Government and Parastatal Manual Workers Union announced its withdrawal three months after joining. "We are afraid that we cannot stay in the process aimed at privatising state enterprises any longer," said national organiser Johnson Motswarakgole.

"Our fear is that if we stay in the task

force at the end of the day we are going to be asked to vote. If we happen to be in the minority we would be unable to challenge the outcome because democratically it would be taken that we were part of the process."

The union says that when the government opted for privatisation it was merely confirming its failure to deliver basic needs to the people.

Organisations scheduled for privatisation include the Gaborone city council, Central Transport Organisation, Agricul-

tural Services, National Savings Bank, Botswana Railways, the Housing Corporation, the telecommunications authority, the Meat Commission, Power Corporation and Air Botswana.

"Privatisation exacerbates income disparities and poverty as it enriches the owners and denies the rest the ownership they had through the state."

"The fear is that privatisation is going to be a vehicle for enriching the wealthy rather than improving efficiency and keeping costs down," the union said.

Official estimates put 54% of the population below the poverty line, although unofficial estimates say it could be 64%.

The union's move coincided with a two-week visit by a World Bank adviser on the privatisation process, Abdu Hafeez Shark.

He urged the privatisation task force in Gaborone to speed up its work. "International trends are towards privatisation. Even the most widely known opponents of privatisation such as China and the former eastern European countries are now for privatisation." — AIA

(12) 20/12/98

# Union pull-out puts Botswana's privatisation process in jeopardy

ET (BR) 26/2/98

(12)

(8)

INDEPENDENT FOREIGN SERVICE

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cratically, it would be taken that we were part of the process."

Organisations scheduled for privatisation are: the Gaborone City Council; Central Transport Organisation; Agricultural Services; the National Savings Bank; Botswana Railways; department of supply; the Housing Corporation; the telecommunications authority; Meat Commission; Power Corporation; Air Botswana; and the ministry of finance; and development planning accounting unit.

"Privatisation exacerbates income disparities and poverty as it enriches the new owners and denies the rest the ownership they had through the state," the union said.

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The union's move coincided with a two-week visit by Dr Abdu Hafeez Shaik, World Bank's adviser on the privatisation process.

He urged the privatisation task force in Gaborone to speed up its work.

The deputy head of the privatisation task force, Emang Maphanyane, who is also the chief executive of the embattled Housing Corporation, has said they would be soon making a country-wide tour to explain the need for privatisation.

The task force is due to submit its report by the end of May this year.

# Mogae, Nujoma end border dispute

GABORONE — The presidents of Namibia and Botswana have pledged to increase co-operation in trade, tourism and environmental protection and put aside a border and refugee dispute.

At the end of a three-day meeting on Friday, Botswana President Festus Mogae and Namibian President Sam Nujoma also denounced Angolan rebel leader Jonas Savimbi for destabilising the government of their mutual neighbour, Angola.

They repeated past assurances that they would accept the decision of the World Court in The Hague in a case being argued on a dispute over an uninhabited island in a river which forms part of the nations' border.

Tension in the Caprivi region rose earlier this year when Botswana granted political asylum to 15 alleged secessionist rebels from Namibia, including Namibia's former opposition leader Mishake Muyongo. Nujoma said another 2 450 Namibians who fled into Botswana were misled by their leaders and were welcome to return to Namibia with no threat of retribution.

Nujoma said he would run for a third term as president of Namibia. — Sapa-AP.

(12)

(25/11/99)

# Botswana's beef trade profit rises

Prof Malema

BO 9/3/98

(12)

GABORONE — Botswana's beef industry profit surged by 2,5-million pula to 12,7-million pula last year compared with 1996, according to the Botswana Meat Commission's annual report.

However, the throughput of animals for 1997 was one of the worst since independence, with 127 151 cattle, 2 842 sheep and 2 115 goats slaughtered compared with 145 462 cattle, 4 399 sheep and 3 445 goats in the previous year.

Abattoirs' profits were largely due to costs control measures and favourable exchange rates against major currencies which strengthened against the pula. Europe remained the major market for Botswana beef and hides. The new market in Norway, where the sales amounted to 31,5-million pula or 11,1% of turnover was the third biggest in the first half of the year.

However, the Norwegian market was hampered by strict requirements imposed for salmonella testing, as the result of the outbreak of mad cow disease. This led to a 25% drop in beef prices across Europe, but prices recovered toward the end of the year.

Sales to SA declined from 15,8% of turnover in 1995/96 to 11,4% in 1996/97. This could be attributed to the closure of the Maun abattoir at the outbreak of cattle lung disease.

Government reacted to the disease by destroying 300 000 cattle, and setting aside an emergency fund to restock the area. At least 60 000 cattle will be distributed to the farmers as part of the restocking programme.

BOTSWANA 'AN INSPIRATION'

# Clinton hails Africa's oldest democracy

CT 30/3/98 (12)

**GABORONE:** Praising the 'economic miracle' Ketumile Masire began, Bill Clinton said he was honoured to be present as Masire prepared to hand over the reins to Festus Mogae.

**P**RESIDENT Bill Clinton yesterday told a cheering crowd of 3 000 Botswana that their country held the promise of a new Africa.

Speaking on the lawns of State House on the fifth leg of his six-nation Africa tour, Clinton said: "We have seen the promise of a new Africa ... its roots are here deep in your soil for you have been an inspiration to all who cherish freedom.

"Africa is determined to support all those who follow your lead," he told outgoing President Ketumile Masire and president-designate Mr Festus Mogae.

To the ululations of the crowd, Clinton said: "Our trip has taken us from Africa's western rim to its southern shore, from its smallest villages to its most modern cities, from its youngest democracy, South Africa, to its oldest, Botswana."

He paid tribute to Masire for his economic leadership of Botswana and the peaceful handover of power to

Mogae. "Botswana's success was built by its people and by the dedicated leaders they chose," he said.

"First as vice-president and minister of finance, you sparked the engine of an economic miracle."

Now Masire was ensuring the peaceful transfer of power that had come to characterise Botswana, Clinton said.

"I am deeply honoured to be among those to be here as you leave your distinguished tenure," he added.

Turning to Lady Olebile Masire, seated with Ms Hillary Clinton, the US president reminded the crowd that as a teacher she had personally taught many US Peace Corps volunteers and aid workers their first words of Setswana.

"You ensured that many young Americans came home with a lifelong love for your country and this continent," Clinton said.

"Now we are building on that spirit of co-operation to renew our part-

nership for the future." Together the US and Botswana could help all men and women in Africa secure the freedom that was their birthright.

Before Clinton spoke, US Congressman Edward Ryce presented Masire with a framed resolution recently passed in the US House of Representatives commending Botswana's commitment to democracy.

Ryce, one of the Republican members of the house and chairperson of the Africa Affairs Committee, said Botswana had played a constructive diplomatic role in Africa and the world.

"This resolution recognises all of this," he said. "But above all it commends the people of Botswana for their commitment to democracy."

The resolution had won bipartisan support and been unanimously approved by the International Relations Committee and the entire house.

"I believe this was a demonstration of the high regard in which Botswana is held by the American people," Ryce said.

Clinton will be in Botswana until tomorrow. — Sapa

# Botswana's president to retire

(12) EP 22/9/98

**B**OTSWANA'S President, Sir Ketumile Masire (73), retires at the end of this month after nearly 20 years in power. His departure comes as the country is gearing itself up for a general election next year.

His Democratic Party has ruled the country since independence in 1966 and there are good indications that it will retain power, as there have been major conflicts in the opposition ranks.

Masire succeeded the late Sir Seretse Khama in 1980 as Botswana's second president and says it is now time to hand over to the younger generation.

He leaves a country known for peace and stability, a thriving multi-party democracy system with a human rights record that is the envy of many countries on the continent.

The diamond-driven economy is doing well and has been the world's fastest growing for many years. From a nation that was among the poorest 10 in the world at independence, the country is now one of the richest in Africa.

Significantly this growth has been accompanied by substantial improvement in both rural and urban infrastructure, especially in the areas of communication, education and health.

Problems that Masire has been unable to solve include the repeal of laws discriminating against women. The latest attempt has been the appointment of a government commission.

The burning issue of tribalism has continued to affect political development and the constitution is not impartial over tribalism.

According to the constitution, only the eight majority tribes can have paramount chiefs. Yet there are more than 10 other tribal groups, some of which are larger than the supposed majority tribes.

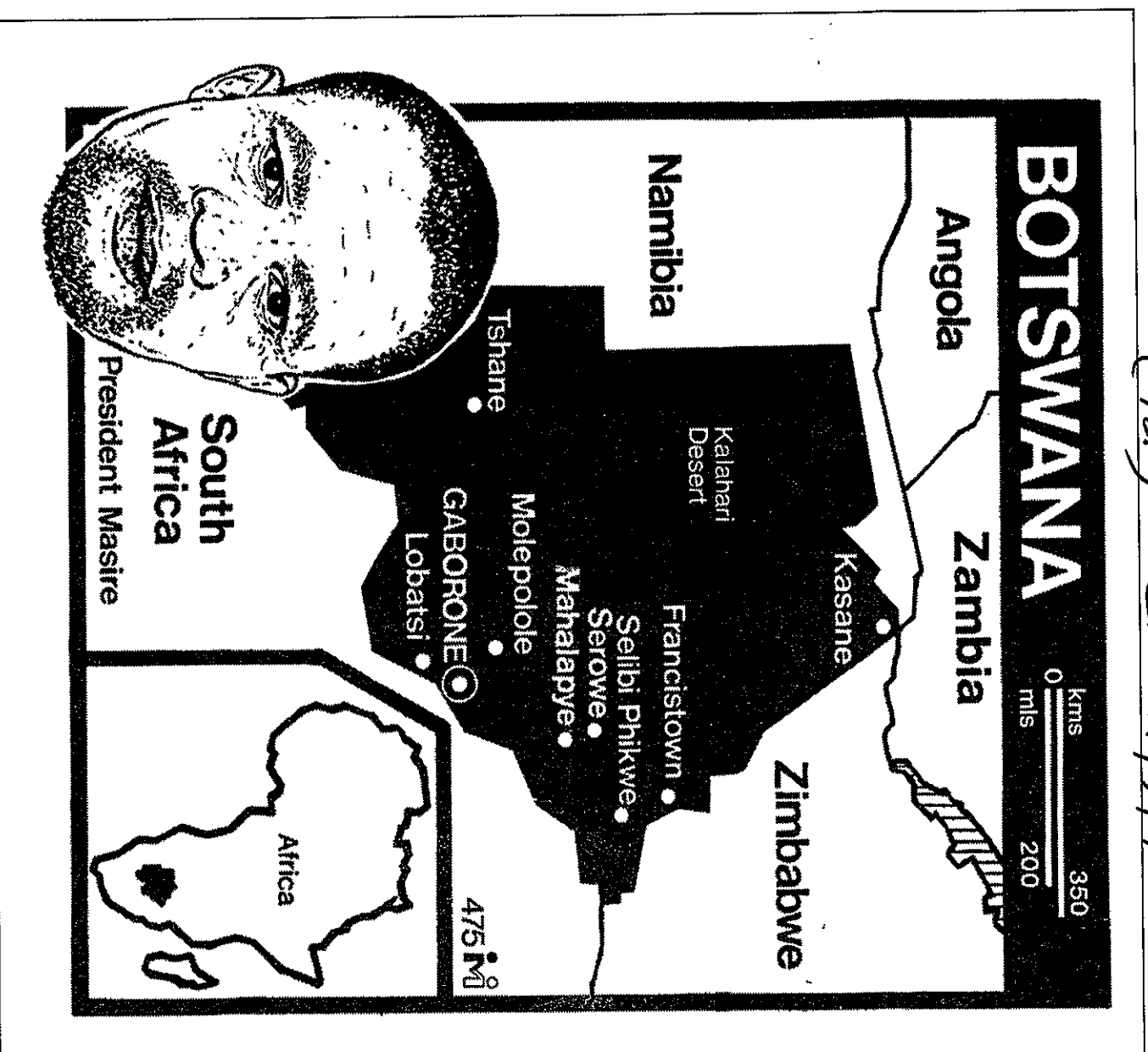
Some political observers feel the outgoing president has also failed to bring about unity in his own party. A power struggle has been going on between new members and the old guard.

Opposition member of parliament Sidwell Gabatshwane praised Masire for his decision to retire. "It is not many presidents who can retire voluntarily. He has worked tirelessly for his country."

Masire was born in the southern village of Kanye on July 25, 1925. His father was a pastoral farmer. He attended primary school in the village and went to Tlokgeng in South Africa for his secondary education.

He trained as a teacher and became the headmaster of the first secondary school in the village. He taught for a few years and then went into farming.

At one stage he ventured into jour-



nalism.

He joined politics in the early 1960s and was one of the founding members of the Democratic Party. After the country's first elections in 1965, he was appointed as the deputy prime minister and minister of finance.

A year later Khama appointed him as vice president and minister of finance and development planning. Masire served in this post until he became president.

The man who is to step into Masire's shoes is Festus Mogae (58), currently the minister of finance and development planning. An economics graduate from England, Mogae held high positions in the

civil service until 1989 when he took up politics.

It is not yet clear who Mogae will appoint vice president. However, some of the strong candidates include the minister of presidential affairs, Ponatshego Kedikilwe, and the secretary general of the ruling party, Daniel Kwelagobe.

Another candidate for the vice presidency is the commander of the Botswana Defence Force Lieutenant General Ian Khama, eldest son of Sir Seretse Khama. The army chief says he is retiring at the end of the year.

Observers believe that Mogae may appoint Khama as his deputy to heal divisions in the ruling

party.

Meanwhile, parliament is expected to discuss a Bill for the outgoing president's retirement package. The provisions include a tax-free monthly pension equivalent to the monthly basic salary attached to the office, or 80 percent of the incumbent president's salary, whichever is greater.

If the Bill is passed Masire will be provided by the state with security, two drivers, a private secretary and an office assistant. He will also get a fully furnished office and three vehicles, including a Mercedes Benz sedan. Medical insurance will be provided for him and his wife. — AIA



# Botswana company to start building Volvo cars next year

Business Day Reporter (12) 20 25 | 3 | 18

THE Motor Company of Botswana, which opened its R250m manufacturing plant yesterday to produce Hyundai models, will also make Volvo cars from next year.

According to a statement issued by the company, the plant in Gaborone had the capacity to produce 26,000 cars a year.

If said the plant, built over two years,

signalled Hyundai Motor Distributors' commitment to the local market.

This investment will build confidence with both the public and motor industry sectors in Botswana, the company said.

"Cost reductions on vehicles are not expected, but we will be able to continue to be price competitive as consumers have come to expect from us," a spokesman said.

Production manager Janne Viljoen said,

literacy classes and technical skills courses would continue at the new plant.

Training of the employee base was intensive and thorough, with a management group already having spent time in Korea.

Viljoen said the purchase of local content from southern Africa would amount to about R200m a year, which "opens up avenues for extended trading activities and stimulated economic growth in the region."

# Botswana group to <sup>(12)</sup> buy car parts from SA

CT/PR) 25/3/98

ROY COKAYNE

Pretoria — The Motor Company of Botswana, the assemblers of Hyundai vehicles in southern Africa, would acquire automotive components worth R250 million a year from South Africa, Billy Rautenbach, a major shareholder in the company, said yesterday.

He said Hyundai, which has not been reporting its sales figures to the National Association of Automobile Manufacturers of South Africa, would be making an announcement on this early next month.

He said "it looked positive" that they would start reporting to the association.

Rautenbach was speaking after the opening of the company's new R250 million completely knocked down (CKD) vehicle plant in Gaborone.

He said the plant, which would also start assembling Volvos next year, would reach its 40 000 vehicle annual capacity within two years.

He said this entire capacity was for the southern African region. About 80 percent was

destined for South Africa.

He said full production of the Hyundai Accent would start in May, with about 500 to 600 units a month produced.

Production of the Hyundai Elantra would start in August and would reach over 1 000 units a month by the end of the year.

He said cars made at the plant would initially have a local content of about 20 percent.

Nissim Franco, a partner and shareholder in the plant, said the plant would initially employ 1 200 people. Rautenbach said 500 people were employed at the group's semi-knocked down (SKD) plant, but they would be moved to the new plant.

The SKD operation would close at the end of next year.

Franco said it was time for Hyundai to raise a white flag to its competitors, as a sincere invitation to them for peaceful co-existence for the benefit of consumers.

Motor makers in South Africa have long complained about Hyundai's non-compliance with the provisions of the motor industry development programme.

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# New Hyundai plant 'a watershed'

(7a) 00 27/9/98

**Stanley Maphologela**

THE Motor Company of Botswana, distributors and manufacturers of Hyundai cars, which successfully launched its new plant this week, said it marked the turning point for the company.

Hyundai Motor Distributors (HMD) MD Billy Rautenbach said the completion of the plant was a "watershed in exposing Hyundai's commitment to the local market".

He said by going the "completely knocked-down" (CKD) route, HMD would be able to remain competitive in the long term.

"Cost reductions on vehicles are not expected, and we will be able to continue to be price competitive, as consumers have come to expect of us."

The new plant will replace the semi-knocked down (CKD) plant in Gaborone.

"While benefiting the local car buyer market and stimulating

economic activity, the Motor Company of Botswana's new CKD plant also addresses the doubts expressed by both the public and motor industry as to Hyundai's long term plans on the subcontinent," Rautenbach said.

The R350m CKD factory is on a 20ha site in Gaborone and will provide direct employment to about 1 200 people.

Rautenbach said production models of Hyundai Accent are expected to roll off the assembly line from the May this year, although pilot models began rolling off the line earlier this month. Production of the face-lifted Hyundai Elantra is anticipated in August, with production of the Sonata and the new Volvo S40 and V40 models scheduled for 1999.

CKD project manager Jannie Viljoen said the 35 000m<sup>2</sup> plant has been constructed in a highly flexible way to allow expansion from an initial design capacity of

27 000 units to a future potential of 60 000 units a year.

By 2000, projected annual production figures for Hyundai models would be 30 000 models and 10 000 units for Volvo, he said.

"The CKD plant is capable of producing up to six models using batch assembly techniques. Many new component suppliers are heavily involved in the successful launch of the factory through the local sourcing of almost 100 specialised components.

"Facilities at a new CKD plant are in line with those of other leaders in the local motor industry, and incorporate some of the most advanced process equipment from Europe, Korea and America," he said. High import tariffs formed the basis for the decision to establish local production.

About 52 dealerships currently operate in SA with a further two dealerships, in Gaborone and Francistown, servicing Botswana.

# Mogae promises to create jobs

00 27/3/98

(12)

GABORONE — Botswana's incoming president Festus Mogae pledged yesterday to implement the job creation and antipoverty policies of his predecessor, Ketumile Masire, but with some "refinements".

Mogae, currently the vice-president and finance and development planning minister, said that he would give priority to creating jobs and eradicating poverty when he took up his post next week.

Masire retires at the end of March after 18 years at the helm of this diamond-rich

southern African country.

His ruling Botswana Democratic Party has led the government since independence from British rule in 1966.

Mogae said implementation of policies would be his prime focus until elections, scheduled for 1999. He was speaking ahead of a planned visit to the country, from Sunday, by US President Bill Clinton, currently undertaking a six-nation African tour.

"There is national consensus that most of the policies

are in place. Most of the criticism, from both the opposition and our backbenchers, is that they are not being vigorously implemented."

Mogae said Botswana's privatisation programme was likely to kick off by the end of the year.

Mogae's "own thinking" was that Air Botswana and the country's telecommunications facilities should be 100% privatised, but the drought-prone country's water utility should remain in state hands. — Sapa-AFP.

votes.

Pictures: ROBERT BOWEN the UDM and cautioned against ANC complacency.

GABORONE — US President Bill Clinton told a cheering crowd of 3 000 Motswana that their country held the promise of a new Africa.

Speaking on the lawns of State House in Gaborone on the fifth leg of his six-nation Africa tour, Clinton said: "We have seen the promise of a new Africa... its roots are here deep in your soil for you have been an inspiration to all who cherish freedom."

"Africa is determined to support all those who follow your lead," Clinton told outgoing President Ketumile Masire and president-designate Festus Mogae.

He said the US would initiate Voice of America broadcasts, encouraging progress towards freedom and democracy, respect for human rights and independent and objective media.

To the ululations of the crowd, the US president said: "Our trip has taken

# Botswana inspiration to Africa — Clinton

us from Africa's western rim to its southern shore, from its smallest villages to its most modern cities, from its youngest democracy, SA, to its oldest, Botswana."

Clinton paid tribute to Masire for his economic leadership of Botswana and the peaceful handover, in two days' time, of power to Mogae.

"Botswana's success was built by its people and by the dedicated leaders they choose," he said.

Turning to Lady Olebile Masire, seated with Hillary Clinton, the US president reminded the crowd that, as a teacher, she had personally taught many US Peace Corps volunteers and aid workers their first words of Setswana. "You ensured that many

young Americans came home with a life-long love for your country and this continent," Clinton said.

"Now we are building on that spirit of co-operation to renew our partnership for the future. Together the US and Botswana could help all men and women in Africa secure the freedom that was their birthright."

Before the US president spoke, US congressman Edward Rye presented Masire with a framed resolution recently passed in the US House of Representatives commending Botswana's commitment to democracy.

Rye, one of the few Republican congressmen in the house, and chairman of the Africa Affairs Committee, said Botswana had played a constructive

diplomatic role in Africa and globally. Clinton is in Botswana until Tuesday.

Meanwhile, President Nelson Mandela praised Bill and Hillary Clinton yesterday as "people with the right instincts" and said he would never lecture the US president.

Interviewed by the BBC's David Frost, Mandela said he "had to state his position" during Clinton's visit to SA "but without attempting to lecture to him. I have the highest regard for President Clinton."

Mandela was sharply critical of Clinton's planned African Growth and Opportunity Bill during the US president's visit and robustly defended his friendship with the leaders of Cuba, Libya and Iran. — Sapa, Reuter.

## Azapo queries Kruger park gets its



*ECONOMY Diversification has become government priority in effort to create more jobs*

# Dependence on gems left Botswana vulnerable, says Mogae

Ingrid SALGADO

Gaborone — The citizens of Botswana, one of Africa's economic successes and a country rich in diamond deposits, are the last who would be expected to declare that "diamonds are not forever."

But, faced in recent years with uncertain gem sales and the vagaries of the commodities market, the saying is becoming more commonplace here.

Pestus Mogae, the country's vice-president who takes over from retiring President Ketumile Masire this week, said in an interview the over-dependence on diamonds had left Botswana's economy exposed to the whims of international commodity markets.

Diamond production in Botswana rose 13 percent from 17.7 million carats in 1996 to 20 million carats last year and accounted for 33 percent of gross domestic product last year.

But economists warn that global diamond sales for this year are uncertain because of economic instability in the Far East and depressed conditions



**OUTGOING** Villager Martha Bogatsu (right) offers advice to Ketumile Masire, the Botswana president, with Obetile Masire, the first lady, looking on. Masire staged a final farewell visit to rural areas at the weekend before his retirement on Wednesday

PHOTO AP

in certain key markets.

The uncertainty in the diamond market, coupled with devastating periods of drought, had forced Botswana to follow financially prudent policies, Mogae said. Already the tight restraints are paying off, most notably in

the level of foreign exchange reserves, which touched a high of 5.6 billion pula (about R8,7 billion) in August, the highest per capita level in the world, providing a 30-month buffer against imports.

Consumer inflation is in sin-

gle figures for the first time this decade, economic growth continues on an upward trend while interest rates are falling.

However, Botswana's income distribution is heavily distorted, with official unemployment listed at 21 percent while about

40 percent of the 1.5 million citizens live below the poverty line. To create jobs, diversification of the economy has now been made a government priority, along with skills enhancement and small business development. In addition, privatisation of state assets is expected to kick off by the end of the year.

Botswana is trying to lure private investment, both local and foreign, and has put in place a range of measures to beef up job creation and develop the economy.

According to Mogae, investors are attracted by Botswana's political stability, "excellent" labour relations, personal and corporate taxes that rank "among the lowest in the world", a liberal foreign exchange regime and public sector spending programmes.

Elias Dewa, the deputy director of the Botswana Confederation of Commerce, Industry and Manpower, said the key to the economy's success would lie in the government's "pragmatic" use of the diamond windfall for social infrastruc-

ture. — AFP

# Masire hands over reins to Mogae

(12) CT 274/98

**GABORONE:** Mr Festus Mogae was sworn in as Botswana's third president yesterday and pledged to keep the continent's oldest democracy on the capitalist path that has made it a rare African success story.

Mogae took the oath on the steps of parliament in front of several thousand cheering supporters.

He said his government would remain committed to free market economics and steer clear of radical redistribution programmes.

"One cannot strengthen the weak by weakening the strong or enrich the poor by simply impoverishing the rich," he said.

But the 58-year-old former finance minister warned the country's citizens that they would have to work hard to achieve their goals.

"We should not delude ourselves into thinking that this will be a smooth ride to prosperity," he said.

Mogae, shaded by an umbrella from the

hot morning sun, said he would immediately push ahead with the government's national economic plan.

"Our immediate and overriding priority is the vigorous implementation of these projects to create jobs and improve income distribution."

The elaborate ceremony included a military guard of honour, traditional songs of greeting by several choirs and a poem read by a man and woman in traditional leather outfits.

The crowd shouted the traditional rallying cry "pula, pula" (rain) several times during the ceremony.

Mogae replaced 72-year-old Mr Ketumile Masire, who stepped down on Tuesday after 18 years as president.

His last state appointment was a brief talk with visiting President Bill Clinton, who spent two days in Botswana during his six-nation African tour.

Also at the swearing-in ceremony was

Lady Ruth Khama, the widow of Botswana's revered first president, Sir Seretse Khama, and her son, Mr Ian Khama, who retired on Tuesday as army chief.

He has indicated he intends pursuing a career in politics.

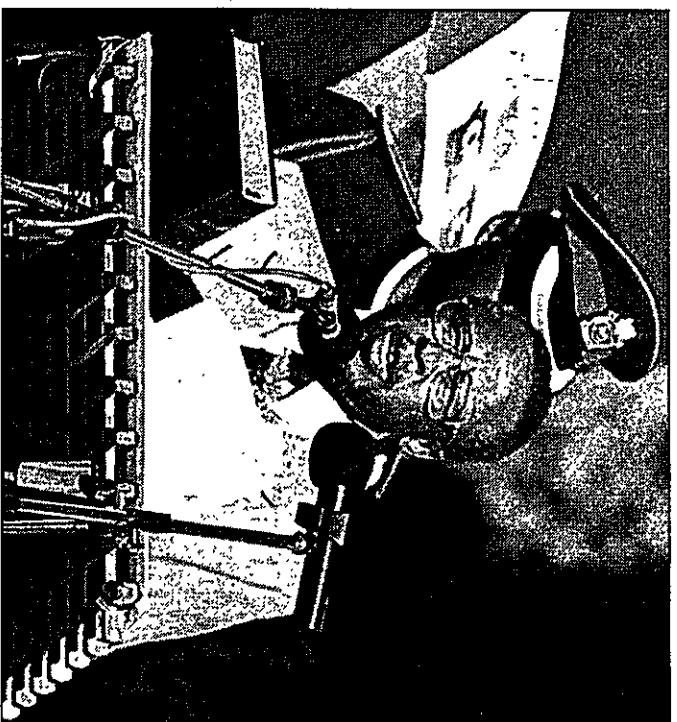
Among the guests was former Tanzanian president Mr Julius Nyerere.

Botswana's vast diamond wealth has made it the world's biggest producer in value terms, estimated at \$1.82 billion (about R9bn) last year.

Mogae is under pressure from opposition parties to spend more of the country's diamond-generated wealth on combating a 21% unemployment rate among its 1.57 million people.

Botswana has become an African democracy showcase, having resisted the then-fashionable one-party political system that swept the continent in the 1960s.

— Reuter



**TAKING THE OATH:** Botswana's President Festus Mogae recites the oath of office at the swearing-in ceremony in Gaborone yesterday. **PICTURE: AP**

# Botswana govt uses carrot and stick to get San to vacate land

People who ruled the country long before the Batswana arrived have been 'encouraged' to move from the Central Kalahari Game Reserve

**W**ith a little money in their pockets and a feeling of having been cheated, about 800 of Botswana's San people sit on a bleak, isolated stretch of desert. But, just maybe, President Bill Clinton's visit to Botswana this week may help to bring them home.

In recent months, a steady flow of San people have been moved out of the Central Kalahari Game Reserve to New Xade and another equally bleak settlement, where the government has promised "development".

