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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

VOLUME II

GENERAL ASSEMBLY

OFFICIAL RECORDS: TWENTY-SEVENTH SESSION

SUPPLEMENT No.23 (A/8723/Rev.1)

UNITED NATIONS

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UNITED NATIONS

New York, 1975

NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

The report of the Special Committee is divided into five volumes. The present volume contains chapters V to VII;* volume I, chapters I to IV; volume III, chapters VIII to X; volume IV, chapters XI to XXI; and volume V, chapters XXII to XXVII; each volume contains a full table of contents.

* The present version of chapters V to VII is a consolidation of the following documents as they appeared in provisional form: A/8723 (Parts III and IV) of 11 September 1972 and A/8723 (Part V) of 30 September 1972.

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A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. At its 841st meeting on 16 March 1972, the Special Committee, by adopting the sixty-fifth report of the Working Group (A/AC.109/L.763), 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". By the same decision, the Special Committee referred the item to Sub-Committee I for consideration and report.
2. The Special Committee considered the item at its 891st and 892nd meetings, on 30 and 31 August 1972.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, in particular resolution 2873 (XXVI) of 20 December 1971 relating to the question, as well as those resolutions relating to the colonial Territories in Africa. In addition, the Special Committee paid due regard to the relevant information furnished to it by the representatives of the national liberation movements of the colonial Territories in Africa who appeared before the Committee during its meetings away from Headquarters in April 1972.
4. At its 891st meeting, on 30 August, the Rapporteur of Sub-Committee I, in a statement to the Special Committee (A/AC.109/PV.891), introduced the report of that Sub-Committee on this item (see annex to the present chapter). The Sub-Committee's report included nine working papers prepared by the Secretariat at the request of that Sub-Committee, which contained information on economic conditions with particular reference to foreign economic interests in a number of Territories.
5. At its 892nd meeting, on 31 August, following statements by the representatives of the Ivory Coast, Sweden, Venezuela, Czechoslovakia, Fiji, Sierra Leone, Iran, Trinidad and Tobago, the Union of Soviet Socialist Republics, China, Mali, Ecuador and Yugoslavia (A/AC.109/PV.892), the Special Committee adopted the report of Sub-Committee I without objection, and endorsed the conclusions and recommendations contained therein (see paragraph 6 below), it being understood that the reservations expressed by the representatives of the Ivory Coast, Sweden and Venezuela would be reflected in the record of the meeting.

B. DECISION OF THE SPECIAL COMMITTEE

6. The text of the conclusions and recommendations adopted by the Special Committee at its 892nd meeting on 31 August, to which reference is made in paragraph 5 above, is reproduced below:

(a) Conclusions

(1) On the basis of its 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 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 during the year under review, the Special Committee notes once again with grave concern that the colonial Powers and the States whose companies and nationals are engaged in such activities have continued to disregard United Nations decisions on the question. The colonial Powers and other States concerned have not implemented resolutions of the General Assembly, in particular paragraph 4 of the Programme of action for the full implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples embodied in resolution 2621 (XXV), and paragraph 11 of resolution 2873 (XXVI). The Special Committee finds that, especially in Namibia, the Territories under Portuguese domination and Southern Rhodesia, no legislative, administrative or other measures have been taken to put an end to or restrain the activities of those foreign interests which continue to deprive the colonial peoples of their resources which are needed for a viable independence.

(2) The Special Committee's study of the economic conditions prevailing in the Territories shows that there has been no significant change in the situation during the year under review. The monopolies and other foreign concerns operating in most of these Territories, particularly in southern Africa, are guided solely by their own interests and operate without regard to the legitimate rights of the inhabitants of the Territories. They continue to develop only those economic sectors which yield the highest profits and have reduced the Territories to the role of supplier of raw materials and agricultural products to the metropolitan and other countries. Their high profits are attributable to the special privileges granted them by the colonial administration and racist régimes and to the existence of a policy of racial discrimination and low wages of indigenous workers, particularly in the Territories of southern Africa, who have no social security benefits and are not permitted to form trade unions to defend their interests. The high profits earned by foreign monopolies are not invested for the improvement of the economic and social conditions of the indigenous people but remain in the hands of the foreign interests concerned or are shared with the racist régimes. The foreign interests actually supply the colonial régimes with funds and other forms of assistance, including military aid, with the aim of liquidating the national liberation movements.

(3) The Special Committee notes that Namibia's economy, principally based on mining, commercial fishing, commercial farming and stock raising, is almost exclusively owned or controlled by foreign companies of South Africa, the United Kingdom of Great Britain and Northern Ireland, the United States of America and certain other western countries. In all sectors of Namibia's economy the Africans participate as unskilled or semi-skilled employees. A mass strike of African contract workers which took place in late 1971 and early 1972 temporarily paralysed the economy, and the ruthlessness with which this strike was suppressed

exposed the inhuman system of slave labour perpetrated by the South African régime in the interest of big mining companies and other foreign interests.

(4) The Special Committee's study proves the fact that the enormous wealth of the Territories under Portuguese domination continues to be exploited by Portugal and the foreign economic interests of certain other Western Powers for the sake of obtaining the maximum possible profits, with total disregard for the legitimate interest of the peoples of the Territories. In failing to take action to put an end to or restrain the companies under their jurisdiction which continue to exploit the resources of the peoples of those Territories, these Powers provide support to Portugal's colonialist policies. A major feature in the present process of expansion of foreign economic interests is the creation with the assistance of big monopolies controlled from the United Kingdom, the United States, France, the Federal Republic of Germany and Japan, of a new military and para-military industrial complex under the aegis of South Africa which is penetrating deeply into neighbouring Territories of southern Africa. The outward economic thrust is taking place, inter alia, at the two main points - the 4,000-megawatt Cabora Bassa dam already under construction on the Zambezi River and the 2,000-megawatt Cunene River Basin scheme in Southern Angola, in which South African financial interests are playing a major role.

(5) With regard to the Cabora Bassa project, the Special Committee reiterates its previous conclusions as follows: (a) The aim of Portugal and the minority racist régimes in southern Africa in undertaking the project with the help of some foreign monopolies 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 also of Angola, Zimbabwe and Namibia; (b) The project is designed to enable Portugal and the other minority racist régimes in southern Africa to bring to the area more than 1 million white settlers, who will contribute directly to the war against the people of the Territories; (c) The project will strengthen the economic base of the minority racist régimes in southern Africa, as well as white supremacy in that region; (d) 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; (e) 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. The construction of the Cabora Bassa dam in Mozambique and the development of the Cunene Valley in Angola after five centuries of colonialism are not aimed at raising the level of living of the African peoples, but at perpetuating Portugal's domination over those Territories. The request addressed by the General Assembly in resolution 2703 (XXV) and again in resolution 2795 (XXVI) to the colonial Powers and States whose companies are participants in the construction of the Cabora Bassa project and Cunene River Basin scheme to withdraw their support from the scheme has been ignored and foreign interests from France, the Federal Republic of Germany, South Africa, the United Kingdom, the United States and Canada continue to support the construction of the dam.

(6) The Special Committee notes that in Mozambique, South Africa remains the most important source of foreign capital investment. Apart from its dominant role in the Cabora Bassa project, South African capital is further entrenching itself in the mining and other sectors. Further, South Africa continues to be the

Territory's leading trade partner after Portugal. During the past year, there have been indications that some interests in Mozambique are seeking closer economic integration with South Africa in order to give support to Portugal's continued presence in Africa.

(7) The Special Committee notes with serious concern the renewed efforts of the Portuguese Government to promote the settlement of non-Africans in Mozambique, especially in the northern areas, and particularly in the Zambezi Valley. These new settlers are being given substantial financial assistance and large areas of cleared land to develop agriculture or ranching; Africans, however, have been resettled in newly created villages located on infertile lands with poor resources. All available information points to a government policy determined to promote the settlement of increasing numbers of Europeans as a means of strengthening Portugal's domination over the Territory, while no encouragement has been given to enable Africans to participate in similar schemes.

(8) In Angola, Portugal is likewise seeking to strengthen its domination with the support of foreign economic interests. The concentration of foreign capital investment in the mining sector has increased and the exploitation of the Territory's mineral resources for export has been speeded up. Here also there has been a steady increase of South African interests, especially in mining and in the Cunene region. The Portuguese policy of encouraging foreign investment is being accompanied by an intensified effort to change the rural structure in the more strategic areas by the resettlement of the African population and the introduction of about 1 million non-African settlers.

(9) Information on the situation in Southern Rhodesia shows that there has been no substantive change in the role of foreign economic and other interests in the Territory. The economy continues to be dominated by those interests, acting in co-operation with, and with the direct support of, the illegal régime. Foreign economic and white settler interests continue to predominate in the non-agricultural sectors of the economy, and it is unofficially estimated that between 80 and 90 per cent of the Territory's mining industry is foreign-owned. Most of the major companies involved are subsidiaries of United Kingdom, South African, United States and western European interests.

