ACTIVITIES OF FOREIGN ECONOMIC AND OTHER INTERESTS WHICH ARE IMPEDING THE IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES IN SOUTHERN RHODESIA, NAMIBIA AND TERRITORIES UNDER PORTUGUESE DOMINATION AND IN ALL OTHER TERRITORIES UNDER COLONIAL DOMINATION AND EFFORTS TO ELIMINATE COLONIALISM, *APARTHEID* AND RACIAL DISCRIMINATION IN SOUTHERN AFRICA

Report of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

GENERAL ASSEMBLY

OFFICIAL RECORDS: TWENTY-FIFTH SESSION

SUPPLEMENT No. 23A (A/8023/Rev.1/Add.1)

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NOTE

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The present volume contains documents which had been distributed under the symbol A/8148 and Add.1.

For documents A/8086 and Add.1 mentioned in this volume, see Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 23B (A/8023/Rev.1/Add.2).

/Original: English/

CONTENTS

I. INTRODUCTION

1. During 1964, the Special Committee, in accordance with paragraph 8 of General Assembly resolution 1899 (XVIII) of 13 November 1963, considered the implications of the activities of the mining industry and the other international companies having interests in South West Africa, in order to assess their economic and political influence and their mode of operation, and submitted a report thereon to the General Assembly at its nineteenth session. 1/ Further, during 1965 and 1966, the Special Committee, pursuant to a decision taken by it in 1964, undertook a study of the activities of foreign economic and other interests which are impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in the Territories under Portuguese administration and submitted reports thereon to the General Assembly at its twentieth and twenty-first sessions. 2/ Moreover, during 1966 the Special Committee, pursuant to a decision taken by it in the previous year, studied the activities of foreign economic and other interests in Southern Rhodesia and their mode of operation in order to assess their economic and political influence, and submitted a report thereon to the General Assembly at its twenty-first session. 3/

2. In the chapters of its report to the General Assembly at its twenty-first session concerning the two last-named items, the Special Committee recommended that the General Assembly should inscribe on its agenda for that session, as a matter of urgency, an item entitled:

> "The activities of foreign economic and other interests which are impeding the implementation of the Declaration on the Granting of Independence in Southern Rhodesia, South West Africa, the Territories under Portuguese administration and other colonial Territories".

3. On 12 December 1966, following its consideration of the report of the Special Committee, the General Assembly, by resolution 2189 (XXI), decided, *inter alia*, to include in the provisional agenda of the twenty-second session an item entitled "Activities of foreign economic and other interests which are impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in Southern Rhodesia, South West Africa and Territories under Portuguese domination and in all other Territories under colonial domination".

4. During 1967, in order to facilitate the consideration by the General Assembly of the item referred to in paragraph 3 above, the Special Committee undertook a study of "Activities of foreign economic and other interests which are impeding the implementation of the Declaration on the Granting of Independence to Colonial

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1/ *Official Records of the General Assembly, Nineteenth Session, Annexes*, annex No. 15, document A/5840.

2/ *Ibid.*, *Twentieth Session, Annexes*, addendum to agenda item 23, document A/6000/Rev.1, chap. V, sect. D; *ibid.*, *Twenty-first Session, Annexes*, addendum to agenda item 23, document A/6300/Rev.1, chap. V, part II.

3/ *Ibid.*, document A/6300/Rev.1, chap. III, part II.

Countries and Peoples in Southern Rhodesia, South West Africa and Territories under Portuguese domination and in all other Territories under colonial domination", and submitted a report to the Assembly at its twenty-second session. 4/

5. Following its consideration of the report of the Special Committee, the General Assembly adopted resolution 2288 (XXII) of 7 December 1967 concerning the item entitled "Activities of foreign economic and other interests which are impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in Southern Rhodesia, South West Africa and Territories under Portuguese domination and in all other Territories under colonial domination and efforts to eliminate colonialism, apartheid and racial discrimination in southern Africa". By paragraph 12 of that resolution, the General Assembly requested the Special Committee to continue its study of the problem and to report thereon to the General Assembly at its twenty-third session.

6. An account of the Special Committee's consideration during 1968 of the item mentioned in paragraph 5 above is contained in its report to the General Assembly at its twenty-third session. 5/

7. Following its consideration of the above-mentioned report of the Special Committee, the General Assembly adopted resolution 2425 (XXIII) of 18 December 1968, by paragraph 9 of which it requested the Special Committee to continue to study the question and to report thereon to the General Assembly at its twenty-fourth session.

8. An account of the Special Committee's consideration during 1969 of the item mentioned in paragraph 5 above is contained in its report to the General Assembly at its twenty-fourth session. 6/

9. Following its consideration of the above-mentioned report of the Special Committee, the General Assembly adopted resolution 2554 (XXIV) of 12 December 1969, by paragraph 9 of which it again requested the Special Committee to continue to study the question and to report thereon to the General Assembly at its twenty-fifth session.

4/ Ibid., Twenty-second Session, Annexes, agenda item 24, document A/6868/Add.1.

5/ Ibid., Twenty-third Session, Annexes, agenda item 68, document A/7320 and Add.1.

6/ Ibid., Twenty-fourth Session, Supplement No. 23 A (A/7623/Rev.1/Add.1).

II. CONSIDERATION BY THE SPECIAL COMMITTEE

10. At its 737th meeting, on 13 April 1970, the Special Committee, by adopting the forty-seventh report of the Working Group (A/AC.109/L.623), decided to take up, as a separate item, the item entitled "Activities of foreign economic and other interests which are impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in Southern Rhodesia, Namibia and Territories under Portuguese domination and in all other Territories under colonial domination and efforts to eliminate colonialism, apartheid and racial discrimination in southern Africa". The Committee also decided to refer the item to Sub-Committee I for consideration and report.

11. The Special Committee considered the item at its 773rd and 774th meetings, on 21 and 22 October.

12. In its consideration of the item, the Special Committee took into account the relevant provision of General Assembly resolution 2548 (XXIV) of 11 December 1969 concerning the question of the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, as well as other resolutions of the General Assembly, particularly resolution 2554 (XXIV) of 12 December 1969 concerning the item.

13. At its 773rd meeting, on 21 October, the Rapporteur of Sub-Committee I, in a statement to the Special Committee (A/AC.109/PV.773), introduced the report of that Sub-Committee on this item (see annex below). The Sub-Committee's report included three working papers prepared by the Secretariat at the request of the Sub-Committee, which contained information on economic conditions with particular reference to foreign economic interests in a number of Territories.

14. At the 774th meeting, on 22 October, statements were made by the representatives of the United Kingdom of Great Britain and Northern Ireland, Venezuela, the Union of Soviet Socialist Republics, the Ivory Coast, Yugoslavia, the United Republic of Tanzania, Bulgaria and Madagascar (A/AC.109/PV.774).

15. At the same meeting, the Special Committee adopted the report of Sub-Committee I and endorsed the conclusions and recommendations contained therein, it being understood that the reservations expressed by certain members would be reflected in the record of the meeting. These conclusions and recommendations are set out in paragraph 18 below. At the same meeting, statements in explanation of vote were made by the representatives of Iran, the United Kingdom, the United States of America and Poland (A/AC.109/PV.774).

16. At the same meeting, the Chairman drew the attention of the Special Committee to a resolution 7/ adopted by the Commission on the Status of Women on 9 April 1970 concerning the influence of activities of foreign economic and other interests on

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7/ Official Records of the Economic and Social Council, Forty-eighth Session, Supplement No. 6 (E/4831), chap. XII, resolution 10 (XXIII).

the living conditions of women in dependent Territories. In that resolution, the Commission requested the Economic and Social Council to adopt a draft resolution 8/ concerning the same item, by which the Council would request the General Assembly to invite the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples to study the question of the influence of activities of foreign economic and other interests on the living conditions of women in dependent Territories, in order that the study may be submitted to the Commission on the Status of Women at its twenty-fourth session. Subsequently, the Economic and Social Council, by adopting resolution 1516 (XLVIII) of 28 May 1970, endorsed the Commission's draft resolution. 9/

17. At the same meeting, the Special Committee took a decision on the above-mentioned matter (see para. 19 below).

8/ Ibid., chap. XIII, resolution IX.

9/ Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 3 (A/8003 and Corr.1), para. 393.

III. DECISIONS OF THE SPECIAL COMMITTEE

18. The text of the conclusions and recommendations adopted by the Special Committee at its 774th meeting, on 22 October, to which reference is made in paragraph 15 above, is reproduced below.

Conclusions

(a) Having studied and reviewed the activities of foreign economic and other interests in Namibia, the Territories under Portuguese administration, Southern Rhodesia and other colonial Territories, the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples notes with grave concern that, with the encouragement of the administering Powers, further penetration, consolidation and expansion of foreign economic and other interests have taken place in some of the Territories during the past year. No legislative, administrative or other measures have been taken to restrain the activities of those foreign interests which continue to deprive the colonial peoples of their resources which are needed for a viable independence. On the contrary, the monopolies of the States possessing major interests in colonial Territories, in particular, those of southern Africa, have helped to maintain and strengthen the colonial régimes and the absolute domination of the whites over the vast and fertile area of southern Africa, which makes possible unhampered exploitation of great national riches and cheap labour in the Territories. Supplementary information provided by the Secretariat as well as by the representatives of national liberation movements who made statements before the Ad Hoc Group established by the Special Committee (A/8086, annex II) confirm the conclusions reached by the Sub-Committee in its previous reports on the question. 10/

(b) The Special Committee's review of economic conditions in the Territories shows that the common characteristics of the activities of foreign economic interests in these Territories remain unchanged. Foreign monopolies continue to follow economic and financial policies detrimental to the genuine interests of the Territories. They continue to develop only those economic sectors yielding the highest profits and to manipulate agricultural production with emphasis on export crops, thus reducing the Territories to the role of supplier of agricultural products and raw material to the metropolitan or other countries. They earn high profits because of special privileges granted by the colonial administrations and the pursuance of a policy of racial discrimination, particularly in the Territories of southern Africa. The African labourers continue to receive wages several times lower than those of non-indigenous workers and have no social security benefits. The monopolies, in collaboration with the colonial Powers, are still stifling trade union activities and labour movements. The high profits earned by the foreign monopolies continue to be taken out of the Territories or to remain in the hands of

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10/ Ibid., Twenty-second Session, Annexes, agenda item 24, document A/6868/Add.1; ibid., Twenty-third Session, Annexes, agenda item 68, document A/7320/Add.1; and ibid., Twenty-fourth Session, Supplement No. 23 A (A/7623/Rev.1/Add.1).

the exploitative minority of foreign settlers and are not used for improvement of the economic and social conditions of the colonial peoples. In return, the monopolies supply the colonial régimes with funds and other forms of assistance, including military, with the aim of crushing national liberation movements. The study confirms once again the great extent of the community of interests between the Governments of colonial Powers and some big international monopolies.

(c) The Special Committee considers it necessary to draw a clear distinction between foreign investment in independent States and Non-Self-Governing Territories. In the former case, the decision to accept or refuse the introduction of foreign capital is taken by legally constituted authorities and it is not for the Special Committee to consider whether the action is desirable or not. It is foreign capital investment in Territories that deserves censure, since, as has been repeatedly demonstrated, such investment is impeding the progress of the Territories towards independence; in addition, the decision concerning foreign investments is taken by the administering Power and not by the people of the Territories concerned. The Special Committee notes that investments in Mozambique, Angola, Southern Rhodesia, Namibia and other colonial Territories have done immense harm to colonial peoples and have been instrumental in prolonging the struggle for liberation that is being waged in colonial countries in southern Africa.

(d) The Special Committee notes that the representatives of the national liberation movements have been unanimous in their bitter criticism of foreign economic investments in Guinea-Bissau, Angola, Mozambique, Southern Rhodesia, Namibia and South Africa. Several of the big companies operating in that region have been specifically mentioned by name as profiting from the misery of the peoples of those Territories by taking advantage of the discriminatory labour conditions, and, at the same time, impeding the struggle of the colonial peoples by providing revenues to the Portuguese Government, the Government of South Africa and the Smith régime, which enables them to sustain their war against these peoples. Most of the representatives of the liberation movements have sharply criticized the North Atlantic Treaty Organization (NATO) for the military and political support given to the Government of Portugal, thanks to which Portugal has been able to conduct an expensive colonial war against the people of Mozambique, Angola and Guinea-Bissau. These representatives have declared that Portugal, in return, has given its allies "licence to plunder the riches and exploit the human resources" of those Territories. The Special Committee also notes that the International Conference in Support of the Peoples of the Portuguese Colonies, held in Rome, stressed in its "General Declaration" that the colonialists of Lisbon, in order to oppose the struggle of the peoples of the Portuguese colonies for freedom and independence, "are facilitating penetration of powerful economic interests of imperialist Powers to ensure that these interests should consider their fate as linked to that of Portuguese domination. They become defenders of the cause of Portugal's colonialism, expressing themselves through the policies of their Governments, and thus create conditions for an increasing internationalization of the confrontation" (A/8023/Add.3, annex II, para. 11 (4)).

(e) The Special Committee calls attention to the fact that there is information as to cases where, in the wake of foreign capital, foreign troops were introduced into colonial Territories on the pretext of safeguarding that capital.

(f) In its previous report, the Special Committee noted a new major development as regards southern Africa as a whole in the Cabora Bassa project, which is the largest single internationally financed scheme in that part of Africa.

During the year under review, further developments connected with this project have taken place. Having concluded an agreement with South Africa to guarantee the purchase of a great amount of electric power with a supply contract as an integral part of this agreement, the Portuguese Government, in September 1969, awarded the contract for the construction of the Cabora Bassa dam to the Zamco-Zambezi Consortium Hydroelectrico (ZAMCO), a consortium headed by South African interests and comprised of 17 companies, mostly from the Federal Republic of Germany, France and South Africa. The work on the project is expected to involve a large number of other foreign firms not part of ZAMCO. Southern Rhodesia expects to participate in the provision of various supplies needed in connexion with the project and stands to benefit from new sources of electrical power.

(g) On the basis of its study, the Special Committee has arrived at the following conclusions concerning the Cabora Bassa project:

(i) The aim of Portugal and the minority racist régimes in southern Africa in undertaking the project with the help of some foreign monopolies involved is to oppress even more the indigenous inhabitants and to bring to a halt the national liberation struggle of the people not only of Mozambique, but of Angola, Zimbabwe and Namibia as well;

(ii) The project is designed to enable Portugal and the other minority racist régimes in southern Africa to bring over 1 million settlers to the area who will contribute directly to the war against the people of the Territories;

(iii) The project will strengthen the economic base of the minority racist régimes in southern Africa, as well as white supremacy in that region;

(iv) The project will have grave negative political implications not only for the independent and colonial countries of southern Africa, but for the continent as a whole, and will lead to international tensions and discord;

(v) The Special Committee finds that any foreign participation in the scheme is tantamount to the strengthening of the oppressive minority racist régimes in southern Africa. It notes with appreciation the decision of the Governments of Sweden and Italy to withdraw support from the scheme.

(h) The Special Committee concludes with deep regret that the colonial Powers have not implemented, even in a preliminary way, General Assembly resolutions 2288 (XXII) of 7 December 1967, 2425 (XXIII) of 18 December 1968 and 2554 (XXIV) of 12 December 1969. By ignoring these resolutions, they have added further to the obstacles standing in the way of the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples.

<u>Recommendations</u>

The Special Committee,

(a) Reaffirms that foreign economic, financial and other interests as they are operating at present in colonial Territories constitute a major obstacle in the way of political independence as well as social and economic justice;

(b) Condemns the present activities and operating methods of those foreign and other interests in the Territories under colonial domination which are designed to perpetuate colonial rule;

(c) Condemns the Portuguese Government's plan to build a dam on the Zambezi River, at Cabora Bassa, which constitutes a grave threat to the rights and progress of the African peoples of colonial Territories in southern Africa and would lead to international tensions and discord;

(d) Requests the colonial Powers and States concerned, whose companies are participants in the construction of the Cabora Bassa dam, to withdraw their support from the scheme and put an end to the participation of their companies in it;

(e) Requests the colonial Powers and States concerned to take legislative, administrative and other measures in respect of their nationals who own and operate enterprises in colonial Territories, particularly in Namibia, Southern Rhodesia and the Territories under Portuguese administration, to put a stop to their activities which are detrimental to the interests of the inhabitants of the Territories;

(f) Requests all States to take effective measures to stop the supply of funds and other forms of assistance, including military equipment, to colonial régimes that use such assistance to repress the national liberation movements;

(g) Requests the colonial Powers and States concerned to comply fully with the provisions of General Assembly resolutions 2288 (XXII), 2425 (XXIII) and 2554 (XXIV), and also to adopt effective measures to prevent new investments, particularly in southern Africa, which run counter to the above-mentioned resolutions;

(h) Decides, in preparing its programme of work for the full implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, to include a provision to the effect that States Members of the United Nations shall conduct an energetic and continuous campaign against the activities of economic, financial and other circles operating in the colonial Territories on behalf of and in the name of the colonial Powers and their allies, inasmuch as such activities constitute a serious and significant impediment to the achievement of the objectives set forth in General Assembly resolution 1514 (XV). Member States shall study the question of adopting the necessary measures to ensure that their nationals and companies coming under their jurisdiction cease such activities and practices.

19. At its 774th meeting, on 22 October, the Special Committee decided to take note of the resolution adopted by the Commission on the Status of Women on 9 April 1970 concerning the influence of activities of foreign economic and other interests on the living conditions of women in dependent Territories and the action taken thereon by the Economic and Social Council at its forty-eighth session, to which reference is made in paragraph 16 above, it being understood that the Special Committee would take appropriate action on the request contained in the resolution in the light of any decision that might be taken in that connexion by the General Assembly at its twenty-fifth session.

ANNEX*

REPORT OF SUB-COMMITTEE I

Rapporteur: Mr. Aleksandar PSONCAK (Yugoslavia)

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* Previously issued under the symbol A/AC.109/L.675 and Corr.1.

INTRODUCTION

1. An account of previous consideration by Sub-Committee I and the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples of the activities of foreign economic and other interests in colonial Territories is contained in the reports of the Special Committee to the General Assembly at its nineteenth to twenty-fourth sessions. a/

2. On 12 December 1969, following its consideration of the report of the Special Committee, the General Assembly adopted resolution 2554 (XXIV), paragraphs 3 to 9 of which read as follows:

"The General Assembly,

...

"3. Affirms that foreign economic and other interests operating in colonial Territories which are exploiting those Territories constitute a major obstacle to political independence as well as to the enjoyment of the natural resources of these Territories by the indigenous inhabitants;

"4. Declares that any administering Power, by depriving the colonial peoples of the exercise of their rights or by subordinating them to foreign economic and financial interests, violates the obligations it has assumed under Chapters XI and XII of the Charter of the United Nations and impedes the implementation of resolution 1514 (XV);

"5. Condemns the exploitation of the colonial Territories and peoples and the methods practised in the Territories under colonial domination by those foreign economic, financial and other interests which are designed to perpetuate colonial rule;

"6. Deplores the attitude of the colonial Powers and States concerned which have not taken any action to implement the relevant provisions of General Assembly resolutions;

"7. Requests the administering Powers and States concerned whose companies and nationals are engaged in such activities to take immediate measures to put an end to all practices which exploit the Territories and peoples under colonial rule, in conformity with General Assembly resolutions 1514 (XV) of 14 December 1960, 2288 (XXII) of 7 December 1967 and

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a/ Official Records of the General Assembly, Nineteenth Session, Annexes, annex No. 15 (A/5840); ibid., Twentieth Session, Annexes, addendum to agenda item 23 (A/6000/Rev.1); ibid., Twenty-first Session, Annexes, addendum to agenda item 23 (A/6300/Rev.1); ibid., Twenty-second Session, Annexes, agenda item 24 (A/6868/Add.1), appendices; ibid., Twenty-third Session, Annexes, agenda item 68, document A/7320/Add.1; and ibid., Twenty-fourth Session, Supplement No. 23 A (A/7623/Rev.1/Add.1).

2425 (XXIII) of 18 December 1968, in particular by preventing new investments, especially in southern Africa, which run counter to the objectives of the above-mentioned resolutions;

"8. Requests all States to take effective measures to cease forthwith the supply of funds or other forms of economic and technical assistance to colonial Powers which use such assistance to repress the national liberation movements;

"9. Requests the Special Committee to continue to study this question and to report thereon to the General Assembly at its twenty-fifth session."

A. Consideration by the Sub-Committee

3. The Sub-Committee considered an item entitled "Activities of foreign economic and other interests which are impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in Southern Rhodesia, Namibia and Territories under Portuguese domination and in all other Territories under colonial domination and efforts to eliminate colonialism, apartheid and racial discrimination in southern Africa" at its 83rd to 88th meetings, between 26 August and 30 September 1970.

4. The Sub-Committee had before it working papers prepared by the Secretariat, at the request of the Sub-Committee, on economic conditions with particular reference to foreign economic interests in the following Territories: Namibia, Southern Rhodesia, and Territories under Portuguese administration (see appendices I to III below). It also had before it relevant information contained in the economic sections of the general working papers prepared by the Secretariat on various Territories, as well as a petition submitted by the Council for Christian Social Action of the United Church of Christ concerning Territories under Portuguese administration (A/AC.109/PET.1142).

5. In formulating its conclusions and recommendations on the item under consideration, the Sub-Committee also took into account additional information provided by its members, as well as the information included in the report of the Ad Hoc Group established by the Special Committee (A/8086, annex II), and the report of the delegation of observers from the Special Committee to the International Conference in Support of the Peoples of Portuguese Colonies, held in Rome from 27 to 29 June 1970 (A/8023/Add.3, annex II).

B. Adoption of the report

6. Having considered the item concerning the activities of foreign economic and other interests in colonial Territories, and having studied the documentation and other information available to it, the Sub-Committee adopted conclusions and recommendations on the item at its 88th meeting, on 30 September 1970. b/

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b/ The conclusions and recommendations submitted by Sub-Committee I for consideration by the Special Committee were adopted by the latter body without modification. They are reproduced in the report of the Special Committee (see paragraph 18 above).

APPENDICES

WORKING PAPERS PREPARED BY THE SECRETARIAT AT THE REQUEST OF SUB-COMMITTEE I ON ACTIVITIES OF FOREIGN ECONOMIC AND OTHER INTERESTS IN COLONIAL TERRITORIES

APPENDIX I

NAMIBIA

CONTENTS

INTRODUCTION

1. The present working paper supplements previous studies on the economy of Namibia which the Secretariat prepared for Sub-Committee I in 1964, 1967, 1968 and 1969 and which are reproduced in the reports of the Special Committee to the General Assembly for the years mentioned. a/ The purpose of the present paper is to update those earlier studies by furnishing new information on the main sectors of the economy in which there is foreign investment. An effort has been made to avoid duplicating the information which was included in the current Secretariat working paper on Namibia (A/8023/Add.2, annex) which should therefore be read in conjunction with the present document.

2. The task of the Secretariat in preparing this study was complicated by a lack of official economic information on the Territory, particularly information of a statistical nature. This lack is partly due to the unco-operative attitude of the South African authorities, which in 1969 prohibited the release of official information concerning mining production and investment in Namibia. It is also due to the progressive integration of Namibian services with those of South Africa.

3. Because of the difficulty in obtaining current official data concerning the Namibian economy, this study is largely based on company reports and information from unofficial sources, consisting mainly of newspaper reports. The information reveals, among other things, that Namibia continues to attract large amounts of investment capital from South Africa and other foreign sources. Most of this investment is, however, being used for the development of extractive industries, namely mining and fishing, and will therefore not result in any significant change in the basic structure of the economy, as it has been previously described.

A. MINING

General

4. Mining remains the dominant and also the fastest growing sector of Namibia's economy. Whereas diamonds still account for well over half the total value of mineral exports, the trend is towards a more rapid expansion of the production of base minerals, particularly copper which, during the past year, has attracted large-scale capital investment both from South African and overseas sources. Unfortunately, it is not possible to furnish a comprehensive account of the stage reached in this development, partly because of an order issued by the Department of Foreign Affairs of South Africa which prohibits the release of official information on the production of specific minerals, prospecting, and concessions in the Territory for 1969, and also because separate statistics of Namibia's foreign trade have not been published since 1966. In that year the combined value

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a/ Official Records of the General Assembly, Nineteenth Session, Annexes, annex No. 15 (A/5840); ibid., Twenty-second Session, Annexes, agenda item 24 (A/6868/Add.1), appendix II; ibid., Twenty-third Session, Annexes, agenda item 68 (A/7320/Add.1), appendix II; A/7752/Add.1, appendix I.

of exports and local sales of minerals amounted to R127.1 million, b/ equal to over 50 per cent of the Territory's gross domestic product. The value of individual minerals was as follows: diamonds, R84.7 million, or over 66 per cent of the total; blister copper, R19.2 million, or 15 per cent of the total; and refined lead, R12.3 million or 10 per cent of the total. The remaining 8 per cent (R10.9 million) was made up by sales of zinc, vanadium, tantalite, cesium ore (pollucite) and lithium materials.