Just days before Clinton arrived, Botswana's outgoing president Kenneth Masire met a coalition of San representatives, human rights and church groups who contend that the San have been effectively forced out of their ancestral home without adequate consultation and subsequently stonewalled by local officials.

A mere 50,000 in number, the San are the weakest, most destitute sliver of Botswana society even though they ruled the land centuries before the now dominant Batswana moved in. Large tracts of land are owned by white farmers, while major sections of the country have been allocated as tribal communal lands for other groups. Yet the San have no land of their own.

The Central Kalahari Game Reserve was set aside in 1961 under British rule as a game park in which San could live their traditional nomadic lifestyle. But since 1986 official policy has been to "encourage" San to leave the reserve, outside of which the San would be "developed".

Officially, human habitation is considered no longer compatible with wildlife. After years of relocations within the reserve, the government began more concrete encouragement last year.

San were promised goats, cattle, donkeys, ploughs and cash payments if they relocated. Of this, the cash and some ploughs have been delivered. If people opt to stay in the reserve, they were told that all



Ross Herbert,

**Africa correspondent for The Star**  
**Foreign Service, writes from New Xade in Botswana**

government services - schools, clinics, food and borehole water - and future "development" would be cut off.

On the face of it, such an exchange would appear simple: choose to join the outside system or remain in the traditional way unsupported. About 300 San remain in the central Kalahari. About 1,200 have left or have been moved in the past 18 months.

The government says everything was voluntary, but reports of intimidation led to charges of forced removal.

After visiting San who moved and those who stayed, I don't believe anyone was bodily forced, but it is clear the situation is far more complex.

All over the world, indigenous people have signed agreements ceding their land rights, mining rights and water rights for tiny amounts of money not fully appreciating the implications of the decision or bowing to pressure from a more powerful group.

Did the American Indians who sold Manhattan for a few dollars worth of glass beads understand the implications of the act? Was it a fair deal? The request for the San to

move comes after a century of discrimination and marginalisation of San by whites and blacks. San frequently retail stories of discrimination, general hostility as well as beatings, torture and castrations by wildlife rangers and soldiers, who accuse San of poaching.

Such accusations, outlined in a 1992 human rights report commissioned by the Botswana Christian Council, have not provoked a proper government investigation, only unrealistic comments that San - who fear the government and live hundreds of kilometres away from authorities - possessing evidence should bring it to the notice of the authorities.

Perhaps such stories are false, but the point is the San believe them and believe that the government will not brook disagreement. Hence the whole notion that the removals were voluntary is open to question.

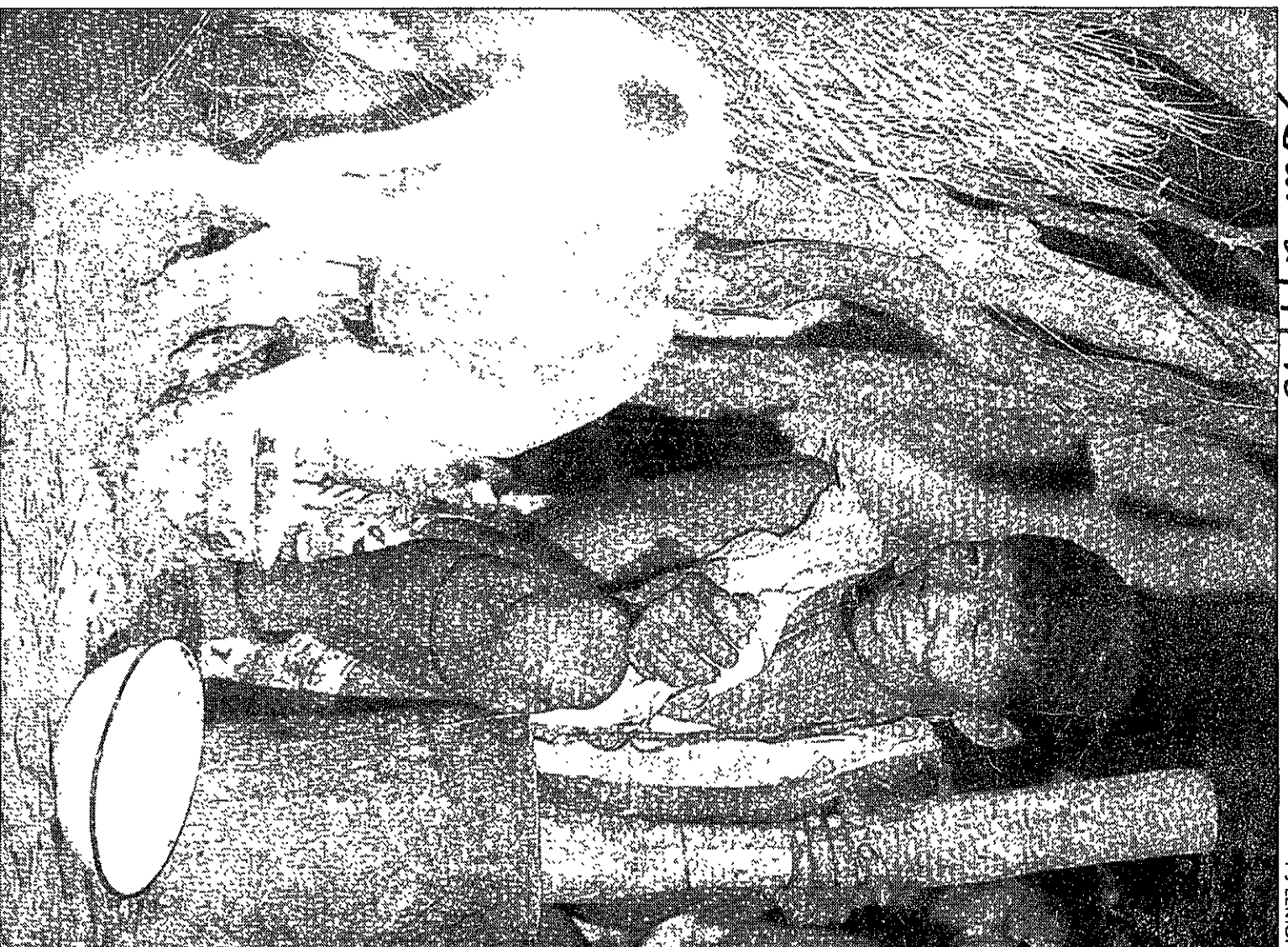
Although San have been promised development, in practice it translates into little more than welfare, schooling in someone else's language and perhaps a health clinic.

Botswana should be honest and acknowledge that it, like many other governments, has an extremely limited ability to uplift its citizens economically. It can dish out handouts and create government jobs, but it has little success creating a vibrant, sustainable economy for people who haven't even climbed on to the first rung of the economic ladder. That is not a fault of Botswana. South Africa and every other country in the region battles with the problem.

By promising development without assessing their capacity to deliver it, they are making false promises. What, I must ask, is the hurry to bustle people out of the Kalahari?

As I see it, the only viable activity for the region in the long run is tourism. Botswana has enjoyed a well-managed boom in tourism in the rich northern areas of the Okavango and Chobe and would

(1a) *Athaw 2/4/98*



T J LEMON

over San hunting and gathering. The problem is that the game were wiped out not by the San, but by government-installed fences designed to keep disease-bearing game away from cattle destined for export. The fences follow the arbitrary park boundary, drawn by the British, which prevented game from migrating to natural water sources just outside the park.

As a tourist, I enjoy visiting game parks and have been to many in Africa. The Botswana government doesn't seem to realise that the biggest attraction of the Kalahari is its people. Compared with Okavango, Chobe, Kruger or a dozen other well-developed parks, the Kalahari's hugely depleted wildlife populations have little appeal.

There are no facilities, no petrol, and deep sand, roads and tall grass that create high risks that vehicles will break down.

However, I would pay handsomely to stay in a camp to speak to knowledgeable San who could tell me about their environment, how they survive, how they track, what foods they eat and what they believe.

In short, there is great appeal in being able to feel what humans felt before we spent our lives in concrete cities.

It is true the San have a long way to go before they could deliver such a tourist experience. The San I spoke to understood that tourists would be interested in their traditional ways and would want to see traditional rather than modern houses, food and ways of life.

For the past 20 years, San culture has been unravelling as they have been bombarded by the outside world.

Clearly, the San are no longer pure hunter-gatherers. They have developed tastes for Western clothes, beer and tools. But they still retain an understanding of the wild that is priceless. Handled properly, tourism in the Kalahari could restore dignity and economic autonomy to the San while helping them to preserve valu-

**Traditional chores ... but the lifestyle of the San is beginning to change due to Western influence.**

The problem with the Kalahari is that its once vast herds of game have been depleted. Populations are 5 to 10% of their level 20 years ago. Desire for Kalahari tourism and depleted game populations have increased government concern

able aspects of their culture. Botswana has consulted the San over resettlement, but it was clear to me from many interviews that the San feel the move was unfair. Many will stay put but many are also planning to return to the Kalahari.

For months a group of non-governmental organisations representing the San unsuccessfully appealed to the government to revisit the issues surrounding the Kalahari. Masire met the groups last week and acknowledged the NGOs' role as representatives of the San and directed the ministry of local government and lands to hold talks with them.

The San negotiating team expressed optimism about the

**“ This is much more recognition than we have had before ”**

meeting. "There used to be a time when people who could not speak Setswana could not speak to government officials through interpreters.

"If you look at the history of Botswana's dealings with the San, this is a big step forward. This is much more recognition than we have ever had before," said Axel Thoma, co-ordinator at the Working Group for Indigenous Minorities of Southern Africa, which supports tribes in similar circumstances in six African countries.

The criticism of Botswana over the San has been fuelled by a wave of interest worldwide in indigenous people. That same interest could just as well be turned to advantage to build a humane and profitable tourism industry.



# Botswana's hot potato

(12) Semelan 2/4/98

**B**OTSWANA woke up yesterday to a new president, Festus Gontebanye Mogae, and a new commander of the Botswana Defence Force, Major-General Louis Fisher.

When president Ketumile Masire retired on Tuesday, Lieutenant General Ian Khama also handed over the reins of the country's armed forces to Fisher.

Since then talk has been that with Mogae taking over the presidency, Khama will be at the top of the list of candidates for the vice-presidency.

But, even more important for Botswana's 1.5 million people, is that the era of grassroots politics seems to be fading with the coming to office of one of the country's longest-surviving bureaucrats.

Fifty-eight-year-old Mogae, from the ruling Botswana Democratic Party, who was sworn in yesterday as president, has proved his determination to stand firm on matters of principle and has insisted on applying the necessary policies to achieve economic growth.

Mogae might not be a common sight in political circles, but the business world has known of his work for more than three decades. He can rightfully claim credit for the reconstruction of Botswana's economy.

Two years after Botswana's independence in 1966, he entered the civil service after graduating with a Bachelor of Arts degree in economics from Oxford University.

In 1970, while still a junior official in the ministry of finance and developing planning in Gaborone, the 31-year-old Mogae acquired a Masters degree in development economics from the University of Sussex. He moved fast up the ladder in the ministry, and assumed its highest post in 1975 as permanent secretary.

## Strongest currency

It was during this time that Botswana decided to let go of the South African rand and introduce its own currency, the pula – the strongest currency in Africa today.

During his stay with the finance ministry, Mogae went on to serve in several financial institutions in and outside the Botswana government.

In 1971, while working as a senior planning officer in the ministry, he was appointed an alternate governor for Botswana in three different bodies: the International Monetary Fund (IMF), the African Development Bank and the International Bank of Reconstruction and Development.

In 1976, he was seconded to the IMF in Washington as executive director for Anglophone Africa. When he returned to Botswana in 1980, he became the first local governor of the Bank of Botswana.

Newly sworn in president Festus Mogae has to fight not only for his political life but also for that of his party. **Pamela Dube** explains why ...

In 1982 he occupied the highest office in the land for a civil servant – that of permanent secretary to the president. It was while he was still in the office of the president that Masire co-opted him into parliament after the 1989 general election through a constitutional clause for specially nominated members.

On October 13 1989, Mogae shed his civil service jacket to start life in politics with his appointment as minister of finance and development planning.

Two years later, Masire reshuffled his cabinet and removed his long-time friend, the now late Peter Mmusi, as vice-president and rewarded Mogae with the second most powerful position in the land.

Yet although Mogae continued to excel in the world of finance – continuing to serve in the IMF and World Bank – his political life did not seem to get off the ground.

His appointment as vice-president was not universally welcomed in Botswana Democratic Party structures. When he became president yesterday, he was also appointed party president – the leader of a party that still considers him an outsider.

Officially Mogae only joined the party in 1989 when Masire dragged him along to parliament, and his rise to the top was in a way at the expense of the party old guard.

He faced the real politics of the party when, just before the 1994 elections, he went to the BDP conference and lost the party's deputy president position to his rival, Ponatshego Kedikilwe.

## Threat to Mogae

Kedikilwe, who served as minister of presidential affairs from 1992, was – and is – not the only threat to Mogae's rise to the top position. BDP stalwart Daniel Kwelegobe's ambitions for the presidency are also known.

Unlike both Mogae and Kedikilwe, Kwelegobe was long baptised into BDP politics, and has served as BDP general secretary for over a decade.



Botswana's former president Ketumile Masire.

Both Kedikilwe and Kwelegobe are known to lead rival camps. But the latter is the favourite of the BDP supporters and Mogae might find himself losing the presidency after a few years in office.

Analysts say if Mogae wants to survive, he must forget his stated intentions to appoint Khama the next vice-president and instead choose between Kedikilwe and Kwelegobe.

## Not only challenge

However, BDP internal politics are not the only challenge facing Mogae. Botswana is going through a difficult time and went through a recession in the 1990s. Unemployment is also rising.

Big business is slowly moving its base to the new democracies of South Africa and Namibia. As a result, the BDP fought for its political life recently.

For the first time in the history of independent Botswana, the BDP lost the election in urban areas like the capital Gaborone, Francistown, Selibe-Phikwe and Lobatse and in major villages like Kanye and Mochudi.

The socialist Botswana National Front could pose a significant opposition, and with new elections scheduled for next year, Mogae has to fight not only for his political life but also for that of his party.

# Botswana president sworn in

(12) Sowetan 2/4/98

**G**ABORONE — Mr Festus Mogae, sworn in as Botswana's president yesterday, has said he would promote private sector development, raise productivity and take "calculated risks" to protect one of Africa's strongest economies.

The former vice-president and finance minister was sworn in to lead the Southern African nation, diamond wealthy but still racked by poverty, at a colourful ceremony on the steps of parliament, watched by a cheering crowd of around 7,000 people.

It was unclear whether Mogae would name his cabinet yesterday or wait the 14 days allowed by the constitution.

Mogae (58) replaces the long-serving Sir Ketumile Masire, who stepped down at midnight on Tuesday in a smooth transition of power, a rare gesture in African politics. Masire (72) ruled Botswana for 18 years.

Mogae pledged to tackle Botswana's poverty and high unemployment.

"I pledge to continue to work to promote private sector development

and to engage constructively with the labour representatives to achieve poverty alleviation through employment creation," he said.

Despite its diamond-driven economy, Botswana has acute poverty problems and an official unemployment figure of 21 percent.

"We have to take calculated risks to ensure that we do not jeopardise the phenomenal development strides that we have already made in previous years of hard-earned gains," he said.

"Commitment to increase private sector participation in the economy, sustainable environmental management, population management and regional integration will be the pillars of economic policy."

Mogae urged an all-round improvement in productivity. "We cannot go very far unless productivity is improved throughout the economy at policy, management and operational levels."

This vast, drought-prone country has a population of only 1.5 million. — Sapa-AFP.

# Masire's exit: Was it so righteous?

Dawood Dithato

International tributes poured in this week for President Ketumile Masire of Botswana, who resigned this week before his term of office ended.

After 18 years as head of state, Masire ducked out of office as his party began to face the challenge of preparing for its toughest election battle next year.

The tributes cited the country's stable democracy, sound economy and Masire's "righteousness and magnanimity" which saw him resign despite the absence of constitutional barriers to remaining in office.

But his departure may have been less voluntary than due to an intensive campaign that ultimately forced him to resign in a hurry and as a bitter man, fed up with lawlessness and the ill-discipline of his lieutenants, who had become ungovernable and affected his ability to rule effectively.

Masire had found himself in an unenviable position — a victim of debilitating intra-party factionalism that has paralysed and torn the ruling Botswana Democratic Party (BDP) apart. The camps are led by the Minister of Foreign Affairs, General Mompoti Merafhe, and the Minister of Works, Transport and Telecommunications and BDP sec-

retary general, Daniel Kwelagobe.

Even more worrying for Masire was the dawning realisation that his ruling BDP may well lose next year's election to the opposition Botswana National Front.

The ruling party recently contracted the consultancy services of University of Pretoria academic Professor Laurie Schlemmer to revamp its tarnished image.

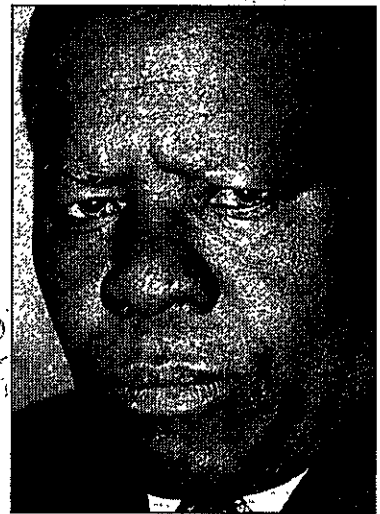
The editor of the leading weekly newspaper, *Mmegi/The Reporter*, said recently the months preceding the elections "will be a matter of life and death for the ruling party, confronted with a serious prospect of being so close to losing in three decades".

The BDP did not win the last elections in 1994 by a wide margin. The results marked considerable change in Botswana's politics, and the ruling party faces heavy odds during the elections in 1999.

University of Botswana lecturer in constitutional law, Key Dingake, says "there is a real possibility that the 1994 election tremor may produce an earthquake in 1999 and a new government will be born".

But election results alone do not tell the whole picture, neither do they explain the reasons for the BDP's dwindling electoral fortunes and its deep-seated troubles.

Research by the University of Botswana Democracy Research Pro-



Masire: Resigned this week

ject shows that the youth, workers, urban residents and better-educated citizens mostly support the opposition, while the relatively older, more conservative and rural people tend to support the ruling party.

The youth say the government's inferior education system limits their employment prospects. They are also unhappy about the government's refusal to lower the voting age below 21 years.

Masire's anxieties grew after a credibility crisis following the exposure of rampant corruption and mismanagement in government and parastatal organisations, seemingly sanctioned by government leaders and officials.

Kenneth Good, an associate professor of political science at the University of Botswana, says the state has been swindled of millions, sometimes with the connivance of ministers and senior government officials who award inflated government tenders.



#### NEW GENERATION

Festus Gontebanye Mogae inspects Botswana's guard of honour after being sworn in on Wednesday as the country's third president. Mogae replaces Ketumile Masire, who retired after serving as president for 18 years

PHOTO, AP

## New-style president for Botswana

DARREN SCHUETTLER

Gaborone — Festus Mogae, who was sworn in as Botswana's third president on Wednesday, is a new-style African leader committed to running his diamond-rich country like a business.

"I think governing nowadays is about economic management. A new generation of leaders ... is aware that delivering to our people is about improving their economic lot," he said.

Mogae, who is 58, pledged to keep the continent's oldest democracy on the free-market path that has made it an African success story and the envy of its neighbours.

"Employment is a priority for all our countries, whether it is Zimbabwe, Zambia, Uganda, Kenya, South Africa or Botswana," Mogae said.

Botswana, thanks to its diamond wealth, boasts huge foreign reserves and is one of the continent's fastest-growing economies. But it also

suffers from stubborn double-digit unemployment and a widening gap between rich and poor.

With elections due next year, opposition parties are pressing the government — which recently delivered its 16th surplus budget — to create more jobs.

The Botswana Gazette said in an editorial on Wednesday: "There is a totally unacceptable level of poverty in the country which, if left unaddressed, will threaten the basis of our democracy."

Mogae, who was previously Botswana's finance minister, promised to speed up the government's economic plan to create jobs by luring foreign investment. But he ruled out unsustainable spending.

"My own conviction is that we have as attractive package as you can find anywhere and we have to give it a chance to take effect."

In an attempt to reduce its dependence on diamond mining, which accounts for 75 percent of

annual exports, Botswana is using a package of low taxes, liberal exchange policies and a 3.5 billion pula (R4 billion) capital investment plan to lure foreign companies and jobs.

Mogae said the policies were paying off, with Korea's Hyundai recently opening a new plant near Gaborone and Sweden's Volvo also expected to build one.

"We expect in the region of 4 percent growth in employment," Mogae said of the recent fiscal year that ended on Tuesday. This was a rise from 1.5 percent growth the previous year.

Another growth area was Botswana's world-famous game parks, which Mogae said would be opened to more tourists but not at the expense of their fragile ecosystems.

Mogae strongly endorsed a US-Africa trade proposal that favours trade over aid, saying it would open markets for his trade-dependent country. — Reuters

(12)

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# Ian Khama's new job could help govt's unity

John Dlodlu

(12) DD 6/4/98  
THE nomination of Lt-Gen Ian Khama to the post of Botswana vice-president has triggered a major re-alignment of political forces in the country, with a new powerful alliance emerging within the ruling Botswana Democratic Party (BDP), say analysts.

Newly inaugurated President Festus Mogae completed his cabinet on Friday by proposing Khama, freshly retired Botswana army commander, as his vice-president.

However, in terms of the amended constitution Khama's nomination, already backed by the BDP's governing structures, will have to be voted upon by MPs. Khama, already a presidential affairs and administration minister, will also have to get a constituency.

It is understood the popular Khama, a Bangwato paramount chief by birth and son of Botswana's founding president Seretse, will fill a rural north seat to be vacated by one of BDP's MPs.

Khama's nomination was seen by some as a snub to newly appointed Finance Minister Ponatshego Kedikilwe, BDP chairman and leader of one of the two BDP factions. Kenneth Kotelo, of SA's Africa Institute, says Khama was selected because Mogae did not want to be associated with any of the factions.

This could be the first step towards

forging party unity ahead of next year's election, some analysts believe.

A Botswana observer says Khama, riding on his father's respected name, will strengthen Mogae's rather weak support within the crucial rural communities.

Last week, Mogae said that although the BDP factions were not policy-inspired, but the result of personality clashes, they could be damaging in the election.

Richard Cornwell, of the Midrand-based Institute of Security Studies, interviewed before Khama's nomination, said Khama's entry into politics was due, in part, to concern by his family that the Khama legacy was being betrayed by corruption within certain BDP elements and in government.

Mogae has denied these suggestions, saying today's African leaders are more concerned about corruption than their predecessors. Botswana has an anti-corruption directorate.

He has assured investors that he will not deviate from sound economic policies. Although expressing disappointment at the slow response of investors to government incentives, he said his administration would resist the temptation to "do more. There are no quick fixes," he said.

Botswana received a fillip when Volvo said it would assemble at least two of its models in the country.

# Botswana's Mogae hones political skills

**C**AN you imagine Eddie George, the governor of the Bank of England, entering politics? And then can you imagine him rising to become deputy prime minister of the UK and finally prime minister?

This might be a strange career path for a respected technocrat. But this is exactly the path that Festus Mogae, the new president of Botswana, has travelled, according to an old friend of his, Timothy Thahane, the SA Reserve Bank's deputy governor.

A former governor of the Bank of Botswana, Mogae is one of the new breed of African leaders who are skilled in technical disciplines.

Mogae, until recently the country's vice-president, last week became Botswana's third president, replacing his mentor, Ketumile Masire, who took early retirement, evidently to give Mogae time to build a support base ahead of next year's election.

Having served as executive director for Anglophone Africa at the International Monetary Fund, Mogae commands respect within the international financial and business community.

SA Reserve Bank governor Chris Stals, who chairs the central bank committee of the Southern African Development Community (SADC), said: "He has always supported us (governors) in the SADC with the (macroeconomic) discipline we want to apply."

Concerns have been raised about Mogae's lack of grassroots support in the crucial rural communities who have not benefited from Botswana's economic success with which he is closely associated. Unlike Masire, Mogae does not own a string of farms.

Some analysts doubt that he has the political clout to bring together factions within the ruling Botswana Democratic Party.

A personal friend of Mogae's said she wished that he could learn to be a "bit diplomatic" and modify his "no nonsense" tone. She said Mogae once singlehandedly took on his parliamentary colleagues, challenging them to repay loans owed to a troubled finance parastatal.

But the events of the past week may dispel concerns about Mogae's image as a political novice.

After his inauguration, he reshuffled his cabinet. In the shake up, he moved Pontshogo Ketikilewe, a Botswana Democratic Party faction leader, from presidential affairs minister to finance, and Daniel Kwelegobe, another faction leader, from public works to housing and local government. Observers said this would keep the two busy.

**Botswana's new president, Festus Mogae, has taken over a thriving country but his new job has its problems. Trade reporter John Dlodlu spoke to him**

In another shrewd move, he named Lt-Gen Ian Khama, the son of Botswana's founding president Seretse Khama as his vice-president. Barberi Mogae had appointed the popular Khama as presidential affairs and administration minister.

Richard Cornwall of the Institute of Security Studies, said Khama's entry into politics was prompted by growing concern within his family that the ruling party had allowed corruption to grow, especially in recent years.

Khama's move is seen as a bid to salvage the family legacy, Khama, who retired as army chief last week, commands strong support in Botswana thanks to his family's name.

By aligning himself with Khama, Mogae has effectively neutralised the two factions, which he sees as being caused by "personality clashes". He is now in

a better position to forge party unity, while Khama prepares to take over the reins some years hence, according to the Africa Institute's Kenneth Kotelo.

Since independence, vice-presidents have ended up in high office. Masire also served as a vice-president. According to an amended constitution, the president may serve only two terms so Khama will not have to wait long.

It is not clear how long Mogae intends to stay as president. He said in an interview that he hoped to win next year's election and remain as Botswana's president, but did not say for how long.

If parliament approves Khama's nomination, this will effectively concentrate power in the Mogae-Khama presidency. Among the crucial government agencies falling under their control will be the army (to which Khama has devoted most of his adult life), broad-

casting (with which Khama has crossed paths in the past), and the public service.

It is tempting to envy Mogae's position. He is taking over a thriving economy — inflation is falling (9.6% in December 1996 and 7.8% last December); the economy is growing at a satisfactory rate (6.9% in 1996/97); and the foreign exchange reserves are looking healthy (they grew 14% to \$5.7bn last year on 1996 figures, providing for 30 months' import cover).

For a country the size of Botswana, this is nothing short of a miracle. Mogae, a graduate of Oxford and Sussex universities, does not think "miracle" is the word. He prefers a more modest "we have not done too badly".

Despite a considerable achievement in economic management, which contrasts markedly with the performance of other African governments such as Nigeria's,

(12) PD 7/4/98

the new leadership faces some difficult challenges.

Mogae said the main challenge was that of development, notably in terms of raising living standards and improving income distribution. Like other SADC countries, Botswana also faces the challenge of job creation. Joblessness is officially estimated at 21%; but one observer believes it could be as high as 30%.

The situation is made even bleaker by retrenchments in SA's mines. Between first quarters of 1996 and last year, the number of Botswana employed in SA mines fell 2.4% to 12 815.

Mogae said the government planned measures to encourage job creation and self employment. These include financial assistance for manufacturing businesses as well as the public sector capital expenditure programme which seeks to shore up infrastructure

development. What might also help in creating employment is a stronger link between the country's mining sector and downstream industries as well as the inflow of foreign direct investment.

Mogae acknowledges that the diamond sector, which generates the bulk of the country's revenue, is not labour intensive.

But the sector remains important as it is used as a cash cow to support social programmes and government's generous package of investment incentives, including tax holidays, investment grants and subsidies for unskilled wages.

Although a "little disappointed" at the slow response of investors to the sweeteners, Mogae said the measures were adequate and a temptation to do more should be resisted.

For the time being, these incentives had to be marketed aggressively. An assessment of the efficacy of these instruments should only be done during a midterm review in two years' time, he said.

He stressed that he would not change the sound economic policies of the government. Although Mogae, who is said to be a team player, describes Botswana's relations with its SADC neighbours as "excellent", there are constant headaches he will have to deal with.

One of those headaches involves neighbouring Namibia with which Gaborone has an outstanding dispute over the Sedudu Island. The case is now under consideration by the International Court of Justice.