(10) The Special Committee notes with appreciation that the representatives of the national liberation movements provided the Special Committee during its sessions in Africa with valuable information concerning the operation of the vast economic and financial interests from the United States, the United Kingdom, France, Canada, the Federal Republic of Germany, South Africa and Japan in Angola, Mozambique, Namibia and Southern Rhodesia. The representatives of both the Movimento Popular de Libertação de Angola (MPLA) and the Frente de Libertação de Moçambique (FRELIMO) pointed out, inter alia, that western support of Portugal had continued on the economic, the financial and the political levels as well as on the military level and that those States which were heavily involved in investments were also the States that supplied Portugal with weapons and other assistance which enabled it to continue its oppression of the national liberation movements. The representatives of the national liberation movements were unanimous in the opinion that both the

Cabora Bassa and Cunene River Basin projects in which South Africa is taking a leading part are military-economic projects which form part of Africa's aggressive policy against the liberation movement in southern Africa and against neighbouring independent States. These projects have been condemned as a further commitment and involvement of the imperialist Powers in defence of the racist and colonialist régimes of southern Africa. Once these schemes are completed, the colonialist hold over the region will be further consolidated and strengthened and a military and political presence will be established to protect them.

(11) The Special Committee notes with satisfaction that protest campaigns against the involvement of foreign economic interests in the exploitation of the colonial Territories have taken place during the past year all over the world. In this connexion, the Special Committee notes with particular attention the increasing and widespread international opposition to the Cabora Bassa and Cunene River Basin projects and to participation in them by foreign companies, on the part of various national and international non-governmental organizations, political parties and labour movements in a number of countries. It also notes an encouraging development in regard to the consumer boycott of Angolan coffee in the Netherlands, which began in February 1972 and was later joined by 12 coffee importers who supply over 90 per cent of the coffee market in the Netherlands. Since the Netherlands has in the past been the second largest importer of Angolan coffee, accounting for an average of about 22 per cent of the total value of that Territory's coffee exports, this boycott is of particular significance. The Special Committee welcomes the decision of the World Council of Churches to liquidate its holdings in all corporations and companies directly involved in investment or in trade with South Africa, Southern Rhodesia and the Territories under Portuguese administration.

(12) With regard to the situation in other colonial Territories, including Territories in the Caribbean and the Pacific area, the Special Committee expresses its concern over the continued activities of those foreign economic and other interests which are depriving the indigenous people of their rights to enjoy the wealth of their countries, especially in those cases where the foreign companies concerned enjoy a privileged tax-exempt status to the detriment of the people of the Territories.

Recommendations

6. On the basis of the above conclusions, the Special Committee recommends to the General Assembly that it:

(1) Reaffirm once again that foreign economic, financial and other interests, as they are continuing to operate in the colonial Territories, constitute a major obstacle to the attainment of political independence as well as economic and social justice for the indigenous people and are impeding the implementation of resolution 1514 (XV);

(2) Reaffirm once again the inalienable right of the indigenous population of the colonial Territories to their political independence, their sovereignty over their natural resources and their right to enjoy the benefits thereof;

(3) Strongly condemn the present activities and operating methods of those foreign economic and other interests in the Territories under colonial domination

which are designed to keep the colonial peoples subjugated and to thwart their efforts and initiatives toward self-determination and independence;

(4) Condemn the colonial Powers and other States which give their active support to the above economic and other foreign interests in their exploitation of the natural and human resources of the colonial Territories and call upon these States to take effective measures to stop the supply of funds and other forms of support, including military equipment, to colonial régimes that use such support to repress the national liberation movements;

(5) Reiterate its urgent request that the colonial Powers and States concerned should take legislative, administrative and other measures in respect of their companies and nationals who own and operate enterprises in the colonial Territories, particularly in Namibia, Southern Rhodesia and the Territories under Portuguese domination, to put an end to their activities which are detrimental to the interests of the inhabitants of the Territories;

(6) Request the colonial Powers and States concerned to prevent the systematic influx of foreign immigrants into those colonial Territories, whereby the integrity and social, political and cultural unity of the peoples under colonial domination are disrupted;

(7) Strongly condemn once again the continuation of the construction of the Cabora Bassa project in Mozambique and the Cunene River Basin project in Angola as being designed to strengthen and perpetuate colonialist and racist domination over the Territories of southern Africa and fraught with serious implications for international peace and security in Africa;

(8) Call upon all Governments of Member States to intensify their efforts to put an end to all forms of economic and financial aid to Portugal, South Africa and the illegal régime of Southern Rhodesia;

(9) Deplore the attitude of the Governments of the United Kingdom, the United States, the Federal Republic of Germany, France, Canada and other States which have failed to prevent their nationals and companies from participating in the Cabora Bassa and Cunene River Basin projects, and urge them to withdraw their support from the projects and put an end to participation by companies or individuals of their nationality in those projects;

(10) Request the Secretary-General to give the widest possible publicity to the adverse effects of the activities of foreign economic and other interest in Southern Rhodesia, Namibia, the Territories under Portuguese domination and all other colonial Territories, and to the resolutions of the General Assembly adopted in connexion with these activities;

(11) Request once again the colonial Powers and States concerned to comply fully with the provisions of General Assembly resolutions 2621 (XXV) and 2873 (XXVI) as well as those of previous relevant resolutions of the General Assembly and also to adopt effective measures to prevent new investments, particularly in southern Africa, which are contrary to the above-mentioned resolutions.

ANNEX*

REPORT OF SUB-COMMITTEE I

Rapporteur: Mrs. F. J. JOKA-BANGURA (Sierra Leone)

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* Previously issued under the symbol A/AC.109/L.836.

A. Consideration by the Sub-Committee

1. The Sub-Committee considered 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" at its 108th to 114th meetings held between 4 and 28 August 1972 (see A/AC.109/SC.2/SR.108-114).
2. The Sub-Committee had before it working papers prepared by the Secretariat on economic conditions with particular reference to foreign economic interests in the following Territories: Angola, Mozambique, Southern Rhodesia, Namibia, Bahamas, Bermuda, Cayman Islands, Turks and Caicos Islands, and Papua New Guinea (see appendices I-IX below). It also had 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 Angola Comité of the Netherlands (A/AC.109/PET.1195 and Add.1).
3. In formulating its conclusions and recommendations on the item under consideration, the Sub-Committee was particularly guided by the related information furnished by the representatives of national liberation movements of colonial Territories in Africa who appeared before the Special Committee during its meetings away from Headquarters.

B. Adoption of the report

4. Having considered the item concerning the activities of foreign economic and other interests in colonial Territories, and having studied the documents and other information available to it, the Sub-Committee adopted conclusions and recommendations a/ on the item at its 114th meeting on 28 August 1972. The Sub-Committee adopted the present report at the same meeting.

a/ 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 paragraph 6 of the present chapter.

APPENDIX I

ANGOLA

CONTENTS

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BACKGROUND NOTE

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 Territories under Portuguese administration. These working papers contained information on mining; land concessions, 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. Since then, a study has been prepared each year giving information on new capital investments and other economic activities, with special reference to foreign interests. Each of the studies prepared during the period 1968-1971 gives attention to a particular topic. In 1968, a detailed account was given of the new foreign capital in the major sectors; b/ in 1969, the foreign companies involved were listed by nationality and area of activity; c/ in 1970, a detailed account was given of the economic impact of the mining sector in Angola, together with a description of the Cabora Bassa project in Mozambique; d/ and in 1971, an analysis was made of the role of foreign trade and the major trading partners of the Territory. e/

3. The present working paper supplements the previous studies in this series, of which it forms an integral part.

a/ Official Records of the General Assembly, Twentieth Session, Annexes, addendum to agenda item 23 (A/6000/Rev.1), chap. V, appendix, annexes 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-third Session, Annexes, agenda item 68 (A/7320/Add.1), annex, appendix III.

c/ Ibid., Twenty-fourth Session, Supplement No. 23A (A/7623/Rev.1/Add.1), annex, appendix II.

d/ Ibid., Twenty-fifth Session, Supplement NO. 23A (A/8023/Rev.1/Add.1), annex, appendix III.

e/ Ibid., Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1), annex, appendix II.

INTRODUCTION

4. With the concentration of foreign capital investment in the mining sector in Angola, exploitation of the Territory's mineral resources for export has been speeded up. According to a report, one of the high-grade iron deposits at Cassinga is already nearing exhaustion, and studies have been started with a view to extracting lower-grade ores. In the meantime, more and more mining and prospecting concessions have been granted for various mineral resources, but there appears to be no over-all planning which would safeguard the use of the Territory's mineral resources over a long period of time.