5. At the end of that year, a total of 30 companies and individuals were engaged in mining, the two most important being the Consolidated Diamond Mines of South West Africa, Ltd. and the Tsumeb Corporation, which together accounted for over 90 per cent of mineral production, and which are still the leading companies.

6. Unofficial estimates for 1969 indicate that the value of minerals produced amounted to $US 168 million (R120 million), of which $US 98 million (R70 million) was accounted for by diamonds. It was also estimated that total capital investment in the industry amounted to $US 84 million (R60 million). According to the Territory's Chief Inspector of Mines, mining and prospecting companies spent R10 million on the salaries of white employees during the year, R5 million on non-white salaries, R4.5 million on transport, R16 million on local purchases and R14 million on other purchases.

Diamonds

7. As previously reported, diamond mining in the Territory is under the control of South African interests, particularly the Consolidated Diamond Mines of South West Africa, Ltd., a subsidiary of De Beers Consolidated Mines of South Africa, Ltd. The latter is itself a subsidiary of the Anglo-American Corporation (South Africa). The Consolidated Diamond Mines holds mining rights, valid until the year 2010, in a concession area covering 10,259 square miles in the southern part of the Territory, which is believed to be the richest source of gem diamonds in the world. The concession normally yields 90 per cent of the diamonds mined in the Territory.

8. During 1968, the company mined a total of 1,490,073 carats, slightly more than in 1967, from its two major areas of exploitation, immediately north of Orangemund, and reported a consolidated net profit of R46,457,000 (R7,822,000 less than for 1967). The company also retrieved 29,935 carats and 2,421 carats of diamonds from foreshore and off-shore mining respectively in the area controlled by the Marine Diamond Corporation, also a subsidiary of the De Beers Corporation, whose concession Consolidated Diamond Mines is operating until the end of 1970 under a three-year lease. (For details of this arrangement, see A/7752/Add.1, appendix I, para. 22.) Consolidated Diamond Mines, Ltd., reported that off-shore production in the Marine Diamond's concession fell by 52,093 carats from 1967 because of the gradual suspension of mining activities, owing to the depletion of known diamond reserves. Until an intensive sampling campaign was completed, the mining barge Pomona had been transferred to Hottentot Bay to mine a limited deposit proved by Tidal Diamonds (SWA) (Pty.) Ltd., a company owned by Consolidated Diamond Mines (54 per cent), and the Getty Oil Company of the United States of America (see A/7752/Add.1, appendix I, paras. 25-28). Capital expenditure for the

b/ One rand equals $US 1.40.

half year ending 30 June 1969 in respect of mining operations in both sea and foreshore areas of the Marine Diamond concession was R204,486. Expenditure on prospecting operations during the same period in both sea and foreshore areas amounted to R304,502 and R4,121 respectively.

9. For the year ending 31 December 1969, expanded operations in Consolidated Diamond Mines' own concession were reported to have resulted in the production of 1,840,479 carats, an increase of 118,220 carats over the previous year. The increase was achieved, however, at the cost of a slightly lower grade of stone and a smaller average size.

10. As regards operations in the Marine Diamonds concession area, it was reported that production from the foreshore area had continued with fair success during 1969 but that it had not yet been possible to build up adequate ore reserves in the off-shore area and prospecting results were not encouraging. Operations in Hottentot Bay were reported to be yielding a satisfactory profit, but the deposit in question was said to be very limited in size. Profits accruing to De Beers from operations in the Marine Diamonds concession area were R7,971,000, or R221,000 higher than in 1968.

11. With regard to future plans, Consolidated Diamond Mines, Ltd. reported in January 1970, that a promising new deposit of conglomerate diamonds had been found in the Sperrgebiet area, south of the present mining operations, and that a full-scale prospecting operation was under way to establish whether the deposit was viable from a mining point of view and whether it extended into the area being mined. Meanwhile, work was proceeding on the construction of the first two of four conglomerate treatment plants which were to be built north of Orangemund at a cost of R20 million.

12. During 1969, as a result of the passage of the South West Africa Affairs Act, 1969, which, among other things, provided for the application to the Territory of most taxes levied in the Republic, the rate of mining tax applicable to Consolidated Diamond Mines, Ltd. was raised from 45 per cent to 49.5 per cent, and the South African loan levy of 4.5 per cent was applied to the company for the first time, resulting in a total further tax assessment for the year of R5,300.000. According to the 1969 annual report of the De Beers Corporation, the increase in taxation was applied in terms of an announcement in the Government Gazette of 4 July 1969, without any advance notice to the company, despite a tradition of prior consultation dating from a 1913 agreement between the former German administration and the company to which Consolidated Diamond Mines, Ltd. is the successor. The latter's views in the matter were reported to have been laid before the South African Minister of Finance and were still under consideration. In 1968, diamond taxes, which constitute the largest single source of public revenue in the Territory, amounted to R33,884,549. c/

13. At the end of 1969, a new diamond venture was undertaken by Strathmore Services and Finance Corporation of South Africa, which already operates a series of small mines in the Territory and which has been conducting prospecting operations along three miles of coastline bordered by the Hoanib River in the

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c/ This total was comprised as follows: diamond companies tax, R17,855,239; diamond profits tax, R8,924,536; and diamond export duty, R7,104,774.

north and the Unjab River in the south. In December 1969, the corporation announced that it had decided to erect a diamond separation plant at a cost of R1 million. The three-mile coastal strip was originally worked by the De Beers Corporation on its own behalf, but was relinquished owing to the low quality of diamonds found there during 20 years of operations.

Base minerals

14. The exploitation of base minerals, primarily copper, zinc and lead, is the fastest growing sector of the mining economy. According to statements made in 1969 by the Chief Inspector of Mines of "South West Africa", 85 prospecting concessions, covering a total area of approximately 4 million hectares, had been granted, mainly to South African interests, some of them in areas which had been relatively unexplored before 1967.

15. Owing to an order by the South African Department of Foreign Affairs prohibiting the release of any data on mineral output, it is impossible to assess exactly the current state of mining development, or the total value of production; newspaper reports indicate, however, that copper is attracting more interest than any other base mineral and could become, perhaps within the next five years, the premier industry in the Territory, surpassing diamonds.

16. Although the Tsumeb Corporation is still the outstanding leader in this sector, several of the new companies engaged in prospecting and mining for base minerals are subsidiaries of other large mining groups, presumably with large amounts of capital available for investment in the Territory should developments warrant.

17. The Tsumeb Corporation, which is predominantly controlled by American Metal Climax and the Newmont Mining Corporation, both of the United States, operates two mines, at Tsumeb and Kombat. Besides being the largest producer of base minerals in the Territory, it is also the only company which carries out smelting and refining operations, its output consisting primarily of blister copper, refined lead and zinc. As at June 1969, the company's positive ore reserves were estimated to amount to about 7.2 million short tons at Tsumeb, averaging 17.23 per cent metal, and 2.6 million short tons at Kombat, averaging 4.6 per cent copper. An additional 2.4 million short tons of probable ore have subsequently been proved at the Matchless Mine in the Khomas Hochland, about 30 miles from Windhoek. This mine is in the process of being reactivated at a cost of R3.5 million to R4 million and is expected to be operational by the latter part of 1970. In addition to copper, the Matchless Mine will yield large amounts of sulphur which will be used in the copper smelter at Tsumeb.

18. According to the annual reports of the Tsumeb Corporation, its operating costs have risen substantially in recent years owing, among other things, to a decline in the metal content of the ore being mined. In addition, earnings have been affected by falling prices for copper. As a result, the corporation's net profit in 1969 was lower than in any of the preceding four years. The following table summarizes the corporation's financial results for the five-year period 1965-1969:

	1965	1966	1967	1968	1969
	(million rands)				
Metal sales	51.5	56.0	52.1	42.7	41.8
Net operating income	30.2	31.9	29.8	23.4	20.5
Interest income	-	-	0.7	0.7	0.7
Depreciation and write-off	-	2.7	2.9	3.0	3.6
Provision for income tax	8.7	9.0	8.5	6.7	6.7
Net profit	18.9	20.7	19.0	14.3	10.9
Dividends declared	-	20.0	18.5	14.0	15.5
Net current assets	4.7	3.9	4.9	7.0	6.3
Inventories	13.0	12.8	13.0	12.3	10.1

19. Capital expenditure on new construction for the year totalled R1 919,992, bringing the total for the five-year period 1965-1969 to R9,097,083. Principal items for 1969 were as follows: Tsumeb mine, R257,511; copper and lead smelters, R82,574; surface buildings and equipment, R227,614; power stations, R205,322; European housing, R310,368; townsite improvements, R20,101; African affairs, R148,900; Matchless Mine, R667,594. Authorized expenditure after 30 June 1969 was reported to amount to R4,713,401, of which R3,021,506 was allocated for the Matchless Mine, R568,196 for Tsumeb and R130,283 for Kombat.

20. The Tsumeb Corporation's output of principal metals during the five-year period 1965-1969 was as follows:

	Lead	Copper	Zinc	Total	Cadmium	Silver
		(short tons)			(pounds)	(ounces)
1965	91 771	34 750	12 164	138 685	237 435	1 540 851
1966	88 800	32 471	11 015	132 286	269 812	1 516 539
1967	78 006	35 591	9 263	122 860	564 367	1 449 763
1968	61 927	34 691	4 973	101 591	471 108	1 349 741
1969	66 634	30 450	4 205	101 289	509 933	1 273 429

21. During 1969, metal sold and taken into account amounted to 64,028 tons of lead, 33,553 tons of electrolytic copper and 13,000 tons of zinc, as well as 758,461 pounds of cadmium and 1,673,053 ounces of silver.

22. In April 1970 it was reported that the Tsumeb Corporation was investigating the possibility of expanding its concentration plant at the Tsumeb mine to produce zinc, as well as lead and copper. The addition would cost around R3 million and would result in a monthly output of 1,500 tons of zinc ore a month.

23. The company also reported that as at 30 June 1969 it was no longer assessable to companies' tax under the Income Tax Ordinance, 1961, of South West Africa (at a rate of 30 cents per rand), but came under the provisions of the Income Tax Act, 1962, of the Republic of South Africa (at a rate of 33 1/3 per rand). The non-resident shareholders' tax on dividends, however, remained constant at 12 1/2 per cent.

24. Reporting on other developments, the corporation stated that it had maintained the tempo of exploration and that several outside prospects were under examination. It was continuing its participation (amounting to 20 per cent) in a joint exploration venture, in which the Anglo-Transvaal Consolidated Investment Company is the principal shareholder and in which the Anglo-American Corporation, De Beers Consolidated Mines and the United States Steel Corporation, also have interests. The group, known as the Beta-Gamma-Sigma, Theta-Zeta Mining and Prospecting Company (or the Africa Triangle Mining, Prospecting and Development Company), has been granted a prospecting concession comprising a total of 1,500 square kilometres in several separate areas in the Rehoboth and Gobabis districts. There are strong rumours that the company intends to establish a new copper mine at Witvlei in the Gobabis District, where it holds a concession covering seven farms. This location lies in a geological formation known as the Tsumis Series, which extends from Klein Aub in Rehoboth, in a north-westerly direction past Gobabis and into Botswana, and is believed to have some of the largest copper deposits in the world.

25. The Tsumeb Corporation reported that it had entered into a second joint venture exploration programme, this time with Terra Marine Mining Company, Ltd. which was prospecting in a block of 22 claims situated along the Klein Aub formation some 30 miles due south of Rehoboth township. It had also signed an agreement with the South West Africa Company, Ltd. (SWACO), owners of the Brandberg West and Berg Aukas Mines (see below) to carry out prospecting in the Otavi mountainland area of the latter's concession. The corporation stated that preliminary reconnaissance, geological mapping and soil sampling had yielded interesting results.

26. The South West Africa Company (SWACO), which is the second largest company currently active in the Territory, produces lead-vanadium, lead-zinc and zinc silicate concentrates at Berg Aukas, near Grootfonstein, and tin and wolfram at Brandberg West. The company is controlled by Consolidated Gold Fields, Ltd. of South Africa, the Anglo-American Corporation and the British South Africa Company. In 1968, it reported net profits of R462,857.

27. As at June 1967, ore reserves were estimated to be 1.9 million tons at Berg Aukas and 2.2 million tons at Brandberg West. Production during that year amounted to 148,660 tons from Berg Aukas and 451,195 tons from Brandberg West.

28. The most important development in which the South West Africa Company is at present involved is the supply of zinc-bearing materials to the Zinc Corporation of South Africa (ZINCOR), which, under the terms of a 1967 agreement, has a contract, valid for 15 years, to supply the entire zinc requirements of South Africa's statutory Iron and Steel Commission. Under the terms of the agreement, a new company, known as Kilm Products, was formed to finance the erection of a Waelz kiln at the Berg Aukas mine for the treatment of zinc slimes, at a cost of R4 million, and the sinking of a deep shaft, at a cost of R1 million. Kiln Products also acts as the agency for buying the zinc-bearing materials from SWACO for sale to ZINCOR. Kiln Products is owned by Consolidated Gold Fields (51 per cent), the Anglo-American Corporation (34 per cent), Vogelstruisbult Gold Mining Areas of South Africa (10 per cent) and Johannesburg Consolidated Investment Company (5 per cent). d/

29. The ZINCOR refinery, which has an initial capacity of 36,500 ingot tons of zinc, came into operation at Springs, South Africa in May 1969, at about the same time that kiln operations were begun at Berg Aukas.

30. Apart from the ore purchased from Kiln Products, South Africa's main source of zinc will be the R6 million Rosh Pinah Mine in the southern part of the Territory, where the Iron and Steel Corporation (ISCOR) obtained a 1,200-square mile concession in 1965 through a subsidiary company, the Industrial Mining Corporation (IMCOR), in which minority shares are held by Moly Copper Mining and Exploration Company (SWA) Ltd. The mine, which came into operation during the spring of 1969, is expected eventually to save South Africa more than R6.5 million annually in foreign exchange. The mine will be equipped to produce 200 tons of zinc concentrate daily (yielding about 100 tons of zinc metal, and requiring the milling of 2,000 tons of ore) and also about 25 tons of lead/copper concentrate. The life expectancy of the mine, where zinc ore reserves of from 4 million to 5.5 million tons are known to exist, is thought to be at least 10 years. It is believed that diamond drilling will expose further deposits.

31. Plans for a settlement at Rosh Pinah, 180 miles away from the nearest town, include the building of a school, church, post office, shopping centre, clinic and numerous sporting facilities. Housing for about 60 whites and 300 Africans has already been provided.

32. When Berg Aukas and Rosh Pinah are both working at full capacity, it is expected that South Africa will be able for the first time to obtain all its zinc requirements, about 4,500 tons annually, from these mines without recourse to imports from overseas.

33. There has been no additional information on ISCOR's tin mine at Uis, in the Damara "homeland" in the northern part of the Territory. It will be recalled from the previous economic study that the ore produced, estimated in 1967 to amount to 72,000 tons per month, is smelted at the recently completed Vanderbyl-park works in

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d/ It was reported in the press in May 1969 that Vogelstruisbult Gold Mining Areas had acquired from Gold Fields of South Africa additional interests in ZINCOR, Kiln Products and SWACO at a total cost of R2,978,000. The transaction resulted in the acquisition by Vogelstruisbult of a 35 per cent interest in ZINCOR, a 30 per cent in Kiln Products and a 30.6 per cent in SWACO.

the Republic of South Africa and is sufficient to meet almost all of South Africa's requirements. The capacity of the mine is being increased at a cost of R80,000 and is expected to reach 110,000 tons per month by 1972.

34. The Klein Aub Copper Mine in the Rehoboth Gebiet, which was formed in 1965 by Marine Products, Ltd. (the leading fishing company in the Territory) and the Federale Mynbou-General Mining Group and Federale Volksbeleggings Bpk., both of South Africa, with an initial investment of R4 million, declared earnings of R2.5 million in 1969 before taxes of R430,000. Although in 1967 reserves were estimated at 1.7 million tons of ore, averaging 3.5 per cent copper, the life of the mine is now put at only six years. The company announced that it had decided to set aside R1.05 million to write off the cost of the mine.

35. Following the discovery of unexpectedly large ore reserves in the Klein Aub region, the territorial administration in 1968 granted a concession, covering 8,500 square miles and extending from Klein Aub in a north-westerly direction to the Botswana border, to a consortium composed of the Klein Aub Copper Company, Ltd., and its parent companies. This group, known as FEDSWA, undertook to spend a minimum of R1 million on prospecting over a five-year period, plus an annual rental of R50,000, and is entitled to prospect for all minerals except petroleum, gypsum, salt, limestone, marble and nuclear materials. The company does not seem to have issued periodic reports on its progress.

36. During the period covered by this report, the only companies which definitely announced that they had decided to open a major copper mine in Namibia were Falconbridge (SWA) (Pty.) Ltd. and the Oamites Mining Company, both subsidiaries of Falconbridge Nickel Mines of Canada which has done substantial geological exploration work in the Territory.

37. The mine, covering an area of 1.6 by 3.2 kilometres on Oamites firm, some 34 miles south of Windhoek, will begin production in July 1971. It is expected to cost between R4.5 million and R5 million and will treat 50,000 tons of ore a month, yielding about 1,300 tons of copper concentrates (or 16,000 tons annually) when in full production. On the basis of present information, the life expectancy of the mine is estimated at from eight to 30 years.

38. In February 1970, it was reported that a start had been made on the construction of housing and that an access road to the mine was also being built. Negotiations had been concluded for the supply of water and electric power.

39. Falconbridge, Ltd. also disclosed that exploratory work had established that the ore reef was probably even more extensive than initially expected, possibly extending in a south-west direction as far as the Matchless Mine. The company stated that it hoped to establish more mines in the area in the future. Negotiations were taking place with the Industrial Development Corporation of South Africa to join in the venture.

40. Like the Klein Aub mine, Oamites is located in the Rehoboth Gebiet and preference in employment will be given to Rehoboth Basters. However, owing to the South African policy of job reservation, Basters will not be hired as miners.

41. Other developments in the Territory during 1969 involved the discovery of

several deposits of minerals not previously exploited, including uranium and talc, and the participation of additional companies. These are discussed below.

42. In December 1969, it was reported that Rio Tinto South Africa (Pty.) Ltd. was in the final phases of an extensive prospecting programme, involving expenditure of R1 million, on a large low-grade uranium deposit at Rössing, near Swakopmund, and that results so far had been satisfactory enough to warrant the sinking of a 350-foot prospecting shaft at a cost of R730,000 and the installation of a pilot plant. If feasibility studies indicated that the project was economically viable, the Rio Tinto group would receive mining rights and establish an open-cast uranium mine. A new company, controlled by the Industrial Development Corporation of South Africa, would be formed to own and operate the mine, with Rio Tinto as managers and secretaries.

43. In October 1969, it was announced that Johannesburg Consolidated Investments, of South Africa, had applied for a base metal prospecting concession covering an area of 8 million hectares, including the entire Kaokoveld northern Native reserve and part of the designated Damara "homeland" where the Uis tin mine is located. The company would pay fees of R80,000 monthly (normal prospecting fees are R4.20 per month for the first 10,000 hectares, and R1.60 for every additional 10,000 hectares). The application was reported to be under consideration by the South African Department of Bantu Administration and Development which now controls the area in question.

44. With respect to the Kaokoveld, the least explored and developed area of the Territory, it was further reported during the year that potentially the most important mineral resources are the massive iron ore deposits at Ongaya, 85 miles from the coast. Exploration by the Bethlehem Steel Corporation of the United States has revealed that these deposits amount to about 172 million tons of fairly low-grade ore (43 to 60 per cent). Further reports that the South African Bantu Mining Corporation, a statutory body established by a proclamation of 28 March 1969 to undertake mining ventures in African areas, had also applied for exploratory concessions in the proposed "homeland", remained unconfirmed during 1969. The corporation's geologists were nevertheless said to be working at various sites in the Territory.

45. In January 1970, the Etosha Petroleum Company (Pty.) Ltd., a wholly owned subsidiary of Brilünd Mines of Canada, with petroleum prospecting rights in a 117,000 square mile area south of the Etosha Pan (see below) announced that it was considering the possibility of opening three mines, costing at least R4.5 million, near Grootfontein, where prospecting work had proved the presence of "very promising" deposits of lead, zinc, copper, silver and cadmium.

46. The Anglo-American Corporation was also reported to be considering the possibility of investing R4 million in a wolframite mine near Omararu and developing a talc mine outside Windhoek.

47. Later in 1970, two smaller mining ventures were reported, involving copper and tin respectively. The first of these, a small copper mine in the Outjo district, will be in operation by August 1970 and is expected to yield about 2,000 tons a month during its life span of four to five years. The mine belongs to the Khan Mining Group of South Africa, a wholly owned subsidiary of Ohlthaver and List, which also owns the Khan mine near Swakopmund.

48. The second mine, owned by a consortium of South African businessmen under the name of SWA Tin and Koper Bpk. (SWATIN), is situated in a 485-hectare concession area north of Swakopmund, part of the so-called "tin-belt" of the Territory. Spokesmen for the company said that there are ore reserves of about 4,450,000 tons in the area and that the open-cast mine will mill an estimated 7,000 tons of ore a month. The company expects an annual profit of R150,000 after taxes, yielding a dividend of 14 cents per share, and has applied for four additional concessions in non-white areas.

Petroleum

49. During 1969, prospecting for petroleum continued to be carried on in large areas of the Territory, although no positive results were obtained. The companies involved were the Etosha Petroleum Company, a subsidiary of the Brilünd Mines of Canada, which has a prospecting concession of 117,000 square miles in the northern part of the Territory, including the Etosha Pan Game Reserve; and the various international oil companies which in 1968 were awarded concessions, both off-shore and on land, in a 90,000 square mile area (see A/7752/Add.1, para. 50): Shell and British Petroleum (one land and two off-shore blocks); Gulf Oil Company (two off-shore blocks); De Beers Consolidated Mines and Société Nationale de Pétrole d'Aquitaine (one land block); Chevron Oil, a subsidiary of Standard Oil of California (one off-shore block); and H.M. Mining and Exploration Company, Syracuse Oils and Woodford Oil and Gas Company (one off-shore block).

50. As explained in the previous study, apart from the Etosha Petroleum Company, which negotiated an independent concession in 1966, the oil companies involved received their concessions in 1968 through the Southern Oil Exploration Company (Pty.) Ltd. of South Africa (SOEKOR) acting as an agent of the territorial administration in sub-letting prospecting rights granted directly to it. Under an agreement with SWAKOR, a Namibian-registered subsidiary of SOEKOR, the awards will remain valid at the option of the companies for 17 years ; if petroleum is found at any time during the lease, SWAKOR will be entitled to become a partner of the prospecting company.

51. In 1969, the Etosha Petroleum Company began drilling operations at the following places: Ainos, in the western part of the Etosha Pan Game Reserve; a second site some 30 miles to the north; and Onaisa, within the same general area. This region is considered to be the most promising in the Territory. It was reported in the press in mid-1969 that a strong possibility existed that the Etosha Petroleum Company and SOEKOR would join forces, but these reports were not confirmed by the company.

52. By mid-1969, all the other companies active in the Territory had completed reconnaissance surveys both on land and off-shore and were reportedly studying results with a view to determining the next stage of their programme. Under the terms of the concession agreements, the first exploratory wells must be drilled within three years of signing the contracts.

B. FISHING

53. Since 1948 commercial fishing has developed into the second of the three main

industries of the Territory, contributing slightly more than agriculture to the gross national product (R49.6 million in 1966, or 20 per cent). In 1968, the industry represented an investment of R20 million (R13 million invested in land-based factories and machinery and R7.5 million in the fishing fleet itself), the capital involved being about two thirds South African in origin. During that year, the industry reported earnings of R40.2 million, a decline from the record earnings of 1966 which was partly attributed to reduced resources from over-fishing by foreign factory ships, and partly to falling prices, both in South Africa and overseas, for fish oil and fish meal. Measures taken by the South African Government during 1969 to protect the industry against continuing excess fishing by factory ships, plus rising prices on the world market, were expected to result in more profitable seasons during 1969 and 1970.

54. It will be recalled from previous economic studies that the fishing industry of Namibia is heavily dependent on pilchards, which normally account for over 90 per cent of the total earnings (R31.5 million in 1968). The industry is mainly concentrated at Walvis Bay, where seven of the eight factories which were operating up to mid-1969 are located, the eighth being at Lüderitz. Rock lobsters (which earned R6.8 million in 1968), white fish and seal oil and pelts, in that order, account for the remaining earnings and are fished to varying degrees by all the companies involved. In order to prevent overfishing and depletion of resources, each factory is allotted a maximum levy-free pilchard quota, set at 90,000 tons during recent years. In 1967 and 1968 supplementary quotas of 9,600 tons each were granted to five of the seven factories at Walvis Bay, subject to a levy of R5 per ton, payable to the territorial administration for a Fishing Research Council. More importantly, new licences for quotas of 90,000 tons each were granted to two new companies. Thus, the total quota for the Territory as a whole was raised to 948,000 tons.