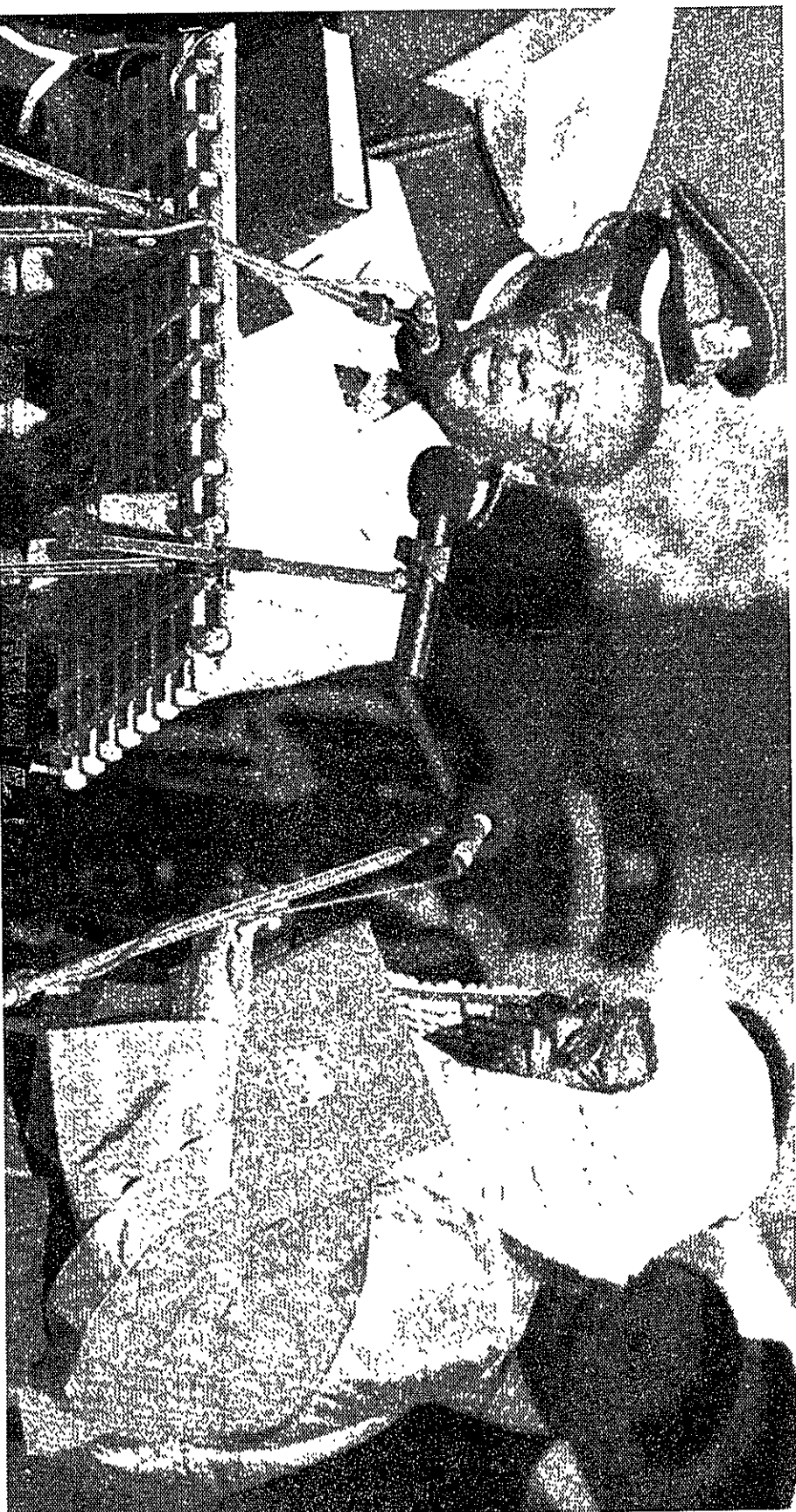
What makes Namibia stand out is the undiplomatic nature of its political hierarchy. When there is a disagreement with Pretoria or Gaborone, Windhoek ministers are not shy to settle it in public meetings or in the media. "I think it's a pity they prefer to go to the international press before speaking to us", said Mogae.

The Sedudu Island dispute has, at times, threatened to plunge Botswana's relations with Sam Nujoma's ruling Swapo to an historic low.

However, Mogae rules out conflict with Namibia, pointing out that Botswana cannot suddenly sabotage Swapo which it supported during the party's long struggle for independence.

By all accounts, Mogae's prospects of brighter future with Ian Khama on his side.

However, he would do well to consider honing his diplomatic skills while Botswana's central bank prepares to put his face on the pula, the country's currency.



Newly elected Botswana President Festus Mogae, left, is sworn in by Chief Justice Nganunu.

Picture: AP

# Botswana moves against corruption and charges 196

(12) 100 8/4/98  
John Dluolu

NEARLY 200 people have been charged in Botswana as the country's anticorruption agency moves to clamp down on corruption.

Interviewed at the weekend, Tymon Katlholo, head of the directorate on corruption and economic crime, said the directorate had investigated about 1 400 of the 4 000 cases it had received. Of these, 196 had led to charges being laid.

He said the corrupt practices were both in the private and public sectors. They included state procurement and fraudulent licences. The cases involved "substantial" amounts of money.

In 1995, the directorate recovered 7-million pula by seizing the proceeds of corruption. "A majority of cases involve petty corruption such as someone failing to pass a driver's (licence) test and finding a way around it," he said.

There had also been major cases. "We have been able to extradite people from the UK," he said, adding that further extraditions were being explored.

Most of the cases also predated the establishment of the unit.

The directorate was formed in 1994 amid signs that the country's image was being tarnished by cases of corruption.

Newly inaugurated President of Botswana, Festus Mogae, has denied suggestions that African governments are being soft on corruption.

He said in an interview that today's African leaders were more concerned about fighting corruption than their predecessors. Apart from the directorate, Mogae pointed to the country's "combative press" and the Botswana as safeguards against corruption.

The directorate worked closely with the police.

A survey showed that people on the ground were not aware of the directorate's work, although senior officials were.

The directorate — staffed by professionals with accounting, police and customs investigations backgrounds — was established to support other agencies such as those of the attorney-general and the parliamentary system.

Although the directorate was a government department, Katlholo said he could not complain about the unit's autonomy being threatened by attempted cover-ups by government officials.

# Mogae vows to follow in Masire's footsteps

*President puts focus on economy*

Gaborone – Botswana's new president, Festus Mogae, promises his priorities will be the same as those of retired president, Sir Ketumile Masire.

Mr Mogae was sworn in on April 1 as Botswana's third president since the country attained independence from Britain in 1966.

The new president described himself as a member of a new breed of African leaders who were aware of the importance of economic management.

"Political governance nowadays is about economic management," he said.

"The new generation of leaders, people like President Museveni (Uganda), President Mandela and Thabo Mbeki are aware that delivering to our people is about improving their economic lot."

The Botswana would notice differences of style in government,

but no dramatic switch in policy.

"Differences in our style and temperament are bound to be reflected in differences in our approaches, but strategically and technically we believe in the same sort of things," he said of himself and Sir Ketumile.

"After all, I was a senior member of the cabinet, taking part in policy formulation, and headed a ministry which was expected to take a leading role in economic policy."

Private investment, foreign and domestic, was central to Botswana's further development, but he considered the policies that had been put in place over the past few years to encourage investment were sufficient for now.

There were unlikely to be any immediate fresh initiatives.

"You can never do everything, but my own conviction is that we

have as attractive a package as you can find anywhere," said Mr Mogae. Unemployment figures were dropping as a result of an upturn in the economy.

"For calendar 1997, economic growth was about 6.9%, but unemployment reduced by only 1.5%."

He was looking for a balance between economic prudence and entrepreneurial development.

"Botswana has fiscal strength, but that is not to say we should close our minds to new ideas and that we can afford to do everything the way we have always done it.

"On the other hand, we cannot afford to throw caution to the winds, so I am asking for a balance."

Mr Mogae has 18 months to the next election, in which time he has to consolidate his position as the Botswana Democratic Party's presidential nominee. – Sapa

ARLT 8/4/98

(12)



# Masire's extra golden handshake

**Dawood Dithato**

**W**hen Sir Ketumile Masire retired last week, the bitter pill of leaving

Botswana's highest office after 18 years was considerably sweated.

The size of the former president's retirement package comes as another indication that his departure from public life was not the magnanimous gesture it was widely heralded to be, but a negotiated exit under pressure from his fractious Botswana Democratic Party.

The highly controversial package ensures that Masire will not have to compromise the high standard of living to which he has grown accustomed.

Details emerged last month when the government published the President Pensions and Retirement Benefits Bill.

In it, Botswana's Parliament has been asked to approve a tax-free monthly pension equivalent to Masire's salary on leaving office, or 80% of the incumbent president's salary — whichever is the greater sum.

**M**asire's safety will be assured by government security officers, the number determined by himself.

Two drivers, a private secretary, a secretary and an office attendant, all paid for by the taxpayer, will also be at his disposal. He will be free to use the personnel in conducting personal business.

Also to be provided at state expense is a fully furnished office complete with a telephone, a computer "and other office equipment as may be determined by the president".

In addition, three vehicles are thrown in: a Mercedes Benz sedan, a four-wheel drive station wagon and a bakkie.

There are strong indications that proponents of the Bill will also seek to include a furnished residential house to be included as part of the overall package, even though the former president is known to have amassed wealth and property including dozens of residential houses in Gaborone.

The furnished residential house in Gaborone is to include two maids and a gardener.

Medical insurance will also be provided for the former president and his wife. Masire will further

enjoy first class air and rail travel within Botswana, as well as up to four long-distance trips a year flying first class on international airlines.

These benefits also extend to his spouse. The couple will also be entitled to a *per diem* when they embark on these private trips.

According to the Bill, Masire's benefits will only cease upon his natural death — or if he is sentenced to death or a term of imprisonment. The package has raised concern that it sets a bad precedent.

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in a country where the majority of workers do not enjoy pension benefits. No justification has been forthcoming from the authorities.

# Botswana parastatal's sale of firms on hold

(12) 0015/4/98

John Dlodlu

THE Botswana Development Corporation (BDC), a state-owned company with a string of investments in industrial firms, has decided to slow its sell-off programme as it prepares some of its less attractive investments for disposal.

In its latest annual report, the 27-year-old BDC says it has sold 21 companies out of the 35 initially earmarked for sale. In the process, the parastatal has raised 309-million pula.

Since the decision to slow down the pace of divestment, as the sales are called, it has negotiated and finalised the sale of only two companies for 1,1-million pula.

The decision to halt the sales,

at least for now, was taken after a realisation that "most of the large, profitable companies have been sold and only small ones remain".

Most of the remaining ones still need either further "nurturing and or restructuring" to make them profitable and attractive to private investors.

Also complicating these disposals of BDC interests in these firms is the fact that the corporation is a minority shareholder.

Started in 1994, the divestment initiative was a key component of the government's strategy to empower the Batswana. By selling stakes, the corporation has contributed to the promotion of competition and efficiency.

BDC partners include foreign investors, including SA retailers,

tourism operators, insurers and cement firms. The decision to suspend the divestment programme comes as the government is preparing the path for reducing its involvement in the economy.

Newly inaugurated President Festus Mogae has said privatisation could begin before year-end. The government has appointed an advisory task team on privatisation and "citizen empowerment", with a report due by mid year.

Mogae has stressed privatisation will not be pursued for "its own sake, or because it is fashionable elsewhere". However, Botswana industry observers believe that citizen empowerment will be the main requirement if the government does decide to go ahead with privatisation.

# IMF urges Botswana to accelerate sale of state

Simon Barber

WASHINGTON — The International Monetary Fund (IMF) is urging Botswana's authorities to privatise state enterprises "more vigorously" and to reduce the economy's heavy reliance on diamonds, which account for 30% of the country's gross domestic product (GDP) and two-thirds of government revenue.

Greater diversification was needed not only to ease the economy's "vulnerability" — both GDP and revenues were expected to be hit this year by shrunken demand in crisis-bound east Asia — but also to promote formal job growth.

The latter has been running at an anaemic 1% a year, resulting in a 20% un-

employment rate, according to the fund.

A summary of this advice, given privately by the IMF's board in March, was published last week in line with the institution's policy to open member economies to greater public scrutiny.

Broadly, the board found little to complain about. Botswana's fiscal surplus in the 1997/98 fiscal year was equivalent to 6.6% of GDP.

By the end of last year, its foreign reserves had reached \$5.7bn, enough to cover more than three years of imports. There were no complaints about the government's exchange rate policies, and applause for the steps it had taken to liberalise the current and capital accounts. Directors, representing the fund's

membership, were however uneasy about the government's latest spending plans given that reduced income from diamonds looked likely to reduce the budget surplus to 1% of GDP this year.

According to the summary, they "encouraged the authorities to tighten the fiscal stance so as to preserve macroeconomic stability. In this respect, they stressed the recent and projected growth in government expenditure, while helpful in easing some key structural bottlenecks in the economy, ran the danger of providing an excessive fiscal stimulus."

The board felt the government might be trying to pump too much money too fast into development projects, and that this should be avoided because of the

economy's "limited absorptive capacity". In the longer term, the government needed to reduce its fiscal dependence on the diamond sector and trade-related taxes, and look more to sales taxes and ultimately a value-added tax.

The board said the government's current five-year plan, up to 2003, called for more internationally competitive through "rationalising and downsizing, privatisation and productivity improvements".

Directors urged a greater focus on the privatisation aspect, "particularly in areas that would reduce reliance on budgetary resources".

While the government's monetary stance was "appropriate", the board

thought it was relying too heavily on Bank of Botswana certificates to absorb excess liquidity in financial markets. On exchange rate policy, the board approved of the pegging of the pula to a basket of currencies, but said authorities ought to make the composition of the basket transparent.

IMF staff project Botswana's GDP growth at 3.5% this year, down from 4.2% last year and 6.3% in 1996, with inflation continuing downward to 7.6%.

Despite the effect of the Asian crisis on diamond sales, exports were expected to increase to more than \$3bn, which would push the current account surplus to \$813m or 16% on GDP and gross official reserves to \$6.2bn.

firm

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*World Bank says Asian tigers come second*

# Botswana the world's fastest growth economy

THABO LESHILO

BUSINESS EDITOR

Johannesburg — Botswana, rather than the Asian tigers, had the world's fastest-growing economy between 1965 and 1996, says the World Bank in its latest World Development Indicators 1998, released yesterday in Washington, DC.

Eric Swanson of the bank's development data group said the report showed Botswana's income a head had grown 9.2 percent during the 31-year period, compared with 7.3 percent for South Korea, the second fastest performer. China was third at 6.7 percent.

Swanson said the figures were statistical averages of the countries' annual growth over the period. The bank does not have figures prior to the period under review. Botswana's gross national product (GNP) grew by 13 percent over the period.

Tony Twine, a senior economist at Econometrix, said the growth might be faster in percentage terms but "not as impressive in absolute values" as low growth off a higher base.

He said all the bases used in studies for Africa were "very tiny". This factor, plus distortions in wealth distribution in both Africa and Asia, "are so

massive that the bald comparison of the growth rate may lead to conclusions that are not really warranted because of the complexity of the underlying circumstances", Twine said.

The bank predicts that growth in developing countries would continue until the end of the century, rebounding from the temporary setback of the Asian financial crisis. This prediction depended on the success of key reforms effected in response to the crisis.

"Developing countries, excluding those in eastern Europe and the former Soviet Union, generally saw their GDP increase by more than 5 percent, while in South Asia, potentially the next region poised for economic takeoff, the region's economy grew by more than 6 percent despite slow growth in India and Pakistan," the bank says.

The bank says low- and middle-income countries significantly exceeded their long-term growth rates in 1995-96. Low-income countries grew at an average 8 percent in 1995-96, compared with 5.3 percent from 1965-96.

The rates for middle-income countries were 3.7 percent in 1995-96 and 3.3 percent from 1965-96. In sub-Saharan Africa, annual growth averaged 2.7 percent and increased to 4.8 percent for the respective periods.

students studying engineering and technology at technicians,

# Masire's pension plan angers the opposition

**GABORONE**—The generous package offered to Sir Ketumile Masire when he retired as president at the end of March, after ruling Botswana since 1980, was harshly criticised by the opposition.

Parliament passed a bill which provided for the payment of pensions and other retirement benefits to the former president. According to the bill, any person who had been president would be entitled to a tax-free monthly pension equivalent to his old salary or 80% of the incumbent president's salary.

It also stipulated that the former president would be provided with staff, including security officers, two drivers, one secretary and one attendant. He would be given a fully equipped office, a furnished residential house in Gaborone, two maids and one gardener. He and his spouse would be covered by medical insurance and he would be entitled to a maximum of four first-class international flights a year.

The former president would have a luxury sedan, a four-wheel drive station wagon and a pick-up van, all of which would be permanently at his disposal. The newly appointed minister of finance and development planning, Ponatshego Kedikilwe, said the government would spend about 25 000 pulas a month on the ex-president, including staff salaries and costs of utilities, but excluding rental for his house and office, fuel and vehicle maintenance.

Opposition politician Themba Joina described the package as extravagant and pointed out that the government had said there was no money when asked to increase the allowances of old-age pensioners.

Other opposition politicians said it was unheard of for a retired president to earn the same as, or more than, he had while in office. Kedikilwe said the package was meant to enhance the sustenance and up-keep of retired presidents who should be respected. —AIA

# Hyundai workers cry foul over retrenchments

Rachel Molewa

100 19/5/98

(13)

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GABORONE — Workers at Botswana's Hyundai Motor Distributors, which assembles Hyundai cars, presented a petition to government last week about impending retrenchments at the company.

Employees say they learnt of the possibility of retrenchments from media reports, after the company's GM Jannie Viljoen was interviewed by a local newspaper.

The employees say they were told about retrenchments only after the interview. The company says workers were told repeatedly there would be retrenchments.

The company will be "downsizing" once all operations at the semi-knocked-down plant are finally phased out next year and the new completely knocked-down plant is fully operational. Hyundai cars will then be produced at the new plant.

From next year, Volvo cars will be assembled at the same plant. Management says the new plant requires more skilled and more qualified personnel than workers currently employed.

Hyundai has about 500 employees and the Motor Company of Botswana, which was set to replace Hyundai Motor Distributors (HMD), has about 300.

In the petition, HMD's employees say management wrote them letters informing them of the retrenchments and, three days later, urged the employees "to apply for voluntary retirement within an additional 10 days".

They say management came up with the "decision to retrench staff without any consultation with staff or their representatives". The workers want to know why HMD management considers them unskilled when, for the past four years, they have assembled vehicles without any complaints about their skill level.

The workers say that at the end of last year HMD CEO Bryan Simms reiterated the company's position that there would be no redundancies as a result of the opening of the new plant.

This was said during a meeting with supervisors and management. The firm says workers were told repeatedly there would be retrenchments. They were told also of the criteria required of workers at the new plant.

## Debswana to fund research

(1a) DD 21/5/98  
 GABORONE — Debswana, the fifty-fifty partnership between De Beers and the Botswana government that mines and markets the country's diamonds, is to fund a 900 000 pula environmental project in the Okavango Delta.

The project will be conducted jointly by the University of the Free State and the University of the North in SA and the University of Botswana.

It will identify and monitor the changing pattern of parasitic infections on the declining fish stock of the delta, believed to have been caused by human activity.

"Freshwater fish that have managed to survive for 400-million years are now under threat," Free State university professor and project leader Joe van As said at the launch of the project on Monday.

"The parasites pose no threat until disturbed by changes in their en-

vironment. They cannot be ruled out as a factor in the dramatic decline of fish stock in the delta." The project could also provide guidelines on tourism development, Van As said.

"The parasites are an ecological black box. They will provide information on the human impact on the environment. We will come up with a pool of data on which management (of the delta) can be based."

Debswana MD Louis Nchindo said unravelling the mysteries of the Okavango would play an important role in the development of tourism in Botswana.

Nchindo said that since 1971 the De Beers group had spent 35-million pula on environmental programmes and was continuing to spend 2-million pula a year. He said the group did business to make profit, but was also committed to improving the lives of the people in the countries in which it operated. — Sapa.

# Public service salary increases could lead to deficit

GABORONE — The Bank of Botswana warned yesterday of the dangers of increasing salaries in the public sector and said the government budget could slide into deficit.

"Growth in government revenues has been slowing over recent years and Botswana could move into a fiscal deficit position after 15 years of surpluses," officials said at a preliminary presentation of the central bank's results for last year.

The budget surplus for 1998/99 was forecast to fall to 2,5% of gross domestic product, even before accounting for pay awards which have yet to be announced. The surplus fell to 15% in 1997/98 from 17,5% in 1996/97.

Commenting on the pay review, the bank said the government could afford to pay its employees more, but questioned whether this was the correct policy.

"Government pay awards will put pressure on private sector employers to follow suit," officials said.

"The February budget speech urged wage restraint (for Botswana) to remain competitive and support the policy to develop export-led manufacturing industry."

While the bank was not against increased wages and salaries, it would work to link these to improvements in productivity. Bank officials said Botswana's monetary

policy last year had continued to focus on maintaining positive real interest rates.

"Rates comparable to those in the US and the UK were achieved," they said. "In SA, rates were higher owing to a stiff anti-inflationary policy."

In Botswana, a decline in inflation had enabled a cut in the bank rate to 12,5% from 13,0% last February. This was followed by a further half a percentage point cut to 12% in January this year.

"Outstanding Bank of Botswana Certificates (an instrument for absorbing excess liquidity) were up over the year to 3.300-million pula from 2.200 million," the governor said.

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# Investec helps to set up new bank in Botswana

MO 9/6/98 (12)

John Dlu...lu

SA BANK Investec has linked up with the Botswana Development Corporation to set up the country's first merchant bank, say officials of the two institutions.

The new bank, to be formed this month, would play a vital role in the country's plans to become an international financial services centre, Boitumelo Molefhe, the corporation's public relations officer, said yesterday.

Kumbulani Munamati, an Investec official spearheading the latest drive into Botswana, said the plans were part of Investec's strategy to extend its products to Botswana.

As in SA, the target market was lending to professional groups and high net worth individuals.

In terms of the deal, Investec would hold a majority stake, allowing it to bring technical expertise to the proposed holding company in which the Botswana parastatal would hold 25% worth 6-million pula.

Molefhe said the bank would initially have three subsidiaries: asset management; stock brokerage; and treasury and corporate finance. "What we won't be doing is retail banking," Munamati said. The partners had applied for a banking licence from the central bank.

Investec's asset management and security services, established in 1995, would be transferred into the new holding company, said Munamati.

He said the Botswana plans signified an investment of note by the group in Africa. The holding company was expected to be headed by an executive from the Johannesburg headquarters of Investec, while Munamati would head the bank.

The new stock broker would be the second after Stockbrokers Botswana, initially set up by the development corporation.

Molefhe said it was the corporation's policy to have a minority interest in corporations.

Last year, Investec lead managed the issue of the first corporate bond by the development corporation. The 50-million pula issue was oversubscribed, said Munamati.

"We will continue to help parastatals and private groups to raise finance," he said.

Meanwhile, the development corporation had hired ICC of Ireland to assist in plans to turn the country into a financial services centre, modelled along the Dublin centre, said Molefhe.

The Irish group would help develop financial products and to build an institutional and regulatory framework to underpin these aims.

## Botswana's bourse activity grows

GABORONE — Domestic activity on the Botswana Stock Exchange has increased over the year to the end of May with average monthly trade up to 0,87% of market capitalisation against 0,74% for the same period last year — an increase of 17,58%.

Botswana Stock Exchange statistics show the value traded this year to

May was 114,98-million pula — 53,92% of total trade in 1997 total trade. Domestic market capitalisation at the May close was 3163,46-million pula.

The domestic index closed at 959,66 and has added 35,45% this year. Over 12 months it has gained 98,5% — Sapa.

120 3/6/98 (12)

Central bank will be watching how South Africa deals with its currency's woes

# Botswana to stick with its rand peg

BARRY BAXTER

Gaborone — Botswana's central bank saw no need to pull the plug on its currency peg to the troubled rand, it said yesterday.

The Botswana pula is pegged to a basket of six currencies. The central bank would not give details, but market sources say the rand comprises 60 percent of the basket's weight.

"As the South African central bank is taking action, it is not

necessary to change our policy," said Baleledi Gaolathe, the Botswana central bank governor.

"But we are watching what South Africa is doing."

The pula has lost 10 percent against the dollar over the past 12 months while remaining in a 3 percent range against the rand.

Gaolathe said the central bank's policy was to keep the pula rand in a tight range to protect Botswana's non-diamond exports, of which more than

80 percent go to South Africa.

Equity dealers fear that the rand's woes could spill over to Botswana's fledgling share market, which has so far avoided the storm blowing over emerging markets.

The Botswana bourse index dipped only 0.32 percent last week. It has added over 35 percent so far this year, after more than doubling last year.

"It is likely that the continuing turmoil in the rand will affect

the Botswana stock exchange," said Rupert McCammon, the chief executive of Stockbrokers Botswana.

"The market is likely to come off in the short term. There could be increased offloading of stocks ... I think we are starting to see that already."

Other dealers said Botswanan investors were getting nervous, but most were in for the long term. The actual damage to longer-term foreign investor

confidence would depend on the extent of any further fall of the rand, and thus the pula.

"Botswana is relatively crime-free and politically stable ... and an exchange rate that does not fluctuate, that much is an added incentive," McCammon said.

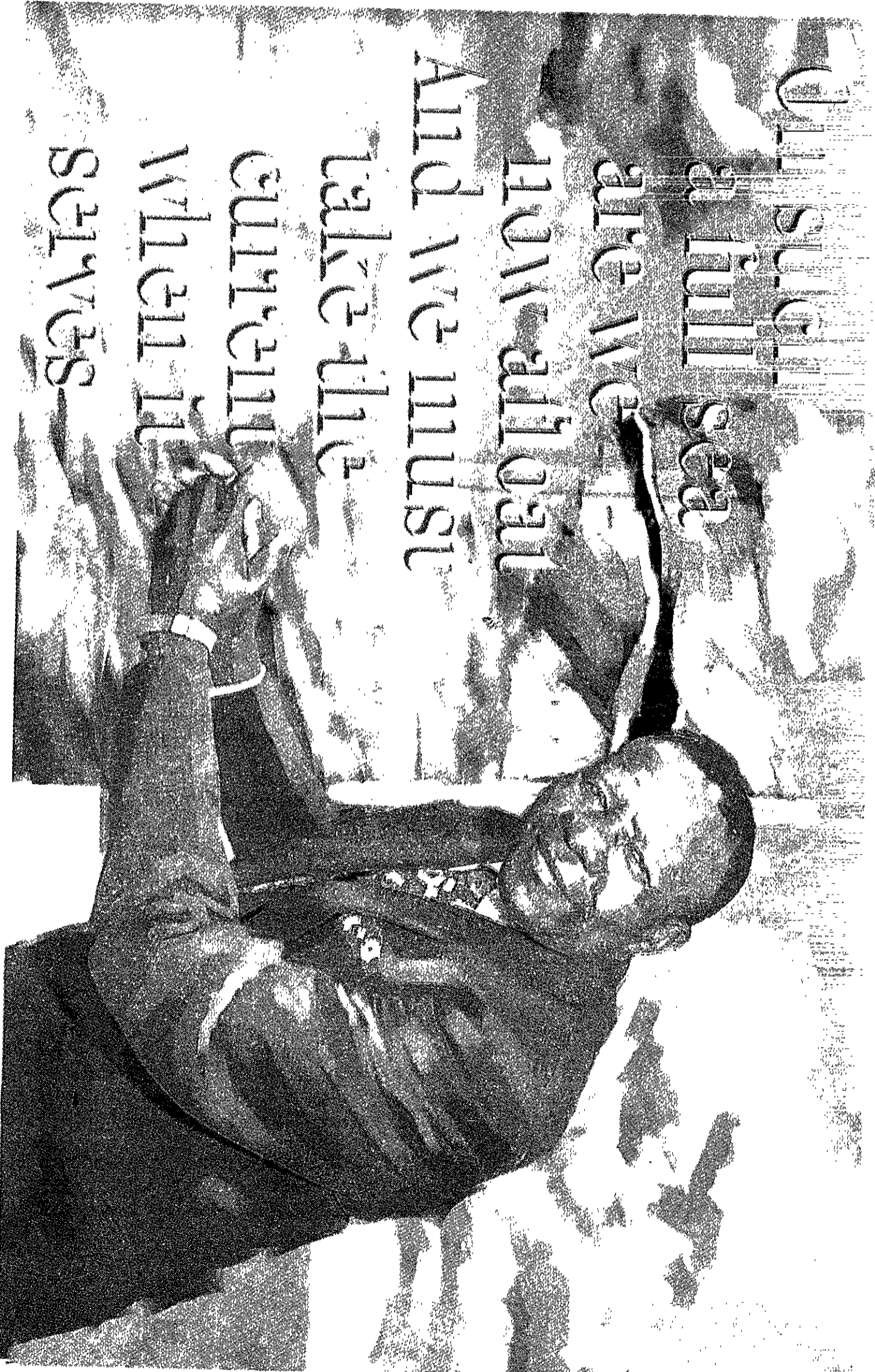
But Martin Makgathhe of Investec said yesterday: "We are getting close to the point where the investors will forget the underlying strength of our economy." Reuters

CT(MA) 4/6/98 (1a)

# Uncaging Africa's tiger (12)

ST 7/6/98

After 18 years at the helm of Southern Africa's most successful democracy, Botswana's retired president Sir Ketumile Masire stepped down earlier this year. RAY HARTLEY spoke to him about his country's economic miracle



**F**ORMER Botswana president Sir Ketumile Masire remembers a time when his country was rated among the world's 25 poorest nations.