5. As previous reports have shown, the role of foreign capital in Angola is not limited to its commercial objectives but contributes both to the territorial revenues as well as to Portugal's foreign exchange reserves. The territorial budget for 1971 shows that payments from mining operations were expected to contribute close to 10 per cent of the total revenues. In addition, according to articles in the local press, mining operations in 1972 were expected to contribute almost 3,500 million escudos in foreign exchange, or about \$US 100 million, as shown in table 1 below.

Table 1

Foreign exchange earnings expected in 1972
(million escudos)

Angola Diamond Company (DIAMANG)	1,621.4 ^{a/}
Cabinda Gulf Oil Company	1,000.0
Benguela Railway	350.0 ^{b/}
Companhia Mineira do Lobito	<u>500.0^{b/}</u>
Total	3,471.4

Source: A Província de Angola, 17 August and 9 December 1971.

a/ Amount earned in 1970; 27.25 escudos equal approximately \$US 1.

b/ Average in recent years.

6. There are no data available for the total foreign investment in Angola. An article published in the United States of America in 1972 estimated that the Gulf Oil Corporation investment of \$US 150 million in Cabinda represented two thirds of the total United States investment in the Territory. It also estimated that United States capital amounted to about 15 per cent of the total foreign investment

and that of the United Kingdom of Great Britain and Northern Ireland, mainly in the Benguela Railway, amounted to about 45 per cent. In recent years there has been a steady increase in South African interests in the Territory, especially in the mining sector and in the Cunene region.

7. Foreign loans, some of which are advances to be paid for by mineral exports, as in the case of Cassinga, also play an important role. f/ In 1972, the Export-Import Bank and the Chase Manhattan Bank of the United States each granted a loan of \$US 1.6 million to the Benguela Railway Company to cover 90 per cent of the purchase of 10 locomotives and spare parts from the General Electric Company, also of the United States. These loans are guaranteed by the Banco de Angola and are repayable in 20 semi-annual instalments beginning six months after delivery.

8. As already reported in 1971, g/ most of the countries with important investments in the Territory are also among its leading trade partners. Because of this, opposition to the role of foreign economic interests has begun to take the form of a trade boycott against specific commodities. In February 1972, the Angola Comité of the Netherlands started a consumer boycott of coffee from Angola. A month later 12 Dutch coffee importers who supply over 90 per cent of the Dutch coffee market were reported to have joined the boycott. The Netherlands has been the second largest importer of Angola coffee, accounting for an average of some 22 per cent of the total value of coffee exported by Angola. The Angola Comité has suggested that the expulsion of Portugal from the International Coffee Organization would prevent Portugal from exporting coffee from Angola to all member consumer countries.

9. Also in March 1972, the Gulf Oil (Nederland) N.V. decided to halt imports of crude oil from Angola. The Angola Comité reports that the Gulf Oil Corporation has given it a written guarantee that no more oil from Angola would be imported into the Netherlands for a year.

10. In the Territory, the Portuguese policy of encouraging foreign investments is being accompanied by an intensified effort to change the rural structure in the more strategic areas by the resettlement of the African population and the introduction of new non-African settlers. Apart from the settlement plans related to the Cunene River Basin scheme, regional plans have been drawn up for the districts of Bié and Huambo which are intended, on the one hand, to improve the standard of living of the African population as a means of increasing security against "subversion" and, on the other hand, to ensure the better utilization of African labour to increase production through the introduction of new technology and the establishment of non-African agricultural and other activities.

11. Information on such recent developments is summarized below.

f/ Ibid., Twenty-fourth Session, Supplement No. 23A (A/7623/Rev.1/Add.1), annex, appendix II, table 3. See also para. 50 below.

g/ Ibid., Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1), annex, appendix II.A, tables 1 and 2.

1. MINING

12. Over the past three years alone, five new groups have acquired diamond concessions, and other mining concessions have been granted for bauxite, copper, diatomite, fluorite, gold and sulphur. New mining operations are also expected to start soon to exploit the Cassalás iron deposits. In addition some 50 requests for petroleum concessions are reported to be awaiting approval in Lisbon. h/

13. As a result of the recent expansion of mining activities, the value of mineral production in Angola rose from 1,470 million escudos in 1967 to 4,780 million escudos in 1970, and would have been even higher except for the lower average quality of diamonds produced (see table 2 below). Minerals have also begun to play an increasingly important role in the Territory's economy. Before 1968, minerals accounted for an average of some 23 per cent of total exports by value, whereas coffee alone accounted for 48 per cent. In 1968, for the first time, minerals accounted for 30 per cent of total exports by value. According to provisional data for 1971, the three principal minerals produced by the Territory alone - diamonds, petroleum and iron ore - accounted for some 42 per cent of total exports by value.

14. Nevertheless, despite the stimulus provided to the development of ports and railways, mining has had little effect in raising the standard of living of the African population. At the end of 1970, there were only some 34,400 persons employed in the mining sector.

Diamonds

15. In 1971, the six companies holding diamond concessions in Angola were the following: (a) DIAMANG; (b) Consórcio Mineiro de Diamantes (CONDIAMA); (c) Companhia de Diamantes Oeste de Angola, S.A.R.L. (OESTEDIAM); (d) Diversa-Internacional de Exploração de Diamantes, S.A.R.L.; (e) Companhia Ultramarina de Diamantes, S.A.R.L. (DIAMUL); and (f) Companhia Nacional de Diamantes, S.A.R.L. (DINACO). i/ There is no further information on the application made by the Companhia Mineira do Malembo in 1970; for a concession which would include part of the Cabinda enclave. j/

h/ In spite of the constitutional changes introduced to give the overseas Territories a greater degree of autonomy, the Government in Lisbon retains the authority to grant concessions over mineral rights.

i/ For a description of these concessions, see Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 23A (A/8023/Rev.1/Add.1), annex, appendix III, paras. 21 ff.; and ibid., Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1), annex, appendix II.A, paras. 18 ff.

j/ See Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1), annex, appendix II.A, para. 36.

Table 2

Angola: Mineral production, 1967-1970
(value in million escudos)

<u>Minerals</u>	1967		1968		1969		1970 ^{a/}	
	<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>
Diamonds (carats)	1,288,501	1,176.7	1,667,133	1,607.8	2,021,332	2,005.7	2,395,552	1,695.9
Iron ore (tons)	1,154,303	41.0	3,218,712	466.4	5,477,657	1,085.4	6,090,888	1,318.8
Crude petroleum (tons)	537,152	253.9	749,514	326.3	2,457,512	899.7	5,065,105	1,736.5
Manganese (tons)	33,180	4.7	9,150	3.1	29,170	7.3	23,000	6.3
Rock asphalt (tons)	27,043	1.2	30,603	1.6	39,282	2.2	36,956	2.1
Salt (tons)	77,687	16.3	72,496	14.9	80,181	15.7	87,743	18.5

Source: For 1967: Angola, Anuário Estatístico, 1967.

For 1968-1970: Angola, Boletim Mensal de Estatística, December 1969 and December 1970.

a/ Revised figures.

DIAMANG

16. In 1971, DIAMANG was still the only concern producing diamonds. Since the termination of its 50-year exclusive contract covering more than 1 million square kilometres, DIAMANG has been allowed to retain some 50,000 square kilometres, including the area of its claims which the company may continue to work for an unlimited time. k/ There is no information on the company's actual output for the year, but exports were reported at 2,200 million escudos, compared with 2,340 million escudos in 1970.

17. In 1970, diamond production at 2,395,552 carats set a new record. However, as shown in table 3 below, there was a higher percentage of uncuttable diamonds, and the average size of the stones was smaller. Consequently, the value of the diamonds produced was only 1,696 million escudos compared with 2,006 million escudos in 1969.

Table 3

Angola: Diamond production of DIAMANG, 1966-1970

	<u>Production</u> (carats)	<u>Cuttable diamonds</u> (per cent)	<u>Uncuttable diamonds</u> (per cent)
1966	1,268,140	76.33	23.67
1967	1,288,501	76.28	23.72
1968	1,667,187	78.96	21.04
1969	2,021,533	76.47	23.53
1970	2,395,552	65.15	34.85

Source: Annual Report of the Angola Diamond Company 1970,
A Província de Angola, Luanda, 17 August 1971.

18. According to its report for 1970, DIAMANG paid the territorial Government a total of 967.8 million escudos, compared with 809.0 million escudos in 1969. The 1970 payments included 324.7 million escudos as the Government's 50 per cent share in the profits; 34.0 million escudos as dividends and bonuses on its shares in the company; and 38.2 million escudos as the company's share in "defence" expenditures. In 1970, l/ DIAMANG also paid the Angolan Government 570.9 million escudos in foreign currency as a result of an increase in the company's registered

k/ Ibid., para. 18.

l/ Ibid., para. 23.

capital. The company reports that, from the time it began operations in the Territory to the end of 1970, its total payments to the Angolan Government amounted to 5,653.4 million escudos. Recent figures show that the payments made in the last two years (1969-1970) accounted for some 30 per cent of the total.