55. It will be recalled (see A/7320/Add.1, appendix II, paras. 49-52) that the decision to grant pilchard licences to two new companies, the Sarusas Development Corporation and the Consortium Visserye (Pty.) Bpk., a group of seven independent white fishing licencees, was based on the recommendations of an investigatory commission that efforts should be made to stimulate development of the white fish industry and to extend the fishing industry as a whole northwards up the coast. By the terms of its agreement with the territorial administration, the Sarasas Development Corporation is obliged, in exchange for its 90,000 ton quota to guarantee to apply a portion of its fishing profits to development works along the Skeleton Coast (the northernmost portion of coastline, which was excluded from the Kaokoveld northern Native reserve on the recommendation of the Odendaal Commission) including the construction of a new fishing harbour, factory, airfield and road communications. The corporation also guaranteed to move its operations from Walvis Bay to the new areas as soon as developments warrant, at which time a second licence (of 90,000 tons) will come into effect. The Consortium Visserye Bpk. on the other hand, undertook to establish two factories, one at Lüderitz and the other at Walvis Bay, the latter for the processing of white fish, both of which were to be in operation by April 1969. Until the new factories of the Sarusas Development Corporation and Consortium Visserye (Pty.) Bpk. become operative, the catches of these two companies were to be processed by the existing eight factories, whose non-taxable quotas were therefore temporarily increased to 102,000 tons each.

56. Net profits reported by a number of the major fishing companies for 1968 are

presented in the following table. It may be noted that provision for taxes, where reported, was higher than in previous years, owing to the application to the Territory, as at April 1969, of the South African rate of company tax in accordance with the South West Africa Affairs Act of 1969. The rate of tax was increased from 30 to 33.3 per cent.

	Net profit (rands)	Total haul (tons)	Tax (rands)
Angra Pequene Fishing Company	991,000	...	...
Ovenstone South West Africa Investments, Ltd. (OSWIL)	1,200,000	128,000	...
Kaap-Kunene Beleggings Bpk.	2,006,313	...	...
Sea Products (SWA) Ltd.	2,266,302	132,000	946,644
South West Africa Fishing Industries Ltd. (SWAFIL)	2,135,000	...	...
Marine Products	3,500,000		1,411,000
Suid Kunene Beleggings Bpk.	984,300	135,000	512,900

57. Low profits for the year, in comparison to the volume of sales, were acknowledged to be the result of a fall on the world market of the price of fish meal to R68 per ton and of the price of fish oil to R59 per ton. By 1969, these prices had returned to R75 per ton and R72 per ton respectively. It was also reported that sales to the pet food industry in the United States of America were playing an increasing role in the economy of the industry, and that during 1969 the industry as a whole expected to ship a minimum of 2 million cartons to the United States where it would be marketed under brand names. Ovenstone South West Africa Investments, Ltd. reported during 1968 that its cannery at Walvis Bay continued to supply all the pilchard requirements of the Del Monte Corporation of the United States, with sales amounting to R1 million.

58. During 1969, the expansion of the industry, particularly in the context of the development of the Skeleton Coast and protection of marine life from factory ships, received paramount attention from the South African Government.

59. In November 1969, the Sarusas Development Corporation announced that it was beginning construction of a 48-mile road along the Skeleton Coast, extending from Terrace Bay in the south, where the present coastal road ends, northwards to Möwe Bay, which has been designated as the site of the new fishing harbour. Plans for the harbour, estimated to cost from R3 million to R11.5 million, call for the construction of a fish factory with a capacity of 180,000 tons, at a cost of R2.4 million, and the acquisition of trawlers and nets, at an additional cost of R2 million. In addition, it is planned to provide berthing facilities for ore-carrying ships of 50,000 to 100,000 tons, as well as coasters and other ships of up to 16,000 tons, in anticipation of future mining development in the Kaokoveld, where Sarusas holds a mining concession covering an area of about 1,300 square miles.

60. In March 1970 it was reported that negotiations were under way between the Sarusas Development Corporation and the South African Government to modify what was

described as the Corporation's "faintly anachronistic" agreement with the "South West Africa Administration". Under the proposed new agreement, the South African Government would suspend the first 90,000-ton pilchard quota granted to the Sarusas Development Corporation until the fishing harbour had been completed at Möwe Bay, a matter of a number of years, and would withdraw the 6,900 ton research quotas allocated to each of the land-based factories, meaning that the amount of fish caught would be temporarily reduced by about 144,000 tons. Upon the completion of works at Möwe Bay, Sarusas' 90,000 ton quota would be restored, plus a percentage of the second suspended quota.

61. It was also proposed that new land-based factories such as those which might be opened by the owners of the South African factory ships, should be located at Möwe Bay rather than Walvis Bay, so as to distribute fishing activity more evenly along the coast.

62. The proposal for the installation of two additional factories at Möwe Bay, still completely speculative, was made by the South African Ministry of Economic Affairs in the context of its plans to control incursions into coastal waters by two licensed South African factory ships currently operating off Namibia. These ships, which between them had caught and processed 614,000 tons in 1968 (equal to 62 per cent of the total catch of companies registered in Namibia), were limited to a joint quota totalling 570,000 tons for 1969. In late 1969, the South African Minister of Economic Affairs released proposals whereby in 1970 the joint tonnage quota of the factory ships would be reduced to 250,000 tons, of which 125,000 tons would be processed by the local factories at a small premium and the other half by the factory ships themselves. The ships would be permitted during 1970 to fish within the 12-mile limit of Namibia's territorial waters but thereafter they would be required to operate either north of the Kunene River or south of Cape Cross. In compensation, the factory ship owners would each receive a licence to establish a factory, at Walvis Bay or Möwe Bay, each with a quota of 90,000 tons. No definite decision has yet been taken on these proposals.

63. In February 1970, proposals to allocate an estimated R4 million for improvements of the fishing harbour at Walvis Bay were tabled in the South African Parliament. The work would be undertaken by the Fisheries Development Corporation during 1970. Plans called for the dredging of a new channel in front of the fish meal factory complex to accommodate the larger craft now being used, the extension of the wharf further into the sea and the provision of repair facilities.

C. AGRICULTURE AND HUSBANDRY

64. Agriculture and animal husbandry constitute the third most important sector of the economy after mining and fishing, producing total earnings estimated at about R40 million yearly. Unlike the other sectors mentioned, however, this sector has not expanded significantly in recent years and its contribution to the gross domestic product of the Territory has dropped from one fifth to one sixth. Prospects for future growth of the sector are slight owing primarily to the extreme aridity of over 70 per cent of the land and the fact that the available pasture is being grazed to its maximum capacity. The two principal subsectors of the farming industry, which are the raising of beef cattle and the farming of karakul sheep for their pelts, known as persian lamb, of which Namibia is the leading world supplier, together account for 97 per cent of the gross output of farming, contributing about

61 per cent and 36 per cent of the total respectively. The farming of livestock for commercial purposes is almost exclusively a European controlled activity, engaging about 20 per cent of the economically active white population (or from 5,000 to 6,000 farmers). Although about 25 per cent of the cattle registered in Namibia are owned by Africans in the Native reserves, primarily Ovamboland, they are reported to be generally of poor quality and are largely reserved for local consumption by the Africans themselves. In recent years, however, auctions and sales have been held in the Herero, Nama and Damara "homelands". In 1968, the proceeds of such sales amounted to R1,611,478.

65. Under normal circumstances, export of live cattle to the Republic of South Africa forms the basis of the livestock industry in the Territory, since only a fraction of the meat produced can be absorbed by the local market (7.4 per cent in 1965) and the export of canned meat and meat products abroad has not been notably successful, owing to falling prices on the world market, rising costs of local production and the often inferior quality of the beef itself. In 1967, two of the three meat packing plants in the Territory were forced to close down for a variety of economic factors, although the purchase in 1968 of the third plant, Damara Meat Packers, Ltd., by Vliessentral, a large concern in the Republic of South Africa, resulted in a considerable expansion of that subsector. Under the purchase agreement, Vliessentral, in exchange for a R500,000 loan from the "South West Meat Producers Association", guaranteed that the prices which it would pay for beef in Windhoek would never be lower than those obtaining in South Africa; that it would export frozen cuts to South Africa and overseas; that it would supply deboned cuts to the local market and would export offal; and that it would fulfil these obligations regardless of supply and market conditions, even if the factory should operate at a loss. The company further agreed to admit four members of the farmers' association to its eight-member board of directors. In partial fulfilment of these agreements, 1,472 tons of frozen beef and 35 tons of chilled beef were exported to overseas markets between January and May 1969.

66. Since early 1969, the industry has been suffering from a prolonged drought which has resulted in all but one district being declared drought stricken. In consequence, emergency measures have had to be taken to deal with the thousands of head of cattle waiting to be marketed in South Africa. In April 1970, it was reported that the number of cattle ready for marketing had reached tens of thousands and that slaughtering facilities in the Territory were booked to capacity for at least two months ahead. To avert what was developing into a disaster for the beef industry, the South African Meat Control Board decided to reopen the closed meat processing factories which are together capable of processing 780 head of cattle daily. A massive operation to transport frozen, deboned beef carcasses, at guaranteed prices, from the factories to points of distribution in South Africa and Walvis Bay was also being prepared and, with the permission of the South African Minister of Bantu Administration and Development, the 300,000 hectare Mangetti Block in the south of the Okavango northern Native reserve was to be opened as an emergency grazing area for 50,000 head of cattle. Strenuous efforts were also being made to find new export markets for processed beef. In mid-May 1970, the management of Vliessentral reported that the organization had already exported 13,000 carcasses to fill the joint quota of 45,000 carcasses approved by the Minister of Agriculture for the three factories, and that it was operating up to capacity. The actual financial consequences of the drought to the farmers of the Territory have not yet been made known.

67. The marketing of dairy products, a concomitant industry, has never attained

the same importance as beef, owing both to the small size of the local markets and to the fact that, because of high costs, butter, the principal dairy product, cannot be sold in overseas markets, except at a loss. During 1966, the output of dairy products was valued at R2.73 million, 70 per cent being sold in the Territory and the remainder largely in the Republic.

68. The karakul industry, like the beef industry, is expected to suffer drastically from drought conditions during 1970, despite the greater resistance to heat of the karakul sheep. In early 1970, it was reported that independent farmers were expected to lose from R2.8 million to R7 million as a result of drought and that pelt exports would fall from 10 to 25 per cent below the normal annual level of 5.5 million pelts. The sale of pelts at auctions, primarily in London, earned R28 million in 1969.

69. It will be recalled from previous economic studies that the karakul industry is in the hands of some 2,500 white farmers who collectively own slightly over three million sheep. During 1967, legislation was enacted providing for the integrated marketing of Namibian and South African pelts in order to achieve greater stability of prices. However, in recent years, the karakul industry on the whole has suffered from a decrease in the prices paid for high-quality pelts on the world market; the prices paid for inferior-quality pelts have, however, remained relatively stable.

APPENDIX II

SOUTHERN RHODESIA

CONTENTS

INTRODUCTION

1. Available information on the economy of the Territory is contained in previous working papers and four special studies prepared by the Secretariat for Sub-Committee I. a/ Further information concerning the extensive mandatory economic and financial sanctions imposed on Southern Rhodesia by the Security Council is contained in the reports of the Security Council Committee established in pursuance of its resolution 253 (1968) of 29 May 1968. b/ Additional information on recent developments in the Territory is contained in the latest secretariat working paper on Southern Rhodesia (A/8023/Add.1) for the current session of the Special Committee.

2. Information available from within the Territory on the state of the economy was further curtailed on 15 August 1969 by the introduction of the Emergency Powers (sanctions counter-espionage) Regulations which prohibit, among others, foreign economic and other interests operating in the Territory from "giving away economic secrets either deliberately or through negligence". However, information of a general character provided by both the illegal régime and business leaders as reported in the last working paper does not indicate any basic change in the structure and role of foreign economic and other interests in the Territory. The private sector of the economy is still almost wholly dominated by foreign economic and other interests on the same basis, and to the same extent, as reported in previous papers.

A. OUTLINE OF RECENT ECONOMIC DEVELOPMENTS

3. In April 1970, the illegal régime published an Economic Survey of Southern Rhodesia for 1969 c/ in which it provided selected statistics on the state of the national economy. According to the survey, the gross domestic product of Southern Rhodesia increased from $R 782.6 million d/ in 1968 to $R 892.4 million in 1969, achieving a rate of growth of 14 per cent. After adjustment for price movements, the increase in real terms was about 11 per cent as against 3 per cent for 1968. The exceptional increase was attributed mainly to a swing from a very poor

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a/ Official Records of the General Assembly, Twenty-first Session, Annexes, addendum to agenda item 23 (A/6300/Rev.1), chap. III, part III; ibid., Twenty-second Session, Annexes, agenda item 24 (A/6868/Add.1), appendix I; ibid., Twenty-third Session, Annexes, agenda item 68 (A/7320/Add.1), appendix I; (A/7752/Add.1), appendix III.

b/ S/8954 and S/9252 and Add.1.

c/ A foot-note to the economic survey states that statistics for past years have been revised where necessary, and that in certain instances the figures for 1969 are preliminary estimates.

d/ With effect from 17 February 1970, the illegal régime converted its currency to a decimal system and the exchange rate is quoted as $R 1.00 = $US 1.40.

agricultural season in 1968 to a good season in 1969. Over the past three years, the average real rate of growth of the domestic product has been 6.5 per cent per annum. Apart from the agricultural industry, which has been adversely affected by weather conditions and fluctuations in export markets, other sectors of the economy were reported to have grown by over 30 per cent between 1966 and 1969. Details of the industrial origin of the gross domestic product in 1969 with comparative figures from 1965 to 1968 are given in the following table:

Table 1

Industrial origin of the gross domestic product

(million Rhodesian dollars)

	1965	1966	1967	1968	1969 (preliminary estimates)
Agriculture:					
African	43.2	48.8	57.6	53.4	61.3
European	91.5	88.6	89.2	72.2	102.5
Total agriculture	134.7	137.4	146.8	125.6	163.8
Mining and quarrying	48.2	45.0	48.4	47.8	62.0
Manufacturing	133.1	121.7	134.9	149.2	169.7
Building and construction	31.8	31.5	38.0	47.5	50.6
Electricity and water	29.2	31.3	32.8	35.3	37.6
Distribution	99.1	85.9	93.9	103.2	108.6
Banking, insurance and finance	10.4	11.4	13.7	13.5	16.0
Real estate	11.2	13.0	14.1	15.7	16.4
Ownership of dwellings	20.1	20.4	22.5	24.9	28.4
Transport and communications	61.3	55.7	52.6	61.8	69.3
Public administration and defence	32.9	37.1	38.7	42.5	46.1
Education	23.1	24.8	25.3	26.7	27.5
Health	8.1	9.1	9.4	10.4	11.1
Domestic services	21.5	22.0	23.2	25.1	26.2
African rural household services	9.5	10.4	11.2	11.6	12.1
Other services	34.5	35.6	38.6	41.9	46.9
Gross domestic product	708.7	692.3	744.1	782.6	892.4

4. The increase in economic activity was reflected in all the major sectors of the economy: agricultural production, mineral production, construction output and manufacturing output all attained new record levels in 1969.

5. The contribution of agriculture increased from $R 125.6 million in 1968 to $R 163.8 million; the contribution of mining and quarrying increased by $R 14.2 million to $R 62 million for the same period; and manufacturing increased by $R 20.5 million to $R 169.7 million. Increases in contributions to the gross domestic product were recorded by all other sectors of the economy. Fixed capital formation also increased substantially, from $R 138 million in 1968 to about $R 150 million, which represents more than 16 per cent of the gross domestic product. Net additions to stocks in 1969 were less than in 1968.

6. The gross national product increased from $R 872.6 million in 1968 to $R 892.4 million in 1969. Table 2 below gives details of the national income from 1965 to 1969.

Table 2

National income

(million Rhodesian dollars)

	1965	1966	1967	1968	1969 (preliminary estimates)
Wages and salaries:	394.9	408.1	424.1	460.5	502.0
Europeans, Asians and Coloureds	231.1	240.0	249.3	270.8	295.6
Africans	163.8	168.2	174.8	189.7	206.4
Gross income from unincorporated enterprise:	112.0	114.8	132.0	123.5	148.4
European, Asian and Coloured	51.6	48.3	55.4	49.3	65.1
African rural households:					
for own consumption	45.2	50.9	60.0	59.4	63.7
sales	7.4	8.3	8.8	5.6	9.7
African, other	7.7	7.3	7.8	9.2	9.9
Gross operating profits:	173.0	140.4	155.9	163.6	203.0
Government enterprise	16.0	18.1	18.5	18.7	18.9
Public corporations	28.8	18.0	9.0	15.2	21.9
Companies	128.3	104.3	128.3	129.6	162.2
Income from property:	28.8	29.0	32.0	34.8	38.9
Government	8.7	8.6	9.5	9.9	10.5
Personal	20.1	20.4	22.5	24.9	28.4
Gross domestic product (factor cost)	708.7	692.3	744.1	782.6	892.4
Less: net income paid abroad	-29.7	-16.8	-15.0	-24.0	-25.3
Gross national product (factor cost)	679.0	675.5	729.1	758.6	867.1
Plus: net indirect taxes	53.1	46.8	51.4	56.9	62.6
Gross national product (market prices)	732.1	722.3	780.5	815.5	929.7

B. FOREIGN TRADE AND BALANCE OF PAYMENTS

7. The value of domestic exports in 1969 amounted to $R 220.1 million, compared with the previous year's level of $R 174.7 million; re-exports fell from $R 8.5 million in 1968 to $R 6.8 million in 1969; and gold sales increased from $R 11.9 million to $R 12.9 million. Total export earnings (including gold sales and re-exports) amounted to $R 240 million in 1969, compared with $R 195.1 million in

1968. Total imports decreased from $R 207 million in 1968 to $R 198.6 million in 1969. The visible trade balance for 1969 showed a surplus of $R 36 million, compared with a deficit of $R 18.7 million for 1968. The net deficit for invisible transactions remained at $R 36 million, reducing the current account surplus to $R 0.3 million. Net inflow of capital amounted to $R 12.5 million, compared with $R 60 million for 1968. The combined surplus on current and capital account was $R 12.8 million, compared with $R 5.5 million in 1968.

8. The Economic Survey for 1969 states that the terms of trade continued to move in Southern Rhodesia's favour. The average cost of imports valued in the country of origin increased by just under 2 per cent but this unfavourable movement was more than offset by a 5.5 per cent rise in average export prices. The result was an improvement of 3.5 per cent in the terms of trade.

9. A summary of the balance of payments covering the last three years is given in table 3 below:

Table 3

Summary of balance of payments

	1967	1968	1969
	(million Rhodesian dollars)		
Visible trade:			
Domestic exports	176.7	174.7	220.1
Re-exports	12.1	8.5	6.8
Gold	12.6	11.9	12.9
Imports	-187.1	-207.0	-198.6
Adjustments	5.1	-6.8	-5.2
Visible trade balance	19.4	-18.7	36.0
Invisibles, net	-33.8	-35.9	-35.7
Current account balance	-14.4	-54.6	0.3
Capital transactions	-25.4	60.1	12.5
Total transactions	10.9	5.5	12.8
Compensatory finance:			
Short-term creditors/debtors	3.4	2.6)	
Cash balances	-1.9	8.3)	12.8
Banking reserves, errors and omissions	9.4	-5.4)	
Total compensatory finance	10.9	5.5	12.8

C. LAND AND AGRICULTURE

10. A detailed and descriptive account of the land and agriculture of Southern Rhodesia is contained in four previous studies prepared by the Secretariat for Sub-Committee I. (See foot-note (a) above.) Additional information relevant to the work of the Sub-Committee is given below.

11. From 1930, when the Land Apportionment Act was first enacted, the whole of Southern Rhodesia has been divided into a number of different categories of land, the main division being between the African area and the European area. e/ On 17 November 1969, the Legislative Assembly of Southern Rhodesia purported to have adopted a "Land Tenure Act" to replace the Land Apportionment Act. Under the new "Act", the whole of Southern Rhodesia is now divided into three categories of land - African land, European land and national land: the European area covers an area of 45 million acres; the African area, 44 million acres; and national land, 7 million acres. This represents an increase of 9 million acres in the total area of land reserved for Europeans under the Land Apportionment Act.

12. Agriculture in Southern Rhodesia is dominated by white settler interests. Two thirds of the present total output of agriculture is contributed by European agriculture, while the remaining third is the sum total of the production of African agriculture. In 1968, European agriculture produced crops and livestock worth $R 126.6 million, of which $R 116.8 million went into the money economy; while African agriculture produced crops and livestock of an estimated gross value of $R 54 million, of which $R 47 million was for own consumption and $R 7 million went into the money economy. Table 4 below shows the output of European and African agriculture from 1965 to 1968.

Table 4

Agricultural output a/

(million Rhodesian dollars)

Year	European agriculture			African agriculture		
	Gross sales	Farm retentions	Total production	Gross sales	Home consumption	Total production
1965	133.4	10.6	144.0	9.0	35.0	44.0
1966	130.0	11.6	141.6	10.2	39.6	49.8
1967	132.2	11.8	144.0	10.8	47.8	58.6
1968	116.8	9.8	126.6	7.0	47.0	54.0

a/ Monthly Digest of Statistics, Central Statistical Office (March 1970), Salisbury, table 18.

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e/ A/7752/Add.1, appendix III, para. 13.

13. It will be recalled that as a result of adverse seasonal factors, the value of agricultural production decreased from the record level of $R 186 million achieved in 1967 to $R 163 million in 1968. Favourable rainfall conditions in 1969 caused the value of agricultural production to rise sharply to $R 230 million, nearly $R 30 million higher than the previous record level achieved in 1967. Apart from tobacco, all crops and livestock production achieved record levels. Although cotton production moved upwards substantially, prices were generally lower than on the export market. Wheat production continued to expand but a proportion of the crop was adversely affected by late rains.

14. In the case of the tobacco crop, production has been reduced to 132 million pounds for 1969/1970 from almost 300 million pounds in 1965. The crop target for 1970/1971 was originally reduced to 100 million pounds but has now been restored to 132 million. The support price paid by the régime to producers declined to 25 pence per pound for the 1969/1970 tobacco crop, compared with an average price of 33 pence per pound in 1965. In the last three budgets, the régime has contributed $R 49 million towards the trading losses of the tobacco industry.

D. MANUFACTURING AND RELATED ENTERPRISES

15. The manufacturing activities of Southern Rhodesia are concentrated in the production of cheaper varieties of consumer goods, such as clothing, textiles, footwear and the processing of food products, as well as heavier industries such as the metal, iron and steel industries.

16. Foreign economic and white settler interests also predominate in the non-agricultural sector of the economy. The previous studies prepared for Sub-Committee I examined the scope and operations of the major companies in manufacturing and related enterprises. These studies also provided information, where available, on the production and operating profits of the companies concerned. Most of the major companies involved are subsidiaries of United Kingdom and South African interests, whose operations, to a large extent, are interlocked. United States and western European interests are also, to a lesser extent, involved in manufacturing and related enterprises in Southern Rhodesia.

17. The value of manufacturing output amounted to nearly $R 500 million in 1969, which was 14 per cent higher than in 1968. The high growth rate was attributed to the large proportion of the 1,100 new projects approved since 1965 which came on steam during the year. All sectors of manufacturing experienced increased levels of production during 1969. The improvement in production was most marked in the textile industry where the volume of output increased by 47 per cent. The transport, equipment and metal industries registered gains in output of over 15 per cent. The chemical, wood, furniture, paper, printing and food-stuff industries also performed well in 1969, with increases in excess of 7 per cent.

18. Construction output also increased by 12 per cent in 1969 above the 1968 figure of $R 93.6 million. The industry had registered an increase of 30 per cent in growth in 1968 above the previous year's figures. Other sectors of the economy - distribution, transport services, etc. - also showed increases in production.

19. In 1969, the gross operating profits of companies, which are all virtually controlled by white settlers and foreign economic interests, amounted to $R 162.2 million, compared with $R 129.6 million in 1968; additionally, gross

income from unincorporated enterprises, controlled almost wholly by the same interests, amounted to $R 65.1 million in 1969, compared with $R 49.3 million in 1968. Apart from the salaries and wages paid to Africans, their participation in the non-agricultural sector of the economy is negligible.

20. According to figures published by the régime, there was a net capital inflow of $R 60 million in 1968 of which at least $R 42 million was in the corporate sector. This was significantly higher than in previous years and may be attributable to the reinvestment of earnings retained within Southern Rhodesia by subsidiaries of foreign companies, and to reinvestment in the form of plant and machinery and suppliers credits for capital goods. In 1969, net capital inflow, the greater percentage of which was contributed by the same interests, amounted to $R 12.5 million.

21. In 1969, a joint South African-Rhodesian consortium, Sable Chemical Industries, Ltd., completed the first phase of a $R 34 million nitrogenous fertilizer plant at Que Que. (See A/7320/Add.1, appendix I, para. 31.) The entire project, which is scheduled for completion in the next five years, represents the largest single project investment in Southern Rhodesia since the illegal declaration of independence. The project also represents the largest investment of capital in central Africa since the building of the Kariba Dam and hydro-electric power station. It is being financed mainly by Sable Chemical Industries (South Africa) and the South African Industrial Development Corporation. The contractor for the construction of the plant is C. and I. Girdler International Southern-Eastern Central Africa (Pty.) which is based in Johannesburg.