Landlocked, with much of it a barren desert and with a sparse, uneducated population, Botswana seemed about to become, to use the well-worn phrase, an African basket case after it achieved independence from Britain in 1966.

In March this year, when he stepped down after 32 years in office and 18 as president, Botswana had been transformed into Southern Africa's economic success story. With decades of sustained growth and foreign reserves of \$4.5-billion (about R22.5-billion), Botswana is one of Africa's richest countries.

Masire's predecessor, the charismatic Sir Seretse Khama, had two things on his side — the political will to pursue unfashionable economic policies and a vast reservoir of unexploited mineral reserves, particularly diamonds. Retired for two months and sitting back in an armchair in a Cape Town hotel this week, Masire quotes Brutus in Shakespeare's *Julius Caesar* to explain Botswana's philosophy of taking opportunities as they arise.

*There is a tide in the affairs of men/Which taken at the flood, leads on to fortune/Onitted, all the voyage of their life/Is bound in shallows and in miseries/On such a full sea are we now afloat/And*

*we must take the current when it serves/Or lose our ventures."*

Masire, then both Khama's deputy and finance minister, drove through a simple policy prescription which he spells out in one sentence: "We decided we should open the country to investors, so we cut the country up into areas and generously gave out exploitation concessions."

Even with the advantage of hindsight, these words from a post-independence African statesman are far-seeing.

Further north, in Zambia and Tanzania and later in Angola, Mozambique and Zimbabwe, independence had brought nationalisation and an inward-looking socialism that treated foreign capital as a menace and a threat to national sovereignty.

But in Botswana, companies such as South Africa's diamond monopoly, De Beers, could not resist the temptation to invest.

They were allowed to enter the country and search for minerals free of constraint and even had their exploitation costs written off by Botswana's government. In 1975, the country had given up the South African rand for its own currency, the pula, and began to build up its foreign reserves.

Masire's main adversary was the then South African Minister of Finance, Nico Diederichs, who was determined to stifle economic competition from his neighbours. Searching for a description of Diederichs, Masire comes

up with "a hard man".  
"He was a difficult man to deal with. He said he didn't want little Hong Kongs around South Africa."  
The same pragmatism that Botswana applied to its economic prescriptions, it applied to the servants it inherited from the British.

"The temptation among our people was to kick them out. We said no — we made sure we didn't do anything dramatic. We knew that, even if we moved against the worst of them, the good ones would feel insecure and would be the first to leave."

Is there a lesson in this for modern South Africa? Masire laughs. "South Africa is our friend," he says.

By 1980, when Masire became president, foreign firms had

found and begun exploiting three diamond mines and the country was on the road to economic growth, although it found itself surrounded by countries seething with social experimentation and its consequences.

To the south, P W Botha and his security state mounted cross-border raids, killing ANC operatives and civilians on Botswana's soil. To the east, the then Rhodesian army mounted armed incursions into Botswana. When Ian Smith's regime was routed, the civil war between Zimbabwe's new president, Robert Mugabe, and Joshua Nkomo saw refugees stream across the border. To the north, Zambia stumbled into its third decade of one-party rule with mounting poverty and a collapsed copper industry threatening its stability.

There was, says Masire, pressure from African states for Botswana to abandon its new market economy in favour of socialism. Botswana, lacking military and economic power, chose to avoid the policy debate.

"We were Africa's only liberal party in government — the only party not tied to 'isms'. We realised they were wrong, but we also knew we were not strong enough economically or politically to teach anyone a lesson."

Instead, his country quietly stood its ground, becoming a haven of stability with an established reputation among international investors.

The government created two distinct funds — a Public Debt Service Fund, which was dedicated to paying back loans, and a Domestic Development Fund to

finance infrastructure that would encourage investment.

In 1984, Botswana became Southern Africa's first true multi-party democracy. Masire was elected president, as he would be in two subsequent elections.

Recognising that the economy's dependence on mineral exploitation exposed it to the vagaries of international markets, Masire sought to expand its manufacturing base.

A capital grant scheme was introduced in terms of which the Botswana government identifies investments it wants to encourage and offers a generous five-year wage subsidy. These industries are paid 80 percent of their wage bill for two years, 60 percent for another two years and 40 percent of the bill for one year.

The result has been investments by firms such as Hyundai, which builds cars in Botswana largely for the South African market. This investment led to an economic cross-border skirmish with South Africa's notoriously protective auto industry.

"They were dead opposed to saying nothing should happen on the periphery," he says.

Unimpressed with South African Finance Minister Trevor Manuel's failure to take Botswana's side, Masire issued an icy message. "Manuel didn't like it when we said that, in South Africa, the tail was wagging the dog," Masire recalls.

Botswana and South Africa have settled their differences. Masire says: "We are on the same wavelength."

Last year, as he readied himself for retirement, Masire rose again to spell out an economic vision for his country as an African "Asian tiger".

Among the targets are 12 years of education for each child with at least one university graduate per family and what Masire calls "smart partnerships" between the civil service, the private sector, labour and political leaders.

Growth targets are an ambitious eight percent per annum. Is Masire hoping for too much from the country he describes as Africa's "island of sanity"?

Masire searches for a phrase to capture his 32-year struggle to bring prosperity to his desert nation. Eventually, he settles on a quote from Robert Browning: "A man's reach should exceed his grasp/Or what's heaven for?"

WS

# Botswana Ash on the expansion trail

(12) CJ (MA) 17/6/98

JOHNATHAN ROSENTHAL

INDUSTRIAL EDITOR

Johannesburg — Barely three years after going broke and two years after heavy flooding halted production, Botswana Ash, a soda ash mine joint venture between Anglo American and the Botswana government, is back in expansion mode with investments worth about 90 million pula (about R120 million) under investigation.

Paul Henry, the managing director of Botswana Ash, said

the unlisted operation was now cash positive and had declared a maiden dividend in past financial year.

During the past year the mine and plant produced about 209 000 tons of soda ash and it has budgeted for production of around 240 000 tons this year.

Soda ash, which is pumped up in solution from an old lake bed at Sua Pan in the Botswana desert, is used to make glass, detergents as well as in the metallurgical and chemical industries.

The South African market

consumes about 300 000 tons of soda ash a year.

Henry said the company hoped to have a bankable feasibility study in six to nine months on the viability of expanding the mine's pumping capacity to allow it to produce 300 000 tons of soda ash a year — the full capacity of the extraction plant.

The expansion was expected to cost in the region of 30 million pula. He said the mine was also looking at the viability of a 60 million pula cleaning plant to produce white ash. The mine's

production is tinged slightly with organic matter, which precludes it from a large share of the detergent market.

Henry said since about 80 per cent of the mine's production costs were fixed, an increase in production to 300 000 tons a year would have a substantial effect on earnings.

"We as a team feel very bullish about where the operation can go."

Botswana Ash employs about 500 people and was built in 1991 at a cost of more than R1 billion.

# CAPE ARGUMENTS

# Botswana winning corruption fight

## Special unit officers surprised by public level of acceptance

### INSIDE STORY

Immigration officers who need a bribe before stamping your passport, customs officials who expect a share in your goods, government departments who award tenders in exchange for cash.

That may be partly true in Botswana, but corruption is claimed to be less serious than in other southern African countries.

"Corruption and economic crime have cost us dearly, but it is not yet of alarming proportions because it is not taken as a way of life," says the director of the Directorate on Corruption and Economic Crime, Tyson Katholo.

The department, set up four years ago, has received 5 000 reports and launched 1 700 investigations with an 80% conviction rate.

Most of the crimes are blamed on laxity in the work place and lack of supervision which exposes the officers to bribes and other forms of corruption.

"People here are creaming it off the top, but not taking it all," says John Lester, principal public educa-

Botswana's Directorate on Corruption and Economic Crime was set up four years ago and has launched more than 1 700 investigations with an 80% conviction rate, writes

**CATLIN DAVIES from Mainz**

tion officer. He also says that while there are pockets of police corruption here and there, they tend to be one-offs.

The corruption department's director is appointed by the president, has powers of arrest and search and seizure (in some cases without a warrant).

It also may use "such reasonable force as is necessary". Those found guilty can be jailed

for up to 10 years and face a fine of up to US\$150 000 (R900 000).

The attorney-general gives the final go-ahead to prosecute.

However, there is some confusion as to what exactly constitutes economic corruption.

The act defines it as loss of revenue to government which means economic crimes relating to the private sector alone are for the police.

However, this distinction is yet to be understood by many and 60% of the reports, mainly concerning nepotism and sexual harassment, are referred elsewhere.

As the idea of a directorate is still new, public education has remained a priority, primarily through extensive advertising campaigns in the national press.

One theme that has come through is that people seem very keen to report colleagues and neighbours.

Although there have been worries about reports being made anonymously, 75% of complainants provide their names and other details.

The general feeling is that charges

ing someone with corruption means the accuser must be prepared to stand up and be counted.

Mr Lester and assistant director Tony Milford, who both previously worked in Hong Kong, say they are amazed at how well the unit has been received.

They say it took 15 years for anti-corruption officers in Hong Kong to be trusted, but just 24 months in Botswana.

"There has been very little animosity towards us which surprises me," says Mr Lester.

However, support from the private sector needs to be improved. Major parastatals and banks happily plastered their office walls with anti-corruption posters during the first public campaign, but many businesses just didn't bother.

And while the unit is pleased with its work so far, two major criticisms just won't go away.

The first is that, while it has the mandate to "investigate anyone in Botswana without fear or favour", many are convinced it lacks the abil-

ity or desire to catch the big fish who float at the top.

"Why am I always reading about some small man who took a few hundred pula?" asks one struggling businessperson.

"What about the people at the top, are they not corrupt?"

Mr Katholo signs when he hears this familiar allegation.

He says wild allegations are made against prominent officials, but "when we look for supporting evidence we get nothing".

"The standard of proof is very high and we have to have evidence beyond reasonable doubt".

However, he says they have prosecuted individuals up to permanent secretary level.

The second area of criticism comes mainly from the press, which strongly objects to the clause that makes it an offence for anyone to reveal that someone is being investigated.

"Yes, we are at variance with the media," admits Mr Katholo. "They say we are gagging them and we say

that constitutional rights include the right to dignity as well as privacy."

He says that most people being investigated do not know about it.

One journalist has already fallen foul of the confidentiality clause, though the department now hopes to launch a "face the press" radio show to improve relations.

An educational campaign is to be launched, targeted at the youth.

This will include cartoon characters for primary school pupils, radio morality plays for those a little older, and workshops for those at university level.

In the end, the anti-corruption drive should have reached just about everyone.

"We boast about our democracy and one element of that is accountability and good governance.

"We can't achieve this when there is corruption," says assistant finance minister Jacob Nkomo.

"We want an international reputation of which we can be proud."

Independent Foreign Service/Africa Information Afrique



## Pula's link to the rand 'will not be severed'

(P) 30 30/6/98  
GABORONE — Botswana's central bank said yesterday there were no plans to scrap the de facto pegging of the pula to the rand, despite the dramatic fall in the rand's value against the dollar.

The pula has lost 16% against the dollar over the past 12 months and a similar amount against the British pound. One pula was worth about \$0.234 at Friday's close, down from \$0.278 a year ago.

"We cannot say how far we will go. When the rand is under great pressure, we watch the situation carefully," governor Baledzi Gaolathe said.

While the pula is indirectly pegged to the rand, the currencies are linked through a basket in which the rand is predominant. This is to protect Botswana's fledgling manufacturing industries, which are central to the policy of diversifying the economy from its reliance on diamond revenue. A total 80% of exports go to SA.

Details of the makeup of the basket are not disclosed, but in December 1995 a source said it contained six currencies and was weighted 60% in favour of the rand. There has been an apparent lessening of the weight of the rand in the basket over the past 12 months.

Botswana stockbrokers fear the falling pula will adversely affect the fortunes of the Botswana Stock Exchange. Stockbrokers Botswana CE Rupert McCammon said it was likely that the continuing turmoil in the rand would affect the local market.

"The market is likely to come off in the short term. There could be increased offloading of stocks. I think we are starting to see that already." — Reuters

# Botswana holds lid on corruption

BY CATTIN DAVIES

**M** aun - Immigration officers who require a bribe before stamping your passport, customs officials who expect a share in your goods, government departments who award tenders in exchange for cash.

This state of affairs may be partly true in Botswana, but it is claimed that corruption in the country is less serious than in other southern African countries.

"Corruption and economic crime have cost us dearly but are not yet of alarming proportions because they are not taken as a way of life," says Tymon Katholo, head of the Directorate on Corruption and Economic Crime.

The department, set up four years ago, has received 5 000 reports and launched 1 700 investigations with an 80% conviction rate. Most of the crimes are blamed on laxity in the workplace and lack of supervision. This opens officers up to bribes and other forms of corruption.

"People here are creaming it off the top but not taking it all," says John Lester, principal public education officer.

He also says that while there are pockets of police corruption here and there, they tend to be one-offs.

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go-ahead to prosecute.

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launched, targeted at the youth. This will include cartoon characters for primary school students, radio morality plays for those a little older, and workshops at the university level.

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"We want an international reputation of which we can be proud." - Star Foreign Service/Africa Information Afrique

(12) Saw 15/7/98



# Botswana braces itself for budget deficit as diamond price falls

**GABORONE** — For years Botswana has enjoyed a surplus budget, huge foreign reserves and a high standard of living from its large diamond deposits.

Now, for the first time in 16 years, the country is anticipating a budget deficit after a fall in the diamond price on the international market.

"A 25% reduction in the dollar value of diamond exports would turn the projected budget surplus of 200-million pula into a deficit of 800-million pula, the first budget deficit in 16 years," said Botswana Stockbrokers in its latest report.

Diamonds, discovered in Botswana 28 years ago, are mined at Jwaneng, Letlhakane and Orapa by the Debswana Diamond Company, a joint venture between De Beers and the Botswana government.

Sales have enabled Botswana, with a population of 1.5-million, to accumulate foreign reserves that were valued at 23-billion pula by the end of March. And if current work on the 1.4-billion-pula expansion project at Orapa is completed by January 2000, Botswana will double its annual production of nearly 25-million tons.

The stockbroker has attributed the pro-

jected deficit to the downturn in the international diamond industry. "Although the downturn in the diamond industry is serious, if it is short-lived, it will have no major impact on the Botswana's economy and can be smoothed out using the reserves that have been built up over the years. However if the downturn is prolonged, or becomes more serious, Botswana may find that some forms of economic adjustment will be necessary," the report added. The adjustment is, however, not expected to wipe out Botswana's overall balance of payments surplus "because the accumulated savings

at the Bank of Botswana are more than 20 times the size of the projected deficit". "Another area where the diamond industry downturn will be felt is the government budget, and this is perhaps where the impact on Botswana's economy will be striking. Lower diamond exports will sharply cut government revenue in the 1998/1999 fiscal year. It will be approximately 1-billion pula below the 3.5-billion pula presented during the 1998 budget speech in February," the report said.

The downturn in the international market has been largely attributed to the cur-

(12) PPO 31/7/98  
lency crisis in the Far East and the world's leading wedding ring country—Japan.

The impact of the currency crisis resulted in the De Beers' London-based Central Selling Organisation's (CSO) reduction of sales by 16% in the second half of last year, and a further reduced sale of \$1.7bn in the first half of this year.

The downturn has sparked some panic signals in Botswana, prompting the permanent secretary at the ministry of minerals, energy and water affairs, Blackie Marole, to appeal for "stability in the diamond market" during the International Diamond

Conference in Tel Aviv, Israel, last month.

"The first thing that Botswana would like to see is stability in the market," he said. "The worst case scenario in the market for us would be instability. When you depend heavily on one thing, stability is what you need most".

One of the world's largest diamond dealers, Fleming Security Services, agreed. "With sales in Asia still very depressed, it is unlikely that the CSO will boost the second-half sales very much. As for 1999, the trends are not yet clear," said the firm in its June review of the market.—Sapa-IPS.

diamond price falls

Rachel Molewa

**GABORONE** — Botswana government employees are to receive salary increases ranging from 26% to 43% following government's approval of recommendations by a presidential commission which examined public service pay and conditions of service.

The commission has said that its recommendations are aimed at reforming the public service with a view to enhancing productivity. The increases should cover the judicial

## Botswana gov employees win salary increases

service, teachers, police, defence force, prisons, service, local government, tribal administration and government employees. Employees have been pushing government for a 154% wage increase.

Salaries for senior government officials such as permanent secretaries will increase 43%, those of the lowest paid by 34%. However, the balance will receive a 25% hike across

the board. The salary increase will apply from July 1 1998.

The salary of the permanent secretary to the president will increase from 14 845 pula to 18 557 a month with an additional 15% car allowance and an entertainment allowance of 677 pula. This means the commission's recommendation of equating the salary of the

president's permanent secretary with that of the chief justice has been endorsed.

The salary of the lowest paid government worker increases from 400 pula to 537 a month. A nurse's monthly salary, including allowance, increases from 2 649 pula to 3 312 pula. All allowances have been increased by 15%, except for meal allowances, subsistence allowances,

Botswana Defence Force allowances and industrial class shift allowances.

The commission's report says its recommendations were "guided by the often conflicting principles of wage restraint and employment creation, and international competitiveness, compensation for inflation, competitiveness with respect to private sector salaries in Botswana, social

justice and budget sustainability in addition to the expressed commitment to reforming the public service, which is aimed at enhancing productivity.

The report said salaries of senior government officials were 40% to 60% lower than those of managers in the private sector.

The advantage for workers in Botswana is that income tax is not as high as in neighbouring SA, and those earning 20 000 pula a year or less do not pay tax.

# Neighbours to co-operate

Christof Maletsky

WINDHOEK — Namibia and Botswana plan to increase economic co-operation, especially in the fields of ostrich and fish farming, following Botswana President Festus Mogae's first state visit to Namibia, which ended at the weekend.

The two countries also intend to exchange ideas on growing seaweed to fight malnutrition in the region and on changing semi-desert areas into "green gardens" with better water utilisation.

Mogae and President Sam Nujoma agreed to maximise the use of infrastructure, including the Trans-Kalahari Highway and the Trans-Caprivi Highway and the port of Walvis Bay.

Mogae said that, apart from sharing the border, the two countries had much in common and could not afford to concentrate on problems existing between them. The presidents had been expected to discuss their dispute over control of two small islands on their mutual border, but Mogae said only that both parties would accept the ruling of the

International Court of Justice.

Mogae's visiting team included government ministers and businessmen.

Botswana, like Namibia, is trying to make inroads into ostrich farming and is at an advanced stage of developing the country's ostrich industry. It is believed that Botswana has one of the largest wild ostrich populations in the world with an estimated 60 000 birds. However, Botswana has a shortage of slaughter facilities, forcing farmers to export live birds.

Mogae said the Pescanova fishing factory at Luderitz had impressed his delegation as well as the fish farm and research station at southern town Mariental and that they would like to learn from Namibia's experiences.

The port of Walvis Bay, he said, would be promoted among the Botswana business community.

The two presidents also expressed deep concern over the renewed fighting in Angola and called on the international community to exert more pressure on Unita to implement fully the Lusaka Protocol.

ANALYSIS

# Mogae lacks grassroots support to safeguard his presidency

There are rifts within Botswana's ruling party that suggest the presidency of the country is far from secure, writes Masoabi Motseta in Gaborone

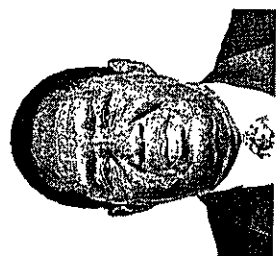
THE political mettle of Botswana's new president, Festus Mogae, will be tested for the first time at a party congress in July next year where he is expected to face tough opposition from certain factions.

Many argue he proved a talented finance minister popular with the business community but that he is not a natural politician. He took the presidency without election through party structures because his route to succession was smoothed by his mentor, then president, Ketumile Masire.

Mogae's elevation to the presidency was not universally applauded within the ruling Botswana Democratic Party (BDP), with some feeling that Mogae did not have the proven grassroots support needed to bolster the party's fortunes.

Faced with in-fighting within the BDP, Mogae calculated that his vice-president would need to be an outsider who did not champion the cause of any one faction.

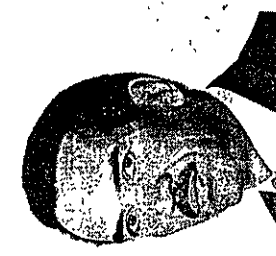
Although Mogae denies it, it is thought he felt Ian Khama,



KEDIKILWE



MOGAE



KHAMA

political charisma of Sir Seretse Khama and ebullient humour of Masire. Mogae's economic pragmatism has also led to policies electorally costly to the party. Some have blamed the significant downward slide in the party's fortunes in the last general elections on Mogae.

In the run-up to the election he refused to lift a wage increase ban at the same time as he allowed the National Housing Corporation to hike its rents. So Khama may well feel that Mogae's ticket is unrepresentative and seek to fulfil his own political ambitions elsewhere. However, a Khama bid for the presidency could knock Mogae out of contention and bring Khama back to face with the charismatic Kgosi Masire.

Like Mogae, Kedikilwe has served his country well in various capacities. However, unlike Mogae, Kedikilwe is an astute economist, he lacks the po-

port there. However, their joint origins may alarm the rest of the country, wary of the district's political ascendancy. If another candidate is projected as representing wider national interests, Mogae could sink and take Khama with him. Analysts believe if Khama is to improve Mogae's chances of

retaining the presidency, he will have to hit the election trail projecting himself as a national leader and not as a long-waiting vice-president. However, Khama may have his own political ambitions which he may not want to hitch too tightly to the Mogae ticket. Although Mogae is an astute economist, he lacks the po-

ture and well-connected political animal. Kedikilwe has achieved a solid reputation as an efficient administrator, considered perhaps the best minister in the ministry that Khama holds now — presidential affairs and the public service.

His rivalry with Mogae goes back to the time when he was finance director and Mogae was economic affairs director in the finance ministry and development planning headed then by Masire. Masire later chose Mogae to head the ministry and for vice-president against Kedikilwe, a strong contender.

While Mogae leapfrogged his way to the presidency through these appointments, Kedikilwe worked himself up the echelons through party activities. He is now chairman of the party. Kedikilwe may not be the darling of the business community, but he has built solid connections in the region going back to his days in exile in Dar-es-Salaam, as well as a solid constituency which gives him considerable power in the rul-

ing party's central committee. It would be interesting to see how Khama would handle Kedikilwe if he wished to pursue his own ambitions outside Mogae's ticket.

He has two options. The first one and perhaps the more politically astute one would be to bide his time by putting himself under the tutelage of the more experienced and wily Kedikilwe. If Khama did this, it is unlikely that Kedikilwe would give him the vice-presidency because they would both be from the Central District. Khama could however, settle for a lower position, under the mentorship of Kedikilwe as an excellent preparation for the presidency, perhaps in 10 years' time. By then Khama would be in his mid-fifties and ripe for the presidency.

The other option Khama has would be to take on the Kedikilwe juggernaut and bid for the general conference. However, there is a strong feeling in the party that the Mogae-Khama ticket is not a winning one.

BD 9/9/98 (12)

## Botswana wants to sell its ivory

GABORONE — Botswana wants to start selling tons of stored ivory to Japan from early next year, a government official was quoted as saying in the state-owned Daily News newspaper yesterday.

The southern African country needs a go-ahead from the Convention on International Trade in Endangered Species (Cites), wildlife and national parks deputy director Joseph Mathare said.

He said Botswana had stockpiled 25 tons of elephant ivory, which was kept under heavy guard, and wanted to sell the batch in one shipment to keep costs down.

At a Cites conference in the Zimbabwean capital Harare last year, Botswana, Namibia and Zimbabwe

appealed for a partial lifting of the total ban on ivory sales.

They said they were faced with growing elephant populations and had tons of tusks in storage.

The conference set conditions for the sale of stockpiled tusks, to be met by September 30.

Mathare said Botswana believed it had met these conditions and now needed Cites approval before going ahead with the sale.

The conditions included that proceeds from the sales be used in elephant conservation and that the tusks be marked to ensure that countries disposing of stock did not sell ivory that did not belong to them. This was to prevent the sale of poached ivory. — Sapa-AFP.

## Botswana to implement growth plan

(12) 00 11/10/98  
GABORONE — Botswana President Festus Mogae pledged yesterday to implement a government programme aimed at providing long-term economic growth and improving social conditions.

The programme, Vision 2016, sets various targets to be achieved by 2016, including a three-fold increase in per capita income to \$8 500, 9% economic growth a year and 12 years of free

schooling for every child.

It also seeks to boost manufacturing from the current 5% to 30% of gross domestic product.

Botswana's diamond wealth has made it the world's biggest producer in value terms, estimated last year at \$1,8bn.

In a public speech, Mogae also announced plans to give AIDS patients a monthly allowance of 90 pula and said the health ministry was allocated 16,5-mil-

lion pula to provide the AIDS drug AZT and breastmilk substitutes to pregnant women infected with HIV.

Botswana expects 18% of its 1,5-million people to be infected with HIV by 2000.

A study released in July estimates the cost of AIDS and HIV infection in Botswana will climb sevenfold by 2004 and account for almost 5% of the country's total wage bill. — Reuter.

# Botswana government to assist Aids sufferers

BOTSWANA'S President Festus Mogae has announced that the country will give financial and improved medical assistance to Aids patients as part of an independence anniversary package.

The announcement on Wednesday forms part of a plan to achieve the country's long-term national development agenda, called Vision 2016.

Speaking at Botswana's 32nd independence anniversary, Mogae said Aids patients will get a monthly subsistence allowance of 90 pula (R120), formerly paid only to citizens classed as destitute.

Pregnant mothers infected with the HIV virus will be provided with a mix of the Aids drug AZT and breast milk substitutes, Mogae said.

"The Ministry of Health has been allocated 16,5 million pula for the purchase of drugs and breast milk substitutes needed to implement this programme, which I believe will significantly reduce the transmission of HIV from mother to child," Mogae told a crowd at the National

Stadium in Gaborone. Official estimates are that by 2000, 18 percent of Botswana's 1,5 million population, and one in four of the 15 to 49-year-old working population, will be HIV-positive.

The aim of Vision 2016, set up by former president Sir Ketumile Masire, is to turn Botswana into a more productive and innovative society.

The country's central statistics office forecasts that Aids will inhibit the growth of Botswana's working age population over the next 24 years by 30 percent. Overall, the country will start to experience negative population growth.

Forecasts by the Aids/sexually transmitted disease unit of the Ministry of Health give an even worse scenario.

By the year 2000, 18 percent of the population will be HIV-infected, it said. In the 15- to 49-year-old, most sexually active and working section of the population, the number will rise to 25 percent, the unit predicted.

- Sapa.

Botswana 2/10/98

## Okavango gets \$4m boost

(12) 8/10/98  
GABORONE — Botswana's vital tourism industry received a boost from a US development agency yesterday, which has made \$4m available to develop an ecotourism project in the inland Okavango River delta.

This was announced by the US Overseas Private Investment Corporation (OPIC), and the major beneficiary would be a project by Maun-based Game Viewers, a photographic safari operation.

Maun is the gateway town to the Okavango, which is so ecologically fragile tourists are limited under a government tourist policy that encourages small visitor groups that pay more for the experience.