19. In 1970, DIAMANG made the following foreign currencies available to the Territory: \$US 32,550,000, £300,000 and 365,622,000 Portuguese escudos. These amounts corresponded to the share of the Angolan Government in profits and 25 per cent of the value of diamond sales which DIAMANG is required to give to the Foreign Exchange Fund. According to the company's report, if its new investments in the Territory and its expenditures on consumer goods are taken into account, the total amount of foreign exchange made available to the Territory in 1970 would add up to the equivalent of 1,621.4 million escudos.

20. At the end of 1970, DIAMANG had a total of 26,925 employees. Of these, 22,534 were non-skilled workers who are designated as rural workers under the 1962 Rural Labour Code. m/ Of the other 4,391 employees, 2,962 were from the Territory (naturais de Angola) and 1,429 were from abroad. As a result of a manpower reduction policy, from April 1968 to the end of 1970 DIAMANG laid off 5,500 non-skilled workers. Further manpower reductions were planned by the company.

21. In the past it has been the practice of DIAMANG to recruit Africans from various areas of the Territory to work in the mines. According to the company's report for 1970, this policy has been changed. By January 1971, there were only 764 African mine workers who had been recruited from other areas, compared with an average of 8,000 in previous years. Under the previous recruitment policy, the company each year moved and installed some 14,000 persons, including workers and their families.

CONDIAMA

22. As reported previously, CONDIAMA, which was formed in 1971 by DIAMANG, together with De Beers Consolidated Mines of South Africa, Ltd., holds an exclusive concession over 975,700 square kilometres of the area originally held by DIAMANG. n/ Belgian capital is said to be acquiring an increasingly larger interest in CONDIAMA.

m/ In the Portuguese system, manual workers without a definite trade who work in mining are classified as rural workers. Ibid., Twenty-third Session, Annexes, addendum to agenda item 23 (A/7200/Rev.1), chap. VIII, annex II, paras. 169-170.

n/ For details on this contract, see Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix II.A, paras. 29-34.

23. In September 1971, CONDIAMA announced that it had found diamonds in the Quipungo concelho in Huíla District. The company was reported to be planning to begin installation of the necessary facilities for mining operations.

OESTEDIAM, DINACO and other companies

24. In August 1971, it was reported that OESTEDIAM had found diamonds in the Cuanza River valley at Dondo in Cuanza-North District. The company has since requested the concession of additional areas in the Dondo region.

25. During the year, DINACO also reported that it had found diamonds in the area of its concession at Capolo in the Porto Amboim concelho, Cuanza-South District.

26. There is no recent information on the other two diamond concessions granted in 1969 to Diversa-International de Exploração de Diamantes, S.A.R.L. and DIAMUL, which is reported to be jointly controlled by the Anchor Diamond Corporation and Viata Diamond (Pty.), Ltd., of South Africa.

Petroleum

Production and exports

27. In the period 1967-1970, crude petroleum production in Angola increased almost tenfold, rising from 537,000 to 5,065,105 tons. Between 1969 and 1970 alone, exports rose from 1,502,391 tons, valued at 485.1 million escudos, to 4,269,374 tons, valued at 1,397.4 million escudos. Almost all of the increase was from the Cabinda Gulf Oil Company, the average daily production of which increased during 1970 from 60,000 barrels in January to 94,256 barrels in December. In October 1971, Cabinda Gulf's production reached 150,000 barrels per day. According to provisional figures for 1971, petroleum exports amounting to some 4.9 million tons, valued at over 1,800 million escudos, replaced iron ore as the Territory's third major export after coffee and diamonds.

28. As shown in table 4 below, between 1969 and 1970, exports of crude petroleum to Denmark and the Netherlands rose from some 386,000 tons and 686,000 tons respectively to over 1 million tons, with each country accounting for about one fourth of the total. Japan, which took nearly 770,000 tons, and the United Kingdom, which took some 700,000 tons, were the next most important customers.

29. Although the estimated revenue for 1970 from taxes on petroleum production (receitas resultantes do regime tributário especial das indústrias petrolíferas) had been revised downwards, as a result of increased production, actual revenue from this source amounted to over 512 million escudos which was almost double the amount originally estimated (see table 5 below).

Table 4

Angola: Crude petroleum and petroleum products - destination
of exports, 1969-1970

<u>Crude oil</u>	<u>1969</u>		<u>1970</u>	
	<u>Tons</u>	<u>Thousand escudos</u>	<u>Tons</u>	<u>Thousand escudos</u>
Total exports	1,502,391	485,110	4,269,374	1,397,378
Denmark	385,927	124,085	1,141,242	370,498
Netherlands	685,727	222,308	1,018,775	335,213
Japan	36,872	11,865	769,274	249,442
Spain	200,479	64,569	696,829	230,430
United Kingdom	80,540	26,013	374,242	122,996
Metropolitan Portugal	55,478	17,005	106,822	35,237
United States	57,368	19,266	97,277	31,656
Trinidad and Tobago	-	-	64,912	21,906
 <u>Fuel oil</u>				
Total exports	250,800	99,083	291,623	117,639
Shipping	148,780	68,115	172,181	85,995
Greece	35,231	6,913	43,466	11,303
United Kingdom	-	-	38,361	8,855
Spain	-	-	17,124	6,130
Ireland	-	-	20,487	5,347
 <u>Petrol (gasoline)</u>				
Total exports	418	974	435	1,322
São Tomé and Príncipe	416	967	319	942
Shipping	1	7	116	380

Source: Bank of Angola, Annual Report and Economic and Financial Survey of
Angola, 1970.

Table 5

Angola: Revenue from the petroleum industry, 1966-1971
(million escudos)

	<u>Estimated</u>	<u>Actual</u>
1966	4.2	4.2
1967	87.5	39.1
1968	141.0	38.2
1969	522.1	530.4
1970	218.5 ^{a/}	512.8
1971	460.0 ^{b/}	...

Source: Bank of Angola, Annual Report and Economic and Financial Survey of Angola, 1970.

a/ Decrease from 1969 because of an adjustment in the estimated receipts from oil operations.

b/ Decrease from 1970 actual receipts is probably due to revised price agreement providing for a deduction to cover exploration costs already incurred (see para. 30 below).

Prospecting and mining

(a) Cabinda Gulf Oil Company

30. In March 1972, the Cabinda Gulf Oil Company and the Portuguese Government reached an agreement on revised prices for petroleum. Under this agreement, from 1 January 1972 prices for oil produced by the company are to be the same as those paid for oil from other African petroleum-producing countries. However, as the company has claimed that the cost of exploration and development of their deposits has been higher than in some other countries which are members of the Organization of Petroleum Exporting Companies (OPEC), Cabinda Gulf will be allowed to deduct \$US 0.23 per barrel of oil in 1972 from the taxes due. This tax deduction will be gradually reduced to \$US 0.113 per barrel by 1975. The agreement also provides for price adjustments according to fluctuations of the United States dollar. The agreement is reported to have been negotiated with the assistance of the firm of international consultants, Arthur D. Little of Massachusetts, United States.

31. In December 1971, it was reported that Cabinda Gulf had discovered a new oil deposit 20 miles off the coast of Cabinda District. A well drilled to a depth of

2,850 metres tested at a flow of 4,000 barrels per day of 39 degrees gravity oil. In April 1972, the company applied to the Portuguese Government for an expansion of the area of its concession to include the area adjacent to the continental shelf of Cabinda District.

32. As reported previously, the involvement of the Cabinda Gulf Oil Company in Angola has been criticized by various action groups seeking the disengagement of United States and other foreign interests in the Territory which directly or indirectly support Portugal's continued presence there. The extent of the company's involvement has been variously explained.

33. In a statement to the Eastern-Southeastern Institutional Investors Study Group on Corporate Responsibility in Southern Africa of the African-American Institute, a representative of the Gulf Oil Corporation reported that Cabinda Gulf payments to the Angolan Government in 1971 had amounted to \$US 5.7 million, bringing its total payments to the Angolan Government over the period 1958-1971 to \$US 35.6 million (see table 6 below). In addition, from 1968 to April 1972, Cabinda Gulf had made contributions to various organizations in Angola totalling \$US 1,533,975. According to a Fact Sheet on Cabinda Gulf Oil Company, distributed by the Gulf Oil Corporation, Cabinda Gulf spends about \$US 20 million a year in the Territory for services and products. As at 1 March 1972, Cabinda Gulf employed 266 persons, which included 211 "nationals" and 55 expatriates. Of the "nationals" 154 were whites and 57 were Africans.