E. MINERALS

22. In view of the heavy capital expenditure involved in mining, local European participation in this sector of the economy is very modest. Foreign economic interests, represented mainly by United Kingdom, South African and, to a lesser extent, United States and western European interests, predominate in the mining sector of the economy, through the operation of subsidiaries which are to a large extent interlocked in a complicated network. The major companies with diversified economic interests, including mining, in Southern Rhodesia are the Anglo-American Corporation of South Africa, the London-based Charter Consolidated (a sister company of Anglo-American), Lonrho Ltd. (United Kingdom) and Rio Tinto (United Kingdom). Other companies with narrower and more specialized interests in Southern Rhodesia include western European and United States interests (A/7752/Add.1, appendix III, paras. 33-34).

23. The value of mineral production in 1969 amounted to $R 88 million, representing an increase of 30 per cent on that achieved in 1968 ($R 67.4 million). The upsurge in production which attained a new record level in 1969 was attributed to substantial investments in the industry since 1965. Table 5 below shows the comparative mineral output for the period from 1965 to 1968.

Table 5

Mineral output[a/]

(million Rhodesian dollars)

1965	64.0
1966	65.2
1967	66.8
1968	67.4

a/ Monthly Digest of Statistics, Central Statistical Office (March 1970), Salisbury, table 18.

24. Information available indicates that mining activity has increased considerably since the illegal declaration of independence. The most spectacular development in base mineral mining since the illegal declaration of independence concerns the exploitation of nickel. About $R 30 million, financed from sources within Southern Rhodesia, has been invested in opening up nickel deposits. The companies engaged in these developments are the Anglo-American Corporation, which has invested $R 20 million in the Madzime Mine at Shamva, and the Trojan Nickel Mine and Smelter at Bindura; and Rio Tinto, which is investing an estimated $R 10 million in the Empress Nickel Mine, west of Gatooma, which is expected to reach full production in 1972. It is estimated that when the three mines are in full production, they will contribute more than $R 20 million annually to the mineral output of Southern Rhodesia. The Trojan Nickel Mine began production in May 1968 and the Madzime Mine in April 1969; the smelter at Bindura was scheduled to come on steam by mid-1969. It was reported that these mines had started to make a substantial contribution to the mineral production of Southern Rhodesia.

25. In addition to nickel, it was also reported that copper production had increased substantially as a result of the opening of new mines and the development of new techniques of mining. In February 1968, the "Ministry of Mines" announced that two big copper deposits had been found. One of these, which is in the Headlands area and involves a large investment capital by Eastern Minerals, Ltd., is already in production.

26. In 1969, the "Ministry of Mines" reported that 37 new mining companies began operations in Southern Rhodesia in 1968; 10 new mines with a capital investment of $R 9 million were expected to come into production by the end of 1970; and a further 17 mines were at the planning stage. On the basis of present developments in mining activity, the "Minister of Mines", Mr. Ian Dillon, estimated that the value of annual mineral production would reach $R 200 million by 1975 or 1976.

F. POPULATION, EMPLOYMENT AND EARNINGS

27. The estimated de facto population of Southern Rhodesia in 1969 was 5,190,000, 4,930,000 Africans; 234,000 Europeans: 15,500 Coloureds; and 8,900 Asians. Although the population of Southern Rhodesia remains largely rural in character, the distribution of the European population contrasts sharply with that of the African - 79 per cent of Europeans live in the towns compared with only 14 per cent of Africans.

28. Between 1961 and 1964, net European emigration from Southern Rhodesia was more than 23,000. The position since then has been one of net immigration. The net inflow of European immigrants in 1969 was 5,000, some 20 per cent lower than the record achieved in 1968.

29. Total employment rose during 1969 by 5 per cent, from 759,000 to 796,000 as a result of increased activity in the economy. African employment rose from 663,000 to 697,000. European, Asian and Coloured employment rose from 95,600 to 99,200. All sectors of the economy recorded increases in employment in 1969. Agriculture as a sector remained the largest employer of labour, absorbing over 34 per cent of the total labour force.

30. In 1969, total earnings from employment rose by 9 per cent, from $R 461 million to $R 502 million. The average annual earnings of Africans increased by 3.5 per cent to $R 296; those of Europeans, Asian and Coloured workers increased by 5 per cent to $R 2,980.

31. Total gross income from African rural households f/ in 1969 amounted to $R 83.3 million, compared with $R 74.2 million in 1968. However, $R 63.7 million of the total production of the African rural households was for own consumption. Actual gross income from sales of produce by African rural households amounted to $R 9.7 million in 1967, compared with $R 5.6 million in 1968. The remaining $R 9.9 million of the gross income of African rural households for 1969 and $R 9.2 million for 1968 represent the value of such household services as grinding of grain and storage.

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f/ The term "African rural households" is used to apply to all Africans engaged in subsistence farming and other traditional pursuits, as against Africans employed on wages and salaries. About 60 per cent of the African population lives in rural households.

APPENDIX III

TERRITORIES UNDER PORTUGUESE ADMINISTRATION

CONTENTS

ANNEXES

INTRODUCTION

1. At the request of the Special Committee, the Secretariat in 1965 and 1966 prepared a series of seven working papers containing background information for the study undertaken by Sub-Committee I on the activities of foreign economic and other interests which are impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in the Territories under Portuguese administration. These working papers contained information on mining; land concession, occupation and settlement; agriculture and processing industries; foreign-owned railways in Angola and Mozambique; and Mozambique's economic relations with South Africa and Southern Rhodesia. a/

2. These studies were supplemented in 1967 by a working paper on economic activities in selected sectors with special reference to foreign interests, b/ in 1968 by a working paper on new capital investments in the Territories under Portuguese administration, c/ and in 1969 by a further report updating the information, together with a list of the major foreign economic interests in Angola and Mozambique, by areas of activity and by nationality. d/

3. As already reported in the 1970 working papers on Angola and Mozambique (see A/8023/Add.3, annex I, Band C), the need for foreign investments in the Territories has begun to take on a new and urgent importance for Portugal. There are several reasons for this. In the first place, the Portuguese Government hopes to win over the local populations and turn world public opinion in favour of its continued presence in Africa through development of the Territories. In this connexion, it may be recalled that, during 1969, Dr. Caetano on several occasions invited the help of "technology and capital" from other countries "under the sole condition that the objective shall be the development and benefit of the land and the peoples and not their exploitation". Secondly, to the Portuguese Government, as in the case of the Cabora Bassa dam, the support of international capital is interpreted as evidence that the financial world agrees with its colonial policy and its determination to remain in Africa. Another reason is that under the present laws regulating the economic life in the Territories, Portugal would benefit from foreign investments in the Territories either directly from increased production of materials for its own industries or indirectly through foreign exchange earnings (see A/6868/Add.1, appendix III, para. 13). Finally, there is a growing opinion in Portugal that as Angola and Mozambique develop they should

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a/ Official Records of the General Assembly, Twentieth Session, Annexes, addendum to agenda item 23 (A/6000/Rev.1), chap. V, appendix, annex I and II; ibid., Twenty-first Session, Annexes, addendum to agenda item 23 (A/6300/Rev.1), chap. V, annex, appendices I to V.

b/ Ibid., Twenty-second Session, Annexes, agenda item 24 (A/6868/Add.1), appendix III.

c/ Ibid., Twenty-third Session, Annexes, agenda item 68 (A/7320/Add.1), appendix III.

d/ A/7752/Add.1, appendix II.

increasingly bear the costs of the military expenditures involved in their defence. e/

4. During 1969, Portuguese public and private interests mounted a new drive to attract investments to the Territory. In October 1969, a Conference on Prospects for Development of the Province of Angola was held in Estoril, Portugal, to discuss "development possibilities" for the area. For the purpose of the discussion, a team of members from the Companhia União Fabril (CUF) f/ and the Hudson Institute of the United States of America "conducted an aerial and surface survey of Angola" between 27 August and 5 September 1969 to investigating its economic potential. The results of the survey and the series of papers written for the Conference have been published in a two-volume report. g/ This report, while reflecting some divergent views, proposes various capital intensive schemes for development. These include, for instance, large-scale oil refining industry, additional iron exploitation, further petroleum exploration, "widespread high speed mineral exploration" for such minerals as nickel, molybdenum and manganese, cattle operations and expanded agricultural productivity.

5. Commenting on the situation in general, Mr. Robert Panero, Director of the Economic Development Studies of the Hudson Institute, reported:

> "To the intensive survey team it seemed clear that perhaps 10 times more was done since 1961 than most metropolitan Portuguese believe, but at the same time not one tenth of what might be done had been done ...
>
> "Angola is a colony. Everything is controlled from Portugal through the Bank of Angola (a currency emitting bank), through exchange controls, visas, licences, permits, price controls and civil administrators and, of course, the army. Angola is essentially a white colony. White people generally have drivers' licences; few blacks. Many white people have arms; few blacks. On the other hand, there is little imposition on the black. The traditional black is left alone to seek his own way· assisted if he requests assistance. There is a conscious 'hands off' policy in rural areas which has resulted in quite different societies living in relatively close harmony in a most dramatic manner." h/

Few of the studies in the Hudson report put forward any specific schemes for raising the standard of living of the "traditional black", and bringing the African population into a more active participation in the exchange economy.

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e/ Professor Teixeira Pinto, former Minister of Economy, while addressing a seminar on the future prospects of the Portuguese nation, organized by the Instituto de Altos Estudos da Defesa Nacional, questioned why Portugal alone should be responsible for the greater part of the cost of defence of the Territories without taking into account their economic potential and reality.

f/ For information on this company, see A/6000/Rev.1, chap. V, appendix, annex I, para. 221; and A/7320/Add.1, appendix III, para. 201. II.

g/ Hudson Institute, Angola, Some Views of Development Prospects, vols. I and II, Croton-on-Hudson, New York, 1969.

h/ Ibid., vol. I, pp. 80 and 81.

6. It will be recalled that earlier in 1969 the Southern Africa Section of the British National Export Council (BNEC), which is a partnership between industry and the Government of the United Kingdom of Great Britain and Northern Ireland, sent a mission to Angola. A brief reference was made to this mission in an earlier report (A/7752/Add.1, appendix II, para. 87). In view of the growing competition for a share in the future wealth of Angola, the mission's report may play an important role in stimulating new foreign investments in Angola.

7. The BNEC mission's report explained that:

> "With oil and iron ore production on the point of making a great leap forward, foreign exchange earnings moving upwards and with several large scale projects under consideration, Angola is entering a period of extensive development. The territory will require, and can absorb, a growing volume of imports and capital equipment." i/

The purpose of the mission was therefore to search out opportunities so that "a fitting proportion of these Angolan requirements should be supplied by Britain".

8. The mission recommended that technical assistance and advice should be offered to appropriate Government departments in those economic areas where it could best improve productivity. One such area, to which its attention was constantly drawn during its visit and which concerns a large proportion of the population, was cattle raising and the development of the meat and meat by-products industries. The mission also recommended that efforts should be concentrated on winning the contract for one or more of the major capital projects, for instance, the development of the Cassalas iron ore deposits, j/ an ore pellet plant, an aluminium plant, the Cunnene River and Cuanza River schemes and the fishery and meat industries.

9. As already reported, in recent years the Portuguese Government has been especially interested in attracting capital to exploit mineral resources in Angola and Mozambique. k/ According to reports, a number of new applications for mining concessions in both Territories have been awaiting the Government's consideration since 1969. Several new concessions have already been granted, while other concessions have been extended or are expected to come under revision in the next few years. According to a Government spokesman, during the three years ending April 1970, investments in the mining sector amounted to 6,000 million escudos l/ (approximately $US 200 million).

10. In December 1969, an Inspectorate General of Mines was created in the Ministry for Overseas Territories in an attempt to strengthen government supervision over mining in the Territories. The functions of the Inspectorate

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i/ British National Export Council, Report of the BNEC Southern Africa Mission to Angola, January 15-February 1, 1969, London, 1969, p. 3.

j/ For details on the Cassalas project, see A/7320/Add.1, appendix III, paras. 42-45.

k/ For a description of the mineral resources of these two Territories, see A/6000/Rev.1, chap. V, appendix, annex I, paras. 54-83 and 234-258.

l/ One escudo equals $US.035.

General are to formulate and co-ordinate mining policy in the overseas Territories; to direct and supervise mining activities; to collect information; and to prepare instructions for use by senior inspectors. The Inspectorate-General is to provide technical and administrative support for the Mining Development Fund which is the main government source of financial assistance to the mining sector and to which all major mining concessionaires are required to make an annual contribution.

11. Although the basic Overseas Mining Law of 1906 has been under revision for some time, the text of the new draft law has not yet been completed. As the concession (more than 1 million square kilometres) over which the Angola Diamond Company (DIAMANG) holds exclusive prospecting and exploitation rights will expire in 1971, the Portuguese Government has already introduced new measures to help in defining the claims and mining zones which the company may retain. Under the terms of present contract, the total area of claims pegged by DIAMANG may not exceed 50,000 square kilometres upon termination of the contract, and no claim may be larger than 2,500 square kilometres, but the company will have the right to continue to work the pegged claims for an unlimited time.

12. In March 1970, the Portuguese Nuclear Energy Board m/ awarded Urangesellschaft, a company from the Federal Republic of Germany, a four-year contract for uranium prospecting in both Angola and Mozambique. Details of the contract are not yet available. Urangesellschaft's share of the uranium mined will reportedly be turned over to nuclear stations in the Federal Republic of Germany. There is no indication as to how the Portuguese Government will make use of its share. According to the President of the Portuguese Nuclear Energy Board, Portugal's own uranium needs are already adequately provided for. This is the first major concession granted for the prospecting of radio-active materials in these Territories.

13. Foreign economic interests in Angola and Mozambique are not limited to investments. There is also a growing interest in trade. During 1969, for instance, there were several special trade missions to Angola. These included a United Kingdom trade mission organized by the Society of Motor Manufacturers and Traders; two trade missions from Brazil, one composed of a group of businessmen from São Paulo, and a second mission composed of Brazilian industrialists and businessmen and headed by the Brazilian Minister of Finance, Professor Delfim Neto; and two trade missions from South Africa, organized by the South African Foreign Trade Organization (SAFTO). A trade mission from Angola also visited South Africa to contact Die Afrikaanse Handelsinstituut.

14. Efforts to improve trade relations are continuing. In the first half of 1970, Angola had already received three trade missions: one from the Durban Chamber of Commerce (South Africa; one from Italy which followed a previous Angolan trade mission visit to that country a year ago; and one from the United Kingdom organized by the Chamber of Commerce and Industry of Birmingham.

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m/ Under legislation enacted in 1954, the Nuclear Energy Board is responsible for supervising "the concession or transfer of concessions of deposits of radio-active and related minerals in Portuguese Territory, as well as the sale and export of such minerals, their concentrates or substances extracted from them" (Decree Law 39,580 and 39,581, 29 March 1958). See A/6000/Rev.1, chap. V, appendix, annex I, para. 44.

15. Although it has not yet been possible to study these growing trade interests, it is evident that because of the foreign exchange the Territories earn for Portugal, the principal trading partners of the Territories can also play an important role in their future development.

16. The following sections summarize the available recent information on major foreign economic activities in Angola and Mozambique, especially in the mining and transforming industries. Information on the general economic situation in these Territories and their trade relations is given in the relevant working papers (A/8023/Add.3, annex I, Band C) which should be read in conjunction with the present report. The working paper on Cape Verde (A/8023/Add.3, annex I.E) contains available information on new foreign capital in that Territory.

A. ANGOLA

17. As previous reports have shown, there has been a growing influx of new capital into Angola since the 1960s and particularly since the liberalization of the regulations on foreign investments in 1965. The largest new investments to date, with more than $US 300 million invested in the period 1964 to 1968, are concerned with the mining and export of iron ore, petroleum and diamonds. As a result of the new diamond concessions awarded in 1969 and the entry of Texaco, Inc. of the United States of America in a joint venture in petroleum prospecting, almost 500 million escudos is to be invested in prospecting in the period 1969 to 1971. In 1970, a number of applications for new concessions and requests for renewal and/or extension of present holdings were under consideration by the Portuguese Government. Although there is also increased foreign interest in transforming industries, the amounts involved are generally on a smaller scale.

1. MINING

18. Previous reports have shown that since the early 1960s there has been a continued influx of new capital into the mining sector in Angola, particularly in petroleum and iron ore mining. In 1969, for the first time four exclusive diamond concessions were granted covering a total area of almost 80,000 square kilometres, including some off-shore areas. Also, Texaco, Inc. entered into an association with ANGOL-PETRANGOL for petroleum prospecting and mining. In addition, 17 new requests were received for exclusive petroleum prospecting concessions.

Diamonds

(a) Diamond concessions

19. It may be recalled that in 1964 the Government of Angola opened up to diamond prospecting the 221,000 square kilometres over which it has had reserved mining rights since 1928 (see A/6000/Rev.1, chap. V, appendix I, paras. 162-166). In order to facilitate development, the area was divided into 352 blocks of about 750 square kilometres each. By the end of 1964, several requests had been filed for concessions in the new area as well as for concessions on the continental shelf from parallel 15° S southwards. Until last year, however, there had been no information obtainable on the new diamond concessions.

20. In 1969, the Government approved four new diamond concessions covering an area of almost 80,000 square kilometres (see table 1 below). The companies to which the concessions have been granted are: (1) Companhia de Diamantes Oeste de Angola, S.A.R.L. (OESTEDIAM) (Decree 48,895, 2 May 1969); (2) Diversa - Internacional de Exploração de Diamantes, S.A.R.L. (Decree 49,019, 22 May 1969); (3) Companhia Ultramarina de Diamantes, S.A.R.L. (DIAMUL) (Decree 49,071, 20 June 1969); and (4) Companhia Nacional de Diamantes, S.A.R.L. (DINACO) (Decree 48,131, 20 September 1969).

(i) Companhia de Diamantes Oeste de Angola, S.A.R.L. (OESTEDIAM)

21. OESTEDIAM, is nominally a Portuguese company, but has the financial and technical backing of Diamond Distributors, Inc., of the United States of America. The company is to have an initial registered capital of 15 million escudos. According to an unofficial source, Diamond Distributors, Inc. will have a 73 per cent share, Portuguese partners will have 13 per cent and the Portuguese Government 10 per cent. Ownership of the remaining 4 per cent is unknown. The company is required to have its headquarters and administration in Portuguese territory. The Portuguese Government has the right to appoint one or two administrators to the board of directors, and the Governor-General may appoint a special representative to supervise the company's activities in the Territory.

22. The OESTEDIAM concession dates back to a request for a concession filed in 1964 by Mr. João António Veiga. The area of the concession, which is the largest of the four new diamond concessions, includes 48 blocks in the coastal region of Angola and two segments of the continental shelf extending respectively from 10°30' S to 12° S and from 15°30' to the Cunene River mouth on the border of Namibia. The OESTEDIAM concession is reported to cover a total area of 36,420 square kilometres of which 26,220 square kilometres are on the coast and 10,200 square kilometres are on the continental shelf. The concession comprises three separate areas: an area mainly in Cuanza-North District extending from Salazar southwards into the Munenga region of Cuanza-South District; a second area covering the coastal region of Cuanza-South and Benguela Districts, from Porto Amboim to Lobito; and a third area consisting of a coastal strip from near Moçâmedes southwards to the border of Namibia.

23. OESTEDIAM has been granted exclusive rights to prospect for and exploit precious stones, including diamonds, rubies, emeralds, sapphires and any other minerals classified as precious stones by the Government. Exclusive prospecting rights over the land areas are for an initial period of three years and may be extended for two periods of three and two years respectively. On each extension, the concession area is to be reduced by 50 per cent. As regards the continental shelf, the concessionaire is not required to start prospecting until six months after it has found the first diamond deposit on land, but not later than four years from the original date of the concession. The concession covering the continental shelf area expires six years from the beginning of prospection, but it may be extended for another four years over 50 per cent of the original areas. Exclusive mining rights over deposits demarcated by the company are granted for a period of 30 years beginning from the date of the original concession and may be extended for two consecutive periods of 20 years each. The total area finally demarcated by the company for exploitation may not exceed 25 per cent of the original concession area.

24. The Government of Angola is to receive 10 per cent of all shares issued by the company but it will not have any rights to dividends or to a share in the apportionment of the company's property in the case of its liquidation. At the expiration of the concession, however, all immovable structures built by the company are to become the property of the Territory.

25. OESTEDIAM is required to invest a minimum of 92 million escudos, of which 32 million escudos are to be spent in the on-shore area over a period of eight years and 60 million escudos in the off-shore area over a period of six years. The company may be required to pay the difference to the Angolan Government if in

Table 1

Angola: new capital in diamond prospecting, 1969
(million escudos)

Name of company and nationality	Concession area and location	Registered capital	Minimum investments: Amount	Minimum investments: Period (years)	Shares held by the Government	Annual payments to the Government a/: Taxes b/ (per cent)	Annual payments to the Government a/: Royalty c/ (per cent)	Annual payments to the Government a/: Mining Fund	Securities deposited with the Government
OESTEDIAM (United States-Portugal)	36,420 km^2 Cuanza-North, Cuanza-South, Benguela and Moçâmedes districts	15	92	10	1.5	50	10	1 d/	2.5
Diversa (United States-Portugal)	25,733 km^2 Benguela and Huila districts	10	15	3	1.0	50	12.5	1	8.7
DIAMUL (United States-Portugal)	5,286 km^2 Cuanza-South District	15	10	3	1.5	50	12.5	1	7.5
DINACO (South Africa-Portugal)	11,253 km^2 Luanda and Cuanza-South districts	10	8	3	1.0	50	12.5	1	5.0
Total	78,672 km^2	50	125					4	18.7

a/ In addition to these payments, the companies are required to pay a surface rent ranging from 100 to 2,500 escudos per square kilometre, in some cases after the fourth year and in other cases after the sixth year. In the fifth year, the Government would receive a total of at least 32 million escudos a year as surface rent from the four concessionaires.

b/ Income tax or government participation in profits; reduced by 50 per cent during the first six years.

c/ Deductible from the income tax or government participation in profits. Also reduced by 50 per cent during the first six years. In the case of OESTEDIAM, this is known as a "production minimum tax".

d/ Only half of the amount is due during the first five years.

any year investments in the on-shore area fall short of the annual minima. The same stipulation applies if the total minimum investment in the off-shore areas, where there are no annual minima, is not met by the end of the eighth year.

26. The company is required to pay surface rent after the fourth year of 150 escudos per square kilometre for the on-shore areas, rising to a rate of 250 escudos per square kilometre after the sixth year. For the continental shelf area, the company is to pay a surface rent of 150 escudos per square kilometre after the sixth year, with the rate rising to 250 escudos per square kilometre after the tenth year. No special rate is fixed for demarcated areas. Since the area of the concession is reduced by 50 per cent on renewal after the first three years, the surface rent after the fourth year for the on-shore area would amount to 2 million escudos a year and, after the sixth year, to 1 million escudos a year. For the off-shore areas, surface rent is due only on renewal after the sixth year and would amount to 765,000 escudos a year; after the tenth year the rent would rise to 1.3 million escudos a year. The company is exempt from all taxes, except the imposto de rendimento (income tax), the imposto de produção minimo (production minimum tax), the stamp tax and a one per thousand ad valorem duty on all imported equipment.

27. During the first six years of the concession, the company is to pay an income tax at the rate of 25 per cent of its net profits with the rate rising to 50 per cent thereafter. Under the rather complicated procedures, the territorial Government is guaranteed a minimum tax revenue equivalent to 10 per cent of the total value of the diamonds produced. Whenever the income tax for the year falls below this amount, the company must pay the difference in the form of a minimum production tax.

28. The company is also required to contribute 500,000 escudos a year to the Mining Development Fund during the first five years, and 1 million escudos a year thereafter. The company is required to deposit with the Government of Angola, within six months from the signature of the contract, a 2.5 million escudo security, 50 per cent of which is returnable when its investments in the concession reach 8 million escudos; the remainder is due when the investments reach 15 million escudos.

29. Under the terms of the contract, OESTEDIAM may be required to supply a quota of its production to the Portuguese diamond-cutting industry. The total quota to be supplied will be prorated among all diamond producers in the overseas Territories. When the company's annual production reaches 50,000 carats, the company must establish sorting and appraising facilities in Lisbon. The concessionaire is required to give preference to Portuguese nationals in hiring its employees. Preference must also be given to Portuguese goods and services.

(ii) Diversa - Internacional de Exploração de Diamantes, S.A.R.L.

30. Diversa, which has an initial registered capital of 10 million escudos, is a Portuguese subsidiary of Diversa, Inc., of the United States. The area of the Diversa diamond concession comprises 35 blocks totalling 25,733 square kilometres in an area extending from the Catumbela region in Benguela District inland and southwards to the Chianje region in Huíla District and encompassing Sá da Bandeira.