OPIC executive vice-president Kirk Robertson said: "Working to support new investment opportunities in southern Africa is work that benefits all of us... Helping to strengthen the economic link between the US and countries in southern Africa is a top priority of the US government." — Reuter.



# Botswana outlines privatisation plans

GABORONE — A draft white paper on privatisation in Botswana was published this week, identifying many candidates for commercialisation and privatisation.

The report was prepared by a task force chaired by the managing director of BP Botswana and president of the Confederation of Commerce, Industry and Manpower, Neo Moroka. Representatives came from both the public and private sectors and the trade unions.

Agencies considered for commercialisation include refuse collection, medical equipment maintenance, parastatals and management of the Financial Assistance Programme ancillary services. Other targets for either commercialisation or to be made into corporations are the government printer, the computer bureau, the

(12) 20 22/10/98  
National Technology Centre, the information and broadcasting department, customs and excise, the National Productivity Centre and the Central Transport Organisation.

Outright candidates for privatisation are the Development Corporation, the National Development Bank, the Power Corporation, Air Botswana, Telecommunications Corporation, railways and the Meat Commission.

"The public sector ... has grown too large and has become too cumbersome for government to manage it effectively," the task force says.

Controversy surrounded the process when the largest and most militant union, the National Amalgamated Local and Central Government and Parastatal Manual Workers, walked out, saying it could

not support a programme of inevitable job losses.

National organising secretary Johnson Motshwarakgole said: "Government has made it clear that come what may they are intent on privatising certain services. (It) says it wants to improve efficiency and speed up capital development projects.

"(But) go to all hospitals and you will find that our members who are cooks and cleaners there are doing a decent job everyday. So why should you privatise such efficient services?" asks Motshwarakgole.

Gerald Thipe, deputy secretary in the finance ministry, said the government was still considering the report "and therefore the views expressed in the document remain those of the task force and are not necessarily those of the government". — AIA.

## Gaborone plant gets big Volvo order

(12) ST (AT)  
VOLVO's new S40 sedan and V40 estate wagons are to be assembled at the Motor Company of Botswana's (MCB) plant in Gaborone early next year, with about a third of the output destined for export to Australia and New Zealand, writes DON ROBERTSON.

The MCB, which belongs to the Wheels of Africa group, was established to produce the Hyundai range of vehicles and has the capacity to produce 27 000 units a year, with the ability to expand this to 60 000 units annually.

Tive Johannesson, president of the Volvo Car Corporation of Sweden, says production next year will be between 3 000 and 5 000 cars.

The company plans to boost production to about 10 000 vehicles in the next four to five years.

11/11/98

# HIV mothers in Botswana to get AZT free under new programme

CP 15/11/98  
(12)

**P**REGNANT women in Botswana living with HIV/AIDS will soon have access to AZT (Zidovudine), a drug that reduces the viral load and minimises the chances of transmission of the HIV from mother to unborn child.

The government will spend US\$4 million on the drug, together with breast-feeding substitutes.

The drug and the feeding substitutes will be available free.

The permanent secretary in the Ministry of Health, Dr John Mulwa, says voluntary HIV testing and counselling will be offered.

The World Health Organisation indicates that there are over 30 million people worldwide living with HIV and one million are children below the age of four.

Botswana has one of the five highest infection rates in the world, with 14 per cent of the population - more than 200 000 people - estimated to be living with the virus.

Of these, 25 per cent are from the sexually active and economically productive age group (15-49). Youngsters below the age of 15 account for 40 per cent.

Ministry of Health figures show that 43 per cent of women attending ante-natal clinics in Gaborone and 34 per cent in Francistown tested HIV positive.

A study carried out by UNICEF early this year says that there will be at least 65 000 AIDS orphans by the year 2000.

President Festus Mogae says the rate at which AIDS is spreading is due to poverty, a high rate of mobility due to migrant labour, and moral convictions such as the belief that you cannot talk about sex to or in the presence of minors.

Other factors include patriarchal dominance where a woman is a minor in issues like protective sex and family planning.

Although the government has not said exactly when AZT will be introduced, Mulwa says preparations are already under way.

"Before this programme can be implemented it is essential to ensure that the nation is informed so that people will know what is happening. More testing centres must be well

equipped and health workers will need to be oriented on the use of the drug," says Mulwa.

Dr Sheila Tlou, president of the Society of Women Against AIDS, says while the government should be praised for taking steps towards introducing the drug, it should speed up the process because AIDS will not wait.

She is concerned about the idea of saving only the baby's life and leaving the mother to die.

She says the government should go a step further and make the anti-retroviral therapy available to mothers.

This is a cocktail of drugs that is believed to significantly extend the life of people with AIDS/HIV.

Currently anti-retroviral therapy is available in the country for about US\$698 a month.

The Ministry of Health has said it is not in a position to provide the cocktail of drugs.

Those wanting to buy it can get it privately.

Tlou said the government should also teach AIDS awareness at primary schools.

"It is no use preventing someone from being infected at birth only for them to be HIV-infected in their teens," she says.

She is worried that there are side effects associated with AZT, as she says the drug reduces the viral load in the body, but when discontinued the load builds up rapidly, making even minor illnesses potential killers.

It is alleged to cause suppression of the bone marrow.

The Health Ministry says there are no known withdrawal symptoms associated with the dose and duration that will be used.

The ministry says the mother will be given supportive care and treatment of any diseases arising. Health workers will be told of the importance of minimising injuries during delivery and cleaning the birth canal.

Ditshwanelo, the centre for human rights, says AZT is not a treatment option for mothers and implementing it evokes legal, ethical and human rights issues that the Ministry of Health cannot solve.

# Villagers fight for slice of tourism

MAUN — Several communities in Botswana are still struggling for their slice of the tourism pie and tensions abound over wildlife ownership and land management issues.

At the heart of the matter is the land use plan for the Okavango Delta drawn up seven years ago. It entailed carving up prime African real estate and handing over large chunks to local communities. Villagers would decide which safari companies to form joint ventures with and how to use the resulting lease fees.

Yet even as Dutch consultant Leo van der Heyden drafted the plan, the government was accused of failing to consult properly. Today 12 villages question why they were excluded, many community-controlled areas are rife with infighting and villagers say they are being denied traditional access to land and resources.

Although safari companies are meant to pass on management skills under joint venture arrangements, many say this is unlikely in an industry riddled with racism. "We want to see jobs created and revenue generated on a sustainable basis: you cannot teach conservation to a hungry man," said Batswana Paramount

(12) BD 19/11/98  
Chief Kgosi Tawana II.

Tawana is angry that planners ignored the kgotla, a village forum chaired by the chief where development issues are publicly debated. He said that if the kgotla had been used, many problems could have been avoided. Others, however, were optimistic that the plan, which divides the north into two wildlife management areas totalling 20 000km<sup>2</sup>, would integrate the Batswana into tourism for the first time.

The two areas — Kwando and Okavango — were divided into 22 smaller units covering hunting and photographic concessions and community areas. In effect this broke up previous concessions monopolised by a few safari companies, reducing the land held by private operators to 12% and awarding communities 30%.

The idea was to improve resource management, channel the benefits to local communities, safeguard traditional rights and make wildlife management an attractive land-use option in comparison with livestock and agriculture. But the Okavango People's Wildlife Trust, of which Tawana is president, said less than 1% of the local population was

involved with a wildlife management area and 15 out of 22 areas had no community participation.

Botswana Vice-President Ian Khama said no matter how much consultation was carried out there was always a "divergence of opinion". In a recent letter to conservation groups, Khama said government believed "consultation has been done" on the land use plan and workshops to help communities take part in managing their natural resources were still taking place.

Yet when the consultants hired to produce the community areas management plan approached delta communities in 1993, they were given a rough ride — villagers immediately questioned who had decided which areas should go to whom.

Meanwhile, the monitoring of community areas remains virtually nonexistent. The North West District Council said they were supposed to be supervised by the council and land board.

On World Tourism Day, September 27, district commissioner Michael Maforaga conceded tourism still had to prove its ability to encourage local development. — AIA.

# Investment in tourism pays off for Botswana

Prof Malema

GABORONE — Botswana's fledgling tourism industry contributed 1,2-billion pula to the economy in the past year, Modisa Mothoagae, the director of the Hotel and Tourism Association of Botswana said.

Botswana, which is ranked as the third best tourism destination in southern Africa after SA and Zimbabwe, received 835 000 tourists compared with 728 000 tourists in 1997 who brought in 662-million pula.

The figures place tourism as the third largest contributor to the gross domestic product after diamonds and manufacturing. "It is clear that tourism is beginning to flourish in this country, and very soon we will be getting over a million tourists," Mothoagae said.

Most of the tourists come from SA. Records of admission at the country's national parks showed that 32% of visitors were from continental Europe, followed by SA with 18%, and the UK and North America with 10% each.

Mothoagae attributed the performance of the industry to "new progressive" measures taken by government regarding the lease tenure of tourists sites. Tenure has been extended from one to five years.

"The decision has won investor confidence and now, more and more people are able to commit a lot of money to training staff, marketing and general developments. With this we now see the sector growing at an average of 10%," he said.

Government has set aside 17% of the land for wildlife tourism, mostly in the

north. This sector, which employs 27 000 people, offers attractive views such as the rear wetland of the Okavango Delta.

Tour operators said that the occupancy rate in hotels was between 65% to 75% throughout the year. The end of March, when US President Bill Clinton visited, saw all the hotels fully booked.

"We started to see new clientele in the past year which included the American middle class and South Americans coming into the country as leisure tourists," Adams Chilisa, the director of the Chobe game lodge group of companies, said.

He said there was still a need for government to relax the immigration laws by "unilaterally taking a decision to waive visa requirements" for people coming from South America. "There are a lot of people from those areas who have disposable income and we have to liberalise our immigration laws so that they can spend their money in our tourism resorts," he said.

He pointed out that southern Africa was getting a lot of attention at the moment as more European tourists were coming into the region.

"These people used to spend their holidays in Nigeria and Kenya but they have changed to southern Africa because the political situation in those countries has deteriorated," Chilisa said.

Tour operators have called for the establishment of a tourism board to oversee the licensing and operations of the sector.

Commerce and Industry Minister George Kgoroba has stressed the need to "aggressively develop" tourism in an attempt to reduce Botswana's economic dependence on diamonds.

BD 29/1/99 (12)

# Plan to attract investors

BOTSWANA'S finance minister Ponatshego Kedikilwe said on Monday the government was scrapping all remaining exchange controls immediately to attract more foreign investment.

"In view of our stable macro-economic environment, healthy foreign exchange reserves, as well as a sound banking system and all the remaining exchange control regulations, will be abolished," Kedikilwe said when he presented the country's 1999-2000 budget.

"This is expected to attract foreign direct investment, boost efforts to diversify the economy, and create employment," he added.

Kedikilwe also unveiled a package of incentives aimed at promoting domestic investment.

These included a reduction in the tax levied on brick-making and milling firms to 15 percent from 25 percent.

Unit trust dividends will be exempt from income tax and investors in the Botswana Telecommunications Corporation bond will avoid capital gains tax. — Sapa.

*Scanned from 10/10/99*

REST OF

# Competition law planned (12)

## to boost Botswana economy

### Government concerned about unfair competition in Southern African Customs Union

By Prof Malema

GABORONE — Government will introduce new competition legislation this year aimed at creating a level playing field for companies and making Botswana more investor-friendly. Commerce and Industry Minister George Kgoroba said.

Kgoroba said his bill, which is designed to implement government's antitrust policy, should be presented in the November session of parliament. It is geared towards eliminating monopolies in a bid to attract more foreign investment into Botswana.

"We hope the law will increase investor confidence in the country and benefit consumers because goods and services will be provided in a competitive market," he said.

Government abolished exchange controls earlier this month in a bid to liberalise the economy and attract more investment.

A paper that forms the backbone of the intended bill says that if Botswana wants to attract more foreign direct investment it will have to apply similar competition rules to those in the parent firms' countries of origin. Government's move runs parallel to a plan to privatise state enterprises, a blueprint for which is scheduled to be presented to parliament early next year. It was to have been

sent sooner, but has been deferred because of its political sensitivity in an election year.

Kgoroba said his competition bill "will assure the investor that the domestic market will not be blocked by restrictive arrangements among local competitors". It would also ensure that foreign companies could not apply restrictive business practices or dominate their markets.

The paper on which the bill will be based says it will benefit Botswana to pass a competition law which is seen as "investor friendly" and "in line with the best international practice".

Kgoroba's ministry says in addition to introducing the bill it will also set up a quasi-autonomous or independent body to administer the new law.

"The enforcement of the competition act is of crucial importance. Probably the most efficient type of administrative authority is one which is quasi-autonomous or independent from the government, with strong judicial and administrative powers for conducting investigations and applying sanctions," it says.

The paper says the act needs to be administered effectively to safeguard against foreign investors acquiring substantial market power in a particular area.

Government's top priority is to stem unfair

competition from the other four members of the Southern African Customs Union (Sacu), especially SA, which it accuses of applying high tariffs that inhibit fair market competition. "The main point is that Botswana is not an open economy in the true sense as long as it is a member of Sacu, harbouring a very high common external tariff," says the document. "This means its market is only open to SA and is therefore subject to all the anticompetitive practices and conditions developed over the years by SA industry in the Sacu."

The paper expresses some reservations about Sacu, saying even a redesigned body, providing fair access to the markets of other members, will be of little use if business practices effectively deny access in the market place.

"Most of the market dominance and restrictive trade practices are direct derivatives of this trade arrangement. This issue is of particular interest to Botswana which does not have firms of the size and power to penetrate and maintain a market position in the Sacu area against exclusion organised by large producer and distributing companies in SA."

It cites anticompetitive behaviour such as acquisitions, predatory pricing, restrictive buying practices, collusion, misleading advertising in a practice and local monopolies.

# We don't know what ivory is worth, says Botswana

(12) CT 1/4/99

**GABORONE:** Botswana, Namibia and Zimbabwe are battling to find out the value of their ivory stockpiles. With hundreds of tusks due to be auctioned to Japanese buyers within the next two months, the countries have been unable to set reserve prices.

"There has been no legal trade for 10 years. No one knows what the ivory is worth," Botswana's wildlife director Sedia Modise said.

"We don't know what to expect — we have been unable to establish a reserve price. The figures you hear are all speculation."

Botswana sources quote only "millions of dollars" for the country's sale of 20 tons of ivory. Speculation two years ago, when Botswana first sought to sell the tusks, was between \$250 to \$500 (R1 500 to R3 000) per kilogram.

When a reserve figure is settled, it is unlikely to be published.

"We don't want to give would-be poachers an idea of what profits they could make," Modise said. "Even when we have agreed on a

reserve, we will keep the figures close to our chests."

In terms of a 1997 agreement with Cites (Conference on International Trade in Endangered Species) allowing the sale of elephant products, the green light for trade will be given at midnight on April 18.

"I would love to trade on that day," Modise says. "But until we get written approval from Cites for this sale, we cannot say everything is okay."

Approval was given to Zimbabwe and Namibia in February, but was delayed in Botswana for logistical reasons.

"The Cites team has visited us and we have had preliminary reports that they found nothing amiss," Modise says. "I think we are looking at April, but not later than May."

He expects the three countries to auction within days of each other in their respective capitals.

Botswana had been planning to sell 25,3 tons of ivory from a

30-ton stockpile, but this is now down to 20 tons.

The ivory sold has to be of Botswana origin. Modise has erred on the side of caution in classifying the stockpile, some of which was seized from poachers at border posts. "Anything with doubtful documentation was put aside."

Wildlife officials say Botswana's elephant population is between 80 000 and 100 000, but that Botswana resources can support no more than between 50 000 and 53 000 elephants.

Minister for Commerce and Industry George Kgoroba, under whom the wildlife department falls, says Botswana is seeking more trade in elephant products. A new management plan for the elephant population is being formulated.

The Botswana elephant range is some 80 000 square kilometres of contiguous habitat, within which are 18 000 square kilometres of protected areas. There are also gazetted wildlife management areas. — Sapa



# Gaborone ups Volvo production for export

(12)

ROY COKAYNE

CTCOR 26/4/99  
Gaborone - Volvo models assembled at the Motor Company of Botswana, which also produces Hyundai vehicles, were to be exported to Australia, Kaj Nielsen, Volvo's Southern Africa representative, said last week.

He said: "Right now the Australian market for Volvo models, which are being produced here, is 1 500 units a year." These Volvo models were currently exported to Australia from Volvo's plant in the Netherlands.

Nielsen said there were some advantages in sourcing Volvo exports from Botswana. Southern Africa was closer to Australia than Holland. It would be possible to order Volvo cars in Australia directly from Botswana.

He stressed Volvos assembled in Botswana would be of the same quality as Volvos produced at other plants around the world.

Nielsen said they were currently involved in calibrating and stabilising the assembly process for Volvos in the plant. Viljoen added that the plant was currently operating a costly offline repair section to sort out problems.

Viljoen said part of the problem was that the Volvo assembly process was more complex and there was a one-hour cycle time for tasks by operators on the Volvo line compared with a 10-minute cycle time on the Hyundai line.

This translated into 170 Volvo units a month, but would rise to 220 units a month when the station wagon was introduced.

Jannie Viljoen, the general manager of the Motor Company of Botswana, said local content in the Volvo models produced was currently negligible. The target was 9 percent by the third quarter of this year.

Nielsen said this level of local content was necessary for Volvo to comply with all the financial requisites to make the export project feasible and cost-effective.

# Early closure date for Botswana assembly plant

ROY COKAYNE

(12)

CT(MR) 26/4/99

Gaborone - The target date for the closure of the Motor Company of Botswana's semi knocked down (SKD) assembly facility was June 30 and the bulk of the 350 employees would be laid off, said Jannie Viljoen, the general manager of the Motor Company of Botswana, last week.

Viljoen said an attempt had been made to try and accommodate as many of these employees as possible at its new completely knocked down (CKD) assembly plant. Of these employees, 25 per cent had already been transferred to the new plant for the

Hyundai commercial vehicle project.

"But the commercial vehicle is still in the project stage, and there is no demand so these people will find themselves on the streets for a period," Viljoen said.

He said the closure of the SKD plant was taking place earlier than expected.

He said the Motor Company had been trying to get the Hyundai volume models into the new CKD facility before the expiry of the SKD grace period, which was initially 48 months and would have meant the expiry date was at the end of 1999.

However, he said a subsequent

agreement reached between the South African and Botswana governments on Hyundai's manufacturing plan changed the grace period to a total quota of 58 000 units.

"In terms of our takeoff, this quota will run out at the end of June. We have lobbied, without success so far, for this quota to be increased. We want an extra quota of 4 000 units to take us through to the end of this year," he said.

Viljoen said the CKD manufacture of the Hyundai bakkie would only begin at the plant in November this year, which meant the company would also have to

pay full completely built up duties on all the units brought in from the end of June this year.

"This will be a major burden on the product at its current retail price," he said.

Viljoen said the CKD plant had a current workforce of 500, but this was in excess of its requirements. Furthermore, productivity at the plant had been low.

He pointed out motor manufacturing was a new industry in Botswana and considerable skills training was needed. But he had found some employees who came into the industry left because they did not like it.

# Hyundai's Botswana car plants in trouble

Gaborone - The Botswana Hyundai motor assembly company's bankers have taken action to secure its "undisputed rights" over fixed assets and assembled vehicles at the company's two plants.

First National Bank's deputy managing director Alex Park confirmed yesterday the bank's action but denied it had impounded vehicles.

"We have been perfecting undisputed claims to our security. Vehicles have not been attached," he said.

Industry and financial sources say bankers led by FNB, the government-funded, parastatal Botswana Development Corporation and creditors of the Motor Company of Botswana (MCB) and Hyundai Motor Distributors are demanding that they form a management team to run the group.

They are said to be seeking the support of Botswana's ministry of finance. An application for a government loan was apparently not pursued because the group did not supply sufficient information.

The Botswana Development Corporation provided some of the money to build one of the group's plants, which cost R270-million.

Newspaper reports yesterday's said cars at both plants had been impounded on FNB's instructions.

## Ongoing discussions

Reaction from company officials has so far been mixed. No official statements have been issued.

"The reports are so over-exaggerated that I cannot believe it," said Jannie Viljoen, general manager of the completely-knocked-down plant.

Kitsjo Mokaila, general manager of the semi-knocked-down operation, admitted there were ongoing discussions with FNB.

"There is an agreement of sorts. FNB was protecting its interest," Mokaila said.

Viljoen said the bank had the right to insist on certain stock levels.

"They have funded production of the cars and they want to ensure their security is in place."

Hyundai spokesperson Teresita van Gaalen said a statement would be issued later.

She said there were ongoing discussions between the group and FNB.

"The matter is under discussion and being managed by the company's executive," Van Gaalen said.

"Negotiations in terms of corrective measures and dealings with FNB remain in progress. It is a sensitive issue. I cannot elaborate. The bank has the right to react the way it has."

Motor vehicle exports are Botswana's second biggest revenue earner after diamonds and, after the mines and the government, the country's largest employer.

MCB also assembles and exports Volvo cars, the first of which rolled off the assembly line this week.

Targeted production is 60 000 Hyundai and up to 20 000 Volvo cars a year, group development manager Michael Molefe said. - Sapa.

*Business as usual at CKD plant in Botswana*

# Hyundai denies talk of plant disruptions

ROY COKAYNE

Pretoria - There had been no disruption to production at the Motor Company of Botswana, the new, completely knocked down (CKD) plant that assembles both Hyundai and Volvo vehicles for the southern African market. Teresita van Gaalen, a spokesman for Hyundai Southern Africa, said yesterday.

"Continuity of production has been assured. It is also business as usual at Hyundai Motor Distributors' retail outlets," she said.

Van Gaalen was reacting to allegations that production had stopped at the CKD plant. The speculation followed the confirmation last week by Hyundai Motor Distributors (HMD) that it was experiencing cash flow problems and might bring additional partners into the business. HMD assembles and markets Hyundai vehicles in southern Africa.

The confirmation by HMD

CT (PR) 11/5/99  
followed First National Bank Botswana obtaining an order on Tuesday last week to allow it to protect its interest as a creditor of HMD.

However, the bank stressed the court order specifically provided for HMD to trade provided the bank's interest was protected.

Van Gaalen said yesterday HMD was on schedule with its restructuring plans.

"Hyundai's executive management is engaged in a consultation process with all bankers allied to Hyundai internationally to make the full spectrum of the company's business network transparent and to position a joint management structure," she said on Friday.

Van Gaalen said yesterday that the only disruption to production had occurred at the HMD semi knocked down (SKD) assembly plant in Gaborone because of illegal strike action.

Disruption to production at the SKD would only affect

Hyundai's bakkie and Sonata.

This plant is scheduled to close at the end of next month.

Van Gaalen stressed the closure of this plant was unrelated to HMD's current financial problems and the fact that the workforce had been on an illegal strike at the SKD plant since Wednesday last week.

Van Gaalen said negotiations with workers at the SKD plant had been taking place for more than a year, and the Botswana labour department had been part of and was facilitating the process.

She said the strike had been declared illegal because the workforce had not followed the correct procedures.

Unlike other manufacturers, Hyundai Southern Africa owns all its dealerships. HMD had one dealership in Rosettenville in 1993, but this had grown to 70 dealerships and after-sales service outlets by December last year.

(12)

**BOTSWANA**

# CURSE OF A LADY'S BEST FRIEND

Effort to reduce dependency on diamonds has run into problems

(12) pm 14/9/99

**D**iamonds — the crystallised form of pure carbon which De Beers has so successfully marketed as a symbol of love — have served Botswana well for the past 33 years

Unlike other African states whose political leaders used their country's mineral wealth to thicken their wallets, Botswana's leaders have used the country's share of the diamond income to build roads, housing and electricity. They have also developed human capital by investing in education, training and health.

And where investment projects yielding an adequate return could not be identified, government has been happy to park the mineral revenues at the Bank of Botswana, the country's central bank. Earnings from these financial assets are now the second-largest source of government revenue, after mineral revenues.

Botswana periodically dips into these financial assets to bridge the gap in the budget between government revenues and expenditure. It will do this again during the current year to end-March 2000.

All this suggests that, by most measures of social and economic wellbeing, Botswana has done well, helped no doubt by the favourable profit-sharing arrangement it has with De Beers, its partner in Debswana Diamond Co. Botswana gets 60% of the gross diamond revenues as taxes. The company operates the country's three diamond mines with an annual production of 19,8m carats.

Last year, the United Nations Development Programme (UNDP) ranked Botswana as fourth in Africa and 97th in the world, in terms of the human development index (HDI), a measure of longevity, knowledge and a decent standard of living.

But beneath the veneer of prosperity lie the triple evils of poverty, unemployment and HIV/Aids. The roots of poverty and unemployment can be traced to the structure of Botswana's economy and the patterns of its economic growth.

The mining sector, diamonds in particular, continues to dominate the economy. Mining accounts for more than 37% of economic output, more than 70% of export earnings and about 48% of government revenues.

The problem is that minerals are an

exhaustible resource. Also, mining doesn't create many jobs, at least not on the scale required. Unemployment is pegged at 20% of its economically active population.

Botswana's dependency on diamonds has persisted despite efforts to diversify its economic base, by, among other ventures, developing a manufacturing sector, particularly the motor industry.

Spurred initially by import replacement incentives, and latterly by the need to grow exports, manufacturing output grew by 6,4%/year between 1987 and 1997. Despite this growth, manufacturing's share of economic output, as measured by GDP, remains below 5%. The reason: mining and the rest of the economy have expanded as rapidly.

During the year ended March 1998, the mining sector grew at a rate of 9,5% compared with 8,3% for the economy as a whole. Mining's better performance was due to the introduction of the seven-day working week in early 1997 which boosted production at the Debswana mines.

For the next few years, the diamond sector should continue to grow. Debswana's Orapa diamond mine is expected to double production from 6m to 12m carats from next year. Its twin sister, Jwaneng, is also making new investments to improve productivity.

On the job creation front, the public service has expanded faster than the private sector for the second consecutive year. This is despite the government-stated policy of "rightsizing" the public service.

Of the 12 200 jobs created in the year ended March 1998, 6 900 or 57% were in general government and the balance in the private and parastatal sectors. This pattern contrasts with the Eighties, when more than two-thirds of employment growth was accounted for by the private sector.

The other weak link in Botswana's economic chain has been agriculture, whose share of GDP fell from 43% in 1966 to about 4% last year.

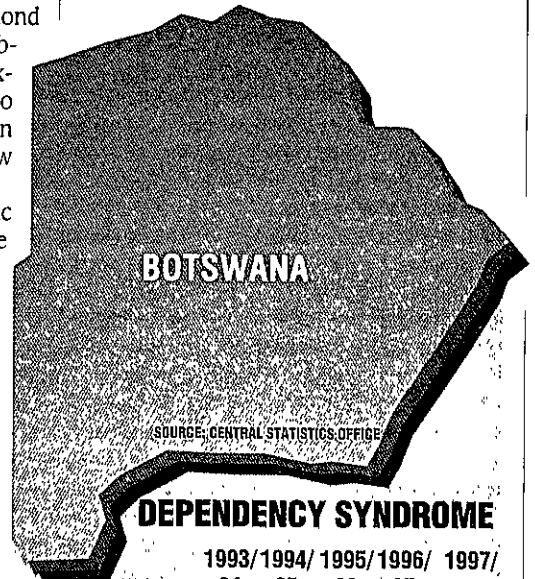
Bouts of drought, combined with questionable rural-support programmes, have retarded development. Attempts to boost farm production by pumping money into

development programmes has resembled welfare rather than a policy to promote economic growth.

Development efforts are being further undermined by the spread of HIV/Aids. The threatened pandemic could undo the country's investment in the development of its human resources, halting its ability to attract foreign direct investment.

Nearly 60% of the medical and paediatric wards are occupied by Aids patients. In a budget speech earlier this year, Finance Minister Ponatshego Kedikilwe warned that the country's efforts to develop human resources "continue to be undermined by the HIV/Aids pandemic, which tends to affect mostly the economically active".