34. From the point of view of the Portuguese Government, what is more important is the total amount of hard foreign currency the company spends in the Territory. According to a statement made by the Portuguese Overseas Minister in the National Assembly at Lisbon, Cabinda Gulf was expected to spend at least \$US 45 million in Angola in 1972, as a result of the revised prices.

(b) ANGOL-PETRANGOL

35. It will be recalled that as a result of its associations with other companies, ANGOL-PETRANGOL has several petroleum prospecting activities: ANGOL alone; the PETRANGOL-ANGOL Association; the ANGOL-TOTAL Association (ANGOL and the Compagnie Française des Pétroles); and the PETRANGOL-ANGOL-TEXACO Association. o/

36. In 1970, PETRANGOL-ANGOL and PETRANGOL-ANGOL-TEXACO carried out prospecting in the land and off-shore areas of the Cuanza River and Congo River Basins. p/

o/ For a description of the contracts and concessions, see Official Records of the General Assembly, Twenty-second Session, Annexes, agenda item 24 (A/6868/Add.1), appendix III, paras. 37-46; *ibid.*, Twenty-third Session, Annexes, agenda item 68 (A/7320/Add.1), appendix III, paras. 16-23; *ibid.*, Twenty-fourth Session, Supplement No. 23 A (A/7623/Rev.1/Add.1), annex, appendix II, paras. 27-34.

p/ See Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix II.A, para. 46.

Table 6

Payments of Cabinda Gulf to the Angolan Government
(United States dollars)

	<u>Surface rent</u>	<u>Concession renewal</u>	<u>Mining Development Fund</u>	<u>Royalties</u>	<u>Income tax</u>	<u>Total</u>
1958-1965	1,309,440 ^{a/}	-	-	-	-	1,309,440
1966	163,680	699,301	-	-	-	862,981
1967	163,680	-	34,965	-	-	198,645
1968	163,680	-	34,965	105,353	3,000,000 ^{b/}	3,303,998
1969	1,697,790 ^{b/}	-	384,615 ^{b/}	369,752	4,000,000 ^{b/}	6,452,157
1970	707,412	2,000,000	34,965	15,051,183 ^{b/}	-	17,793,560
1971	707,413	-	34,965	-	4,973,246	5,715,624
Total	4,913,095	2,699,301	524,475	15,526,288	11,973,246	35,636,405

Source: Statement by Gulf Oil Corporation representative to the Eastern-Southeastern Institutional Investors Study Group on Corporate Responsibility in Southern Africa of the African-American Institute, 12 April 1972.

a/ At a rate of \$US 163,680 per year.

b/ Advance payments.

37. According to PETRANGOL's annual report for 1970, its production dropped from 728,271 tons in 1969 to 688,058 tons. Of this total, 46,391 tons were from PETRANGOL's own concession and 641,058 tons from a concession held jointly by PETRANGOL and ANGOL, of which PETRANGOL's share was 320,834 tons.

38. PETRANGOL's net profits in 1970 were reported at 65.7 million escudos, of which 47.5 million escudos were distributed as dividends. During 1970, PETRANGOL paid to the Angolan Government a total of 55.4 million escudos, of which 31.7 million escudos were for the taxes on petroleum exploration during 1969, 22.7 million escudos were for petroleum production taxes in 1969 and 1 million escudos were for its contractual payment to the Mining Development Fund.

(c) Argo Petroleum Corporation

39. In April 1972, the Portuguese Government granted a petroleum concession in Angola to the Argo Petroleum Corporation of Los Angeles (United States). The Argo concession includes five areas totalling 12,189 square kilometres, of which there are four land and off-shore areas south of Lobito and one onshore area in the north adjacent to the PETRANGOL-ANGOL-TEXACO concession. The company was granted prospecting rights for an initial period of three years which may be extended for another four years. It will have production rights for a period of 30 years which may be extended for two successive periods of 20 years each. Argo is required to spend at least \$US 2 million in the first two years, including a premium of \$US 365,000 for the concession and another \$US 2 million in the third year. The company will begin operations by itself but may take on partners for well drilling. Argo is required to drill the first well before the end of the second year and at least two wells per year thereafter.

40. The Angolan Government will receive free of charge 20 per cent of the shares of the company, to be set up by the concessionaire in Portuguese territory and under Portuguese law, as well as 20 per cent of any subsequent shares issued. Royalty payments will be at the rate of 12.5 per cent and income tax on net profits at 50 per cent. The annual surface rent will amount to some \$US 170,000.

41. The Argo Petroleum Corporation was formed in 1970; in 1971 it acquired the assets of Imperial Oil and Gas, Ltd., California Pacific Petroleum, Ltd. and Southern California Petroleum, Ltd.

Refining and processing

(a) PETRANGOL refinery

42. In 1971, the PETRANGOL plant was still the only refinery operating in the Territory. According to the company's report for 1970, the PETRANGOL refinery processed 701,976 tons of crude petroleum, compared with 665,515 tons in 1969.

As shown in table 7 below, the total production of refined products in 1970 amounted to 659,229 tons. With the exception of fuel oil, part of which was exported, all the other products were consumed in Angola. It may be noted that between 1969 and 1970 there was a sharp rise in the amount of jet fuel produced, presumably to meet the increased needs of civil and military aircraft operating out of Angola. Nevertheless, the company had to import a quantity of butane gas and diesel oil to meet the Territory's needs.

Table 7

Angola: Output of refined petroleum products, 1968-1970

(tons)

<u>Product</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
Butane gas	9,438	6,271	7,382
Petrol (gasoline)	65,882	61,696	56,118
Diesel oil	135,452	98,389	98,377
Kerosene	8,254	7,581	17,716
Jet fuel	46,860	46,857	73,434
Fuel, extra heavy	41,569	26,012	28,007
Fuel 1500	177,848	276,247	282,862
Bunker C	135,025	87,006	80,810
Asphalt	11,286	10,685	13,499
Others	-	910	1,024
	<hr/>	<hr/>	<hr/>
Total	631,614	621,591	659,229

Source: Banco de Angola, Annual Report and Economic and Financial Survey of Angola, 1969 and 1970.

43. Early in 1971, the Overseas Minister ordered the initiation of arbitration proceedings requested by PETRANGOL to resolve differences concerning the State's share in the profits realized from the company's industrial and commercial activities. q/ The company's report for 1970 showed that it was holding 166,637,798 escudos as recognized debts to the Angolan Government pending the

q/ Ibid., para. 52.

settlement of the dispute. At the same time, negotiations were continuing for the reimbursement to PETRANGOL of expenses incurred in connexion with the transportation by sea of refined products from Luanda to Lobito and Moçâmedes, which amounted to 81.5 million escudos at the end of 1970.

44. Work on the expansion of the PETRANGOL refinery to a capacity of 1 million tons a year, which was authorized in 1968, is expected to be completed in the second half of 1972, one year later than originally scheduled. r/

(b) ANGOL refinery

45. Although ANGOL was authorized in 1970 to establish a refinery in Angola, to start operations by March 1975, the company has not yet decided on a suitable location. In June 1971, it was reported that ANGOL was negotiating with the câmara municipais (municipal council) of Lobito for the purchase of an area of 130 hectares located outside the city. The municipal council was said to have asked 13 million escudos for the land, but was offered only 5 million escudos by ANGOL. In August, the municipal council agreed to reduce its asking price by 4 million escudos, but no final agreement appears to have been reached. In the meantime ANGOL was reported to be considering changing the location of the new refinery farther south to Baía Farta, in Benguela District.

Requests for new concessions

46. According to a press report in an Angolan newspaper in August 1971, there were some 50 applications for petroleum concessions awaiting a decision by the Portuguese Government. All these applications were for areas located between Lobito and the border with Namibia. In April 1972, two new applications, both by United States companies, were added to the pending list. One of these was from the Ranger Oil Company of Cheyenne, Wyoming, which had applied for an area located between parallels 11°S and 12°S, adjacent to the PETRANGOL concession. The other, from Esso Exploration, Inc., of Houston, Texas, had applied for an off-shore area, which has not been specified.

Iron

Cassinga

47. In 1970, iron ore production amounted to 6,090,888 tons, of which 5.9 million tons were from the Cassinga mines of the Companhia Mineira do Lobito and the remaining from the deposits of the Companhia de Manganés de Angola at the Saia and Tumbi hills in Malanje. s/ Exports for the year amounted to 6,334,914 tons (revised figure), valued at 1,422.5 million escudos.

r/ Ibid., para. 53.

s/ For details on these companies, see ibid., Twentieth Session, Annexes, addendum to agenda item 23 (A/6000/Rev.1), chap. V, appendix, annex I, paras. 200-215; and ibid., Twenty-fourth Session, Supplement No. 23 A (A/7623/Rev.1/Add.1), annex, appendix II, para. 37.