31. Under the concession contract, Diversa is granted exclusive rights to

prospect for precious stones for an initial period of three years, which may be extended for another period of two years, but only over 50 per cent of the original area. Mining rights over deposits demarcated by the company are for a period of 20 years and may be extended for another 15 years.

32. The Government of Angola is to receive 10 per cent of all shares issued by the company with all shareholders' rights. The company must make a minimum investment of 15 million escudos over the initial three-year period, of which 4 million escudos must be made in the first year, 6 million escudos in the second year and 5 million escudos in the third year. If investments in a given year fall below the fixed minimum, the company may be required to pay an amount equal to twice the difference to the Government of the Territory.

33. After the first year of the concession, the company is to pay a surface rent of 250 escudos per square kilometre during the second and third years; 500 escudos per square kilometre in the fourth year; and 750 escudos per square kilometre in the fifth year. The surface rent on areas demarcated for mining is fixed at 2,500 escudos per square kilometre.

34. The territorial Government is to receive 25 per cent of the company's net profits during the first four years and 50 per cent thereafter. The company is required to pay the Territory a royalty on all stones produced, at a rate of 6.25 per cent during the first four years and 12.5 per cent a year thereafter. The royalty due may, however, be deducted from the Territory's share in net profits. In a given year, if the royalty exceeds the amount of the Territory's share in profits, the Territory may elect to receive only the royalties.

35. The company is exempt from all taxes except the one per thousand ad valorem tax and the stamp tax on imported equipment. The concessionaire is required to contribute 1 million escudos a year to the Mining Development Fund. The company is also required to deposit with the Government of Angola a 8.75 million escudo security, 50 per cent of which is returnable when investments made by the concessionaire reach 10 million escudos; the remainder is to be paid when investments reach 15 million escudos.

36. The Territory has priority rights to purchase 50 per cent of all the company's production, and the company may be required to supply its diamonds to the Portuguese diamond-cutting industry. The company is also required to give preference to Portuguese goods and services and to the employment of Portuguese nationals.

(iii) Companhia Ultramarina de Diamantes, S.A.R.L. (DIAMUL)

37. DIAMUL, which has an initial capital of 15 million escudos, is reportedly owned by two groups of shareholders, one from Portugal and the other from the United States. The terms of the DIAMUL concession are basically the same as those of Diversa - Internacional.

38. The DIAMUL concession covers 5,286 square kilometres comprising seven blocks in the Gabela-Santa Comba-Cela region of Cuanza-South District. During the first three years, the company must invest a minimum of 10 million escudos, of which 4 million escudos must be invested in the first year and 3 million escudos each in the next two years. It is required to pay a surface rent of 100 escudos per square kilometre from the third year on. Surface rent on demarcated areas is

fixed at 2,500 escudos per square kilometre. The company is to contribute 1 million escudos a year to the Mining Development Fund and to deposit a security of 7.5 million escudos with the Government of Angola, 50 per cent of which is returnable when investments made by the company reach 4 million escudos; the remainder is to be paid when investments reach 6 million escudos.

(iv) Companhia Nacional de Diamantes, S.A.R.L. (DINACO)

39. DINACO, which has a registered capital of 10 million escudos, is owned by the Anchor Diamond Corporation, Ltd., of South Africa. The DINACO concession was originally requested by the Anchor Diamond Corporation in 1967. n/ The terms of this concession follow the same pattern of the Diversa and DIAMUL concessions. The DINACO concession covers an area of 11,253 square kilometres comprising 22 blocks in the coastal region extending from Palmeirinhas near Luanda to the Porto Amboim-Novo Redondo region in Cuanza-South District.

40. The company must make a minimum investment of 8 million escudos over the initial three-year period, of which 2 million escudos must be spent in the first year and 3 million escudos in each of the next two years. Surface rent is to be paid only after the fourth year at 2,500 escudos per square kilometre.

41. It is also required to contribute 1 million escudos a year to the Mining Development Fund and to deposit with the Government of Angola a security of 5 million escudos, 50 per cent of which is returnable when investments made by the company reach 3 million escudos; the remainder is to be paid when investments reach 8 million escudos.

(b) Diamond production

42. Up to the end of 1969, DIAMANG, whose exclusive contract will expire in 1971, was the sole diamond producer in the Territory. Production in 1969 rose to 2,021,000 carats, compared with 1,667,000 carats in 1968 and 1,288,501 in 1967. In 1968, the company had 50 active mines and 77 per cent of the stones produced were of gem quality; of its production that year, 1,530,000 carats were exported to Portugal at an average price of 889.3 escudos per carat. Corresponding figures are not yet available for 1969. As is well known, DIAMANG has provided the Angolan Government with an important source of revenue and loans. Under the profit-sharing plan, the territorial Government received 271.2 million escudos (see table 2 below) and 28 million escudos in dividends in 1968.

43. According to the company's report, its expenses for 1968 included 38.8 million escudos as comparticipacão na defesa do património nacional (share towards national defence) which includes expenditures for its own security personnel and facilities, expenses for lodging military garrisons and the construction of military quarters. As reported previously, the company's expenditures under this heading amounted to some 17 million escudos in 1963 and 1964 and only 6.6 million escudos in 1966; since then it has apparently increased almost six-fold. It will be recalled that guerrilla fighting spread to Lunda District in 1967 (A/8023/Add.3, annex I, B, para. 75) and the DIAMANG report for 1968 acknowledges the presence of

n/ See A/7200/Add.3, chap. VIII, annex II, para. 114.

alguns elementos estranhos (some foreign elements) near its mining zones, so that it had to intensify its "habitual vigilance" in those areas. The foreign exchange earned by DIAMANG in 1968 contributed to the Territory $US 10.3 million, 255 million and 268.8 million escudos metropolitanos. According to the report, if the company's investments and purchases are taken into account, about 70 per cent of the total value of its 1968 sales benefited the Territory.

Table 2

Angola Diamond Company (DIAMANG): mining income, profits available for distribution and dividends paid
(escudos)

	1966	1967	1968
Gross income	497,634,266	526,095,677	576,254,875
Other income	55,000,751	36,763,325	98,087,916
(Total gross income)	552,635,017	562,859,002	674,342,791
Transfer to legal reserve	26,051,873	26,240,690	30,375,517
National defence	6,604,897	11,837,157	38,786,744
Share of Angolan Government of 50 per cent of profits	232,643,229	234,329,361	271,253,369
Profits available for distribution	235,977,695	236,757,056	274,460,426
Dividends paid	228,360,000	233,550,000	233,550,000
Unappropriated profits carried forward	3,334,465	2,427,695	3,207,056

44. As reported previously (A/6000/Rev.1, chap. V, appendix, annex I, para. 134), in 1957 Portugal moved to stop the direct export o[illegible]lan diamonds overseas and established its own diamond-cutting and processing i[illegible]ies. Currently, all of the DIAMANG exports go to Portugal, and under the ter[illegible] of their concession contracts, the four new diamond concerns may also be required to supply diamonds to the Portuguese diamond-cutting industry. Compulsory export of diamonds from Angola to Portugal artificially reduces Angola's favourable foreign trade balance and enables Portugal to earn the foreign exchange directly.

Petroleum

45. As at mid-1970, there were only two petroleum concessions in Angola in production. These were the concession held by the Cabinda Gulf Oil Company, a wholly owned subsidiary of the United States Gulf Oil Corporation, and that held by the PETRANGOL-ANGOL group which is largely owned by Belgian and Portuguese interests, operating in association with the Compagnie Française des Petroles of France and Texaco, Inc. of the United States. The Territory's crude petroleum output in 1968 was only 749,514 tons, which was considerably lower than the

preliminary estimates. Of the total production, 558,979 tons were from PETRANGOL-ANGOL and 190,535 tons from the Cabinda Gulf Oil Company. Information is not yet available for 1969. From January to November 1969, the Territory's crude petroleum output was officially reported to amount to 2,114,645 tons, compared with 494,092 tons in the same period of 1968.

(a) Cabinda Gulf Oil Company

46. During 1969, Cabinda Gulf's production was unofficially reported at an average of 33,540 barrels a day, compared with the 48,000 barrels previously estimated. Almost all of Cabinda Gulf's production was exported (11.5 million barrels) generating an income of $US 10 to $US 15 million. o/ Royalty payments to the Angolan Government, which is at the rate of $US 0.10 per barrel, amounted to over $US 1 million.

47. As reported previously (see A/7200/Add.3, chap. VIII, annex II, para. 119), Cabinda Gulf's original plans envisaged a production of 100,000 barrels a day (5 million tons a year) by the end of 1969, rising to 150,000 barrels a day (7.5 million tons a year) by the end of 1970. According to a recent report, however, not only has the 1969 output fallen short of the original target, but, in 1970, exports will not exceed 3.5 million tons, and the 7.5 million ton target will not be reached before the end of 1972. In May 1970, Cabinda Gulf announced the finding of a new off-shore deposit which started producing some 5,000 barrels a day. In the first four months of 1970, Cabinda Gulf exported some 1.2 million tons of crude petroleum, which was equal to 70 per cent of its total exports in the previous year. Cabinda Gulf's exports went to Denmark, Japan, the Netherlands, Spain, the United Kingdom, and the United States.

(b) ANGOL-PETRANGOL

48. In 1969, the ANGOL-PETRANGOL output from 11 mines in the Cuanza basin was reported at 730,000 tons, which was 30 per cent higher than in 1968. In addition to supplying the Luanda refinery, this group exported 400,000 barrels, or approximately 58,000 tons, to the SACOR refinery in Lisbon.

49. As reported previously, in 1969 a subsidiary of Texaco, Inc., known as Texaco Petróleos de Angola, S.A.R.L., acquired rights to share in petroleum prospecting and mining rights in the maritime zone of the Congo region of the ANGOL-PETRANGOL concession. p/ In this new joint venture, PETRANGOL has a share of 50 per cent and ANGOL and Texaco 25 per cent each. Texaco's association with ANGOL and PETRANGOL is governed by two separate contracts.

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o/ This is a prorated figure based on data contained in the Portuguese financed study prepared by the Hudson Institute, op. cit. According to that study, Cabinda's production of 48,000 barrels a day was assumed to generate an income of between $US 15 to $US 20 million per year and $US 70 million when production reaches 150,000 barrels.

p/ For details on the ANGOL-PETRANGOL concession, see A/6868/Add.1, appendix III, paras. 37-46.

50. It will be recalled that, under the original contract, the ANGOL concession includes the off-shore areas of Ambriz, the Congo and the Cuanza, and it was required to spend a minimum of 300 million escudos during the first five years beginning in 1967. q/ Texaco's contract with ANGOL (Decree 48,846, 23 January 1969) concerns only the Congo maritime zone. In this area, Texaco and ANGOL are jointly required to make a minimum investment of 142 million escudos over the five-year period beginning in January 1969, as follows: 15 million escudos each year during the first two years; 22 million escudos in the third year; and 45 million escudos each year during the fourth and fifth years. Thereafter, the contract may be renewed over 75 per cent of the original area for a period of three years with a minimum investment of 45 million escudos a year.

51. The Texaco subsidiary must be constituted under Portuguese law and have its headquarters in Portuguese national territory. The annual general meeting, however, is normally to be held in Lisbon. The company is required to have an initial capital of $US 4 million and may, with the previous approval of the Overseas Minister, raise money on the national or international markets. Foreign capital involved will enjoy the guarantees set out in the foreign capital law of 1965 (Decree Law 46,312, 28 April) (A/6868/Add.1, appendix III, paras. 4-11). In November 1969, the notice calling the general meeting of the company in Lisbon reported that $US 400,000 in capital had already been realized. Most of the other clauses of the contract are similar to those of Cabinda Gulf. A new clause in the Texaco-ANGOL contract, however, provides that the Governor-General of Angola may appoint a representative to work with Texaco in Angola and to supervise the implementation by the company of the technical, administrative and accounting requirements. Also, in a new clause, the contract provides for the reopening of negotiations by 11 January 1977 between the Portuguese Government and each of the companies involved, or before then, if, after 1972, gross production of each of the companies associated in the Congo zone exceeds 100,000 barrels a day.

52. Under the contract with PETRANGOL (Decree 48,847, 23 January 1969), Texaco is responsible as the operating company in the maritime area of the Congo zone from 1 January 1969 to 30 June 1971. Texaco, together with PETRANGOL, has to invest jointly a minimum of 300 million escudos during the period January 1968 to June 1971, as follows: 100 million escudos from 1 January 1968 to 30 June 1969; 100 million escudos from 1 July 1969 to 30 June 1970; and 100 million escudos from 1 July 1970 to 30 June 1971. Both companies are guaranteed the entry into Portuguese national territory of foreign personnel.

53. As a result of Texaco's association, the minimum new investments in petroleum prospecting over the period 1969 to 1971 will amount to over 350 million escudos. It is reported that by the end of 1969, ANGOL had already invested 914 million escudos in Angola, comprising 672.4 million escudos in mining and 241.6 million escudos in petroleum distribution activities.

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q/ In 1968, the Compagnie Française des Pétroles was authorized to participate jointly with ANGOL in the prospecting and exploitation of the off-shore zone of Ambriz and the Cuanza zone (see A/7320/Add.1, appendix III, paras. 22 and 23).

(c) Requests for new concessions

54. In 1969, in addition to a request by PETRANGOL-ANGOL for a new concession area, there were 17 applications for concessions from other companies pending a decision by the Portuguese Government (see A/6000/Rev.1, chap. V, appendix, annex I, paras. 35-43). The interested companies are: (a) Place Gas and Oil Co., Ltd. of Canada; (b) Ultramar Company, Ltd., a United Kingdom holding company; (c) Standard Oil Company of the United States; (d) Gibraltar Angola Minerals Company; (e) Companhia de Investimentos no Sul de Angola; (f) Union Carbide Petroleum Company of the United States; (g) Etosha Petroleum Company; (h) Diversa - Internacional de Exploração de Hidrocarbonetos, Lda., a subsidiary of the United States company Diversa, Inc. (see paras. 30-36 above); (i) Ferjoma Importação e Exportação, Lda.; (j) Sociedade Planet Angola Oil Corporation, a subsidiary of Planet Oil Co. N.L. of Australia; (k) Shell Portuguesa, S.A.R.L., a subsidiary of Shell Oil Company of the United States; (l) Mr. Victor Manuel R. Vilhena Rebelo; (m) B.P. Petroleum Development, Ltd., a United Kingdom petroleum exploration and development company; (n) Tenneco Angola, Inc., which holds a sulphur concession in Angola and is a subsidiary of Tenneco, Inc., of the United States; (o) Imperial Oil and Gas, Ltd. of Canada; (p) Oceanic Exploration Company; and (q) Mobil Oil Portuguesa, S.A.R.L., a subsidiary of the Mobil Oil Corporation of the United States.

(d) Refining and processing

55. Currently, the only refinery in the Territory is the PETRANGOL plant in Luanda. During 1968, this refinery processed 663,702 tons of crude petroleum, of which 168,702 tons were imported. Exports of fuel oil amounted to 48,100 tons, valued at 15.8 million escudos, compared with 85,288 tons valued at 29.8 million escudos in 1967.

56. Work on the expansion of PETRANGOL's refinery in Luanda has been under way since 1969. In the first phase of the work, which was completed in 1969, PETRANGOL spent some 130 million escudos in the construction of new storage facilities. The second phase of the project will cost some 250 million escudos and is expected to be completed by 1971 when the refinery's capacity will have reached the authorized 1 million tons (see A/7752/Add.1, appendix II, para. 34).

57. ANGOL has been authorized to establish a new refinery at Lobito with a capacity of 650,000 tons, which is expected to cost some 500 million escudos. ANGOL may organize a new company with a capital of 150 million escudos to operate the new refinery. If ANGOL itself operates the new refinery, it will have to increase its capacity by the same amount. The new refinery is required to be in operation by 31 March 1975. The Government of Angola is to receive a percentage of the refinery's shares, the exact amount of which is yet to be determined. ANGOL is also required to deposit a security of 5 million escudos with the Angolan Government in the course of 1970.

Iron ore

58. In 1968, iron ore production increased almost three times over 1967 to 3,218,212 tons. This increase came entirely from the Cassinga mines which produced almost 2.9 million tons. The output of the Sara and Tumbi mines in

Malanje District amounted to only 285,000 tons, which was slightly lower than in the previous year. In terms of value, iron ore exports at 654.4 million escudos for the first time ranked third among the Territory's principal exports (see table 3 below). About 60 per cent of the iron ore exports went to Japan, 33 per cent to the Federal Republic of Germany, and the remainder to Belgium, France, Luxembourg, Portugal and the United Kingdom.

Table 3

Iron ore: production and exports, 1965-1969

	Production		Exports	
	(tons)	(million escudos)	(tons)	(million escudos)
1965	815,196	184.5	693,401	146.9
1966	790,548	153.3	626,792	132.8
1967	1,154,303	244.8	780,019	163.3
1968	3,218,212	466.4	2,893,602	654.4
1969	...	...	5,109,678	1,100.6

Sources: 1965-1968: Banco de Angola, Relatórios e Contas, 1968, pp. 79, 163-164. 1969: Actualidade Económica, Luanda, 16 April 1970, p. 5.

59. There is no information available on the total iron ore output for 1969. For the period January to November 1969, production amounted to 4.9 million tons, while exports for the year, as unofficially reported totalled 5,109,678 tons valued at 1,100.6 million escudos. During 1970, iron ore production from the Cassinga mines is expected to rise to 6 million tons.

60. The Companhia Mineira do Lobito, known as the Mineira, which holds the exclusive concession of the Cassinga mines, has contracts with steel mills in France, Japan and the Federal Republic of Germany. Portugal is reported to own 85 per cent of the Mineira's registered capital of 500 million escudos. According to a spokesman for the Mineira, the company's five-year contract with Japanese mills provides for the supply of half of its output to them at a fixed price. Its five-year contract with steel mills in the Federal Republic of Germany, on the other hand, includes a clause for annual price adjustments. Its five-year contract with the French-owned steel plant, Union Siderurgique du Nord de la France (USINOR), is for the supply of 20 million tons of pebble ore.

61. In 1969, the concessionaire found a new iron ore deposit at Cazengo in Cuanza-North District. Apart from iron ore and reserves of gold (see below), there have been finds of tantalium and other strategic minerals. Currently the Mineira's exclusive concession covers an area of more than 300,000 square kilometres (see A/6000/Rev.1, chap. V, appendix, annex I, paras. 201-211). In November 1969 (Decree 49,389, 18 November), the Portuguese Government extended up to 31 December 1974 the exclusive concessions originally granted to the

Sociedade Mineira do Lombige and the Companhia Mineira do Lobito which, since the merger of the two companies, has been held by the latter. The decree provides for a revision of the concession contract at the end of 1972 to bring it in line with the conditions of other exclusive mining concessions granted by the Portuguese Government in the overseas Territories.

62. In 1969, the Mineira also applied for a new concession to prospect for all minerals with the exception of diamonds, petroleum and mineral oil. This new concession includes all the coastal area of Angola south of the parallel 14°00' S and west of the meridan 14°30' EG, which corresponds to the area extending from Dombe Grande in the Benguela region southwards to the border with Namibia. The Overseas Minister has already been authorized to approve the contract as soon as the necessary procedures are completed.

63. In 1969, there were reports that South African and United States concerns were negotiating with the Mineira to obtain a share in the company. The Anglo-American Corporation of South Africa is reported to have made "a multi-million dollar take-over bid" for the Cassinga mines. The Portuguese Government was also reported in 1969 to be conducting negotiations with a United States financial group interested in the purchase of a substantial number of shares in the Mineira. There is no information on subsequent developments.

64. Most of the capital invested in the Cassinga project has been provided by foreign loans, including those from the Krupp of Essen, Jojgaard and Schulz A/S of Copenhagen, the Export and Import Bank of the United States, the General Electric Company of the United States (see A/7320/Add.1, appendix III, paras. 35-36), a consortium composed of the Bankers Trust Company of London, the Lavoro Bank A.F. of Zurich and the Monte dei Paschi di Siena of Italy, and two German banking consortia, one led by the Deutsche Union Bank of Frankfurt and the other by Hamburggische Landesbank of Hamburg (see A/7752/Add.1, appendix II, para. 37). The company is also reported to have been approached by some major United States companies seeking joint mining ventures for minerals other than iron ore outside the company's present concession area.

65. As reported previously (A/7752/Add.1, appendix II, para. 38), by mid-1968 out of a total investment of 3 million escudos in the Cassinga project, over two thirds had been spent on railways and ports. In 1969, a new railway link was completed, the Chela-3, between the Jamba mines and the mineral wharf at Mocamedes. In November 1969, the Mineira opened bidding for the purchase of 200 new wagons. Bids were submitted by Hitachi of Japan, Cometal-Mometal of Lourenço Marques, Krupp of the Federal Republic of Germany, and Gregg-Car of Belgium. The purchase contract was awarded to Cometal-Mometal which in May 1970 delivered the first 50 wagons. In April 1970, a new shipping company known as the Transmineira was established in Lisbon especially for carrying iron ore from Mocamedes to Europe. The ownership of the new company is unknown.

Other minerals

(a) Sulphur

66. As reported previously (see A/7752/Add.1, appendix II, paras. 42-46), in December 1968 the Portuguese Government granted Tenneco-Angola, Inc., prospecting and mining rights for sulphur, gypsum and anhydrite. Early in 1969 a Portuguese

source reported that Tenneco had found large sulphur deposits in its 108,300-hectare concession on the coast of Angola, and that the company was planning the construction of a pipeline to carry liquified sulphur to the sea. In May, a spokesman for the company denied, however, that Tenneco had discovered any large deposit of sulphur in Angola. He said that aerial photographic studies of the concession had been completed and that drilling would soon begin.

(b) Phosphates

67. It will be recalled that, in 1968, the Portuguese Government granted Companhia dos Fosfatos de Angola, S.A.R.L., a one-year concession for prospecting and mining of phosphates in Cabinda District (see A/7752/Add.1, appendix II, paras. 47-51). The concession has since been renewed to the end of 1970. The Companhia dos Fosfatos de Angola, S.A.R.L. is a subsidiary of the United States company Pickands Mather and Co., a mining company incorporated in November 1929 in the State of Delaware. Pickands Mather and Co., which has its headquarters in Cleveland, Ohio, is engaged in the management and operation of iron ore mines, the mining and distribution of coal, the production and distribution of coke, manganese chemicals and manganese metal, the distribution of pig iron and ferro-alloys, and the operation of bulk cargo fleets and bulk cargo loading and unloading docks. Its operations extend to both the United States and Canada. The company has an authorized capital of $US 20 million in 800,000 preferred shares of $US 25 each and $US 2 million in 4 million common shares of 50 cents each. As at 16 February 1968, the company had a realized capital of $US 11 million represented by 392,225 preferred and 2,219,675 common shares fully paid-up. r/

68. According to reports in the local press, after continuous prospecting activities for over a year, some widely distributed deposits were found, some of a higher grade than others. In March 1970, the Companhia dos Fosfatos de Angola decided to suspend further prospecting activities pending laboratory tests and commercial feasibility studies. However, the company was expected to resume prospecting by June and possibly to begin mining. If a decision is taken to mine and export the phosphates, the company will have to provide the necessary means to transport the mineral to the coast, where it will also have to construct port facilities.

(c) Gold

69. Towards the end of 1969, after four months of prospecting activities, the Sociedade Mineira da Huíla, Lda., announced that gold deposits had been found on its concession at Chipindo in the Caconda region of Huíla District. In May 1970, a spokesman for the company announced the discovery of other new deposits, and stated that the company was planning to start exploiting its deposits during the year. The concession to prospect for and exploit gold deposits held by the Sociedade Mineira da Huíla was granted in 1961. The company, established 21 years ago, is since reported to have incorporated various foreign interests prospecting for gold in the same region. No information is available on the ownership of the company.

70. In 1969, the Companhia Mineira do Lobito is reported to have found some new gold deposits at M'Popo about 50 kilometres south of Tchamutete in Huíla

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r/ Information summarized from Walter R. Skinner's Mining Year Book, 1968, p. 517.

District. Since then, the company has intensified its gold prospecting activities in the Cassinga area. In December 1969, a spokesman for the company announced the discovery of gold with proven reserves of $US 20 million. According to the company, an investment of $US 3 million would be required to develop it. Although the company has had a 2,500-hectare gold mining concession since 1961 it has not yet begun production.

71. Early in 1970, a government spokesman said that plans had been made to start gold production at one of the Mineira's mines in southern Angola. The operations, which will receive government backing, may be extended to include a second mine. The company will handle its own shaft-sinking, but the supply and installation of the head-gear is expected to be sub-contracted to a South African mining group. Production is expected to start in about two years.