Botswana's effectiveness in curbing the spread of HIV/Aids will affect the pace at which the country can reduce its dependency on diamonds. Economic logic dictates that it must do so because, contrary to De Beers' famous slogan, diamonds are not forever. Jabulani Sikhakhane



**DEPENDENCY SYNDROME**

	1993/1994/94	1995/96	1996/97	1997/98	
<b>% of total GDP</b>					
Mining	35,7	33,3	34,1	37,0	37,6
Manufacturing	4,6	4,9	5,0	4,9	4,8
General Government	15,6	15,3	14,9	14,2	14,5
<b>% growth</b>					
Mining	28,9	3,9	18,9	33,5	18,8
Manufacturing	13,0	18,9	16,7	23,1	14,1
General Government	17,1	10,2	12,6	17,6	19,2

# Hyundai's problems weigh on FNB Botswana

CT. (BR) 18/5/99

(12)

**BARRY BAXTER**

Gaborone - Stockbrokers Botswana had downgraded First National Bank Botswana from a buy recommendation to a hold, based on uncertainties surrounding the bank's lending to the troubled Hyundai motor assembly operations, the broker said yesterday.

"We believe provisions that the bank will make in its next accounts due to lendings to Hyundai Motor Distributors will be such that there will no year-

on-year growth in profits," the broker said. "However, we believe there will also be no fall in absolute profit level. Bearing in mind the present uncertainty we are downgrading FNB Botswana from a buy to a hold."

FNB Botswana shares closed unchanged on Friday at 19 pula (R25). They dropped on March 9 from the year's high of 20,50 pula to 20 pula and the following week to 19 pula. This was before the Hyundai troubles surfaced.

At a briefing yesterday, FNB

Botswana denied reports that its exposure to Hyundai was more than that of the Botswana Development Corporation, initially reported as 100 million pula.

Botswana's banking regulations prohibit FNB Botswana from revealing the amount of its exposure.

A statement from FNB South Africa said its Botswana operation was not at risk.

On May 4 FNB Botswana obtained a court order to secure its hold over fixed assets and assem-

bled vehicles at the car maker's completely knocked down and semi-knocked down plants.

Media reports on May 7 were that loans from FNB Botswana and the Botswana Development Corporation had not been serviced and there were cash flow problems.

The companies announced last week that a consortium of bankers had pledged to back them and that shareholders had agreed to provide additional equity. - Sapa

(12)  
FM 21/5/99

### REARRANGING THE DECK CHAIRS ...

**S**triking auto workers at Hyundai's SKD assembly plant in Gaborone were still holding out for a 50% pay rise this week — six weeks before the plant is due to shut down permanently.

The SKD (semi-knocked-down) operation completes assembly of vehicles imported in semibuilt form. It is giving way to a nearby CKD (completely-knocked-down) plant in which vehicles are assembled from scratch.

Hyundai officials say they are confused by the two-week-old strike. The 350 workers were told a year ago that the plant would close at the end of June 1999.

There was temporary hope that the SKD plant would remain open until the end of 1999 if Hyundai was granted an increase in the quota of

58 000 vehicles it could build there at the reduced CKD import duty rate. SKD vehicles attract higher duties.

But after the quota request was turned down, it was confirmed to workers on April 13 that the June closure deadline remained. While some employees would be retrained for CKD operations, most would lose their jobs.

Hyundai workers do not belong to a union but are represented

by a workers' committee. Company human resources spokesman Martin Lombard says the company was told on May 4 that workers would strike the following day. They have been out ever since. He says management learned of workers' demands only on May 10. Bottom line is a 50% pay rise "before they will even talk about retrenchments and severance packages". Lombard describes the 50% as "extraordinarily high", though it's not bad compared to last year's 125% demand, which was also accompanied by strike action. That ended with an increase of just over 10%.

Lombard describes the strike as unprocedural and illegal. Hyundai is trying to persuade Botswana's Department of Labour to declare it as such.

Hyundai vehicles built at the SKD plant include the Bakkie, Sonata and Tiburon. Lost production so far is about 500.

David Furlonger



Hyundai ... A Tiburon built in Botswana

## Botswana sees 56% growth in bank credit

Claire Pickard-Cambridge (R)

BO 28/5/99  
THE Botswana economy is experiencing high economic growth, but a 56% expansion in bank credit last year is an inflationary concern, says the Botswana Institute for Development Policy Analysis in a briefing paper.

High economic growth, estimated at 7% to 8% for the nonmineral economy in 1998/99, has led to an upsurge in inflation which reached 7.3% in March.

However, the institute warns that growth of non-traditional exports is being curbed by sluggish economic growth in neighbouring markets such as SA and Zimbabwe.

It appears that the diamond market may have bottomed out. Diamond sales by the Central Selling Organisation (CSO) in the first three months of the year indicate a small market recovery, and as long as there is no economic slowdown in the US, this year should see a healthier international diamond market.

With increased diamond production as the expansion of Orapa mine nears completion, Botswana will sell more diamonds through the CSO, boosting the balance of payments.

The institute says one of the most striking aspects of the present boom is that employment has not grown significantly — although real nonmining GDP grew 36% between 1991/92 and 1997/98, formal sector employment grew only 10% over this period.

There was also employment growth in government. Employment in the private and parastatal sector was lower in March 1998 than it was in March 1992.



# Botswana braces for its first deficit in 15 years

**BARRY BAXTER**

(12)  
Gaborone - The Bank of Botswana estimated yesterday that the deficit for the year to March 31 would be 1 billion pula (R1,33 billion) instead of the

CT (BR) 3/6/99  
originally estimated surplus of 196 million pula.

The bank is also pessimistic that the government will be able to contain the deficit for the 1999-2000 fiscal year to the estimated 400 million pula.

Botswana has enjoyed budget surpluses since 1983-84. "The move to a deficit after 16 years of budget surpluses does not signal a shift to an expansionary fiscal policy," said the central bank.

Presenting the bank's annual

report yesterday, Baledzi Gaolathe, the bank's governor, said that as at the end of calendar 1998 the calculated deficit for 1998-99 was 800 million pula. "With three months of figures to go, our estimate is 1 billion." - Sapa

# Botswana's central bank calls 1998 a good year

CT (PR) 11/6/99 (12)

DEREK JAMES

Gaborone - The Bank of Botswana described 1998 as "a good year", with strong growth, a good employment record and a slowdown in inflation.

It said Botswana had had faster economic growth in 1998 than in 1997 and employment for the 12 months to March 1998 rose faster than in the past five years. Inflation reached its lowest level in 13 years in July.

On the less positive side, the balance of payments weakened and the pula depreciated against all currencies except the rand and the Zimbabwean dollar.

Expenditure, both public and private, rose at a more rapid rate than in 1997.

Growth accelerated to 8,3 percent in 1998 from 7,2 percent in 1997, with the fastest growth in mining (9,5 percent) and general government (11 percent) and a worrying

decline in agriculture from 2 percent to 1,2 percent in 1998.

Inflation reached a low of 5,9 percent in July, September and October 1998, the lowest in 13 years. However by year-end it was 6,4 percent versus 7,8 percent in 1997. The prime rate was 14 percent at year-end, the same as at the end of 1997.

The Botswana stock exchange's overall index reached a record high of 976 in August and capitalisation increased by 889 million pula (R1,17 billion) to 3,225 billion pula. In dollar terms the exchange was down 14 percent compared with a 92 percent rise in 1997.

The bank sees unemployment as a matter of key concern, with the official rate at 22 percent in 1995-96. Options to create employment are a review of policies, intensive public works schemes, curricula review and attracting foreign investment. - Independent Foreign Service

# Botswana plans to probe policy BID

Prof Malema 17/6/99 (12)

GABORONE — The government of Botswana is to probe its crisis-ridden "financial assistance policy" to combat fraud by companies and attract more investment with a view to diversifying the economy.

This comes at a time when the unemployment rate is estimated at 35% and most of the assistance policy projects are showing a greater failure rate that is largely attributed to rampant abuse by beneficiaries.

The finance ministry said in its brief of intent to review the scheme that most

of the investing companies had been defrauding government by "inflating project employment levels with a view to getting higher grants".

The policy report is expected to explore possible areas of stimulating foreign direct investment through the assistance policy facility as an added incentive to potential foreign investors.

The present determination of the policy capital grant did not take into account important differences between sectors. "Some industries are labour-intensive and others are capital-intensive, but the determination of the capital grant is the same," the ministry said.

# Botswana extends deadline to bolster voter registration

Prof Malema (12) BD 24/6/99

GABORONE — Botswana's Independent Electoral Commission (IEC) is frantically trying to bolster the number of potential voters in the elections due to take place later this year.

In a bid to encourage more people to vote, the IEC on Friday announced a supplementary registration period from July 17 to the end of the month.

"Both valid and expired Omang cards (identity cards) will be accepted at the supplementary voters' registration, which will be held from 17 to the 31 of next month," a statement from the office of the secretary of the IEC, Gabriel Seeletso, said on Friday.

The move comes after a bill by Ian Khama, the vice-president and presidential affairs minister, aimed at amending the electoral law. The bill was tabled on Wednesday.

The parliamentary session, which started last Monday, is expected to take five weeks before President Festus Mo-

gae dissolves it to pave the way for MPs to canvass and contest the elections.

"Parliament is scheduled to be dissolved around July 16, but there might be some changes as there are a number of bills and motions that will have to go through. But the most important of them all is the one calling for the amendment of the electoral law. We feel that those who do have passports as their only form of identity document should be allowed to register for elections," said Paul Rantao, spokesman for the leading opposition, the Botswana Congress Party.

Although the elections date has not yet been announced, it is believed that the country's eighth elections will be held in October this year.

Botswana has experienced one of the most disappointing turnouts at registration points in its history. Less than half of the 900 000 people who are eligible to vote have registered so far.

According to Seeletso's office, only 389 000 people have registered.

# Banking bolsters bullish bourse in Botswana (12)

20 30/6/99

**Prof Malema**

GABORONE — The Botswana Stock Exchange is in a bullish mood, trading above the 1 000-point barrier for the second time since the beginning of the year.

Dealers described the market as "very good" on Monday and expressed optimism that it would continue at this level, unlike the previous bullish period that started on March 15 this year.

"We opened at 1 009,62 points and the market is still strengthening on the back of Botswana Insurance Holding Limited and Barclays Bank of Botswana's share prices which are carrying the record highs," said the bourse's CE, Rupert MacCammon.

At the close last week, Botswana Insurance and Barclays had picked up 10 thebe to 10,50 pula and 4,70 pula, respectively.

Martin Makgatlhe of Investec Securities Botswana said: "We expect that its (Barclays) share price will continue to rise as the financial institutions are to release their good interim results at the end of June." The move saw 71 872 shares worth 360 731 pula being traded by Friday last week.

This pushed the number of shares traded this year to 14,8-million, worth 68,8m pula, ahead of the "impressive" interim results that dealers expect from three financial

institutions this week. These are Barclays, Standard Chartered Bank and the First National Bank of Botswana.

Barclays saw its net interest income grow by 13,1% to 110-million pula at the end of last December. Its earnings a share rose 26,8% to 170,3 thebe for the same period.

Rival Standard Chartered Bank's net interest income at the end of last December shot up 23% to 96,7-million, while share earnings grew 22,5% to 234,1 thebe.

"We expect all financial institutions to do well in the coming weeks because of their impressive results," MacCammon said. He cautioned that FNBB might be affected by financial problems at the Hyundai operation. Botswana Insurance's performance is linked to its results at the end of March.

"I think the investors are coming back to look at the emerging markets in the liquidity markets," Makgatlhe said.

However, dealers said the bond market remained flat in its efforts to attract foreign investors as domestic investors were not prepared to sell.

"It is very unlikely for domestic investors to trade because the bond market is very small. The other problem is that they have become less attractive to foreign investors because they have to pay tax," Makgatlhe said.

*Credit will help fund group's portion of Orapa mine expansion*

# De Beers bags R455m loan from four Botswana banks

**JONATHAN ROSENTHAL**

COMMODITIES EDITOR

Johannesburg - De Beers concluded a 350 million pula (R455 million) loan facility yesterday with four banks in Botswana to help fund its portion of the 1,6 billion pula Orapa diamond mine expansion, the diamond group said yesterday.

The project would double Orapa's diamond production to about 12 million carats a year and increase Botswana's diamond production to about 25 million carats.

De Beers said the funds had been raised through loan agreements signed with Barclays Bank of Botswana, First National Bank of Botswana, Standard

Chartered Bank Botswana and Stanbic Bank Botswana.

James Allan, a diamond analyst at Barnard Jacobs Mellet, said the increased production coming out of Orapa would put a surplus of diamonds on the market unless there was strong demand growth in markets such as Japan and Asia.

Allan said the timing of the project had most likely been planned to coincide with a decline in diamond production from the Argyl mine in Australia.

"It has added additional supply into the market at a time when supply and demand is in balance."

But the increased supply would not influence the price because it fell under the control of

De Beers, which could either absorb the excess production through the Central Selling Organisation or impose a production quota on the Orapa mine.

"It raises the proportion of De Beers diamonds produced from Botswana and increases the proportion of world production that is under the direct control of De Beers," Allan said.

De Beers said the expansion was the single largest investment project in Botswana and would have a positive influence on the country's economy. Construction jobs have increased the number of employees on the mine from 800 to 2 000, while the project will create 200 permanent jobs.

De Beers gained 80c to R149,80 on the JSE yesterday.

ET (BR) 8/7/99

(12) (216)

Yield of \$1.9bn was 29% of world total

# Botswana is the diamond value leader

FROM SAPA  
ET (PR) 5/18/99 (12)

Gaborone — Figures released in Botswana and sourced from De Beers, show that in 1998 Botswana maintained its rating as the world's number one producer of diamonds by value.

The country's production was worth \$1.9bn at an average price a carat of \$97. World production was shown as being worth \$6.57bn.

The Botswana diamonds accounted for 29.3% of the total, Russian production for 22.55% and SA for 13.4%.

Production from countries within the Southern African Development Community accounted for 65.9%.

Botswana will further consolidate its position during next year when production will increase by 30%.

Rated second was Russia with production worth \$1.48 billion at \$75/car.

South Africa was in third place, with \$882 million at \$81/car.

Analysts in Botswana said that over the next 12 to 18 months world production was expected to increase by between \$700 million and \$1 billion.

This increase would largely be owing to the Orapa diamonds

and increased output from the Ekati property in Canada.

On the other hand, Australia was expected to produce fewer diamonds.

"The challenge for De Beers and the Central Selling Organisation (CSO) is to create demand for this growing production," they said.

"For this, CSO sales would need to be around \$6 billion a year," they estimated.

The figures showed that last year the richest gems came from Namibia, with stones at \$96/car, but total production was in fifth place, worth \$450 million.

Angola also produced high-quality gems at \$207/car, but with total production in fourth place at \$614 million.

Most diamonds were produced by Australia, with a total of 40.8 million carats, but they were of the lowest quality, worth an average of \$8/car, with the total being \$343 million.

Second in volume production was the Democratic Republic of Congo, a position it is likely to lose next year as production in Botswana increases.

It also produced some of the lowest-quality stones.

With production at 25.7 million carats, average value was \$17/car, with the total at \$449 million.

# Botswana leads world in diamond production

(12) 5/18/99

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With the Orapa diamonds and increased output from the Ekati property in Canada.

# Steep rise in visitors to Botswana (12)

## Sello Motseta

BOTSWANA earned about \$185m from tourism last year and the number of visitors to the country increased by about 50%, according to official figures.

Figures cited in the latest edition of the World Tourism Organisation's Tourism Marketing Trends and those supplied by Botswana's Central Statistics Office also indicate that Botswana ranked third in the Southern African Development Community region — after SA and Zimbabwe — in the number of foreign visitors to the country.

However, it is not clear from the official statistics how many of the people visiting Botswana are actual tourists. During 1997, it is thought there were 1,083-million visitors of which only about 870 274 were tourists.

But the number of visitors reportedly

rose to 1,521-million, with about 50% of them coming from SA.

The rise is significant given that the Bank of Botswana ranks tourism as Botswana's third largest foreign exchange earner after minerals and motor vehicle exports.

The tourism sector, which ranges from the waterways of the Okavango Delta to the Kalahari Desert, employs 9 900 people, of whom 53% are skilled, a recent survey conducted by Botswana Tourism Development Programme says. This is despite the fact that USAid has spent more than \$25m to encourage community participation in the industry.

The Botswana Wildlife Training Institute is training personnel in the wildlife and national parks department, but this has not yet included people indigenous to the Maun area around the Okavango delta.

This is likely to become a contentious

issue because direct revenues from licence fees and charges last year were 177.4-million pula, but rural communities received only 1.7 million pula, from the use of natural resources in their areas.

This is despite the fact that a wildlife and national parks department report projected that in 1998 new concession lease agreements would generate revenue from lease rentals, resource royalties and fees totalling 5,188-million pula.

A two-year development programme funded by the European Union is drawing up a tourism master plan and identifying areas for expansion. The programme also covers development in rural areas.

The tourism industry is associated with wildlife, the natural environment and the national parks and reserves, which cover 31% of Botswana's total land area.



# Orapa expansion nears completion

Prof. Malema (12) 10/16/8/99

GABORONE — Debswana Diamond Company, a joint-venture between De Beers and the Botswana government, said last week that its Orapa 2000 mine expansion will run at a full production in two months.

The mine commission manager of the Orapa 2000 project, Bernard Busani, said the scheme was 65% complete and the remainder would be completed before the end of the year.

"We are in the process of commissioning part of the project. That includes putting water and ore in all the equipment that we have installed," Busani said.

The shareholders of Debswana, the largest diamond producer in the world gauged by value, signed 1.4-billion pula agreement in 1996 aimed at expanding the Orapa mine, which is about 600km north of the capital, Gaborone.

It is the largest mining project to be undertaken in the country and will double the caratage production at the mine to 12-million, starting from next January.

Sales contracts will be extended by another five years and all diamonds will be sold through De Beers's London-based Central Selling Organisation (CSO).

The expansion project is expected to make Debswana the dominant company in the Botswana diamond industry. Since the diamonds were discovered in the country nearly three decades ago, Debswana has been a major player, with its three mines — Jwaneng, Orapa and Letlhakane.

"If all goes well we will be running at full production in October this year," Busani said.

Two of the four planned modules in the project are undergoing tests and the other two are scheduled to be tested in September.

Sources at the Bank of Botswana say Debswana, which sells 85% of its diamonds through CSO, is expected to have a positive effect on the economy when the first "trickling" from the project comes on stream in the last three months of the year.

"The situation will lead to surplus revenues which will offset the 400-million pula projected budget deficit that was projected at the beginning of the year," a source said.

The projected deficit was attributed to the Asian financial crisis.

However, industry sources are optimistic that economic slowdown in Botswana has bottomed out and are hopeful that the international diamond market will improve again.

# Bushmen call for improved land rights

BD 19/8/99 (12)

**Prof Malema**

GABORONE — The two-year-old dispute between Botswana's government and the resettled bushmen of the Central Kgalagadi Game Reserve took a new twist this week when the bushmen called for improved land rights.

Speaking at a news conference, representatives of the two bushman human rights groups, The First People of Kalahari and the Working Group of the Indigenous People of Southern Africa — Botswana chapter, said they were seeking talks with government to secure their own land rights to the Central Kgalagadi Game Reserve.

"We believe that we are the indigenous people of southern Africa, yet we have lost our land and we have been removed from where we were," said Mathambo Ngakayaaja of the Working Group of the Indigenous People of Southern Africa.

Government cattle trucks entered the Kgalagadi reserve in 1997 and relocated residents from Xhade to New Xhade — 68km outside the reserve — to pave the way for tourism development, largely based on wildlife.

Commerce and Industry Minister George Kgoroba has since promised them a "new life", with water supplies, clinics, a school, beer halls, brick houses and livestock.

More than 1 200 people were resettled in New Xhade, while others were taken to Kaudwane, 5km south of Kutse Game Reserve.

"We did not voluntarily move out of the reserve. Some of the people feared that the Botswana Defence Force would come and shoot them," Ngakayaaja said.

The two human rights groups said people had to move out of the reserve because they were told that they would

be denied basic services, such as water and schools.

The resettlement of the bushmen outside the reserve sparked controversy between local and international human rights organisations. Further, the move led to diplomatic friction between the British government and Botswana.

The British government proposed an urgent conference at the height of the resettlement to address both the "deplorable living conditions of the bushman" and to find "an acceptable solution to the plight of the bushman".

However, the British attempts failed when they could not agree with the Gaborone administration on the agenda for a conference.

The bushman communities are regarded as impoverished. "Poverty, unemployment and drunkenness are at a peak in New Xhade as opposed to Xhade, where they were able to live off the land," Ngakayaaja said.

"New Xhade is barren and they are not able to produce craft in New Xhade because they have no natural resources. Neither can they live off the land as they used to when they were staying within the reserve."

Spokesman for the First People of the Kalahari, Aron Johannes, accused government of breaking its promises, saying this had resulted in some people moving back into the reserve.

He said people who had been moved from the satellite areas of Mtseamanong, Mothomelo, Kikao and Kukama had gone back to those places.

According to a junior minister of local government, lands and housing, Boometswe Mokgothu, only 297 cattle and 14 buck have been allocated to 57 families. Livestock had been allocated in phases due to financial limitations and to enable government to monitor the process.

**ON THE ELECTION TRAIL**

Battle for Gaborone heats up

Botswana President Festus Mogae's recent announcement that elections are to be held in October this year has unleashed a frenzy of political activity.

Having lost all four Gaborone constituencies in 1994, the ruling Botswana Democratic Party (BDP) held its congress in the capital, Gaborone, last month. A recent poll indicates that the BDP could win at least one of them this time. But the contest for Gaborone Central could become acrimonious. It involves a clash between the newly formed Botswana Congress Party (BCP)'s leader, Michael Dingake, an ex-Robben Island detainee and the de facto leader of the opposition, and his former political ally Marcelledi Gidde, general secretary of the Botswana National Front (BNF), which Dingake broke away from last year. Both are left-leaning ideologically though the BCP is moving towards the centre.

Their association came to an uncer-

emonious end at a Palapye meeting last year, when Dingake (then deputy leader of the BNF) broke away with 11 MPs (out of its 14) and scores of councillors to establish the BCP — a split which could benefit the ruling party.

In 1989 the BNF won three out of the 40 contested parliamentary seats, a figure which rose to 13 in the 1994 elections. Though the economy grew by 8.3% in 1997/1998 and 7.2% in 1996/1997, unemployment is on the rise, with an estimated 47% of Botswana's population of 1.5m living below the poverty datum line.



Festus Mogae... testing time approaches

The festive president of the ruling party's Women's League, Dr Margaret Nasha, has been given the unenviable task of wrenching Gaborone from the opposition. Nasha, the former High Commissioner to the UK, will personally be squaring up against Lepetso Setshwaelo, president of the Botswana Alliance Movement, in Gaborone Central.

The battle for Gaborone Central reflects a deepening leadership crisis underlined in the decision by Mogae to make Lt-Gen Ian Khama (son of founding President Sir Seretse Khama) the vice-president, even though he had no previous political experience. Khama Jr failed to secure a nominated position on the BDP central committee by members of his own party at last month's BDP conference.

Mogae, put into office by his predecessor Sir Kutebile Masire, has yet to stamp his authority on the ruling BDP. The party continues to be controlled by a powerful faction led by its national chairman, Ponaatshego Kedikwiwe, and secretary-general, Daniel Kgwelegobe. *Sula Mhetea, Bahraba*

**THE EPIDEMIC**

**COPING WITH AIDS**

Companies have to take stock

(12) PM 27/8/99

Organisations in many parts of the country have already experienced significant increases in the cost of group life insurance, disability insurance, and medical insurance because of AIDS.

To combat the increasingly detrimental impact of HIV/AIDS on finances and human resources planning, Lifeworks has developed Positivelife™ HIV Management Services.

The Lifeworks model will project in-

creasing costs of employee benefits such as group life, disability and medical insurance. It also projects impacts on recruitment and training costs and on productivity — areas that are difficult to quantify.

Finally, the model can demonstrate the financial savings achieved by implementing the Positivelife™ HIV Management Services developed by Lifeworks. These services are specifically developed to manage escalating health-related risk costs by managing the risk itself. Rather than continuing to increase benefit costs or reduce benefit levels, Lifeworks services intervene directly to promote and manage the good health of employees.

By preventing new infections where possible and ensuring the cost-effective management of employee health for those living with HIV, Lifeworks reduces insurance claims and increases productivity.

This helps to preserve benefit levels and profitability.

To raise awareness in the business community that HIV/AIDS is a business issue, and that there are strategies to manage it, Lifeworks has developed the AIDS Impact Calculator. The Calculator is a basic version of the Lifeworks model that allows executives to enter general information about their company and generate a range of financial impacts HIV could have on the organisation. The Calculator is not designed to be used as a planning tool. However, it is an excellent first step for the manager who needs a general understanding of the scope of the financial impact AIDS could have on his or her organisation, or who needs to demonstrate to an executive the benefits of developing a management solution appropriate to their company.

**BOTSWANA GEARS UP TO SCRUB US**

(12) 66/18/99 44

The Trade Ministers of the 150 member countries of the World Trade Organisation meet in Seattle, US, later this year to map the way for the further opening of international trade. As they do so, they might want to glance at the soda ash industry, for it illustrates how unfairly some of the world's major economies behave against developing countries.

The US dominates world trade in soda ash, a major ingredient in the manufacture of glass, powder detergents and industrial chemicals. It accounts for more than two-thirds of the global soda ash import market.

The US has built its domination of the soda ash market on the back of the American Natural Soda Ash Corp (Anzac), a cartel formed in 1982 to export US soda ash to more than 61 countries in Asia, Latin America and Africa (mainly SA). SA accounts for

about 3% of US soda ash exports. Associations like Anzac, which has annual sales of more than US\$500m, were formed under the US Export Trade Act of 1918 (the Webb-Pomerene Act), which exempts associations engaged only in export and whose activities do not restrict competition within the US from antitrust legislation (the Sherman Act).

In addition to Anzac, the US's domination of world soda ash trade has also been helped by the economics of soda ash production, which favour natural soda ash over the synthetic product. Natural soda ash is produced from trona, a rare mineral mixture of sodium carbonate and sodium bicarbonate found only in the US, China, Mexico and Africa. The US has the world's largest reserves of trona, which it estimates will last a further 1,300 years.

Trona-based soda ash uses less energy and is less labour-intensive than the synthetic material manufactured from brine and limestone. But the US's cheaper production costs are negated because its mines are in Wyoming and

the ashes of Soda Ash Botswana which entered the market in the early Nineties, only to collapse in May 1995 after a SA price-cutting war with Anzac.

The other player in the SA market is Magadi Soda, the Kenyan subsidiary of Brunner Mond, the UK-based manufacturer of alkaline chemicals. Both Botswana and Magadi are producers of natural soda ash.

Having just turned profitable (it made a profit of 2m pula last year), Botash, whose mine is at Sua Pan outside Francistown, is considering a multimillion rand investment to produce "snow white" soda ash for detergent manufacturers, mainly in SA. The Botswana Institute for Development Policy Analysis (Bidpa), a research institute, estimates the southern African white soda market at 70,000 t, of which SA accounts for a large chunk.

Botash produces grey, or "dense", soda ash for use in glass and industrial chemicals manufacture. MD Paul Henry says plans to expand into the white soda ash market were begun in the early Nineties, but were shelved after Soda

Ash Botswana ran into financial difficulties. "We should know by year-end whether we will proceed with the investment," he says.

Analysts in Botswana warn that Botash's entry into the SA white soda ash market could trigger a replay of the price war that forced Soda Ash Botswana, Botash's predecessor, to its knees with debts of more than R600m.

Bidpa says that the viability of Botash's proposed investment would depend to a considerable extent on the reaction of American producers of snow white soda ash. It says US producers reacted to Botswana's entry into the market in 1991 by embarking on a "vicious campaign of price-cutting" to defend their share of the SA market.

"The marketing of soda ash from the existing plant has settled down, with Botswana supplying grey ash to the

Johannesburg market, and the US supplying white ash and grey ash to the market around Durban. If Botswana were to attack the American producers' market for white ash, it might set off another price war," Bidpa advises.

The SA soda ash market is depressed. Anzac sales have fallen from 164,000 t in 1996 to 99,900 t last year. US Geological Survey figures also show

Anzac exports to SA down 43% in the first five months of this year.

Henry estimates the SA market has shrunk from 340,000 t to about 290,000 t a year. The soda ash markets of Latin America and Asia aren't doing well either.