48. Although no figures are available as yet for 1971, a press report in March 1972 said that there had been a recession in iron ore sales during the last year, and that, as a result of increased output, petroleum had in fact replaced iron as the Territory's third major export.

49. According to the report of the Companhia Mineira do Lobito for 1970, the company's economic situation improved considerably during the year. This resulted from a reduction in its loans, the cancellation of losses incurred in previous years through the application of new financial considerations in keeping with the company's actual situation and a year of full production with sales rising to 6.2 million tons, compared with 4.8 million tons in 1969. Also during 1970 most of the infrastructural work at the Cassinga mine was completed, and studies to increase production at the Jamba and Tchamutete mines were concluded. t/ As a result, production at Jamba will be increased from 4.2 million to 4.8 million tons a year. Technical studies and surveys have been made of the high grade ore at Cassinga South, which is difficult to mine, the medium-grade ore both at Jamba and Tchamutete and the titaniferrous magnetites at Bailundo. The company investigated in detail the non-ferrous deposits in the concession, which include tungsten (wolfram) and titanium at the Calai River, molybdenum at Bailundo, copper at Cuchi and Calumbumbolo and gold at M'popo.

50. The net profits of the Companhia Mineira do Lobito amounted to 24.6 million escudos in 1970, all of which was reinvested. During the year, the company contracted new loans amounting to \$US 21 million, 70 per cent of which was in Swiss francs. At the end of 1970, the total debts of the company amounted to 5,610.4 million escudos. This included an outstanding balance of \$US 6 million from the Export-Import Bank of the United States, granted in 1967 for the purchase of Diesel locomotives from the General Electric Company, as well as loans from several European countries. u/ Early in 1971, the Portuguese Government granted the company a loan approximately equivalent to \$US 9 million, with a view to reducing the company's outstanding foreign loans. In March 1972, the Portuguese Government authorized a further loan of 600 million escudos to the company for the same purpose. This new loan is repayable in five years at an interest rate of 6.5 per cent a year.

51. Since the start of the mining operations in the region, Jamba has gradually grown into a company mining town. In January 1971, Jamba was integrated into the Territory's administrative system as a new concelho. This change is expected to relieve the company of various administrative responsibilities. In 1970 there were 12,250 persons living in the mining area. v/

t/ However, a recent press report said that the ore at Tchamutete which reportedly was to last a century was nearing depletion.

u/ For details on these loans, see Official Records of the General Assembly, Twenty-second Session, Annexes, agenda item 24 (A/6868/Add.1), annex, appendix III, para. 53; and ibid., Twenty-fourth Session, Supplement No. 23 A (A/7623/Rev.1/Add.1), annex, appendix II, para. 37.

v/ See Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix II.A, para. 62.

52. In July 1971, the Companhia Mineira do Lobito had reported that it was considering negotiations with foreign mining companies aimed at establishing new associations for further prospecting and exploitation of the deposits already covered in the areas of its concession. After a year's silence, both the South African and Portuguese press reported in March 1972 that the Portuguese Government had authorized the establishment of a new mining company to be formed by the Companhia Mineira do Lobito and two South African companies, the Union Corporation, Ltd., and the Industrial Development Corporation (IDC). Other prospective partners were reported to be Krupp of the Federal Republic of Germany, the British Steel Corporation and Sidelor of France. The new company which was to be established within 18 months from the date of authorization, would develop an iron ore export scheme, with an expected production of 3 to 4 million tons of iron ore a year. The scheme, which would use the mineral port built by the Companhia Mineira do Lobito at Moçâmedes, was expected to start operations in 1975.

53. Among the foreign companies involved in this project, it will be recalled that IDC and Krupp already have considerable interests in either Angola or Mozambique. In addition to the loans IDC has extended to Portugal in connexion with the Cabora Bassa project in Mozambique, it also has interests in the cement and sugar industries in that Territory. Krupp, on the other hand, provided a major portion of the financing for the Cassinga mines. w/

54. The Union Corporation, Ltd., the British Steel Corporation and Sidelor appear to be new investors. The Union Corporation is a mining and industrial finance house of Johannesburg, South Africa, which has an authorized capital of 3,215,000 rands. x/ In 1970, the British Steel Corporation ranked eighth in the list of the 200 largest corporations outside the United States. y/ Its total sales amounted to \$US 3,496.8 million and its assets were \$US 2,988 million; that year it had a loss of \$US 24 million. Sidelor of France is reportedly associated with two mining companies, the Cie de Pont-à-Mousson, S.A. and the Union Centrale de Participations Métallurgiques et Industrielles (UCPMI), and with the food group, Lesieur-Cotelle, S.A.

Cassalas^{z/}

55. In April 1971, it was reported that the Companhia do Manganês de Angola had completed technical studies of the Cassalas and Quitungo iron ore deposits in Cuanza-North District and that the results obtained had surpassed even the most optimistic expectations.

w/ Ibid., Twenty-second Session, Annexes, agenda item 24 (A/6868/Add.1), appendix III, para. 53.

x/ One rand equals \$US 1.33.

y/ "The Fortune Directory: The 200 Largest Industrials outside the United States", Fortune, June 1970.

z/ See Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix II.A.

56. The company plans to begin mining at Cassalás with an expected daily output of 11,900 tons of iron ore which will be processed locally and exported as pellets. The annual output of pellets was expected to be 1.5 million tons, based on a calculation that 54.13 tons of ore will yield 22.74 tons of pellets. According to this programme, the deposits at Cassalás will permit uninterrupted exploitation for about 100 years. The ore at Quitungo is reported to have even greater potential.

57. A railway spur is to be built from Cassalás to Zenza do Itombi on the Luanda Railway line and electric power will be supplied by the Cambambe dam on the Cuanza North River. The Cassalás project is expected to employ about 1,000 men, of whom 500 will be specialists.

58. In November 1971, it was reported that the Companhia do Manganês de Angola was laying off workers owing to a decrease in the mineral output of the Saia mines in Cuanza-North. A press report expressed concern about the workers, particularly for those who had worked for the company for some 20 years. There is no information on any arrangements made by the company in connexion with termination allowances or other benefits for its employees.

Other minerals

Sulphur

59. Under the terms of the concession granted by the Portuguese Government to Johannesburg Consolidated Investment Company, Ltd., (Johnnies) of South Africa, Johnnies was required to set up a company with headquarters in Portuguese territory and to provide a minimum capital of 8.4 million escudos. In January 1972, the Portuguese Government signed the concession contract with the new company organized by Johnnies, known as the Companhia de Minas de Angola, S.A.R.L. (COMINAN). aa/

Copper

60. In May 1972, the Great Lakes Carbon Corporation of New York (United States) applied for a concession to prospect for and exploit copper deposits and other minerals, with the exception of diamonds and radio-active minerals, in the Binga Falls area of Cuanza-South District.

Gold

61. In July 1971, work was reported to have started on installation of the necessary facilities for mining the gold deposits of the Companhia Mineira do Lobito

aa/ Ibid., paras. 66-68.

at M'Popo in Huíla District. The work was expected to be completed in 1972. The gold reserves in this area, which were studied by foreign contractors, including the Société Française d'Etudes Minières (Sofremines), are reported to be limited.

Diatomite

62. In 1971, the Companhia Mineira da Baía Farta was set up to exploit diatomite deposits at Baía Farta in Benguela District. The ownership of the company includes Mr. José Maria Frois, a Portuguese citizen who held the original concession to prospect for diatomite in the area, and the Angola Credit Institute. It is not known who are the other shareholders. In November 1971, the Companhia Mineira da Baía Farta had already signed a contract to supply the Companhia dos Cimentos de Angola with 3,000 tons of diatomite and was negotiating another sales contract with a United Kingdom company which was not identified. It is estimated that the diatomite deposits at Baía Farta will yield some 50,000 tons a year.

Fluorite

63. In April 1972, the Interminas-Flourites de Moçambique, S.A.R.L., applied for a concession to prospect for fluorites in southern Angola. The Interminas-Flourites de Moçambique, which is associated with the Continental Ore Corporation and the Société des minéraux of Luxembourg is already exploiting flourite deposits in Mozambique. bb/

Bauxite and other minerals

64. In 1971, Aluvética-Sociedade Portuguesa de Alumínio Suíço, Lda. requested an exclusive concession over an area of 25,680 square kilometres between parallels 9°S and 11°30'S to prospect for and exploit all minerals, with the exception of diamonds, radio-active minerals, coal and petroleum. From the company's name it appears to be related to Swiss interests and to have as its main objective the exploitation of bauxite deposits, but no details are available.