(d) Copper

72. In January 1970, the Portuguese Government authorized the Empresa do Cobre de Angola, S.A.R.L. together with the Société Anonyme du Chrome, to organize a company called Sociedade de Investigações Mineiras, Lda. (SIMEIRA) to prospect for mineral deposits in the concession area provisionally demarcated by the Empresa do Cobre de Angola (Decree 7/70, 6 January 1970). The Société Anonyme du Chrome is a Swiss company with headquarters in Lausanne. The Empresa do Cobre de Angola, which has held exclusive prospecting rights in northern Angola since 1945 (see A/6000/Rev.1, chap. V, appendix, annex I, paras. 221-227), is a subsidiary of the CUF group of Portugal which also owns the Banco Totta-Standard, one of the main Portuguese banks operating in Angola. Under the present contract, SIMEIRA is to prospect for copper deposits in an area extending from parallel 6°10' S to 6°15' S with its central point at Mavoio. The area of the concession comprises the Maquela do Zombo-Mavoio area in Uíge District where, following a preliminary survey, the Empresa do Cobre de Angola had already registered claims covering an area of 44,000 hectares by the end of 1959.

73. The concession contract granted to the Empresa do Cobre de Angola and Société Anonyme du Chrome provides that prospecting work by SIMEIRA must be completed within four years of the date of approval of prospecting plans by the Government. SIMEIRA is required to make a minimum annual investment of 4 million escudos. The term of the prospecting concession may be reduced if the company finds exploitable mineral reserves even before it invests the total minimum investment required, or it may be extended for two periods of one year each. As in some of the other recent mining contracts, there is a clause under which the Governor-General may appoint a representative to supervise the company's technical and administrative activities.

74. If exploitable mineral reserves are found, the Empresa do Cobre de Angola and the Société Anonyme du Chrome are required to reorganize SIMEIRA into a mining company. In that case, the Geology and Mining Department of Angola shall demarcate the deposits found and issue the respective concession titles. Mining activities are to be governed by a contract between the Portuguese Government and the mining company according to the terms summarized below.

75. The mining company will have a minimum registered capital of 60 million escudos, and it will not be allowed to obtain loans before its capital is fully realized. Of the minimum capital, the Empresa do Cobre de Angola is to subscribe from

30 to 40 per cent, and the remainder is to be taken up by the Société Anonyme du Chrome. Expenditures already made by the Empresa do Cobre de Angola, which amount to 86.7 million escudos may be credited in part as its share in the capital and the amount in excess of that share may be considered as a loan to the mining company.

76. The Government of Angola is to receive 10 per cent of all shares issued by the mining company and 15 per cent of the company's net profit during the first five years increasing to 30 per cent thereafter, or to a royalty of 1 per cent of sale value increasing by one half per cent a year, up to 5 per cent from the 10th year onward whichever of the two is higher. The territorial Government's maximum share in net profits in any given year is limited to 55 per cent. As in the case of other prospecting and mining concessions, the company will be exempt from all taxes except the stamp tax and a one per thousand *ad valorem* tax on imported equipment.

77. When the annual production of copper exceeds 60,000 tons and exploitable reserves exceed 1.5 million tons, the company will be required to prepare a study on the establishment of a metal-works in the Territory to process 50 per cent of the copper produced. If the Government approves the study and the company finds it economically advantageous, it may directly or through an associate company, organize the metal-works. After 10 years in production, the mining company will be required to supply up to 50 per cent of its output to the local metal-works.

78. The concession contract is to be revised after the mines have been in production for 10 years, or when annual output reaches 30,000 tons, whichever happens first. Thereafter, the concession agreement will be reviewed every five years for tax purposes and a general review will be made every 10 years. The company's contribution to the Overseas Mining Fund will be fixed according to the value of deposits found and estimated future possibilities.

79. In January 1970, soon after the publication of the contract in the official gazette, the Angolan Government information agency CITA (Centro de Informacao e Turismo de Angola) announced that the Empresa do Cobre de Angola was going to start prospecting for copper on its concession in the Zombo *concelho* in Uíge District. According to CITA, prospecting activities at a cost of $US 1 million were expected to last 20 months, and the company would employ 24 technicians and 30 workers.

80. A newspaper report in January 1970 stated that the official announcement was inaccurate, as prospecting for copper in the Maquela area had been completed a long time ago, and the copper deposits at Tetelo had been known since 1960. The article recalled that already in 1961, foreign companies had been ready to supply technical and financial backing to the Empresa do Cobre de Angola to exploit the Tetelo mines, but that the project had been interrupted as a result of the uprising. The concessionaire had always kept a group of employees on the concession as "a presence", but no further work had been done. The article further stated that the Companhia do Cobre de Angola, before undertaking this new project, had probably ensured the renewal of its international contracts. It will be recalled that the Nippon Mining Company had been prepared to invest $US 25 million in the mining of copper at Tetelo, but had decided to withdraw.

Economic and social consequences of mining operations in Angola

81. The economic and social consequences of the mining operations in Angola which are predominantly financed by foreign capital, have to be considered in the context of the Territory's colonial relationship with Portugal. As previous reports have shown, all major aspects of the economic life of the overseas Territories are controlled by Portugal, including the granting of exclusive mining concessions, establishment of industries, foreign investments, conditions of loans and regulation of production, processing and exports. In particular, the mineral resources in the overseas Territories are part of the public domain of the Portuguese State, and the Overseas Mining Law reserves to the Government of Portugal the right to issue prospecting licences and to grant mining concessions in the Territories, without any restriction on the number of claims, for the purpose of large-scale mining operations.

82. Although Dr. Caetano's overseas policy envisages progressive autonomy of the Territories and increased participation of the population in the political and administrative structures, so far there are no specific legislative measures under which either the Legislative Council or the Economic and Social Council of the Territory must be consulted before an exclusive mining concession is granted by the Portuguese Government. In other words, the people of the Territory concerned have no voice in the exploitation of their mineral resources. The implications of the accelerated exploitation and export of mineral products from the Territories at the present stage are particularly important since, as shown below, little of the wealth from the mining operations benefits the local populations.

(a) Financial implications

83. The mining concessions in Angola have financial implications for both the territorial Government and Portugal. For the territorial Government, apart from any initial payments and capital investments, both the prospecting and the mining concessions are an important source of revenue in the form of surface rent, profit sharing, dividends and royalties. Although there is no official estimate of the total revenue from mining, the Angola budget estimates for 1969 include 522 million escudos from the petroleum industry and, based on its 20 per cent increase in production in 1969 over the previous year, revenue from DIAMANG would probably come to 360 million escudos. Although part of the 522 milllion escudos may be income from the refinery, s/ if other surface rent and port and harbour fees are added, the total revenue generated by the mining industry in 1969 probably amounted to over 1,000 million escudos, or about one eighth of the total estimated revenue for the year.

84. Although the exports of diamonds, petroleum and iron ore from Angola are claimed to improve the Territory's balance of payments, in fact their real

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	(million escudos)
s/ Direito de concessão	61.4
Imposto de rendimento	33.0
Outras receitas (including Cabinda Gulf)	427.7
	522.1

importance is in the foreign exchange they earn for Portugal. In 1968, the DIAMANG earnings of foreign exchange amounted to $US 10.3 million, £255 million and 268.8 million escudos metropolitanos. In 1969 these foreign exchange earnings were expected to be increased both by the petroleum exports of Cabinda Gulf, and by the iron ore exports of Cassinga which went to France, the Federal Republic of Germany and Japan.

(b) Implications for the inhabitants

85. There is very little information on the impact on the inhabitants of capital investments made in the last decade, both under the Portuguese national development plans and by private Portuguese and foreign interests. An article in the Portuguese-sponsored report of the Hudson Institute described the "current situation" as regards the participation of the inhabitants in the economic life of the Territory as follows:

> "The GNP of Angola is estimated at approximately one billion /one thousand million/ dollars. Of the 5 million inhabitants about 4 million live traditionally (although almost all use money occasionally, and are really outside the transplanted western society ...
> ... They live in their own ways with little contact with either the white population or bureaucracy ...
>
> "Of the remaining million inhabitants about 300,000 plus are white Portuguese most of whom are concentrated in the cities. Perhaps an additional 100,000 are of mixed racial origin and the rest, or 600,000 are blacks who participate actively in the economy. These blacks provide the skilled and unskilled labour of the cities and are employed as fishermen, construction workers, plantation hands, crane operators, long distance truck drivers and of course bureaucrats. In the Carmona area there are a small group of Bantu who have become individual coffee planters over the years (between 15,000 and 25,000). They have title to the land and consider it valuable quite in contrast with the blacks in the rest of Angola who have no concept of land tenure." t/

86. According to this report, the mining industry has contributed especially to the development and improvement of the ports, harbours and railroads, but most of this infrastructure does not affect the daily life of the African population. Except for the areas of the mining operations where some new economic activities have been introduced, the major impact of the mining industry on the local population has only been through direct employment as wage earners.

87. According to official estimates, in 1965 there were a total of 408,369 wage and salary earners (excluding household servants and seasonal farm labourers). Of this total, about 41 per cent were engaged in agriculture, cattle ranching and fishing; 10 per cent each in civil construction services and government; 8 per cent in transportation and communications; 7 per cent each in mining and manufacturing; 6 per cent in commerce; and the reminder in other activities.

88. In Angola, there are two main categories of wage earners: those who come under the Rural Labour Code of 1962, as revised in 1967, and the skilled and

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t/ Hudson Institute, op. cit., vol. I, pp. 78 and 79.

semi-skilled who are governed by the Labour Code of 1957 (Diploma Legislative 2,827, 5 June). Under the Rural Labour Code, which replaced the former indigenous labour regulations following the repeal of the Native Statute, a "rural worker" is intended to refer to all unskilled workers, irrespective of the type of work. u/ As set out in a notice issued by the Governor-General of Angola in 1967, the term "rural worker" includes all manual workers who do not have a defined trade and who are occupied in activities connected with agricultural exploitation of the land, the harvesting of products and the work preparatory to such exploitation. Manual workers without a definite trade who work in mining, fishing, construction, maintenance of roads, railways and airports, dams and other major projects of public interest are also classified as rural workers if they are situated in rural or suburban areas.

89. While the legislation makes no distinction by race, in fact, almost all Africans are governed by the Rural Labour Code. In 1964, out of a total of 367,851 wage earners, 241,351, or more than two thirds, were classified as rural workers.

90. As far as is known, a minimum wage schedule has not yet been approved for rural workers, although the Rural Labour Code envisages such regulations. The Minimum Salaries and Wages Law of 1959 applies mainly to members of labour syndicates v/ and almost all Europeans, but few Africans, are covered by its provisions.

91. Although, as previous reports have shown, investments and exports of mineral products have increased significantly since 1965, by the end of 1968 the number of persons employed in mining had increased by less than 3,000, from 30,504 to 33,454 (see table 4 below).

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u/ An English text of the Code is contained in the ILO Legislative Series 1962, Por. 1. For a brief summary of the Code, see A/6300/Rev.1, chap. V, annex, appendix I, para. 66, and A/7200/Add.3, chap. VIII, annex II, paras. 168-170.

v/ There are no trade union organizations in Portugal or the overseas Territories. Labour is organized in syndicates which function essentially as beneficient societies. The syndicates are defined in the Rural Labour Code as an integral part of the corporative organization of the nation. In 1967, there were only four labour syndicates in Angola, with a membership of about 37,180.

Table 4

Angola: employment in mining, 1965-1968

	1965	1966	1967	1968
Total personnel employed at 31 December	30,504	34,779	34,562	33,454
Technical	407	599	376	464
Administrative	172	227	217	311
Operário (workers)	29,925	33,953	33,969	32,679
Average number employed per work day	27,785	32,682	32,471	29,635

Source: Angola, *Anuário Estatístico*, 1968, p. 138.

92. In 1966, DIAMANG employed a total of 28,339 workers of whom 20,465 were locally recruited and 7,874 recruited from other districts. There are no details on the number of skilled and unskilled workers. In 1969, it was reported that workers at the Companhia Mineira do Lobito and their families totalled 12,250 persons. The lack of skills was stated as the basis of salary differences. In the same year, the permanent staff of the Cabinda Gulf Oil Company included 64 foreigners and 187 Portuguese, and over 900 persons were estimated to be working for the company directly or for other private enterprises serving the company.

93. There is no information on separate wage rates for Africans and Portuguese. As reported previously w/ official statistics are not allowed to distinguish between races. A proposed minimum wage schedule for rural workers, published by the Angola Labour Institute in 1967, set the basic minimum wage for unskilled workers at 600 escudos a month, 750 escudos for unskilled industrial workers and those in transport work, and 800 escudos for mine workers. However, under the law, the employer may deduct up to half the amount specified if he provides food and clothing, lodging and medical assistance. Such deductions reduce the minimum cash wage to 300 escudos a month for most workers and 400 escudos a month for mine workers.

94. Under the Rural Labour Code, employers of more than 50 persons have to provide medical services for the workers. DIAMANG, for instance, not only provides medical services but has also established some schools for the workers and their children. In 1968, for instance, there were 63 classrooms at DIAMANG with a total enrolment of 3,722 pupils.

95. In 1968 (Angola Despacho, 3 September) the minimum wage for skilled and semi-skilled workers over 18 years of age, was fixed at 30 escudos a day in

w/ *Official Records of the General Assembly, Twenty-second Session, Annexes* addendum to agenda item 23 (part II) (A/6700/Rev.1), chap. V, paras. 55 and 56.

Luanda and Cabinda, 25 escudos in Carmona and São Salvador and 20 escudos for other cities. Average wages paid, however, appear to be higher than the scheduled minimum. For instance, the minimum wage scale for bank workers, approved in June 1966 as a result of a collective labour agreement, provided for a minimum salary of 1,450 to 4,200 escudos a month for pessoal menor; and 3,500 to 11,000 escudos a month for pessoal maior, with a telephone operator with less than five years of service receiving the minimum salary of 3,500 escudos. However, the Labour Institute estimated that the minimum costs for a single person living in Luanda amounted to 5,254 escudos a month in 1965.

96. In 1968, a minimum wage of 30 escudos a day for all workers over 18 years of age was established by the Governor-General for the Luanda and Cabinda areas. This order suggests that, if the minimum wage rate in Luanda is only 30 escudos, that generally paid to "rural workers" in other areas is considerably lower. Some reports have put the figure at 15 escudos a day.

(c) Petition concerning the activities of the Cabinda Gulf Oil Company in Angola

97. In April 1970, the Council for Christian Social Action of the United Church of Christ addressed a petition to the Special Committee containing information on the Council's activities to secure the withdrawal of Gulf Oil Corporation from Angola (A/AC.109/PET.1142). In an "open statement to the Annual Meeting of Gulf Oil Company, 1970" various church organizations called on the company to get out of Angola. Citing Cabinda Gulf's estimated production of 150,000 barrels per day, which would provide royalty payments of $US 15,000 a day, the statement pointed out that with total payments amounting to almost $US 20 million in 1969, this would provide almost half of Angola's total military budget for that year. The church organizations also charged that the Cabinda Gulf's operation in Angola while helping the Portuguese Government, did not enhance the economic well-being of the African people; that the Cabinda operation further strengthened Portugal's ability to wage its war by providing a strategic product; and that the company depended for its security on the military power of the Portuguese Government.

2. TRANSFORMING INDUSTRIES

98. In 1969 the output of the transforming industries in Angola was 6,174.4 million escudos, compared with 5,236.8 million escudos in the previous year. x/ This represented an increase of 17.9 per cent. New capital investment dropped from 439.6 million escudos in 1968 to 265.1 million escudos in 1969, and the number of new industries dropped from 294 to 239. The largest investments were 80.4 million escudos in foodstuffs; 54.8 million escudos in transport material; 36.3 million escudos in metal-works; 19.2 million escudos in timber products; and 17.1 million escudos in textiles. The value of the output of the transforming industries for 1968 and 1969 is shown in table 5 below.

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x/ Revised figure according to Angola, Boletim Mensal de Estatística, No. 12, December 1969.

Table 5

Angola: Output of transforming industries by value, 1968/1969
(million escudos)

	1968	1969	+ -
Food-stuffs	1 529.8	1 651.5	+ 121.7
Beverages	607.8	737.9	+ 130.1
Tobacco products	377.5	370.2	- 7.3
Textiles	495.2	569.1	+ 73.9
Shoes	113.9	113.3	- 0.6
Timber products	32.1	38.6	+ 6.5
Furniture	20.0	21.0	+ 1.0
Paper	167.4	230.3	+ 62.9
Skins and hides	39.4	40.1	+ 0.7
Rubber products	147.5	179.1	+ 31.6
Chemicals	395.6	673.7	+ 278.1
Petroleum products	514.9	484.7	- 30.2
Non-metallic mineral industry	317.0	396.8	+ 79.8
Metal-works	58.8	118.1	+ 59.3
Metal products	97.4	131.9	+ 34.5
Machinery	89.3	118.0	+ 28.7
Transport material	174.2	208.6	+ 34.4
Others	59.0	91.5	+ 32.5
	5 236.8	6 174.4	+ 936.7

Source: Angola, Boletim Mensal de Estatística, No. 12, December 1969.

99. During the past year there has been a significant influx of foreign investments in the industrial sector in Angola. Although, as already noted, the capital involved is small compared with that in the mining sector, it generally ranks among the largest investments of its kind. In most cases the new foreign capital is in partnership either with established local, Portuguese or other foreign firms for the purpose of developing a new line of products or increasing output.

100. The most important new industries established in 1969 with foreign capital or foreign capital participation included a beer factory, a new animal feed plant, a lubricating oil plant and a liquid air plant. The new beer factory, Empresa Angolana de Cervejas, S.A.R.L. (EKA), which plans to supply the entire Territory, consists of a partnership between Whitebread and Company, Ltd. of the United Kingdom, a Belgian group, Société d'Assistance Industrielle et Commerciale (SAIC), and a well-known Angolan firm. The new company will have an initial capital of 45 million escudos.

101. The new animal feed plant is being built by CUCA - PROTECTOR, which established the first such plant in the Territory in 1967, at Luanda. CUCA is an Angolan beer producer and Protector is reported to be an international animal feed producer with headquarters in Belgium, with some 200 factories and laboratories in various countries. The new plant is to be established at Nova Lisboa.

102. In December 1969 the French group, Air Liquide, was reported to be establishing a new plant in Angola with an investment of some 40 million French francs. Air Liquide is one of the world's largest producers of industrial gases.

103. In the first six months of 1970, the new industries established with foreign capital included a lubricating oil plant by Mobil Oil Portuguesa, a subsidiary of Mobil International, located in Luanda. The new plant, which involves an investment of 15 million escudos, has been built with a view to supplying future needs, especially those of the air lines. South African Airways, for instance, is expected to schedule 14 flights a week of its Boeing 747s through Luanda by 1971.

104. Another new industry was a cigarette filter plant, Filtrangol, which began operations in February 1970, as a joint undertaking with the Sociedade Ultramarina de Tobacos, the major cigarette producer in the overseas Territories. The filters will be produced under a contract with Kodak and with its co-operation and assistance. Initial investment is reported to be 15 million escudos.

105. In June 1970, it was reported that the South African owned fish processing company, UNIPESCA, had awarded a contract to Rock Engineering for the construction of a new plant at a cost of R485,000. y/ UNIPESCA is owned by South African Investments, Limited, a subsidiary of the Anglo-American Corporation.

106. Several new industries have been or are in the process of being established to exploit the timber resources of the Territory, and in June 1970, the Economic and Social Council of Angola submitted for approval of the Legislative Council a proposal that a levy of 50 escudos be made on each cubic metre of timber exported

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y/ 1 rand equals $US 1.40.

from the Territory. A new lumber factory in Cabinda is expected to cost 60 million escudos in the first phase, including 42 million escudos for machinery. In this case all the capital is reported to be of Portuguese nationality, with a loan of 25 million escudos from a bank and the remainder financed by four Angolan firms: Sociedade Comercial Almeidas, Lda., Forte de Faria and Irmão, Lda., União Exploradora de Madeiras, Lda., and Fernando Simões de Sousa e Silva. The factory is expected to employ about 130 workers. The factory will have a capacity to produce 16 to 18 cubic metres of plywood every eight hours and 7 to 8 cubic metres of veneers in the same period. Another veneer factory is to be established at Calai in the Canguar concelho in Cuando-Cubango District, to help settlement in the border district. An investment of 10 million escudos is planned.

107. In addition, construction of a large paper pulp factory has recently been authorized. The total capital investment is expected to be around 1,100 million escudos, most of which is expected to come from foreign sources. This factory will be established in Huambo District and use the eucalyptus trees as the basic raw material. It is expected to employ more than 3,000 workers.

108. Other new industries established in 1969 include a car assembly plant, Sociedade Angolana de Construçao e Montagem de Automoveis, S.A.R.L. (SACMA), with a capital of 20 million escudos; a synthetic textile factory in Luanda District with an investment of 30 million escudos; a salt and dry fish factory at Baía Farta with a capital of 40 million escudos; and a new dry battery plant at Luanda with a capital of 30 million escudos. In May 1970, another car assembly plant was established by SOCAR, Lda., which has raised its capital from 15 to 50 million escudos. There is no information on the sources of the capital of these ventures.

109. In June 1970, it was reported that a group of 18 companies in Angola and Mozambique were planning to set up a banking organization with a capital of 2,500 million escudos to facilitate investments in the two Territories. Of the participating companies, 10 would be from Mozambique, with a capital of 1,175 million escudos, and 8 from Angola with a capital of 2,190 million escudos. The purpose of the new organization, to be known as CIDUP, would be to stimulate development and seek the participation of foreign investments in Angola and Mozambique.

B. MOZAMBIQUE

110. It will be recalled that up to 1967 most of the Portuguese and foreign interests in Mozambique were concentrated in the agricultural sector, with emphasis on the production and processing of export crops. Since then, Mozambique has attracted a substantial influx of foreign capital, especially in petroleum prospecting (see A/7320/Add.1, appendix III, paras. 117-150 and A/7752/Add.1, appendix II and map on mining concessions). According to a Portuguese source, as at October 1969, the petroleum concessionaires were already making an investment of more than 200 million escudos a year in the Territory.

111. During the past year, foreign economic interests obtained several new mining concessions covering a wide range of minerals. Also, the contract for the financing of the Cabora Bassa project was finally signed. The two characteristic features of the new investments are the prominence of South African capital both in the new mining concessions and in the dam project and the concentration of the capital in the Zambezi Valley.

112. The growth of foreign economic interests in the Territory is not limited to direct capital investment. The opening up of mining concessions, the expansion of communications and transport networks, and the extensive work in connexion with the Cabora Bassa dam all provide new opportunities also for trade and technical services from foreign countries.

113. According to a report in International Commerce of 18 August 1969, for instance, it is expected that there will be a growing market for transport and industrial goods, such as light aircraft, diesel locomotives, heavy machinery, air-conditioning and refrigeration equipment, telecommunications and radar equipment, laboratory and scientific equipment, automotive accessories and spare parts, and pharmaceutical and hospital supplies and equipment. The construction of the Cabora Bassa dam and its related hydro-electric power facilities is expected to create new opportunities for the sale of tractors, earth-moving machinery and related equipment. On the other hand, foreign interest in the purchase of mineral and other resources from Mozambique is also likely to increase when the various new mining concessions and recently authorized industries come into operation. Some indications of these trends are reported below.

1. MINING

Mineral resources z/

114. As reported previously, although Mozambique possesses a variety of mineral deposits, up to the early 1960s few of those discovered had been found to fulfil all the necessary conditions of quality, quantity and location for economic

z/ For a detailed description of the mineral resources in Mozambique see A/6000/Rev.1, chap. V, appendix, annex II.

exploitation. In the past year, with the prospects of cheap power from the Cabora Bassa project and the growing demand for such metals as iron, copper and chrome, the Portuguese authorities have intensified their search for minerals. At the same time, greater publicity has been given to new finds and concessions granted.

115. In August 1969, the Provincial Geology and Mining Service - which is part of the centralized national Geology and Mining Service - called for bids for a geological survey of the Territory. The four concerns which submitted bids were: the Bureau de Recherches Géologiques et Minières, of Paris, France; Engenharia de Prospecções, S.A. (LAZA), of Rio de Janeiro, Brazil; Aero-Topográfica, Lda., of Lisbon; and Empresa Técnica de Levantamentos Aéros, South-African financed, with headquarters in Mozambique.

116. In May 1970, the Bureau de Recherces Géologiques et Minières was granted the contract for the geological mapping and mineral survey of an area about 100,000 square kilometres between parallels 13 and 16, comprising the districts of Zambezia, Moçambique, Niassa and Cabo Delgado. This survey will cost 80 million escudos, 60 per cent of which is to be paid in French francs and the remaining 40 per cent in escudos. The work is scheduled to be completed in 1973, and will be financed under the Third National Development Plan. A French source reports that the contract also has a technical assistance aspect in that, at the end of the survey, all equipment and machinery imported into Mozambique for the work will be turned over to the Geology and Mining Service. In return, the Bureau de Recherches will be exempt from all import duties.