Botash's venture into white soda ash might just be the spark for a new fight for market share in SA. *Isabani Sitshabi*

**STATE OF NATURAL SODA ASH**

Year	Production	Reserves
1996	10,700	10,800
1997	10,700	10,800
1998	10,700	10,800
1999	10,700	10,800
2000	10,700	10,800
2001	10,700	10,800
2002	10,700	10,800
2003	10,700	10,800
2004	10,700	10,800
2005	10,700	10,800
2006	10,700	10,800
2007	10,700	10,800
2008	10,700	10,800
2009	10,700	10,800
2010	10,700	10,800

The reported reserves are subject to change. *Source: Bidpa, Botswana Institute for Development Policy Analysis*

South Africa  
prepares to  
amend its  
domestic  
gun control  
policy

SOUTH Africa prepares to amend its domestic gun control policy. It can learn from the approaches adopted by other countries. In Southern Africa, many of whom have much stricter firearm laws.

While several western countries are known for their prohibitive gun-control policies, it is a little-known fact that, in a region many believe is awash with weapons, some Southern African countries have very effective gun control laws.

Botswana stands out in particular, with a stringent control policy — and very little gun crime.

At present there is a total moratorium in the country on the issuing of licences for handguns.

Police commissioner Norman Moleboge says the only people allowed to possess and carry handguns are serving members of the police and defence force, and a limited number of officials in the prisons and wildlife and national parks departments.

But even this is restricted — most members of the police are not armed with firearms unless they are carrying out special operations.

This means that the police in Botswana are not targets for firearm theft like their counterparts in South Africa. Last year alone, 1 775 firearms were stolen from policemen in South Africa.

Moleboge says that while the government receives between 5 000 and 6 000 applications for handgun licences annually, it is concerned at the cumulative effect should large numbers of licences be granted.

This has necessitated the adoption of a strict policy.

"In the past it was easier to get a licence, but the police found that weapons changed hands frequently and there was little control over how they were used," he says.

Police maintain that the strict policy is one of the reasons

crime is unusual in Botswana. Until recently, crime statistics did not even include a category for gun crimes.

Although the crime statistics for last year are still being finalised, police say there were only 11 armed robberies — eight with pistols, two with shotguns and one with a rifle.

This is in sharp contrast to South Africa, where gun crime is common.

Statistics compiled by the Crime Information Management Centre show that 54 622 cases of armed robbery were reported in 1997. In the same year, there were an average of 31 gun murders a day.

While South Africa's overall murder rate is decreasing, murder with a firearm is on the increase. In 1997, 11 215 people were killed with firearms. In 1998, 12 267 people died from bullet wounds.

Botswana's strict gun control regime extends to the issuing of licences required for firearms for hunting.

In an annual raffle of all applications received, 200 licences for shotguns and 200 for rifles are granted.

Licence applicants are screened and those with criminal records are automatically

excluded.

This quirky raffle mechanism ensures strict control and sends out a message that a firearm licence is a privilege — not a right.

Moleboge concedes, however, that some exceptions are made for the safari industry and farmers troubled by predators.

Police statistics show that crime in Botswana is slowly on the increase and this sometimes involves illegal firearms.

Moleboge says the number of guns in South Africa may be to blame.

"Rightly or wrongly, we believe these weapons [used in armed robberies] come across the border from South Africa.

"I personally believe they have very liberal laws in South Africa..."

With 4,1 million legal guns and an unknown number of illegal firearms in circulation in South Africa, a large number of weapons have turned up all over Southern Africa — a region characterised by porous borders and weak states.

Guns manufactured in South African have been found as far north as Malawi.

As chairman of the Southern African Regional Police Chiefs Co-operation Organisation,

## second opinion

KATHARINE MCKENZIE (12)

# Botswana keeps crime in its sights with strict gun controls

ST 29/8/99

Moleboge would like to see gun laws in the region harmonised, but he does not envisage Botswana liberalising its gun law to match those of its neighbours.

One of the organisation's goals is to develop a regional convention on the control of firearms and co-ordinate policy and legislation throughout the region.

With tourism a major growth industry for Botswana, strict gun control is a dividend which pays off.

Feeling safe while visiting another country actively encourages tourism, and safety is a marketable commodity in the developing world.

Moleboge notes wryly that South African tourists frequently go on holiday with their guns.

"We collect a lot of firearms at the border with South Africa," he says.

"It doesn't occur to some visitors to leave their guns behind when they visit our country. They don't understand how you can live without carrying a firearm."

While strict firearm control may not be the only reason for the low incidence of gun crime in Botswana, it is certainly an important contributor.

Botswana is one of a minority of Southern African countries which have not been characterised by intra-state conflict in the recent past.

This country with a population of 1,6 million is also wealthier than many of its neighbours. But urbanisation is increasing and population growth is high.

As social and economic features of life change in Botswana, sensible government policies including strict gun controls will help ensure that crime does not spiral out of control.

● McKenzie is a freelance consultant. Research for this piece was commissioned by Gun-Free SA

# Botswana lifts emergency after parliament reconvenes

Sello Matsela (17) MD 8 19 1999

THE state of emergency has been repealed in Botswana, following approval of an amendment to the country's electoral act which will enable 67 000 extra voters to take part in next month's election.

The state of emergency was imposed last week by President Festus Mogae to enable Parliament, which had already been dissolved, to be recalled to amend the act to be able to include the extra voters on the final voters' roll.

The act was amended during a special sitting of parliament on Monday night. The new bill was presented to parliament

by the vice-president and presidential affairs and public administration minister, Lt-Gen Seretse Khama Ian Khama.

"The main object of the bill is to amend the electoral act to... enable voters who registered in the period between May 3 and July 3 this year to vote in the coming elections," he said.

However, the leader of the opposition group, the Botswana Congress Party, Michael Dingake, complained that parliament had been reconvened to "rubber-stamp the decisions of the ruling Botswana Democratic Party".

Dingake accused Mogae of incompetence, saying that a state of emergency

should be called only "in times of war and civil insurrection, not to rubber-stamp the negligent behaviour of the executive".

The leader of the House of Assembly and secretary-general of the ruling party, Daniel Kgwelego, dismissed the complaints, saying the opposition should stop using the reconvened parliament as a forum for its election campaign.

The ruling party asked for an assurance that the Independent Electoral Commission be able to complete its preparatory work before the election. Jacob Nkate of the ruling party conceded the administrative errors should not have been made, but defended the emergency.

# Air Botswana en route to privatise

**Prof Malema**

GABORONE — Botswana's national airline, Air Botswana, has started to map out moves towards privatisation which is expected to take place within the next three years, says the organisation's general manager, Joshua Galeforolwe.

The move follows healthy profits over the past three years, the latest being 23-million pula at the end of the financial year in March. Before that the company was making losses averaging 18-million pula a year.

"We could not have a better opportunity than now. We have to get into the market before the likes of Air Namibia and Air Zimbabwe. Air transport is competitive and we are seeing the liberalisation of the

skies," says Galeforolwe.

"The private investors' expectations are going to be different from government's expectations. The private investor wants shareholder value enhanced, while government's interest may be in issues that promote its policies," he said.

As part of Air Botswana's privatisation plan, the company hopes to establish lasting alliances with other international airlines, such as feeder airlines. This would be in keeping with the recommendations of an International Finance Corporation report commissioned three years ago.

"We hope the privatisation of Air Botswana will bring us enormous benefits and access to a wide route network," says Galeforolwe.

The airline, which employs 280

people and has four ATR-42 aircraft leased from foreign companies, was identified by a Botswana Confederation of Commerce, Industry and Manpower report as one of the parastatals fit for privatisation.

Although government backed the report's recommendations last year, it developed cold feet because of "political sensitivity" in an election year. General elections are due on October 16, and the new parliament is expected to debate privatisation after that.

In a bid to attract private investors, Air Botswana has begun restructuring, reducing staff numbers and outside aircraft maintenance, by selling one 75-seater jet, and leasing another to Air Zimbabwe in 1997 for two years, and by leasing part of its headquarters.

(12)

AD 22/9/99

# US cartel dumps soda ash on local market

(12) CT (BR) 11/10/99

**JONATHAN ROSENTHAL**  
COMMODITIES EDITOR

Sua Pan, Botswana - Ansac, the cartel of US natural soda ash exporters, had turned on the heat in its battle for the southern African market by offering to sell soda ash at a loss, Paul Henry, the managing director of Botswana Ash (Botash), said last week.

Botash produces soda ash --

used to manufacture glass and washing powder - from a salt pan in northern Botswana and supplies about two-thirds of the southern African market.

Henry said that after Botash had won a large contract to supply a Cape-based glass manufacturer, Ansac began offering to supply South African customers soda ash at about \$100 a ton.

He said Botash believed that Ansac's production and transport costs came to about \$130 to deliver a ton of soda ash at a South African port. The new prices represented a cut of almost a \$30 a ton in the price offered to consumers in the region.

The prices are almost up to \$70 lower than the prices at which Ansac members, who compete in the US market, offer to US consumers. This would imply that Ansac was dumping product in violation of World Trade Organisation rules.

Henry said Botash was reviewing its options but he declined to specify what action it would take.

Henry also lashed out at US commercial law, which forced Ansac members to compete in their home market but allowed them to operate as a cartel in the world market.

# Botswana urged not to rest on laurels

CT(MR)15/10/99(12)

DENIS BARNETT

Gaborone – Botswana was one of Africa's economic success stories, but economists yesterday warned of the consequences of overdependence on its vast diamond wealth and urged a diversification of its industrial base.

A third of the landlocked country's gross domestic product (GDP) comes from minerals, 95 percent of which are diamonds. Diamonds comprise 50 percent of government revenue and make up 80 percent of the country's exports.

This largely accounts for the country's \$6 billion of foreign reserves. But economists say diamonds are not forever, even in Botswana, the world's biggest producer by value.

Botswana's \$1.9 billion diamond production in 1998 was 29 percent of the \$6.5 billion worth produced worldwide. This figure was about to grow with the massive expansion of the Orapa mine.

But economists said mining production would plateau after next year, with no new discoveries of diamond-bearing deposits being expected.

While lauded internationally as a low-corruption, stable democracy that has spent its money wisely since discovering diamonds in 1969, the government of President Festus Mogae has been slow to attract industry to enable it to diversify and tackle unemployment of 20 percent.

"Botswana has never really felt the need to systematically sell itself," said Marcel Beranger, a Canadian adviser to the commerce and industry minister.

Beranger and other economists agreed the structures were in place to enable the country to reduce its dependence on diamonds. However, investors had been slow to take up the offer.

"Botswana's got to start

streamlining its requirements like the handling of work permits and licences. Investors don't like to wait three months for a licence," said Beranger.

According to economist Keith Jefferis, the "three new engines of growth" identified by the government – manufacturing, tourism and financial services – between them accounted for just 10 percent of GDP.

"Even if they grow fast they won't actually add much to overall economic growth," said Jefferis.

"Government spending is over 40 percent of GDP. Government has been used to driving the economy along through its spending.

"There will be big pressure on the government to keep up the level of spending to keep growth around 5 percent," but that's not sustainable if other revenue sources aren't growing."

**Although an African success story, the state must realise diamonds are not forever**

Manufacturing was still only 5 percent of GDP but was growing steadily.

Botswana's shocking HIV/Aids statistics – one in four people are infected – also meant the economy would grow more

slowly over the next 25 years.

"Aids will reduce economic growth by an average 1 percent (age point) a year," Jefferis forecast.

Botswana was setting up a financial services centre that could generate 1 000 jobs within three to five years. "The objective is to become the offshore centre of the southern African region," said project manager John Curtin.

Louis Nchindo, the managing director of mining company Debswana, blames complacency for the failure of Botswana to diversify.

"Because you have diamonds and you are rich, there isn't the kind of pressure you need to make people more innovative and aggressive.

"It's like being the son of a rich man, you don't try hard enough." – AFP



## BDP wins election in Botswana

GABORONE — Botswanan President Festus Mogae has led his ruling Botswana Democratic Party (BDP) to its eighth election victory.

With results counted in 31 constituencies so far, Mogae's party was elected in 26. The opposition Botswana National Front scored victories in five.

"The chief justice of Botswana has declared the BDP the winner," election officer Maduo Maoto said.

The BDP, which entered Saturday's election with 27 seats in the country's 40-seat assembly, appeared set to increase its majority.

Most of the remaining seats to be

counted are in BDP strongholds.

Mogae and nine of his 13 cabinet ministers were re-elected. The poll was his first personal electoral test since replacing Ketumile Masire, who retired in a peaceful transfer of power.

Botswana's main opposition party, the Botswana Congress Party, conceded defeat on Sunday after early results showed it would lose all 11 seats it held before the election. The party was formed 15 months ago after a bitter split within the Botswana National Front.

The BDP has governed Botswana since independence from Britain in 1966. — Reuters.

(12) 8019/10/99

# Secure, efficient sorting plant for diamond mines

Botswana and SA lead the way in fighting the trade in stolen diamonds

DD 2/11/99

(216) (12)

GABORONE — The commissioning of an automated process to recover and sort diamonds from Botswana's mines is expected to be completed by the end of the first quarter of next year.

The Aquarium Project — so named after the acronyms of the two processes: Carp and Fish — operates without any human intervention.

The Carp, or "completely automated recovery plant", is an 86m-tall windowless, rectangular unit where diamonds are separated from the rough. The Fish, or "fully integrated sorting house", is a smaller building where diamonds are sorted and sealed in containers.

"It is highly secure and more efficient," said project manager Brian Rausch of the \$77m scheme.

Inside the Aquarium, no one handles or even sees a diamond throughout the process. Diamondiferous material is delivered from the crushers to the Carp buildings. The two Carp buildings are located respectively at Orapa — which

also handles concentrate from nearby Letlhakane — and Jwaneng. The three Debswana-owned and operated mines are a joint venture between De Beers and the Botswana government.

The material descends by a mix of gravity and "soft" transportation — including zigzag chutes — through 15 activity floors where X-ray technology separates the rough.

From floor to floor the concentrate is transported in sealed containers, loaded, sealed, transported on overhead rails and unloaded, automatically.

The Orapa and Letlhakane concentrate is then transported to Jwaneng where, in Fish more X-ray technology sorts the concentrate to 100% and seals it in containers for transportation to the valuers in Gaborone.

The machine's security measures are stringent. "Putting a foot wrong will ring all the bells," said Rausch, who added: "To curtail IDB (illicit diamond-buying, or trade in stolen rough dia-

monds) is one reason for Aquarium."

Botswana's economy is based on its diamond industry, with production in 1998 at 19,8-million carats from 21-million tonnes of ore treated.

In 1997 Botswana supplied 66% by carat weight of all diamonds sold by the Central Selling Organisation (CSO). By value it usually contributes 33% of CSO sales. These figures will increase substantially when the expansion at Orapa comes on stream.

Expansion at Orapa will double production at that mine to 12,6-million carats a year by January 1, adding 33% to Botswana's total production. Orapa will then be the largest producer by carat weight in the world.

Jwaneng is already the richest diamond mine in the world.

In 1998 Botswana's diamond production was worth \$1 922m at an average price per carat of \$97. Botswana's diamonds accounted for 29,3% of the world's total production. — Sapa.

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HIV/AIDS working against  
efforts to develop Botswana'

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GABORONE — Botswana President Festus Mogae said the AIDS epidemic in his impoverished southern African nation had grown into an unprecedented crisis and was eating away at the country's economic gains.

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Statistics show that Botswana has one of the highest rates of HIV infection in the

"HIV/AIDS is working against all our painstaking efforts to develop Botswana. It is having a devastating effect on the country's population and affecting its economic performance," he told parliament on Tuesday.

He warned that national development programmes faced funding cuts as his government diverted scarce resources to the fight against the killer disease.

world. One in eight of the population and one in four of those most economically active are infected with the HIV virus that causes AIDS.

He said the disease had hit the educated and young labour force the hardest.

"These people, in which there has been a huge investment in education, are dying before they can become productive and before the country can reap the benefits," he said.

Mogae lamented traditional Botswana attitudes towards sex, which made it hard to spread AIDS awareness and change behaviour. "AIDS is a national disaster. The onus is on the nation as a whole to change attitude towards sex," he said. — Reuters.

18/11/99

et (BR) 19/11/99

Aids crisis

warning for

Botswana

(12)

GABORONE: Botswana President Festus Mogae said the Aids epidemic in his country had grown into an unprecedented crisis and was eating away at the country's economic gains.

Speaking in parliament here this week, he warned that funding for national development programmes would be cut so that scarce resources could be used to fight the disease.

Botswana has one of the highest rates of HIV infection in the world. One in eight of the population and one in four of those most economically active are infected with HIV.

Mogae lamented traditional Botswana attitudes towards sex, which he said had made it hard to spread Aids awareness. "Let us change our sexual lifestyles, let us remove taboos surrounding sex lest we lose the war." — Reuter

REST OF

# Botswana is told to diversify its economy

## IMF says country must reduce its dependence on diamonds

(12) 0025 11199

**GABORONE** — The International Monetary Fund has warned Botswana it must pursue the diversification of its economy and move away from dependence on diamond revenues, continued government spending and expansion of the civil service, and must curb the growth of credit to the private sector.

"Botswana must apply strict control over new hiring and abstain from supplementary budgets," the IMF directors said after recent Article IV consultations with the government.

There was a slowdown in economic growth over 1998-99 which reflected not only the adverse effects of the weakening world diamond market but also expenditure pressures," an IMF statement released on Tuesday by Stockbrokers Botswana said.

Real growth in 1998-99 slowed to an estimated 4%. A new estimate by the Botswana Institute for Policy Analysis of a recovery to 9% for 1999-2000, based on improved diamond revenues, has underscored the IMF's position. The Botswana government's growth estimate for 1998-99 is 4.6%.

The diamond sector ac-

counts for one-third of the gross domestic product, which is 70% of export earnings.

The third quarter of this year saw a dramatic recovery in diamond sales. Exports for the calendar year are projected at nine-billion pula (about R12bn), an increase of 50% over last year.

However, the institute is forecasting growth for 2000-01 down to 2.5% as a construction boom tapers out, but government spending, it forecasts, will continue to rise. It will be 12.450-million pula over 2000-01, the institute forecasts, up from 5.675-million in 1997-98 and 6.350-million in 1998-2000.

A significant element is the building of secondary schools and vocational training institutions to turn out skilled labour and attract investors to set up manufacturing industries as part of the diversification process and create jobs.

The IMF statement "attached importance" to improving the availability of skilled labour to meet the requirements of the nontraditional sectors of the economy.

The Botswana Institute's budget forecast for 1999-2000 is

a deficit of 250-million pula against an original estimate of a 400-million deficit.

For 2000-01 the forecast is a 300-million pula deficit.

There are no estimates of diamond revenues into the new millennium, although expansion at a major mine will increase overall production by 30%.

The IMF urged Botswana to lessen the considerable time lag in compiling labour market data. The latest labour statistics are from a 1996 survey. They show 94 500 people seeking work (the official unemployed) out of an economically active population of 440 000, and 88 000 discouraged work seekers who are not considered economically active.

There are 208 800 students who are expected to hit the labour market at the rate of 25 000 a year.

The building boom has fuelled a 50% increase in bank credit to the private sector.

"An increase in the bank rate to 13.25% in March 1999 from 11.75% in April 1998 did little to stem the growth," the IMF said. "This growth is unsustainable and could undermine macro-economic stability." — Sapa.

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BOTSWANA- LABOUR

1975 - 1998

- That a developing country as poor as Botswana simply cannot afford the luxury of strikes; and
- That responsible government has an obligation to assure not only domestic peace but also a fair distribution of wealth.

On both counts, Botswana President Sir Seretse Khama acted firmly. The strike of over 2 000 miners at Pikwe gave cause for one of the most forceful speeches Sir Seretse has delivered during his years in office.

Rather than giving way to unreasonable demands, he castigated workers for "flouting" the country's laws. Their action, he said, amounted to subversion. The country expected the few Botswana fortunate to find relatively well paid employment "to share their good fortune with their fellow Botswana and to ensure that we maintain law and order, without which there will be no development."

The President continued, "It is essential for Botswana's development that we should continue to retain foreign investment . . . (and) this can only be done if the companies who invest here obtain a reasonable return on their investment."

The average pay of the 43 000 Botswana working in the cash economy is R47 per month (only about 20% of the total labour force work is in the cash economy). Furthermore, an average unskilled wage in the Gaborone area is apt to be only R25 per month and in the rural areas is as low as R10. This makes the R40/month minimum wage at Pikwe look good by comparison.

In terms of capital investment and employment, the Selebi-Pikwe operation is the country's biggest development

## BOTSWANA

F.M. 8/8/75

### Sir Seretse's recipe (13)

The recent work stoppage at the Selebi-Pikwe mine in Botswana — and the reaction to it by government officials — provided a case study in the priorities of a developing economy.

Two salient aspects emerged:

518

project. Not only does the project already bring government something like R1m per year in revenue, but, as the President says, that operation provides for others and the development of an economic infrastructure.

When all this is tallied up a strike in such a crucial development undertaking does not make economic sense — in any way — to the people of Botswana.

At latest report, things are fast approaching normal at the troubled mine. M.D. E. T. Pinkney tells the *FM* that 2 000 of the striking miners have been re-engaged and that plant should be back on line completely by August 15.

STAR 31/7/75

# 2500 laid off in Botswana mine strike

Read Daily Mail 31/7/75

By MASOABI MOTSETA  
Mail Africa Bureau

GABORONE. — Botswana's President, Sir Seretse Khama, yesterday announced that all 2500 workers at the strike-hit Selebi-Pikwe mine had been laid off and that the mine had stopped operating.

He also threatened to take drastic action against "politically motivated individuals," whom he blamed for the disturbances at the R250-million copper and nickel mine.

In a national radio broadcast, the President said: "My Government is not prepared to countenance any more subversion of this nature.

"I am warning these individuals that unless they cease their activities forthwith I will be obliged to take such action as is necessary to deprive them of the opportunity to cause further harm."

He was speaking after police reinforcements were airlifted from Gaborone to Selebi-Pikwe, 400 km to the north-east, to control the 1200 unruly strikers.

Ten people were treated in hospital for minor injuries caused by strikers.

On Monday Botswana's Vice-President, Dr Quett Masire, was rocked and shaken in his car by angry strikers.

A spokesman for the Anglo American Corporation said in Johannesburg that the mine would remain shut for another day or so, Sapa reports.

The spokesman added that last year the Botswana Government negotiated with trade unions at the mine for a three-year wage and employment agreement.



SIR SERETSE  
... subversion warning

According to this agreement the mine was allowed to give an employee a "merit" increase.

The mine had recently awarded a certain number of these increases:

"Those who did not receive the increase became disgruntled and resorted to striking. They are now demanding a uniform wage increase," the spokesman said.

● Strike problems —  
Page 17

# Police 'cool' mine strike

The Star's Africa News Service

GABORONE — The Botswana Police mobile unit appears to have cooled the situation at the strike-troubled Bamangwato Concessions Ltd copper mine in Selebi Pikwe without firing a shot. Seventy-seven people were arrested.

More than 2500 Botswanas went on strike at the mine this week after a pay dispute. The mine management, with the support of Sir Seretse Khama, sacked all of them, but about 400 have already re-applied for their jobs.

## POLICE PRAISED

About 140 of the original 240 policemen sent to the mine are still on duty, but the situation appears calm.

Observers here feel the police handling of the situation was admirable.

with only a handful of police facing the stone-throwing, rioting strikers.

The Selebi Pikwe mine employs 266 Botswanas, 42 percent of whom have no education. It also employs 340 expatriates, 40 percent from South Africa and about 40 percent from Britain.

(See Page 31)



# Mine 'subversion' will be punished

**GABORONE**—In a bid to stamp out "subversion" by striking miners in Botswana, the President, Sir Seretse Khama, sacked all the strikers at the Selebi-Pikwe mine yesterday.

Police using tear gas were called in to disperse the rioting at the mine on Tuesday, where officials were stoned and the nearby township was invaded.

In a nationwide broadcast Sir Seretse warned that his "patience had come to an end with those who use other people to achieve their own political ends."

"I am aware that the large majority of workers do not wish to participate in these strikes, but are intimidated into doing so by a hard core of politically motivated individuals," Sir Seretse said.

"I have reason to believe that these strikes are instigated by these individuals not because they are interested in the welfare of the workers, but because they hope to reap political rewards from the chaos which could result.

"I want to make it quite clear that my Government is not prepared to countenance any more subversion of this nature.

"I am warning these individuals that unless they cease their activities forthwith I will be obliged to take such action as is necessary to deprive them of the opportunity to cause further harm.

"The Government is dedicated to improving the standard of living of all Batswana and to ensure that they, to assist in our development, can live here without fear. We will not

allow the few self seekers to jeopardise the peace, stability and development of Botswana."

Sir Seretse continued: "The management of BCL (the mine operators) has decided that those workers who did not perform their duties during this period have by their own actions terminated their employment with the company. When the company is ready to recommence operating the mine it will consider re-employing those workers who re-apply for employment.

"However, the company is not obliged to re-employ any of the workers."

If the Selebi-Pikwe rioters had not been dispersed to allow technicians into the plant, "very substantial damage would have been caused."—(Sapa.)

13

# Botrest strike problem

RDM 31/7/75

Mining Editor

**BOTREST'S** production and plant troubled Selebi-Pikwe nickel-copper mine took another turn for the worse yesterday when a strike by 2 700 of the mine's 3 000 workers halted production.

The workers are striking for a uniform wage increase and not the merit increases agree to between the Botswana Government and the trade unions almost a year ago.

A mine spokesman said it was impossible to estimate the cost of the stoppage until production was resumed.

Botswana's president, Sir Seretse Khama, said in a broadcast yesterday that the mine had been running at a loss of R3-million a month.

The smelter narrowly missed substantial damage which would have meant a six-month closedown of the entire mining operation.

On hearing of the strike Sir Seretse sent his Vice-President and Minerals Resources Minister to address the strikers.

But they were not given a hearing and police dispersed the crowd in time to prevent major damage to the smelter at the plant. Had access to the smelter by technicians been denied for a longer period "very substantial damage" would have been done, he said, and the mine closed for at least six months.

Botrest produced 6 663 t of nickel-copper matte last year. Early this year production was running at around 1 000 tons a month with a target on full output of 3 500 tons a month.

Botrest shares eased 1c yesterday to 100 c.

# Brits pair in Botswana labour case

RDM 19/7/75

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3) 200

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**By CLIVE EMDON**  
**GABORONE.** — Two South African farmers from Brits have been released on R500 bail each after being charged for contraventions of labour recruitment laws.

The charges arose after 36 Botswana farmworkers returned from South Africa and complained of ill treatment.

Some of them were treated for wounds alleged to have been received during their employment.

The farmers, Mr Jan Johannes Powell and Mr Jacobus Johannes Odendaal both pleaded not guilty to

the charges when taken to court on Wednesday evening.

The charges are:

- That they committed an offence by recruiting at least seven workers under the age of 18;

- That they failed to pay their employees in full after entering an employment contract during the period February 23 1974 to June 2, 1975;

- That they recruited employees without medically examining seven of them;

- That they employed a recruiter, Mr Lerotsi Mokopotsa, who did not have a permit.

State counsel, Mr A. Ma-

rumo, asked for a postponement of the case to allow the State to bring witnesses.

He also asked that the two men should be kept in custody.

"The accused are foreigners from South Africa. They came on a mission of recruiting manpower.

"They have been charged with serious offences which affect the purpose of their presence in Botswana," he said.

Mr Marumo argued that the history of the two farmers was "marred by dishonesty" and he feared they might possibly escape to South Africa.

He asked that if bail was granted their passports and vehicle be confiscated.

Mrs J. Helfer, instructed by Richard Lyons, said the two men had come of their own accord and "it will be unjustified to deprive them of their free movement".

The Chief Magistrate, Mr A. Osibogun granted bail of R500 each and said the men were to report to the Central Police Station every Monday.

The case resumes on September 2.

# Labour is one of Selebi's biggest challenges

STAR 18/7/75

SELEBI PIKWE — One of the biggest challenges for the Selebi Pikwe copper-nickel mine in Botswana, the country's biggest employer, is to change uneducated tribal Africans into productive workers in industry.

Of the company's 2 664 Botswana employees, 42 percent have no education. Only 13 percent went beyond Standard 7.

Now the company has an extensive training scheme, part of its policy of "localisation."

Last year, 838 local African employees passed courses for 26 types of posts in engineering, personnel, medical, mining and plant work.

### NO WHITES

These posts ranged from shift foreman, mechanics, loco drivers and spannermen to a matron, typists and personnel assistants.

Since the mine began operating in 1973 it has never used White miners underground. Every worker below the rank of shift boss is African, and all gangs are controlled by Africans.

Because they are not as versatile as White South African miners, the equivalent job has been fragmented into, say, trammer, driller and blaster. Management has also tried to reduce the size of the gangs to make supervision easier.