Sylvanite, columbite and other minerals

65. Early in 1972, the Comineira-Companhia Mineira de Cabinda registered claims for deposits of sylvanite, columbite, quartz and other unidentified minerals in its concession near Maiombe in Cabinda District. There is no information on the ownership and concession rights of Comineira.

bb/ Ibid., appendix II.B, paras. 30-32.

66. An industrialist of Luanda, Mr. Antero B. de Andrade e Silva, who holds a prospecting concession in an area near Luanda, registered claims on two deposits of semi-precious stones in his concession area. The new company, known as Gemangol, is located in the Seles concelho in Cuanza-South District. Facilities for cutting semi-precious stones have recently been completed.

67. According to a recent report, the General Mining Corporation of South Africa has been granted a concession over large areas of the Territory to prospect for and exploit several minerals.

2. TRANSFORMING INDUSTRIES

68. Revised data for 1970 cc/ show that capital investment in transforming industries reached a new peak, rising to 661 million escudos, compared with the previous high of 642.1 million escudos in 1967. The average amount of capital invested per new industry, however, was only 1.7 million escudos, compared with the average of 1.9 million escudos in 1968. In 1970, an average of 20 jobs was created per new industry (see table 8 below). As in previous years, food industries accounted for 31.8 per cent of total new investments, followed by the beverage industry, which accounted for 11.9 per cent.

Table 8

Angola: Transforming industries - output, new investments and new jobs, 1967-1970

	<u>Value of output</u> (million escudos)	<u>Number</u>	<u>New industries</u>	
			<u>Investment</u> (million escudos)	<u>New jobs</u>
1967	4,083	335	642.1	8,098
1968	4,918	318	491.2	6,877
1969	6,425	292	331.0	6,698
1970 (revised)	8,240	382	661.0	7,673

Source: 1967-1970: Banco de Angola, Annual Report and Economic and Financial Survey of Angola, for respective years.

69. Several previous studies on industrial development in Angola have recommended a broader regional distribution of industries to correct the over-concentration

cc/ Revised figures. Ibid., appendix II.A, para. 79.

around Luanda, and in 1967 the Government introduced a bonus system for industries locating in the border regions, but the situation remains largely unchanged. Available information shows, however, that over the past year some larger industrial units were being located in the Benguela Lobito and Nova Lisboa areas, although a number of new industries were also established in the Luanda area. In 1971, an article in the Angolan press emphasized the advantages of locating new industries in the Nova Lisboa area. It was pointed out that in this area the climate was "favourable for white settlement", land was not expensive as in Luanda, and road, rail and air services were good. Moreover, the district of Huambo, of which Nova Lisboa was the capital, with 27.31 inhabitants per square kilometre, had the greatest population density in the Territory, dd/ and the economic and social development of this region is envisaged by the Government as an important security measure to prevent further infiltration by African liberation fighters (see paras. 117 ff below).

70. In the past year there has been a continued influx of foreign capital into the industrial sector. In January 1972, Mr. Walter Marques, the Angola Secretary of Economy, announced that the Government intended to introduce new measures to stimulate the industrial development of the Territory. These measures would include a revision of the list of industries of "national" interest which are subject to authorization from the Portuguese Government ee/ and of the regulations of various industrial activities with a view to ensuring a minimum of technical and management competence. He also said that he did not expect a decrease in foreign investment as a result of the new system of interterritorial payments, as the Government intended to introduce new incentives to attract more foreign capital, especially industries of strategic interest and those which would increase exports.

71. The following paragraphs summarize the information available on transforming industries authorized, set up or expanded in 1971 and early 1972.

Food-stuffs and beverages

72. New industries producing food-stuffs which were established or authorized in 1971 included: a 90-million escudo food processing plant to be located on the Nova Lisboa-Caála road in Huambo District; a 30-million escudo flour mill to be set up by the Empresa Fabril de Angola in Lobito, Benguela District; and a margarine factory set up by a Portuguese group also in Lobito. The Sociedade Industrial de Lacticínios de Angola, Lda. (SILAL) announced expansion plans for its dairy plant, Fábrica de Lacticínios de Nova Lisboa, amounting to 13 million escudos.

dd/ See A/8723/Add.3, annex II.B, table 1.

ee/ See Official Records of the General Assembly, Twenty-second Session, Annexes, agenda item 24 (A/6868/Add.1), appendix III, para. 9.

73. In January 1972 the new beer factory of EKA-Empresa Angolana de Cervejas, S.A.R.L. started operations. EKA is a joint enterprise comprising Whitbread and Company, Ltd. of the United Kingdom, Société d'Assistance Industrielle et Commerciale (SAIC), a Belgian group, and an unidentified Angolan firm. ff/ EKA is authorized to produce up to 15 million litres of beer per year but will produce only about one third of that amount during its initial phase of operation.

74. In 1971, the two other beer companies of Angola applied for authorization to increase their annual output. The Nova Empresa de Cervejas de Angola (NOCAL) was planning both to expand the capacity of its factory at Luanda by an additional 15 million litres per year, and to set up a new factory in the Lobito-Benguela area with an initial production capacity of 15 million litres per year. The Companhia União de Cervejas Angola (CUCA) was planning to expand its production from 45 million to 70 million litres at its Luanda brewery and from 20 million to 35 million litres per year at its brewery in Nova Lisboa.

75. In 1970, there were 1,300 persons employed in the beer industry. Beer consumption in Angola that year amounted to 71 million litres, and the Angolan Government collected 277 million escudos in taxes on beer production and consumption. In 1971, beer consumption increased to 82 million litres. With the planned expansion of beer production, Angola will produce some 150 million litres per year and will be able to export the surplus after satisfying local needs.

Paper and paper pulp

76. In 1971, the paper and paper pulp sector attracted considerable new investment. The Companhia de Celulose do Ultramar Português at Catumbela in Benguela District announced expansion plans involving 2,300 million escudos in new investments. The company has a registered capital of 250 million escudos. Under its expansion plans, Companhia de Celulose will increase its production from 150 tons per day to 1,030 tons per day, and an additional 80,000 hectares will be replanted with eucalyptus over the next three years. As a result of this expansion, sales are expected to rise to 1,500 million escudos a year, of which 1,400 million escudos will be exports. In 1970, the Territory exported 33,867 tons of paper pulp valued at 111.5 million escudos.

77. In addition, plans for three other paper and paper pulp factories were reported. These included another plant at Catumbela, to be established by a finance group with French, Federal Republic of Germany and United States interests; a plant with a capacity of 1,000 tons per day, at Cangandala in Malanje District, to be established by a Portuguese group with an initial investment of 1,500 million escudos; and a plant with a capacity of 200,000 tons per year, in Huambo District, to be set up with an initial investment of 1,100 million escudos. The Huambo plant, which was first authorized in 1970, is expected to employ more than 3,000 workers. gg/

ff/ Ibid., Twenty-fifth Session, Supplement No. 23 A (A/8023/Rev.1/Add.1), annex, appendix III, para. 100.

gg/ Ibid., para. 107.

Fish processing

78. Plans for the establishment of at least six new fish processing plants in Angola were reported over the past year, involving a total investment of approximately 100 million escudos. These included a 60-million escudo fish meal factory in the Lucira area of Moçâmedes District; a 26-million escudo fish-freezing plant at Porto Alexandre in Moçâmedes District with a capacity of 40 tons per day; a 5.5-million escudo fish meal factory at Luanda owned by Mr. Manoel Gomes Marafona; a 5-million escudo fish meal factory at Benguela and a 3-million escudo fish meal factory at Lobito, both owned by the Portuguese firm, Mampeza Industrial, Lda.; and a 2.6-million escudo fish meal factory owned by the Portuguese firm, Sociedade Industrial de Cabo Negro, Lda.

79. Another 41 million escudos were to be spent in the expansion of existing fish meal and fish oil industries. Expansion plans announced included 11 million escudos for the factory of the Sociedade de Indústria e Comércio de Peixe do Amboim; 10 million escudos for the factory of Comércio e Indústria de Pesca, Lda. at Cacuaco, an industrial suburb of Luanda; 7.5 million escudos for the factory of Brito and Irmão, Lda.; 7.5 million escudos for the factory of Sopeixe Industrial; and 5 million escudos for the factory of Sociedade do Rio Cavaco, Lda., in Benguela.

Shipbuilding

80. As reported previously, hh/ the shipbuilding industry in Angola is being expanded following the lifting of restrictions on the size of the boats that may be built locally. In 1971, construction of a new shipyard was started at Luanda by the Portuguese company, Indústrias Metal-Mecânicas de Angola, S.A.R.L. (IMAG). The company plans to reclaim land at Luanda Bay for the project which is expected to cost 177 million escudos and to occupy an area of 145,600 square metres, including a plant of 27,000 square metres for shipbuilding and repair. The company is hiring Portuguese and foreign technicians to work on the project which is expected to be completed at the end of 1974 and to provide more than 1,000 new jobs.