117. So far, the Territory's mineral resources are only partially known through previous surveys which include studies made by the development brigades under the First National Development Plan, 1948-1952; an aerial survey by Longyear of the United States of America in 1952 of the Tete and Zambezia districts, covering some 73,000 square kilometres; and a hydrological survey by Burgeap of France of the areas south of the Save River. From these surveys, the Territory is known to have some deposits of bauxite, bismutite, copper, gold, graphite, iron ore, some radio-active minerals and certain rare earths - most of which have not yet been exploited. During the past year, the local press has reported new finds of iron ore, nickel, gold, beryllium and colombo-tantalite. Although, so far, the most important deposits reported have been in Tete, there have been new finds also in the districts of Manica, Moçambique, Zambezia and Niassa.

118. In January 1970, an article in the local press reported that a map prepared by the Mission for the Development and Settlement of the Zambezi Valley, showed that there were fluorites at Maringué; iron, coal and titanium in the northern part of the district: copper south of Furangungoñ iron upstream from Tete and downstream from Cabora Bassañ and coal, iron and copper in the Messeca region. Both the Companhia do Urânio de Moçambique and the Companhia Carbonifera de Mocambique have concessions in these areas. The iron and manganese deposits previously found at Chioco and Lupata in Tete were also further investigated by the Geology and Mining Service in 1969.

119. The new finds in Manica District include five deposits of iron ore in the concelho of Barué; a nickel deposit near the border of Southern Rhodesia, which is being investigated by a Southern Rhodesian and South African group; and a gold reef in the concelho of Manica. In June 1970, it was reported that several

important deposits of gold, manganese, nickel, iron, calcopirite and guano had been discovered in Manica District and had been registered with the Directorate of Geology and Mines Services. The discoveries were registered as follows: by Maria Rosa Gravato for deposits of manganese, gold and guano: David Wiggins for nickel: Edmundian Investments for calcopirite; and the Companhia de Cimentos de Moçambique for iron ore.

120. Several deposits of garnets have been found in the districts of Moçambique and Niassa. One of the garnet deposits in Moçambique District is in the Namacala regedoria in the Ribaué administrative post. A second deposit has been found about three kilometres away. In Niassa District, several deposits of garnets and other precious and semi-precious stones have been found in the concelho of Amaramba, of which Nova Freixo is the administrative headquarters. In Zambezia District, the discovery of new deposits of crystallized beryllium, and colombo-tantalite has been reported in the circunscriçao of Gilé.

Production and exports

121. In 1968, mineral exports were valued at 63.5 million escudos and represented less than 5 per cent of the total value of the Territory's visible exports. The minerals produced and exported included some bauxite, beryl, bismutite, coal colombo-tantalite, microlite, and montmorilonite (bentonite) (see A/8023/Add.3, Annex I.C., table 16).

Petroleum

122. During the past year, no new petroleum concessions were granted. As far as is known, there are still only five groups involved in prospecting: (a) Sunray, Skelly and Clark; (b) Mozambique Gulf Oil Company and Mozambique Pan American Oil Company; (c) the Anglo-American Corporation, Société Nationale des Pétroles d'Aquitaine, Entreprise de Recherches et d'Activités Pétrolières (ERAP) and Gelsenkirchner Bergwerks Aktien Gesellschaft; (d) Hunt International Oil Company; and (e) Texaco, Inc. None of these five groups has yet struck oil. aa/

123. There is no recent information on the activities of Texaco, Inc. Hunt International is reported to be completing seismographical surveys before beginning drilling. Towards the end of 1969, Sunray, Skelly and Clark began drilling off the coast about 50 kilometres north-east of Lourenço Marques, and the Mozambique Gulf Oil Company began drilling off the coast about 144 kilometres south-east of Beira. In March 1970, Mozambique Gulf Oil moved the drilling to 54 kilometres south-east of Beira and 14 kilometres off the coast. Compagnie Française des Pétroles d'Aquitaine, which is associated with the Anglo-American Corporation of South Africa and Gelsenkirchner of the Federal Republic of Germany, began drilling about 200 kilometres off-shore from Beira. Although, in December 1969, one of the local newspapers reported that Aquitaine had struck oil, a spokesman for the company has since denied this report.

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aa/ For a description of the concessions and the 11 companies involved, see A/7320/Add.1, appendix III. For a map of the concessions, see A/7752/Add.1, appendix II.

124. In September 1969, Imperial Oil and Gas Limited requested a concession to prospect for hydrocarbons and natural gas in an area along the coast lying between parallels 14°S and 18°S. bb/ This area, which lies between the Texaco and Hunt International concessions, includes almost all the remaining coastal area of Mozambique.

New mining concessions granted in 1969 and 1970

125. Among the more important concessionaires which received new mining rights in 1969 were: (a) Companhia Carbonífera de Moçambique, for coal prospecting; (b) Companhia do Urânio de Moçambique for iron ore; (c) Johannesburg Consolidated Investment Company, Ltd. (known as Johnnies), and Lionel Gomes dos Santos, for all minerals, except petroleum, natural gas, diamonds and iron ore; and (d) Urangesellschaft, of the Federal Republic of Germany for uranium exploration. The first three concessions are located in Tete District.

(a) Coal

126. The Companhia Carbonífera de Moçambique, S.A.R.L. is reported to have received a new concession for coal mining in Tete District, following the preliminary findings made by the Mission for the Development and Settlement of the Zambezi Valley (see para. 10 above). This company already operates the coal mines at Moatize which produce about 300,000 tons of coal a year, of which between 60,000-100,000 tons are exported annually. Up to 1968, most of the coal exports went to Malawi, Kenya and Angola. In 1970, however, a shipment of coal was reported to be destined for Japanese steel mills.

127. The exact ownership of the Companhia Carbonífera is unknown. According to previously published information, in the early 1960s the company had an issued share capital of 40 million escudos, of which 60 per cent was held by Belgian interests, 30 per cent by the Companhia de Moçambique and 10 per cent by the Portuguese Government. At that time, the principal Belgian interests were the Société minière et géologique du Zambèze and the Société de recherche minière due Sud Katanga, a subsidiary of the Union Minière due Haut-Katanga (see A/6000/Rev.1, chap. V, appendix, annex I, para. 261). The Who Owns Whom. 1969-1970, however lists the company only as a subsidiary of the Companhia de Moçambique. The capital invested by the company in the Moatize mines was reported in February 1970 by a Portuguese source to be in the region of 70 million escudos, of which 20 million escudos belonged to shareholders.

128. Early in 1970, the company was reported to have signed a contract of 17 million escudos to supply coal to the new thermal power station at Tete. According to another source, in April the Anglo-American Corporation was studying the feasibility of constructing a thermal power station in Tete District using poor grade coal from Moatize.

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bb/ Boletim Official de Moçambique (No. 39), Series III, 27 September 1969, p. 1284.

(b) Iron ore

129. The Companhia do Urânio de Moçambique was granted a new exclusive concession in November 1969 to prospect for iron ore (Portaria 24,438, 26 November). The new area lies between parallels 15°36', and 16°15' south and meridians 33°32' east and 34°15' east. The concession is for an initial period of two years during which the company is required to spend a minimum of 8 million escudos in prospecting. The concession may be renewed for a further period of two years but only over 50 per cent of the area in the first year and 25 per cent of the area in the second year. In the second period, the company is required to spend a minimum of 2 million escudos annually.

130. The Companhia do Urânio has two other concessions. Since 1961, it has had exclusive rights to prospect for iron ore in an area of 55 square kilometres in Tete District. This concesssion was last renewed in February 1969 (Portaria 23,912, 12 February) and is due to expire at the end of 1970. It also has a concession to prospect for radio-active minerals in Tete which was due to expire at the end of 1969 (Portaria 24,420, 19 November 1969).

(c) Various minerals

131. In December 1969, the Johannesburg Consolidated Investment Company, Ltd. (Johnnies) and Mr. Lionel Gomes dos Santos of Lourenço Marques were granted an exclusive concession in Tete District to prospect for all minerals except petroleum, natural gas and its by-products, diamonds and iron ore. The concession, which comprises a number of separate blocks, covers a total area of some 26,000 square kilometres. Centered on the Cabora Bassa Dam the concession runs along the Zambezi Valley from the Zambian border to Malawi and includes the northern Tete area. Excluded from the new concession are the rights of the Companhia do Urânio and the Companhia Carbonifera under the terms of their existing contracts to prospect for and mine iron ore, coal and uranium.

132. The initial period of the Johnnies concession is for five years and may be renewed for another four years, and the concessionaire is guaranteed a 60 year mining lease for any commercial discoveries. The company, to be formed jointly by Johnnies and Mr. Gomes dos Santos, must be registered under Portuguese law and have its administrative headquarters in Portuguese territory. It is to have a minimum registered capital of 12 million escudos. The company may issue bonds and contract loans with the approval of the Overseas Minister, but if foreign capital has a majority holding, the company will not be allowed to borrow from Portuguese financial institutions except in special circumstances. The company is authorized to maintain the necessary technical departments in South Africa, but but the Portuguese authorities may appoint a representative there who shall have access to all information relating to the operations in Mozambique.

133. The concessionaire must actively prospect the area of the concession and spend, per square kilometre, at least 300 escudos in the first year; 400 escudos in the second year; 600 escudos in the third year; 1,000 escudos in the fourth year; and 1,500 escudos in the fifth year. If, during this first five-year period, the company finds any mineral deposits of importance, it is required to spend, from then on, twice the amount due for the remaining period of the contract. The minimal total expenditure the company must spend on prospecting during the first

five years amounts to more than 60 million escudos. After the first five years the concession may be renewed only if a least four areas have been demarcated, and the renewal will cover only areas within a 20 kilometre radius of those areas.

134. The Government of Mozambique will receive 50 per cent of the net profits from the concession and it will have priority right to purchase up to 50 per cent of the minerals produced in any given year. According to the Overseas Mining Law of 1906, the company is required to pay a proportional mining tax after the fifth year. cc/ Instead of the proportional mining tax, the company will pay as direitos de concessão, 4 per cent of the value of the sales of all minerals and processed products, calculated from the time sales start. The company is also required to pay to the Overseas Mining Development Fund, 500,000 escudos each year during the first three years of the contact; 1 million escudos a year in the fourth and fifth years and 2 million escudos a year thereafter.

135. The company is exempt from all taxas, impostos e contribuiçoes (taxes and levies) whether national, territorial or local, in respect of immovable property and installations used for prospecting, mining and processing of minerals; it is also exempt from all taxes and levies on its shares, capital or bonds already issued or to be issued, and on profits or reserves distributed or derived therefrom. Further, the company is exempt from all import duties on equipment, machinery, vehicles, aeroplanes, pipelines and other materials required for its work, except the stamp tax and an imposto estatístico (statistical tax) of one mil ad valorem.

136. Under the terms of the contract, the Portuguese Government offers to take all possible measures to enable the company to carry out its activities profitably by assuring it: (a) the use of the necessary land, water, timber and other natural resources in the concession area; and (b) the construction of telephone lines, telecommunications, roads, railways and necessary facilities for processing the minerals found. Specifically, the Government also agrees to take all possible measures to prevent any action by third parties from disrupting or impeding the company's activities. This clause, which is similar to that in several other mining concession contracts, including that of the Cabinda Gulf Company, is interpreeted as a government undertaking to safeguard the mining operations from guerrilla attacks.

137. The Johannesburg Consolidated Investment Co., Ltd. was incorporated 28 September 1889 in South Africa. The company's principal investments are in diamond, copper, gold and platinum interests, with the bulk of its business centred in Africa. The company has a capital of R14 million in shares of R2 each; all the shares are issued and fully paid. Beerman's Financial Yearbook of Southern Africa, 1966, lists the company among those in which the Anglo-American Corporation of South Africa holds a large investment or a significant proportion of the issued share capital. Among the companies which hold shares are New Rhodesia Investments, Ltd., to which 600,000 shares were issued in 1958, and the Rand Selection Corporation.

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cc/ Decree of 20 September 1906. For a summary of the provisions see A/6000/Rev.1, chap. V, appendix, annex I, paras. 9-53.

138. Mr. Gomes dos Santos is reported to be associated with the United States concern International Harvester. In the 1969 Fortune Directory of the 500 largest United States industrial corporations, International Harvester ranked thirty-first.

(d) Radio-active minerals

139. As reported above (para. 12) in March 1970, the Portuguese Nuclear Energy Board granted Urangesellschaft a concession for uranium prospecting in Angola and Mozambique. So far there are no details on the area of the new concession.

140. At the end of 1968 four concessions had been granted for radio-active minerals in the Territory. These were Companhia do Urânio de Moçambique (see above); Entreposto Comercial de Moçambique; Minas do Catipo Lda., Vicente Ribeiro de Costa (heirs); and Virgílio Hipólito. All four concessions are in Tete District in the Moatize concelho.

141. In 1957, the Entreposto Comercial de Moçambique was granted a concession for prospecting in an area of 200 hectarès. The Entreposto Comercial de Moçambique is a subsidiary of Companhia de Moçambique, and its concession was still in force 31 December 1968. dd/ Minas do Catipo, Lda. is a private holding concern which has a 700-hectare concession in Moatize. Vicente Ribeiro de Castro (heirs) and Virgílio Hipólito hold concessions of 1,200 and 100 hectares respectively for prospecting uranium in Moatize.

Other developments

142. In September 1969, a South African company was reported to be planning to exploit a gold deposit found at Chua Valley near Vila de Manica (Manica concelho), on the border with Southern Rhodesia. The new deposit reportedly has an average gold content of 15 grammes per ton. The South African company was expected either to buy the concession outright from its owner for 4 million escudos or to offer a 30 per cent interest in the profits and a cash payment of 240,000 escudos. The company was also reported to be prospecting the recently discovered bauxite deposits nearby.

143. Among requests for mining concessions which are still pending is one by Sociedade Utex, S.A. for a concession for prospecting all minerals, except hydrocarbons and diamonds in Tete District, an area between parallels 16°15' 18°31' south and meridians 32°27' and 32°50' east. Other requests pending include one by the Anglo-American Corporation for the prospecting and mining of fluorites. The concession requested, known as the Maringué fluorite reserves, covers an area of 250 square kilometres and is located between Tete and the border of Southern Rhodesia. There is also a request for a diamond prospecting concession by DIAMOC, the ownership of which is unknown, and a request by Krupp of Essen, Federal Republic of Germany, for a concession in the region of Chicoco, Tete, where it is planning to develop a fluorite deposit.

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dd/ Mozambique, Boletim Oficial, (No. 41) Supplement, Series III, 13 October 1969.

2. TRANSFORMING INDUSTRIES

144. Previous reports have already described the general development of transforming industries in Mozambique (see A/6868/Add.1, appendix III) and the latest information on industrial output for 1968 has been included in the Secretariat working paper on Mozambique (A/8023/Add.3, annex I.C, paras. 118-120). In addition, the known major foreign economic interests in the industrial sector were listed in last year's report (A/7752/Add.1, appendix II, annex II). Therefore, only the new developments since last year are reported below.

145. As in Angola, during the past year many of the larger new investments are of foreign origin. These include a new cashew shelling plant, a paper pulp factory and a chemical and explosives factory. Other large investments, but of unknown origin, include a steel foundry and an animal feed factory.

146. The new cashew shelling plant, Companhia do Caju do Monapo, S.A.R.L., is to be established at Vila Monapo in Moçambique District. The company is to have a registered capital of 25 million escudos and will use the process developed by the Italian firm OLTREMARE of Bologna, which will have a 20 per cent share. The new plant will have a processing capacity of 15,000 tons of nuts a year and was expected to begin operations in June 1970.

147. According to one report eight new cashew shelling plants were authorized in 1968 but no details are available. In 1969, the Government ordered all manual plants to convert to mechanical shelling.

148. The Portuguese Fasol group which controls Textil de Lourenço Marques (TEXLOM), S.A.R.L. is reported to be building a paper pulp factory in Manica e Sofala District. ee/ As in the case of TEXLOM (see A/7752/Add.1, appendix II, para. 156), the Compagnie Générale d'Entreprises Electriques, S.A. will provide both technical and financial assistance. The exact ownership of Fasol is unknown.

149. The new chemical and explosives plant is to be established by African Explosives and Chemical Industries (AECI) of South Africa. Total investment in the Mozambique plant is expected to run into millions of rands. Products of AECI include pharmaceuticals, paints and dyes, plaster, pesticides, fertilizers, animal foods and various explosives. According to one of the company's directors, the main reason for the establishment of a subsidiary in Mozambique is the Territory's potential market for various chemical products and explosives created in connexion with the work on the Cabora Bassa dam and with petroleum prospecting, and the eventual expansion of other industries.

150. In February 1970, the Government authorized the Grupo Entreposto to build a steel mill in the Tete region. According to the industrialist

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ee/ Although Manica and Sofala have been made into separate districts, many reports still refer to them as one.

Mr. José Martins Dias da Cunha of Lourenço Marques, plans for the mill envisage the use of energy from the Cabora Bassa project. The identity of the Grupo Entreposto is unknown.

151. In February 1970, the first chocolate and cocoa factory was authorized. The factory, which will be built by the Companhia Industrial de Matola, is expected to cost 50 to 60 million escudos. The cocoa will be imported from São Tomé and Príncipe and half of the production will be for export.

152. Other new industries authorized during the past year include a new animal feed factory with an annual capacity of 10,000 tons, to be built at Milange close to the Malawi border, and a plant for producing oxy-acetylene to be built in Tete District. The numerous smaller plants authorized, which have a registered capital of less than 10 million escudos, have not been included in this report, irrespective of the nationality of their capital.

153. New investments include several hotels being built in Lourenço Marques. Among these are a new 300-room hotel to be financed with South African capital at a cost of 80 million escudos; the 47-room deluxe Hotel Polana, to be built by Profabril at a cost of 150 million escudos; and a 155-room hotel, to be built by the Sociedade Hoteis de Moçambique. Profabril also has the contract for designing and planning the university buildings in Lourenço Marques which are expected to cost 500 million escudos. The identity of Profabril is unknown.

3. CABORA BASSA PROJECT

General description

154. The Cabora Bassa project is the largest single, internationally financed scheme in southern Africa. Although often presented in the Portuguese press as a scheme for the future development of the Zambezi Valley in Mozambique, the Cabora Bassa project itself now centres on an agreement whereby Mozambique will provide South Africa with a new source of hydro-electric power.

155. As officially defined, the Cabora Bassa project comprises three parts: the conservation dam and works to be erected on the Zambezi River in Tete District in Mozambique; the hydro-electric power station and the ancillary works for the generator and supply of electricity; and the transmission system to deliver power from Cabora Bassa to the Apollo Distribution Station at Irene, outside Pretoria in South Africa.

156. The dam is to be constructed in the Kebrabasa gorge on the Zambezi River, about 130 kilometres up-stream from the town of Tete and 500 kilometres from the mouth of the river. While the main purpose of the dam is to create the necessary water pressure for the hydro-electric power plant, it will also serve to regulate the flow of the Zambezi River and to provide the means of irrigating large areas of land.

157. Specifications for the dam call for a wall which will be about 550 feet high and almost 1,000 feet long. The dam, which will create a lake 15 miles at the broadest point and stretching back some 150 miles to Zumbo on the Zambian border, will have a storage capacity of 65,000 million cubic metres. It will be the fifth largest in the world, twice the size of the Kariba Dam and 70 per cent larger than the Aswan Dam. When the hydro-electric power plant is completed, it will have a generating capacity of 4,000 megawatts, or 17,000 million kilowatt hours a year.

158. The project is to be developed in four stages: (a) erection of the main dam wall and the installation of three 400-megawatt generators in the southern power station at Cabora Bassa by 1974, and the erection of two transmission lines from Mozambique to the Apollo substation in South Africa; (b) an additional converting plant and a fourth 400-megawatt generator, scheduled for completion in 1977; (c) a further converting plant and a fifth generator in 1979, which will complete the southern power station; and (d) construction of the northern power station.

159. Since the early 1950s, the hydro-electric, mineral and agricultural potential of the Zambezi Valley has been under study by the Portuguese Government. As previously reported (A/6000/Rev.1, chap. V, appendix, annex II, para. 293), work on the Cabora Bassa dam had at one time been expected to begin under the Transitional Development Plan for 1965-1967. In 1966, the Portuguese Government allocated 20 million escudos for further studies on the proposed dam. However, since it was clear that for many years to come Mozambique would not be able to use all the power that would be generated, the Portuguese Government decided to proceed with the construction of the dam only after it had secured the agreement of the

Electricity Supply Commission of South Africa (ESCOM) to guarantee the purchase of 1,000 megawatts a year from 1974, and increasing thereafter to 1,700 megawatts a year by 1980.

Agreement between Portugal and South Africa

160. The supply contract between Portugal and ESCOM (authorized by Decree-Law 49,226, 4 September 1969) is an integral part of the agreement between the Government of Portugal and the Republic of South Africa on the Cabora Bassa project. ff/ Apart from the reported amount of power which ESCOM will purchase, no details of the supply contract are available so far. Although the capital costs per kilowatt installed at Cabora Bassa are reported to compare very favourably with those at the Owen Falls, Kariba or Volta Dams, it is believed that ESCOM has agreed to purchase power from Mozambique at a slightly higher price than from South Africa's own newer carbo-electric plants.

161. Under the terms of the agreement, the Portuguese Government will itself, or by means of a special authority established for the purpose, undertake the construction, operation and maintenance of the Cabora Bassa project, "generally in accordance with the technical specifications and financial arrangements set out in the final contract with the consortium selected in pursuance of the discussions and consultations which have taken place between the two Governments". The portion of the transmission line within South African territory and the equipment at the Apollo substation are to be constructed by the same consortium under contract with ESCOM (which is reported to amount to R47 million). The Portuguese Government is to ensure the supply of power, while the Government of South Africa is to ensure that ESCOM will carry out the terms of the supply contract and "it will provide" such assistance as may be necessary "to enable ESCOM to do so". South Africa also agrees to lend Portugal a total of R35 million ($US 49 million) to cover deficits during the first four years starting from the time when stage one (see below) is brought into operation, limited, however, to a maximum of R13 million ($US 18.2 million) in any given year.

162. The agreement contains four force majeure clauses relating to: (a) the impossibility of completing the work and the subsequent abandonment of the project; (b) delay in implementation of the agreement; (c) inability of Portugal to supply electricity or of the Government of South Africa to take the electricity; and (d) change in the cost of the project. For the purpose of the contract, "force majeure" is defined generally as "any overwhelming occurrence of nature which could not reasonably have been foreseen or guarded against, but excluding lightning, and particularly, as any of the following occurrences initiated by human agency: war, invasion, act of foreign enemies, civil war, rebellion, revolution and insurrection". Also, during the period of construction of the project and the guarantee periods, "force majeure" includes strikes; accidents during transport to the dam if such accident necessitates a change in the construction programme; explosions and/or fires which seriously affect the manufacture or erection of equipment to be used in the project or principal installations at the site, provided it can be shown that adequate precaution was taken against such risks; blockade and sabotage and any other reasonable cause beyond the control of the parties concerned, provided they jointly agree upon it.

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ff/ Portugal, Diário do Governo, First Series, No. 258, 4 November 1969.

Portuguese contract for the construction and financing of the project

163. Towards the end of 1967, the Government of Portugal invited international bids for the construction and financing of the Mozambique portion of the Cabora Bassa Project. Three international groups submitted bids, and, in July 1968, the South African led Consorcio Hidroelectrico do Zambeze (ZAMCO) was provisionally awarded the contract for the first stage of the construction. During the early part of 1969, there were reports that the Portuguese Government had reopened negotiations with the other two consortia as it had not been satisfied with the financial arrangements offered by ZAMCO. However, in September 1969, the final contract was awarded to a reorganized ZAMCO, known in Portuguese as Zamco-Zambeze Consorcio Hidroelectrico, Lda.

164. As originally established, ZAMCO comprised five companies with their headquarters in the Federal Republic of Germany, three in France, one in Sweden and three in South Africa. During 1969, the Swedish firm, Allmanna Svenska Elektriska Aktiebolaget (ASEA), withdrew its participation in the project. The consortium, which was awarded the contract last year, includes eight new companies, of which six are French, one is Italian and one is Portuguese. Although the Anglo-American Corporation of South Africa is not listed among the members of the consortium, it is reported to head it and provides its secretariat. The extent of Anglo-American's financial participation is unknown. The member companies of the consortium named in the contract and their headquarters are as follows gg/:

1. Allgemeine Elektricitats-Gesellschaft AEG-Telefunken, Frankfurt Federal Republic of Germany*
2. Brown Boveri and Cie, Mannheim and Augusta, Germany*
3. Compagnie Générale d'Entreprises Electriques (CGEE-Cogelex), Levallois-Perret, France*
4. Entreprise Fougerolle-Limousin, Paris, France
5. Hochtief Aktiengesellschaft, Essen, Federal Republic of Germany*
6. J. M. Voith GmbH, Heidenheim Brenz, Federal Republic of Germany*
7. L.T.A., Ltd., Johannesburg, South Africa*
8. Siemens Aktiengesellschaft, Erlangen, Federal Republic of Germany*
9. Shaft Sinkers (Proprietary) Ltd., Johannesburg, South Africa*
10. Sociedades Reunidas de Fabricacoes Metalicas-Sorefame, S.A.R.L., Amadora, Portugal
11. Societa Anonima Elettrificazione, S.p.A., Milan, Italy
12. Societe Générale de Constructions Electriques et Mecaniques Alshtom, Paris, France*
13. Compagnie de Constructions Internationales, Paris, France*
14. Société des Grands Travaux de Marseille, Paris, France

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gg/ Companies marked with an asterisk were represented in the original consortium.