### DISCUSSION

Management has found it difficult to get a high standard of supervision from Africans with a tribal background.

The tribesman generally find it difficult to discipline his subordinates: the traditional way of dealing

with a problem is to sit around and make a joint decision after discussion.

In the mine this has been reflected in leaders' desire to discuss an order with subordinates, rather than command.

Productivity is relatively low at present, but this is partly because mine production must follow the fortunes of the plant, which has suffered frequent stoppages.

The rate is about one ton per man shift underground compared with about four tons in Zambia. Management believes it can push this to three tons within 18 months.

Cost of mining underground ore is probably more than South Africa's equivalent because of the lower productivity, although wages are lower.

Another problem is high turnover — 33 percent for locals last year, although in the more senior levels turnover was negligible.

Absenteeism is rife. This is probably because the men have little to lose, and there is no shame in being fired.

### DEMOCRACY

Disciplining of the labour force will be slower than in South Africa because the workers are well aware that they are citizens of an independent State.

A feature of their democracy, however, is that while they are free, they are in fact tied to the economic situation.

No man is fired unless there is a detailed case against him. Any grievance against a fellow worker may be raised and will be heard by a senior official.

There are few radical incidents on the mine. For employees the golden rule is never to swear at a man (to insult a man on grounds of his colour is an offence in Botswana) and never to raise his hand to a subordinate.

When operations began at Pikwe, local tribesmen flocked there for work. Initially there were problems in the locally-recruited crews of construction companies.

The men had never experienced the discipline of a hard, set day's work. Also, they believed their White supervisors were contemptuous of them.

Strikes were stopped, with the help of the Government. The arrival of Basuto shaft-sinkers, who work day and night under gruelling conditions, set an example to the local men.

When the mine was commissioned, the company sought only men with experience on South

conflict may be developing at the mine because wages are held low while inflation rages.

Government restricts wages of all industries to ensure that limited labour resources are distributed fairly. Meanwhile, mine-workers feel they should be paid more because their work is tough.

Recently, Botswana bank employees complained about their low wages. Banks wanted to grant increases, but could not. Worker ire was directed at the employers rather than Government.

Government policy is to encourage hard work, but allow unionism.

### DEADLOCK

A Government labour officer told me: "It is not only a matter of getting wages — the first thing is production. But workers have a right to their own trade unions which can put forward their claims to be negotiated without interference."

"Only when there is deadlock and they appeal to Government, can we form a tribunal."

About half of Pikwe's African workers belong to the Botswana Mineworkers' Union. There is now little unrest, besides occasional wildcat strikes. Botswana workers are far less militant than those in Zambia.

Pikwe employs about 340 expatriates. Its programme for localisation has been met despite technical difficulties, and the challenge of putting these difficulties right has made it easier to attract senior technical staff.

About 40 percent of expatriates come from South Africa, and 40 percent from Britain. Many have worked in Zambia and are thus familiar with living in a multiracial State.

### MULTIRACIAL

Inevitably there is some delicacy working and living in Pikwe's multiracial township, but it is not obvious. Local officials sometimes flex their authority to show that the company is not Big Brother.

TEIGUE PAYNE, writing for The Star's Africa News Service, reports from Botswana on the labour challenges facing Selebi Pikwe.

African mines. But it found that many of these men left the mine because of work conditions.

There are eight grades for local employees at Selebi Pikwe, with pay ranging from a minimum of R40 a month for underground helpers to a maximum of R330 for surveyors, ventilation officers and study officers.

By comparison, a migrant worker to South Africa can earn R90 a month at the lowest rung, and save almost all of it.

### RELATIVES

About half qualify for mine accommodation — others must arrange for plots of land on which to build a "traditional" house.

Men are not given food, and an added problem is that when they are employed, relatives tend to come to stay.

A classic situation for

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# 400 striking men sacked

GABORONE — More than 400 men working on the construction of a township at the Jwaneng diamond mine have been fired after going on strike, according to Radio Botswana.

The radio said the men were fired by the construction company building the township, CMGM (Pty) Ltd. Two officials of the Anglo American Corporation, which runs the mine, yesterday met Botswana Government officials to discuss the dispute.

According to the radio the trouble began on Saturday when carpenters were told they could not work overtime because no supervisor was available. Later that day the site manager was pulled from his vehicle and assaulted.

The Jwaneng mine, near Kanye, is one of the biggest diamond mines in the world.

## Nyerere defuses crisis



Julius Nyerere

KAMPALA — Tanzanian President Julius Nyerere defused a conflict in the Ugandan armed forces after several thousand troops threatened to march on Kampala in protest against a report presented to a Ugandan parliamentary body which was believed to call for a shake-up of the armed forces and the sacking of the interior minister. After arbitration by President Nyerere, who has more than 20 000 Tanzanian troops in Uganda, the report was withdrawn, informed sources said.

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FATTIS & MONIS STRIKE

## Botswana concerned about loss of workers

13  
3/10/85 STAR

GABORONE — There is growing concern in Botswana over the "brain drain" to neighbouring Bophuthatswana.

While the number of people involved may not be great by South African standards, the loss of even a single engineer hurts a small developing country like Botswana.

Evidence of the Government's concern came with a statement by the Commissioner of Labour, Mr. Klaas Motshedisi, that the loss of highly-skilled manpower to Bophuthatswana was "unhealthy".

Officials believe that the reason for this is that Bophuthatswana pays better salaries.

Recent losses have included two medical doctors, two engineers, a geologist, an architect, a university lecturer and a number of teachers. — The Star's Africa News Service.

Necklace  
threat sends  
officials home

The Star's Africa  
News Service

GABORONE — Four Botswana officials who manned the Botswana Labour Office in Roodepoort have returned home after being threatened with the "necklace".

The Botswana Gazette quoted officials as saying that the men were threatened with the "necklace" after they had ordered miners from Botswana to ignore a stayaway call by striking miners.

The newspaper did not say when the incident occurred.

The Permanent Secretary of Home Affairs, Mr Kingsley Sebele, confirmed that there was a "temporary closure" of the Roodepoort office.

"I don't consider it appropriate at this moment to comment so as not to endanger the safety of our officers," he said.

"We are giving urgent attention to the matter."

It is believed that the Botswana officials will return to South Africa later this week.

Botswana has no diplomatic relations with South Africa.

## Basotho miners take back R108 m

MASERU—The South African gold mines paid out a total of more than R108 million in deferred pay remittance payments and other payments to Basotho mineworkers in the first half of this year, according to statistics released by The Employment Bureau of Africa (Teba) which recruits Basotho mineworkers for South African gold mines.

The statistics show that the volume of deferred payments from January to June this year amounted to R59 483 233 and remittance payments totalled R44 161 937.

These figures are higher than for same period last year which were R55 310 087 and R38 378 936, an increase of 15% for 1986.

Teba also reported an increase of 3.4% in the number of Basotho mineworkers who left for the South African gold mines in the first six months of this year compared with a corresponding figure for last year.

The figures were 43 936 for the first six months of this year as against 42 474 for the same period last year.

There has also been a slight increase in the average number of Basotho men actually employed on the South African gold mines. The figure indicated that 105 105 Basotho mineworkers were employed on the gold mines at the end of May this year as against 98 340 in May 1985.

The Lesotho manager of Teba, Mr Jock Germond, attributed the increase in the deferred pay and remittances to the wage increases on the gold mines. — (Sapa)

(13)  
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## Bank, union settle dispute

GABORONE — A settlement has been reached between the Bank of Botswana and the Central Bank Union after the union sent a petition to bank vice-president Peter Mmusi alleging corruption and administration malpractices in the highest ranks of management.

The petition was rejected by Mmusi on procedural grounds, a joint statement said. (13)

It said in terms of the agreement management would not proceed with civil litigation against the union "for the many libellous statements in the petition".

And the union had "unreservedly withdrawn the petition and all the allegations of misconduct or impropriety against the management of the bank". — Sapa.

## Botswana faces growing unemployment — Bank 13

*B (Day 12/5/84)*  
GABORONE — Although Botswana has enjoyed accelerated economic growth in the past decade, it faces an increasing unemployment problem over the next 10 years, says the Bank of Botswana's 1988 report.

The bank says if Botswana's population continues growing at its annual rate of 3% there will be 1,6-million people in the country by 1996, against 1,4-million in 1987.

It says that in the same period, the number of employable people who are

active and looking for jobs will significantly increase from more than 337 000 to close on 545 000.

It also estimates that by 1996 the number of unemployed people will exceed employment growth by 60%, bringing the number of jobless people to 130 000.

The report says that on average the formal sector will be able only to create 10 000 new jobs each year.

About 17 000 new workers will be joining the labour market annually.

It says the possibility that the public sector will no longer be able to expand as fast as in the past decade will result in the need to create additional jobs.

This burden will fall on the private sector, it says.

The bank suggests that accelerated diversification of the economy, with particular emphasis on export-oriented and import-substitution manufacturing services, should be embarked upon in order to save the economy from a bleak future. — Sapa.

## Strike at Gaborone bank ends

The Star's Africa News Service

13

GABORONE — A seven-day strike by Barclays Bank employees is over.

The Barclays Bank employees returned to work on Saturday a few days after being warned by the government that the strike was illegal.

A spokesman for the employees said they had had a meeting with the Minister of Labour, Mr Englishman Kijabo, during which "an understanding" had been reached.

The strikers were demanding a 20 percent salary increase while management was offering 12 percent.

The strike caused considerable inconvenience to businesses in Botswana as Barclays Bank is the biggest in the country.

The other two banks operating in Botswana were not affected by the strike.

# Bank strike in Botswana into 7th day

The Star's Africa News Service  
GABORONE — A crippling bank strike in Botswana entered its seventh day today, with Barclays Bank employees ignoring government and management orders to return to work.

Workers are demanding a 20 percent across-the-board salary increase, while management has offered 12 percent.

On Wednesday, the government declared the strike illegal. Barclays Bank acting managing director, Mr Mike Clinch, yesterday said staff members would be violating the law if they did not return to work by a 2 pm deadline.

Instead, workers gathered at the headquarters of the Botswana Federation of Trade Unions and their representatives met lawyers in order to challenge the government's statement that the strike was illegal.

The strike at the country's oldest and largest bank is having severe effects on the economy.

Businesses are refusing to accept the bank's cheques and thousands of people are now unable to withdraw money.

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GABORONE — The striking employees of Barclays Bank of Botswana yesterday carried out their vow to defy the government order declaring the six-day general strike unlawful, the Botswana Press agency reports.

On Wednesday, Labour and Home Affairs Minister Englishman Kgabo ordered the close to 2 000 employees, who have paralysed the operations of Botswana's largest commercial bank, to resume work yesterday.

But, after opening time yesterday morning, branches of the bank around the country were still closed.

Instead, the strikers were converg-

81 Day 14/4/89  
Strikers defy <sup>(13)</sup> <sup>(13)</sup> govt order

ing on the headquarters of the Botswana Federation of Trade Unions, to which the Botswana Bank Employees Union is affiliated, to decide on the next course of action.

The bank union said on Wednesday it was instructing its attorney to challenge government's emergency statutory instrument outlawing the strike.

An attorney for a Gaborone law firm, Minchin and Kelly, said the firm

had already provided initial advice to the union, but did not elaborate.

The minister, his permanent secretary and the acting commissioner of labour and social security, were not available for comment as they were said to be at a meeting.

When he outlawed the strike, the minister did not say what action would be taken in the event of defiance, but Acting Labour Commissioner Tembo Lebang said if a strike was declared

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# Botswana bank strike 'illegal'

The Star's Africa  
News Service (13)

GABORONE — Botswana's Minister of Labour, Mr. Bhelethyan Kijaho, has declared a strike by Barclays Bank employees illegal.

The 2 000 workers who have been on strike for five working days, will have to return to work.

No further details were available on the government's decision to declare the strike illegal.

The moves follow attempts by the department of labour to have the employees return to work while negotiations continued.

## DISRUPTION

The bank employees have rejected the last management offer of a 12 percent salary increase.

They were originally demanding a 17 percent salary increase on top of a 10 percent cost of living allowance but later said they would accept a 20 percent across the board increase.

The strike by Barclays employees has caused disruption to businesses in the country.

Barclays Bank is the biggest in the country and several businesses are now refusing to accept their cheques.

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# Bank battles to resolve 3-day strike

Argus Africa News Service

GABORONE. — Management and staff representatives of Barclays Bank held an all-night meeting ending until 6am today to try and resolve a three-day strike that has paralysed the bank.

Senior bank official Mr Edward Komanyane said management made some offers which staff representatives would now refer to staff and then report back.

The strike involved about 1 000 workers at 18 Barclays Bank branches. The workers are protesting against a salary restructuring programme proposed by management.

Considerable inconvenience has been caused to businessmen who have been forced to hide large amounts of money or arrange to move accounts to other banks.

Individuals cannot cash cheques or make deposits and Zimbabwean women who cross the border to shop have had difficulties cashing travellers' cheques.

Meanwhile depot managers at Botswana's agricultural marketing boards are still on strike after a week. The strike is seriously affecting supplies of maize and sorghum to a number of mills.

5 Jan 8/2/89

## Botswana looking <sup>(2)</sup> at incomes policy

GABORONE — Botswana has appointed a commission to review incomes policy, the Botswana Press Agency reports.

The commission is chaired by the Minister for External Affairs, Dr Gaositwe Chiepe and its membership is selected from a cross-section of interests including government officials, private and parastatal sectors, trade union organisations, the Botswana civil service association and the rural sector. — Sapa.



## Buildings damaged in powerful Gaborone blast

Argus Africa News Service

ARGUS 18/6/80 13

GABORONE. — A powerful explosion rocked Gaborone early today, causing severe damage, but no injuries.

The explosion, believed to have been a bomb blast, happened in Gaborone's Industrial Site in front of a vehicle dealer's showroom. It was felt up to 5 km away.

First reports say there were no injuries although three security guards were in the vicinity.

The dealer's showroom was damaged and buildings in the area had their windows blown out.

A police spokesman said he believed the incident was connected with recent industrial problems. It is understood workers were recently dismissed from a firm in the area.

# Violence claims 1 000 lives

Sowetan 6/11/91

At least 85 people were killed in unrest-related violence in Natal during October, bringing the total number of politically related deaths in the province this year to 1 088. This information is contained in the latest bulletin of the Black Sash Repression Monitoring Group.

Most of the murders occurred on Natal's South Coast where 42 deaths were reported. Flashpoints proved to be the townships outside Port Shepstone and the Umbumbulu area.

Nineteen people were killed in the Natal Midland's region and 24 deaths were recorded in the central and North Coast region.

The bulletin noted that a major obstacle to peace in Natal continued to be the "distrustful working relationship between the community and the security forces. So long as this continues, arrests and convictions will remain few, and the lack of trust in the police will be further perpetuated".

The bulletin said this relationship was particularly bad in areas under the jurisdiction of the KwaZulu Police.

"Many residents continue to allege that KwaZulu police members are, through action or inaction, involved in the violence, and feel unsafe reporting matters and laying charges at KwaZulu police stations."

Focusing on Umbumbulu, about 50km south of Durban, the bulletin said residents continued to report severe intimidation there. Many residents had allegedly been told to leave the area or be killed if a family member was perceived as a supporter of the "conrades".

All night "camps" allegedly run by "warlords" continued to operate in Umbumbulu and people refusing to attend were beaten, fined or evicted from the area, the bulletin added.

"According to a resident who attended several such camps, men are forced to carry weapons ranging from

spears to rifles, and are ordered to carry out attacks on certain areas, often for reasons unexplained."

In KwaMashu outside Durban, the bulletin said in spite of police investigations into atrocities by the notorious AmaSinyora gang operating there, residents of KwaMashu's K-Section continued to report attacks, shooting and looting carried out by known AmaSinyora members.

"Although there is a joint SAP/KZP investigation into the cases, no special provisions have been made to ensure that allegations of KZP involvement are handled singularly by SAP officers.

"For this reason, many eyewitnesses are too scared to come forward with information, and have opted to leave the area if possible. Large areas of K-Section are completely deserted." - Sapa

# Workers on strike

13 Sowetan 6/11/91

GABORONE - More than 10 000 blue-collar workers are on strike in Botswana.

The Union of Manual Workers is demanding a 154 percent salary increase - from about R300 to R800 a month.

The strikers all work in government or parastatal organisations.

There are more than 24 000 blue-collar workers in the civil service.

Yesterday was the second day of the strike.



**Botswana** (22)

**fires 10 000  
strikers** 4/11/91

Star Africa Service (13)

**GABORONE** — More than 10 000 government workers in Botswana have been fired after going on a strike on Monday for higher wages.

Government operations are believed to have been badly hampered by the absence of the workers, whose Government and Parastatal Manual Workers' Union covers nearly all civil servants who are not in clerical or supervisory jobs.

Much of the refuse removal in Botswana, which is carried out by government employees, has come to a halt.

The dismissal of the strikers was announced last night in terms of the regulations for industrial class workers, which provides for dismissal of employees absent for more than two days without valid reasons.

Workers in nine of the 12 regions of the country have gone on strike. Some estimates put their number as high as 15 000.

They want a minimum monthly wage of R800. At present the minimum wage is about R350.

CT 8/1/91 (3)

### Botswana fires strikers

GABORONE. — Botswana authorities have sacked about 150 000 government and public-sector workers who began a countrywide strike for higher wages this week.

(13)

## SA closes paper in Gaborone

STARZ 18/12/71  
GABORONE — A Botswana-based newspaper which was recently exposed as a front for the South African Government was closed at the weekend and all its equipment transported to South Africa in three huge trucks.

Newslink Africa, together with its printing arm, Magnum Press, was closed on Saturday

morning. But the trucks were stopped at the Tlokweng border post by Botswana immigration officials and only permitted to pass after all employees had been paid.

Newslink was recently exposed as a project by South African military intelligence to influence southern African countries. — Star Africa Service.

# Media operation's moonlight flit leaves staff members

in lurch

ANGRY BLACK staff members waiting last Saturday night at the border gates along with Botswana labour officials, who refused to allow the moveable assets of the Botswana-registered newspaper Newslink Africa/

Magnum Press to pass through into South Africa until they had been paid, were the lucky ones.

They, at least, got a total of 6 000 pula (about R8 000) against unpaid salaries — which the Botswana authorities

extracted from the company's owners before the trucks were allowed to move on across the border.

But some employees of the media operation — which decamped at the weekend leaving vast debts and growing evidence that it had been little more than a South African Government propaganda front — were not so lucky.

Newspaper production manager Derek Hammond, printing manager Tony Forster and

printer Brian Rigby were left in the lurch.

They are owed nearly 500 000 pula (R670 000) in back-pay and for breached contracts.

They also had to make do with only 25 percent of their normal salaries for November, after Magnum Press/Newslink Africa chairman Abel Rudman pleaded temporary financial difficulties when confronted by the irate and unpaid employees.

Mr Rudman told the three

21/12/11

men that they would be paid special bonuses at a later date for their forbearance.

Instead, the three arrived at the company's premises last Thursday to find that the whole operation was being loaded on to trucks for shipping back to South Africa.

On contacting Mr Rudman, they claim, they were told it would be a good idea to get out of Botswana.

By this stage senior executives Neil Burrows and Miles

(13)

Thompson had already fled.

Since then the three men have discovered that their rent has not been paid for several months, and, as a result, all their worldly goods have been seized by landlords pending the payment of rent.

Now the three are in Johannesburg, virtually destitute.

Both Mr Hammond and Mr Forster have very young children to support, and all three are married.

Telephone calls to Mr Rudman have resulted in their being informed that he is no longer responsible and that they should speak to Vincent Bergh, whom Mr Rudman claims has bought the company.

Mr Bergh, a junior lawyer in a Pretoria legal firm, is not available to help, apparently because he is away on holiday.

It was he, however, who supervised the Botswana move last weekend.

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**Botswana**  
**Journalist**  
**in hot water**

Star Africa Service

GABERONE. — A Botswana journalist, Professor Malema, could face charges under the National Security Act for publishing a classified government document.

Mr. Malema is being held by the police for publishing a document explaining why the government could not agree to increasing wages for manual workers.

Mr. Malema's lawyer, Tshepo Motswagole, said his client had been assaulted by the police and was considering taking action against them. "I don't think the police have the right to detain Malema without any proper warrant," Mr. Motswagole said.

He said the arrest was unlawful because the National Security Act referred to the defence force and not to documents obtained from the Ministry of Finance.



the Cape Point nature reserve  
state land outside Simon's Town's boundaries  
the regional services council — 800ha; and  
● Transferring control of Cape nature conserva-  
tion land at Simon's Town to the municipality.

(13) R25 13/2/92  
**Mountains suffer as  
deficit tops R4,7m**

**Environment Reporter**

MANAGEMENT of the Cape Peninsula mountain chain is suffering because of a severe shortage of funds and private sponsorship is essential.

This is according to the technical sub-committee of the Cape Peninsula Protected Natural Environment Management Advisory Committee which says the body cannot achieve its management objectives with the funds allocated by the Provincial Administration.

During the past seven years, the committee had received R1 678 000 to meet the deficit between amounts from its local authority members and the requirements of its working plan.

This was only about a third of the estimated deficit of R4 723 000.

"The continual and significant cuts in the budgets of central and local government departments and the inability of the committee to make up the estimated deficits has placed the working plan in arrears, although extremely good progress has been made in the fields of invader plant eradication and anti-erosion work on footpaths and degraded areas," the report said.

Sustained sponsorship from the private sector was essential, it said.

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## 10 pc wage rise 'not adequate' (13)

GABORONE — Six thousand government employees yesterday marched to the ministry of finance in Gaborone to protest a 10 percent wage increase awarded to state employees.

The workers marched peacefully and were met on the steps of the ministry by the Minister of Finance, Festus Mogae, who is also Botswana's vice-president. © STAR 12/3/92

The marching protesters held up posters saying they could not live on 200 pula (about R262) a month.

They handed a letter to Mr Mogae in which they said the 10 percent increase was not only inadequate but "clearly increases the gap between the lowly paid and the highly paid".  
— Star Africa Service.

# Botswana moves on workaholic Chinese

BD 15/3/95 (13)

Own Correspondent

**GABORONE** — The government of Botswana has belatedly intervened to protect its construction industry from Chinese firms which have been importing cheap labour and undercutting the market.

The Chinese seemed like a god-send a few years ago when local companies could not cope with a boom in state building. But over the past two years their minimal operating costs have enabled them to win seemingly more than their share of contracts, even as Botswanan competitors have gone out of business.

Anger over unemployment was a major factor behind last month's anti-government riots. Botswana's first political upheaval in almost three decades of independence from Britain.

The government is now enforcing more strictly laws which regulate use of foreign workers and impose requirements on training locals.

But Botswana's experience offers a salutary lesson for the region, which is particularly relevant in the context of last week's UN summit in Copenhagen on social development and poverty.

SA trade union confederation Cosatu has called for world trade accords setting minimum standards so "sweat-shop" economies cannot take advantage of countries with minimum standards.

The Chinese came to Botswana in 1989 when the China State Construction Company, the first of three firms to be involved, arrived with SA and British companies, to help satisfy a surge in government building.

Diamonds, which provide 80% of Botswana's export revenue, were at a premium and this barren country of 1.4-million people embarked on a development spree the likes of which Africa has seldom seen.

Skimping on workers's wages and amenities, the Chinese were easily the cheapest around.

"Your average Westerner makes himself comfortable before starting work, but the Chinese just start working," said Vice-President Festus Mogae, who is also the finance minister. "They work the same hours as the sun."

This seemed fine when there was enough work to go round but when diamond prices drooped in 1993, locals began to look askance at the Chinese who were winning many of the juicier contracts.

"Local industry was just not going to survive," said Michael Wood, MD of Multi-Construction, one of Botswana's largest contractors. "We had no problem with competitive tendering as long as there were level playing fields."

"But the government allowed the Chinese to side-step the laws. We employed about 100 locals to one foreigner while they had about one local to every 10 foreigners."

Niels Lindhardt, the director of Boipelego, Botswana's main education trust, which is responsible for allocating tenders for schools, says locals cut their profits almost to zero but the Chinese bid even lower.

"They could take a loss as long as they were earning foreign currency, which was all that Beijing wanted."

The government says the Chinese have become scapegoats for the recession and says their bids while competitive were not particularly low.

Luo Hong Bin of the Chinese embassy in Gaborone denies charges of unfair practice and says they were just showing up the inadequacies of local workers. "We want to employ more locals, but the Botswana people don't want to work hard."

Nonetheless the public outcry and a rise in support for the opposition have compelled the government to take a tougher line. The return of 10 000 miners, made redundant in SA, has added to the pressure.

Mogae said the Chinese had been banned from bidding for several recent contracts. "The intention is not to expel them, but to make sure they use only skilled workers," he said. — © Telegraph plc.

**Debswana agreement**

DEBSWANA Diamond Company had reached agreement with the Botswana Mining Workers' Union on wages and conditions of employment, it said yesterday.

A 7.5% wage increase across the board and an individual performance award of 2% would be paid retrospectively from April 1.

(13) (12) REPORTS 20-21/7/95

# Debswana locked in labour tussle

David McKay

DE BEERS' producer in Botswana, Debswana, is locked in a tussle with labour — centred on shifts — over the proposed introduction of continuous operations at Orapa Diamond Company, which would increase the mine's annual ore throughput about 15% to almost 9-million tons.

The group said yesterday that continuous operations would require a fourth shift, which would minimise potential redeployments at the mine. The new shift, which was also being negotiated at the group's other mines, Jwaneng and Letlhakane, could create a total of 100 new jobs.

But the Botswana Mine Workers Union had objected to the additional shift, and a court action

could be called by Debswana if no agreement was in sight by the end of this year, a spokesman said.

The union said the proposed six days on, two days off shift system "changed its work culture". Labour currently works a six days on, one day off shift system.

The group has argued that the fourth shift would create more free time and fewer working hours. Another meeting between Debswana and the union is scheduled next week.

Ore production is currently 7.9-million tons and will be increased to 17.8-million tons following the completion of the 1-billion pula expansion from 2 000. The group said the expansion would not be affected by the current dispute over continuous operations.

Analysts did not believe a fail-

ure to introduce continuous operations would have much impact on the mine's revenues.

It cost between \$7 to \$10 to produce one carat, from which about \$40-\$50 was earned.

"The diamond business is profitable at the moment, so while a 5-8% revenue cut is likely this year, it is not serious to Debswana," one analyst said.

Orapa will become a significant diamond producer when its expansion is complete, adding some 6-million carats to its yearly output and increasing Debswana's total output to about 25-million carats a year.

Debswana, owned equally by De Beers and the Botswana government, increased its net income to 2.2-billion pula (1994: 1.8-billion) in the 1995 financial year.

(13)

BD 11/9/96

# Union pull-out puts Botswana's privatisation process in jeopardy

ET (2) 26/a/98  
INDEPENDENT FOREIGN SERVICE

Gaborone — Botswana's privatisation process is in jeopardy as the country's most militant union has pulled out of the government privatisation task force.

The 30 000-strong National Amalgamated Local, Central Government and Parastatal Manual Workers Union announced its withdrawal three months after joining.

"We are afraid that we cannot stay in the process aimed at privatising state enterprises any longer," said Johnson Motshwarakgole, the national organiser.

"Our fear is that if we stay in the task force, at the end of the day we are going to be asked to vote. If we happen to be in the minority, we would be unable to challenge the outcome because, demo-

cratically, it would be taken that we were part of the process."

Organisations scheduled for privatisation are: the Gaborone City Council; Central Transport Organisation; Agricultural Services; the National Savings Bank; Botswana Railways; department of supply; the Housing Corporation; the telecommunications authority; Meat Commission; Power Corporation; Air Botswana; and the ministry of finance; and development planning accounting unit.

"Privatisation exacerbates income disparities and poverty as it enriches the new owners and denies the rest the ownership they had through the state," the union said.

The fear of the unions is that privatisation is going to be a vehicle for enriching the wealthy rather than improving efficiency

and keeping costs down.

Botswana is officially estimated to have 54 percent of the population living below the poverty datum line, although unofficial estimates say that it could be as high as 64 percent.

The union's move coincided with a two-week visit by Dr Abdu Hafeez Shaik, World Bank's adviser on the privatisation process.

He urged the privatisation task force in Gaborone to speed up its work.

The deputy head of the privatisation task force, Emang Maphanyane, who is also the chief executive of the embattled Housing Corporation, has said they would be soon making a country-wide tour to explain the need for privatisation.

The task force is due to submit its report by the end of May this year.