15. Société Générale d'Entreprises, Paris, France

16. Société Française d'Entreprises de Dragages et de Travaux Publics, Paris, France

17. Compagnie Industrielle de Travaux, Paris, France

18. Entreprises Campenon-Bernard, Paris, France.

165. Early in 1970, Italy was reported to have decided to withdraw its participation in the Cabora Bassa project. There is no information yet on the outcome of this decision and any subsequent modifications in the original contract. The following paragraphs summarize the contract as signed in September 1969 and include reference to Italian participation as originally intended.

166. The contract awarded to ZAMCO is for the first three stages of work and includes the actual dam construction, the completion of the southern power station and the transmission system from Cabora Bassa to the border of South Africa. It also includes the necessary preliminary and ancillary works, such as the installation of power connexions to the Cabora Bassa site, construction of access roads and the new township for housing the work force. The contract is subject to force majeure provisions similar to those in the agreement between Portugal and South Africa.

167. This contract for work in Mozambique amounts to 8,787.33 million escudos (approximately $US 300 million) of which 3,187.76 million escudos are for civil construction and 5,599.57 million escudos are for equipment. Payments for the equipment (which are apparently to be financed mainly by export credits from the countries concerned) are to be made in the national currencies of the participating companies, as shown in the following table.

Table 1

Payments[a/]

	France (francs)	Germany (marks)	Italy[b/] (liras)	Portugal (escudos)	Country to be designated (million United States dollars)
First phase	156.2	154.1	32.8	451.1	8.8
Second phase	44.1	49.4	-	-	3.8
Third phase	43.3	43.0	-	-	3.4
Total	243.6	246.5	32.8	451.1	16.0

a/ The official conversion figures for 100 escudos are: 17.17 French francs; 13.9 marks; 2.506 rands; 2,181.8 liras and 3.509 United States dollars.

b/ See para. 165 above.

168. The various companies responsible for supplying the hydro-electric and related equipment are designated in the contract as shown below.

Equipment	Suppliers
Turbines	Alsthom-Neyrpic, and Voith
Speed governors	Alsthom-Neyrpic, or Voith
Excitation systems	Brown Boveri and Cie (BBC) and/or Siemens
Main generators	Alsthom, BBC and Siemens
Step-up transformers for the main generators	CGEE and AEG, or BBC, or Siemens
Converter group transformers	CGEE and AEG, or BBC, or Siemens
Voltage regulators	To be announced within 30 days after the signing of the contract
Mercury vapour rectifiers	To be awarded before the signing of the contract
"Tiristores"	AEG, BBC, Siemens
Compensating and smoothing condensers	Siemens

169. Although Portugal's share in the supply of equipment is very small, ZAMCO is required under the terms of the contract to spend not less than 2,450 million escudos (approximately $US80 million) in Portugal and Mozambique for goods and services, as set out below. The total amount excludes the cost of the cement to be used in the construction.

	(million escudos)
Labour, local and Portuguese	661
Civil construction roads, etc.	468
Metal mechanical industry	408
Other, including explosives, bridges and electrical materials	130
Transport	255
Insurance	72
Fuels	60
Other materials and services	387
	2,441

170. The contract specifies that, as a general rule, Portuguese nationals should be employed for work in "Portuguese Territory". The total number of foreign personnel employed may not exceed 150 during 1969 and 1970; 120 in 1971; 100 in

1972 and 1973; and 60 in 1974 and 1975. In addition, the proportion of non-Portuguese nationals in different categories of work is limited according to the following schedule.

Table 2

Foreign personnel quota: per cent of total employed in each category

	1969	1970	1971	1972	1973	1974	1975
Technical and administrative	60	60	50	40	30	20	20
Skilled workers							
Concrete workers	20	20	20	10	10	10	10
Excavation workers	30	30	20	20	10	10	10
Mechanics	50	50	30	20	20	10	10

The contract also requires the observation of the Rural Labour Code of 1962 and the 1956 Mozambique legislation governing relations between employers and employees (Diploma Legislativo 1595, 28 April).

Implementation of the contract and related works

(a) Financing

171. Details of the financing arrangements are set out in an annex to the contract, the text of which is not yet available. From press reports, however, it appears that the main part of the Mozambique contract will be jointly financed by means of export credits from the participating Governments: France and the Federal Republic of Germany, 20 per cent each; Italy, 13 per cent; loans from private Portuguese banks, 8 per cent; and the balance to be provided from other private loans and by the Portuguese Government, which will also guarantee the outstanding debt.

172. The South African Industrial Development Corporation was reported to have approved an export credit of R20 million to Portugal in December 1969 for certain aspects of the Cabora Bassa contract. The credit is at a 6 per cent interest rate and is repayable in 27 equal half-yearly instalments, starting 1 April 1976. The sum covers portions of the work being carried out by the South African participants in ZAMCO.

173. According to press reports in April 1970, the Portuguese Government issued a decree setting out the conditions relating to the loan to be provided by the Kreditanstalt für Wiederaufbau of the Federal Republic of Germany. The details of the loan are not yet available. It may be noted that the contract between the Portuguese Government and ZAMCO provides that, among other conditions, the contract may be abrogated if the export credits envisaged are not approved or if the agreements with the South African Industrial Development Corporation or the Kreditanstalt für Wiederaufbau are not concluded.

174. The newly established Sociedade Financeira Portuguesa, S.A.R.L. (Portuguese Finance Corporation) (see A/8023/Add.3, Annex I.A, para. 188) is expected to play a role in the financing of the Cabora Bassa project. According to one report, among other functions, the Sociedade, which has an authorized capital of 1,000 million escudos, will act as the paying agent for ZAMCO. It may also raise money on the international market to lend to the companies or government agencies which need it.

(b) Zambezi Development Office

175. Early in 1970, by Decree-Law 69/70, the Portuguese Government created the Gabinete do Plano do Zambeze (Zambezi Development Office) for the supervision of the Cabora Bassa project and the general planning of the Zambezi Valley development scheme. The text of the decree-law is not available. As reported in the press, the first priority of the newly created Office will be the supervision of the Cabora Bassa scheme until its completion. Subsequently, it will be responsible for ensuring the supply of electricity to South Africa according to the agreement between the two countries. At the same time, the Office will be responsible for stepping up work on the studies and preliminary work for the Zambezi Valley master plan, of which the Cabora Bassa dam is considered to be only the starting point. The Office will also have responsibility for securing the support of private enterprise and for helping to form companies and corporations to exploit the Zambezi Valley resources.

(c) Resettlement of the local population

176. As reported earlier, the plans for the Cabora Bassa dam require the removal of some 25,000 Africans from the area which will eventually be inundated. The original Missão de Estudo, Fomento e Colonizacão do Zambeze, established in 1968 to work out plans for resettling the population (see A/7200/Add.3, chap. VIII, annex III, para. 52), has now been integrated as a division of the newly created Zambezi Development Office mentioned above.

177. According to a Portuguese source, as part of the resettlement plan, the authorities first mounted a "social campaign" to explain the plans to the people and reasons for their resettlement. The resettlement of this group is being planned within the broader context of the reordenamento (regrouping) of the African population in the Territory, and will involve the establishment of new villages and the provision of health, education and other services.

178. The resettlement plans call for the clearing of some 18,000 hectares of land on the north shore of the Zambezi River. The total cost of clearing and preparing the land is expected to amount of 180 million escudos. In July 1970, it was reported that the Zambezi Development Office in Lisbon had awarded a 60 million escudo contract for land clearance to the Companhia de Destroncas e Aluguer de Máquinas S.A.R.L. (CODAM), of Lourenço Marques. The work, which is to be completed by June 1973, involves various areas in the Chibuela, Nhaluiro and Mezingué regedorias between the Mucangadzi River (about 100 kilometres from the border with Zambia) and Zumbo, and between Zumbo and Chicoa.

(d) New township

179. A new township is to be established on the Songo plateau near the dam site in the recently created Cabora Bassa administrative post to house the families

of some 4,000 technical and other personnel who will be engaged in the construction of the dam. ZAMCO which, under the contract with the Portuguese Government, is responsible for the housing of the staff, the access roads, etc., has already awarded a 31.4 million escudo contract to Fábrica Bom Sucesso for the construction of prefabricated houses for the European workers. A first-class post and telegraph office is to be established at Cabora Bassa, and radio connexions with Beira and Lourenço Marques have already been installed. A direct telex link between the site and Tete and Lisbon is planned.

(e) Portuguese workers

180. In November 1969, it was reported that the Portuguese Government had informed ZAMCO that it wished Portuguese emigrants from Europe, and particularly from France, to be recruited for the project and that the Government was studying ways to assist Portuguese workers in France and other parts of Europe who wished to apply for jobs on the dam project. The Director of Sociedade dos Grandes Trabalhos de Marselha, which is responsible for Portuguese recruitment, has indicated that he intends to hire only 200 to 300 persons from Europe and the rest of the workers locally. Contracts for workers hired in Portugal will be Similar to those for workers hired elsewhere, provided the qualifications are the same.

(f) Other related works

181. Other work to be carried out either by ZAMCO or by the Portuguese Government in connexion with the Cabora Bassa project include feeder roads, bridges, clearing of land for transmission lines and the establishment of telecommunications links with the dam site. A number of the contracts have already been awarded. These include a 15-million escudo contract with Kreuger for the construction of the water supply system for the new township. The ownership of Krueger is unknown, but it is reported that some of the equipment is to be built and assembled in Mozambique. The works involve water storage and treatment and a pumping system with a capacity of 10.25 million litres a day, of which 4.3 million litres will be treated for household use. One contract has been awarded to Construtora do Tâmega for the widening of part of the road between Beira and Tete, and bids have been invited for the construction of a 150-kilometre road linking Mandié to Songo, which is expected to cost 24 million escudos. ZAMCO is also reported to be working on the specifications of a major bush-clearing contract on the 800-kilometre route of the power lines to South Africa. The 70-metre lanes for inspection and protection will be cleared on both sides of the power line.

182. The telephone system linking Cabora Bassa is to be built in three stages. The first, on which work has already started, will link Cabora Bassa to Tete, Beira and Lourenço Marques and will cost 2 million escudos. The second phase, which involves improvements to those links, will cost 5 million escudos. The third stage, which is expected to cost 20 million escudos, will establish 50 lines between Cabora Bassa, Tete and Mount Chilugo and will provide enough capacity for future commercial use. A 20-million escudo contract has already been awarded to a French firm for the equipment for the system between Tete and the Chilugo mountain station.

(g) Portuguese security measures

183. The Portuguese authorities are reported to have established strict security measures near the dam. All the area surrounding the site is said to be carefully guarded, and anyone entering the area must show the proper identification. The newly created Cabora Bassa administrative post has already been assigned an 18-man police detachment. In 1969, there were reports that two South African battalions were helping to defend the Cabora Bassa dam. Although those reports were officially denied (see A/8023/Add.3, Annex I.A, para. 191), an article in Africasia in February 1970 specified the locations of the South African troops in Tete. According to this source, South Africa has sent one battalion of its élite troops to Chioco and several companies to Chicoa, Magué and Sumbo which are located along the part of the Zambezi River where the dam is being built.

(h) Other participation

184. As shown in the foregoing paragraphs, the work on the Cabora Bassa project is expected to involve a large number of other firms not part of the ZAMCO consortium. For instance, the Compagnie des Chantiers Internationaux of France is expected to be responsible for much of the civil construction work of the dam, and the Compagnie des Constructions Internationales will be associated with Entreprise Fougerolle in the building of the generating station. A list of the known participants in the Cabora Bassa project through sub-contracts from ZAMCO or the Portuguese authorities appears in annex I to this appendix.

185. There are reports that Barclays Bank D.C.O. will be involved in the financing of the Cabora Bassa project through its wholly owned subsidiary in South Africa. According to one report, Barclays Bank, D.C.O. in South Africa has two directors in common and is closely linked with the Anglo-American Corporation. There are no details of what financial assistance Barclays will provide, if any. The policy of the United Kingdom Government regarding British participation in the Cabora Bassa project was explained in a statement by the Minister of State for Foreign and Commonwealth Affairs on 15 December 1969 in the House of Lords. On that occasion he said the following:

> "... it is not Her Majesty's Government's policy to discourage or prevent British companies from engaging in legitimate trade or dealings in Mozambique. There is nothing in our sanctions legislation which makes it an offence to supply goods from this country to Mozambique unless the supplier knows, or has reasonable cause to believe, that they will be supplied or delivered to, or to the order of, a person in Southern Rhodesia or that they will be used for the purpose of any business carried out or operated operated from Southern Rhodesia. In short, the mere supply of equipment to Mozambique does not fall within the ambit of our sanctions legislation. Similarly, there is nothing in our sanctions legislation which makes it an offence for a British bank, or the South African branch of a British bank, to finance the operation of [a] South African company constructing a dam and power project in Mozambique".

186. According to a booklet prepared by the National Export Council of Southern Rhodesia, that Territory expects to participate in the provision of various supplies needed in connexion with the project. The value of the trade is

expected to amount to £125 million over five years. In the long term, Southern Rhodesia also stands to benefit from the new source of electrical power and a new outlet to the sea through a series of locks by-passing the dam.

International implications

187. There is a growing international opinion that Mozambique's future may depend on the outcome of the Cabora Bassa project. As a recent article in the Christian Science Monitor stated: "Its success could entrench white rule in Portugal's East African Territory for the foreseeable future. Its failure would almost certainly signal the eventual victory of African nationalists over the Western world's last colonial state."

188. The concern over Mozambique's political future arises from the fact that Portuguese plans for the development of the Zambezi Valley envisage the development for settlement and other purposes of an area of 140,000 square kilometres, or about one tenth of the whole Territory, and the eventual settlement of possibly 1 million Portuguese. Already the construction project has attracted interest in Portugal and among Portuguese emigrants in France. Even more serious, however, is the size of the foreign investments involved, which some view as committing the countries concerned to supporting Portugal's colonial policy.

189. As already reported earlier this year (see A/8023/Add.3, Annex I.C, para. 130), the Ministerial Council of the Organization of African Unity (OAU) adopted a resolution in March 1970 condemning the Cabora Bassa project. In May, following the withdrawal of Italy from the Cabora Bassa project, President Kaunda of Zambia was reported to have urged the ambassadors of the Federal Republic of Germany and France to advise their Governments to urge the companies involved to follow the example of the Swedish, British hh/ and Italian firms which had already withdrawn. Since then, the French Secretary of State for Information, Mr. Leo Hamon, is reported to have said, after the visit of the French Foreign Minister M. M. Schumann to Lisbon, that France would definitely participate in the Cabora Bassa project, which was "essentially of benefit to the Africans".

190. FRELIMO's opposition to the project is already well known. It considers the Cabora Bassa as a comprehensive economic and political scheme to ensure white domination and colonialist rule in southern Africa and the involvement of foreign capital in Cabora Bassa and any other scheme in the Territory as a hostile act against the people of Mozambique. It has also announced its determination to disrupt the construction.

191. Recently, a new move was made to co-ordinate opposition to the dam. In March 1970, a number of organizations joined to form the Dambusters Mobilizing Committee in London. Member organizations in the Dambusters include the Anti-Apartheid Movement, the Liberation Committees of Angola, Mozambique and Guinea-Bissau, and the Movement for the Liberation of Angola. The Dambusters intend to prevent the participation of any British financial interests in the Cabora Bassa project.

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hh/ The British GEC-English Electric had at one time intended to replace the Swedish ASEA in the SAMCO consortium but subsequently decided not to participate.

ANNEX I

List of companies awarded contracts for work related to the Cabora Bassa project a/

Name of company	Nationality	Value and/or description of contract
Companhia de Destroncas e Aluguer de Maquinas (CODAM)	Portuguese	(a) Supply of earth-levelling equipment (b) 60 million escudos; preparation of land
Fábricas Bom Sucesso	Portuguese	31.4 million escudos; construction of housing for European workers
Krueger	Unknown	15 million escudos; water supply
Constructora do Tâmega	Portuguese	Road construction
Sociedade Técnica de Construções, Lda.	Portuguese	40 million escudos: 400 houses for senior personnel
Compagnie des Chantiers Internationaux	France	Dam construction and supply of Berliet engines
Compagnie des Constructions Internationales and Entreprise Fougerolles	France	Construction of generating station
Name not known	France	20 million escudos; telephone links from Tete to Chilugo mountain station

a/ Excluding companies in the ZAMCO consortium.

ANNEX II

Notes on companies participating in the ZAMCO Consortium a/

BROWN BOVERI AND CIE

Mannheim and Augusta, Federal Republic of Germany

Capital: 100 million DM.

Turnover: 1,308 million DM in 1955.

This company produces electrical equipment, machinery and apparatus for the production, transmission and application of electricity, and it also installs transformers and generators. In addition, it manufactures electrical equipment for transport (railway signalling systems, electrical parts for locomotives, etc.) and electronic devices. It also makes heating and refrigerating equipment and electrical household appliances.

In 1965 it had 38,000 employees.

It holds 100 per cent of the stock in 10 companies, including Elektro-Holding AG of Zurich, and 50 per cent of the stock of the Brown Boveri/Krupp Reaktorbau GmbH, Düsseldorf.

Brown Boveri ranks fifty-sixth in "The Fortune Directory".

ALLEGEMEINE ELECTRICITÄTS-GESELLSCHAFT AEG-TELEFUNKEN

Frankfurt, Federal Republic of Germany

Capital: 625 million DM.

Turnover: 5,200 million DM (including Telefunken).

This company manufactures electrical household appliances, electrophones, electric cables and radio-communication and radio-television equipment.

Telefunken specializes in the production of high-frequency equipment, electronic, radio-telephone and tape-recorder equipment.

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a/ Information based on the following sources:

Handbuch der Grossen Unternehmen, Hamburg, 1967; Annuaire Dufossés, Paris, 1969; and "The Fortune Directory: The 200 Largest Industrials Outside the United States", Fortune, 15 August 1969.

As of 31 March 1966, this company had 67,336 employees. If Telefunken is included, it had 133,599 employees.

The company has many subsidiaries in the country and is a shareholder in several German and foreign companies, inter alia, the Société Européenne de Téléguidage (SETEL), Paris, of whose stock it holds 20 per cent.

AEG ranks thirty-third in "The Fortune Directory".

HOCHTIEF AKTIENGESELLSCHAFT

Erlangen, Federal Republic of Germany

Capital: 27.9 million DM.

Turnover: 738 million DM in 1965.

This company undertakes public works and all kinds of civil engineering inside the country and abroad. It has special departments for road construction, tunnelling and pneumatic work, prefabricated components and furnace and pipe work.

In 1955, it had 16,952 employees.

The company has interests in German and foreign firms, such as Sindu-Hochtief (India) Privat, Ltd., Bombay, of whose stock it holds 50 per cent, and Hochtief S.A./Iranienne, Teheran, of whose stock it holds 100 per cent.

J. M. VOITH GmbH

Heidenheim Brenz, Federal Republic of Germany

Capital: 5 million DM.

Turnover: 29 million DM.

Manufactures hydrodynamic make-and-breaks, such as ignition, safety and sliding couplings in electric and internal combustion engines for machines and utility vehicles which are difficult to start; adjustable hydrodynamic make-and-breaks, with or without gears for maintaining the speed of centrifugal machinery (pumps and blast-engines): special hydrodynamic make-and-breaks for ships; "Voith-Maurer" couplings (spring couplings entirely of metal); "Voith" spring couplings with "Vulkollan" damping devices.

In 1965, the company had 625 employees.

SIEMENS AKTIENGESELLSCHAFT

Erlangen, Federal Republic of Germany

Capital: 872 million DM.

Turnover: 7,197 million DM in 1965.

This company's chief manufactures are electrical equipment, telecommunications apparatuses, equipment for the production of electricity, insulators and signalling devices (railway signals, traffic signals, etc.). It also produces precision instruments, such as electronic microscopes and X-ray equipment (chiefly for hospital or research use). In addition, it manufactures turbines and atomic reactors and builds blast-furnaces as well as handling all sorts of construction work (buildings, bridges, tunnels, underground railways, etc.). One of its branches specializes in the production of electrodes for industrial electric blast-furnaces. It also produces films and tape recorders.

In 1965, it had 257,000 employees, 221,000 of them in Germany and 36,000 abroad.

Siemens ranks fourteenth in "The Fortune Directory".

ALSTHOM - Société Générale de Constructions Electriques et Mécaniques

Paris, France

Registered capital: 118,978,850 francs distributed among 2,379,577 shares valued at 50 francs a share.

Turnover: 767 million francs in 1967 and 805 million francs in 1968.

Type of operation: Industry and trade in connexion with all kinds of electrical, mechanical and metal equipment; manufacture, sale and operation of all such equipment and the performance of any operation or installation in this field, etc. Plants at Belfort, Tarbes, Paris-Leblanc, Colombes, Massy and Grenoble.

Manufacture of industrial engines, electric and diesel locomotives and nuclear equipment.

Subsidiaries: Alsthom-Savoisienne, Laborde et Kupfer, Omnium Lyonnais, Soget (Société Général de Turbines), Sogreah (Société Grenobloise d'Etudes et d'Applications Hydrauliques), Société des Ateliers de Fonderies de Tamaris, Société Unelec.

Participating companies: Delle-Alsthom, General Electrica Española, Gexa, Sociedades Reunidas de Febricaçiões Metalicas, Immobilière pour l'Equipement Hôtelier de Belfort, Immobilière Kléber-Belfort, H.L.M. le Toit Familial, etc.

SOCIETE DES GRANDS TRAVAUX DE MARSEILLE

Paris, France

Registered capital: 50,100,000 francs distributed among 1,002,000 shares valued at 50 francs a share.

Turnover: 325 million francs in 1967 and 264.8 million francs in 1968.

Type of operation: Does all kinds of public and private civil engineering work.

Subsidiaries: G.T.M.-Travaux Publics; G.T.M.-Industries et Services; Union de Travaux et Entreprises; Travaux du midi; Terrassement, Assainisement et Viabilité; Société d'Entreprises-G.T.M.; Société d'Etudes et d'Equipement d'Entreprises; Société du Parking des Champs-Elysées; Société des Parkings Souterrains du 8e Arrondissement; Société des Parkings Haussmann-Mogador.

SOCIETE GENERALE D'ENTREPRISES

Paris, France

Registered capital: 50 million francs distributed among 1 million shares valued at 50 francs a share.

Turnover: 487,160,000 francs in 1967 and 614,570,000 francs in 1968.

Type of operation: Planning and carrying out all kinds of public and private civil engineering work, providing all kinds of supplies for public and private undertakings as well as participation in any operation connected with public work-, such as the building or erecting of ports, pipelines, roads, railways, bridges, plants, buildings, telecommunications and postal installations, electrical equipment, etc.

Subsidiaries: Société Générale de Matériel d'Entreprise (S.G.M.E.), Société Industrielle de Constructions Rapides (S.I.C.R.A.), Société Nouvelle d'Etudes et de Gestion (S.N.E.G.), Société Générale d'Exploitations Industrielles (S.O.G.E.I.), Compagnie Générale d'Entreprises Electriques (C.G.E.E.), Compagnie Générale d'Etudes Cegelerg, Société Générale d'Entreprises Chérifiennes (S.G.E.C.), etc.

Participating companies: Thinet et Cie; Entreprise Deschiron; Société des Immeubles du Faubourg Saint-Honoré; Empresa de Construcciones Generales, S.A. (E.C.G.S.A.); Pneumatiques, Caoutchouc Manufacturé et Plastiques Kléber-Colombes; etc.

SOCIETE FRANÇAISE D'ENTREPRISES DE DRAGAGES ET DE TRAVAUX PUBLICS

Paris, France

Registered capital: 34,440,000 francs distributed among 344,400 shares valued at 100 francs a share.

Turnover: 216,310,000 francs in 1966-1967 and 225,800 francs in 1967-1968.

Type of operation: In France as well as in French overseas departments and Territories and in foreign countries (chiefly in the Far East and Africa), the company engages in: (1) supplying and manufacturing equipment for railways, enterprises and metallurgy; (2) public and private civil engineering work;

(3) repairs and rental of all kinds of equipment, and (4) financial participation of various kinds in companies engaging in such activities.

Participating companies: Nationale des Travaux Publics, Entreprises des Grands Travaux Hydrauliques, Régie Générale des Chemins de Fer et Travaux Publics, Troizé France, Société de Génie Civil et de Bâtiment, Maison Laurent-Savey, Compagnie de Constructions Internationales.

ENTREPRISES CAMPENON BERNARD

Paris, France

Registered capital: 30,399,000 francs distributed among 303,999 shares valued at 100 francs a share.

Turnover: 271 million francs in 1967 and 301,299,000 francs in 1968.

Type of operation: Planning, researching, procuring and executing all kinds of public and private civil engineering work, etc.

Litho in United Nations, New York

Price: $U.S. 5.00 (or equivalent in other currencies)

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