81. In January 1972, it was reported that SOREFAME de Angola, a subsidiary of the Sociedade Reunidas de Fabricações Metálicas, S.A.R.L. (SOREFAME) of Portugal, was planning to expand its activities in the Territory with the construction of a floating dock in Luanda Bay for building 50 ships a year of 2,000 tons each. In 1971, a 340-ton trawler and a trawler freighter were among the ships completed by SOREFAME de Angola at its shipyard at Lobito. SOREFAME of Portugal is a subsidiary of Neyrpic of France.

hh/ Ibid., Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix II A, paras. 87-88.

Rolled steel

82. In 1971, the Portuguese company (TOR) Companhia Produtora de Aços para Betão, S.A.R.L. set up a plant to produce rolled steel in Angola. With an investment of 35 million escudos and an initial capacity of 60,000 tons a year, the new plant will provide 200 new jobs. TOR expects to supply all the local demand for rolled steel by the construction industry most of which has hitherto been imported. It is estimated that the value of the rolled steel output will be 85 million escudos during the first year of operations, rising to 125 million escudos after five years, and to 190 million escudos after 10 years.

83. In January 1972, Manufactura Angolana de Borracha (MABOR) applied for a licence to set up a rolled steel plant in the Territory with a production capacity of 60,000 tons per year. MABOR is partly owned by the General Tire and Rubber Company of the United States.

Textiles

84. It will be recalled that in 1966, SATEC - Sociedade Angolana de Tecidos Estampados, started work on its factory in Angola with a 70-million escudo loan from the Interamerican Capital Corporation of New York. ii/ In 1970, SATEC started full operations and in 1971 it began exporting products to Mozambique.

85. Under legislation of 1969 (Diploma Legislativo 3,945) which provided tax exemptions to stimulate industrial expansion in the Territory, SATEC is exempted for 16 years from the industrial tax; it is also exempted from the property tax for 10 years. The Company's original authorized capital was 30 million escudos which could be raised to 250 million escudos. At December 1970, the company's assets amounted to 193 million escudos and the Board of Directors recommended an increase in capital.

86. Early in 1972, it was reported that the Portuguese textile mill FIL - Fiação de Laça, S.A.R.L. was planning to set up a cotton textile factory at Lobito. The operations of this new plant will include various phases of the textile and garment industry, from the processing of cotton lint to clothing manufacture. The company intends to bring technicians and skilled workers from Portugal to start the new industry and to train local workers. The initial investment will probably amount to 150 million escudos, and the plant is expected to provide some 1,200 new jobs.

Light metals

87. Among the new industries reported, South African interests are particularly active in the light metal sector. Concor of South Africa and Ferrocemento of

ii/ Ibid., Twenty-second Session, Annexes, addendum to agenda item 23, part II (A/6700/Rev.1), chap. V, para. 169.

Italy will provide technical backing to Concor Industrial de Angola, S.A.R.L., a 20-million escudo factory for the manufacture of pipes for sewers, water supplies and other uses. The main shareholders of the new company are the Cimianto de Angola, S.A.R.L., Lupral-Iusalite and Previdente de Angola, S.A.R.L., and the Concor Moçambicana, Lda. Da Zuid-Afrikansck Handelhuis of South Africa has been authorized to set up an electrode factory in Angola. It has also applied to the Portuguese Government for a licence to set up a refrigerator factory to produce 7,000 units per year.

Other industries

88. Other notable investments were made or were planned in 1971 in the building industry, particularly for the production of cement and bricks, as well as in several sectors of consumer goods, including vegetable oils. One of the largest planned investments was that of Companhia Cecil do Ultramar, which intends to spend 130 million escudos to expand its cement production. In July 1971, the Companhia de Cerâmicas de Angola also announced plans for a 50-million escudo expansion of its brick and sanitary porcelain factory at Mabubas in the Dande concelho.

89. Two of the cotton companies took steps during the year to expand their vegetable oil production. The Companhia Geral dos Algodões de Angola, S.A.R.L. - COTONANG, the largest cotton company in Angola, spent 60 million escudos to expand its factory producing vegetable oils, glycerine and soaps with additional investments amounting to 60 million escudos. Another large company, the Algodoeira Colonial Agrícola, which is also known as Algodoeira Agrícola de Angola, S.A.R.L., announced plans to set up a cotton-seed oil factory at a cost of 10 million escudos, at Novo Redondo, in Cuanza-South District.

90. Two paint factories were authorized in 1971. One is a factory to be set up by Tintas Decora at a cost of 12 million escudos, and the other factory to be set up by Robbialac Portuguesa at Benguela, at a cost of 8 million escudos.

91. Early in 1972, a polyurethane plant, known as Poliuretanos de Angola, Lda. (POLIANG), started operations at Viana, Luanda. POLIANG, which has technical backing from the Bayer Company, started with a registered capital of 5 million escudos and an investment of 15 million escudos. A further investment of 7.5 million escudos was planned for the second half of 1972. This new plant is expected to save the Territory 15 million escudos a year in foreign exchange. Recently, another company applied for a licence to set up a polypropylene factory in Moçâmedes involving an investment of 10 million escudos. The company has not yet been identified. Requests for the establishment of other companies pending a decision by the Government included a cosmetics factory, to be set up by Wandschneider (Angola) and Companhia, Lda.; an explosives factory by the Portuguese company Explosivos de Trafaria, S.A.R.L.; a match factory in Nova Lisboa; a sulphuric acid factory at Novo Redondo and a tile and ceramics factory at Cela in Cuanza-South by Anapasion (Cela), S.A.R.L. Also, the Metalúrgica Casal, Lda. of Aveiro, Portugal, is reported to have applied for a licence to set up a 30-million escudo plant in Angola for the production of tricycles and small engines. The new plant, which would be probably located at Lobito, would create some 200 jobs.

3. CUNENE RIVER BASIN SCHEME

92. A general description of the Cunene River Basin scheme was included in the 1971 report of the Special Committee. jj/ It will be recalled that under the 1969 agreement between Portugal and South Africa on "The First Phase Development of Water Resources of the Cunene River Basin", in addition to the regulation of the flow of the river and the generation of electric power, a number of irrigation schemes are envisaged for agricultural and ranching activities.

93. The first phase of work was begun in 1969. This includes the construction of two dams, one at Gove, to be built by Portugal, and one at Calueque, with a pumping station to be built by South Africa, and the development of a hydroelectric station at Ruacaná, also by South Africa.

94. In June 1971, work on the Gove Dam was reported to be nearing completion. The Gove Dam will consist of an artificial lake of 178 square kilometres containing a reservoir of some 2,600 million litres of water. The cost of the Gove Dam is estimated at 350 million escudos. The Calueque pumping station was completed in 1971, and work has begun on the Ruacaná project which is scheduled to be completed by 1973.

95. In January 1972, the Portuguese Government inserted an advertisement in The New York Times "Economic Survey of Africa", entitled "Portugal's Overseas Progress". This article was entirely devoted to a description of the agricultural, livestock and hydroelectric projects in Angola envisaged in connexion with the Cunene River Basin scheme. According to this article, the Portuguese Government plans to install 14 hydroelectric projects upstream from the Calueque pumping station. As shown in table 9 below, the power to be installed will be 297.5 MW, and the guaranteed power of the system will be 1,006.3 million kwh.

jj/ Ibid., Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix II.A, paras. 112-124.

Table 9

Angola: Cunene River Basin Scheme: Hydroelectric projects
located upstream of the Calueque Dam. Net capacities of
the reservoir and power to be installed

	<u>Reservoir Net capacities</u> (10 ⁶ m ³)	<u>Power to be installed</u> (mw)
Gove	2,436	25
Jamba-ia-Oma	1,240	39
Chivondua		15
Jamba-ia-Mina	480	81.5
Matala	60	45.5
Matunto	230	50
Chissola	360	6.5
Coringo	680	4
Gungue		4
Lucunde		6.5
Cambundi	404	14.5
Catembulo	1,060	5
	<u>6,878^{a/}</u>	<u>297.5^{a/}</u>

Guaranteed power of the system: 1,006.3 GW.h

Source: The New York Times, 31 January 1972.

a/ Totals as given in the source.

96. According to Portuguese sources, the Government has selected three regions for the initial development of agricultural and ranching activities. These are: (a) the Matunto region on the right bank of the Cunene River between Mulondo and Roçadas; (b) the Catembulo region on the left bank of the Colui River in the Cuvelai River Basin; and (c) the Cova do Leão region on the right bank of the Caculuar River (see map). Table 10 shows the areas to be allocated for agriculture and ranching.

Table 10

Angola: Cunene River Basin scheme: areas
for agriculture and ranching

(hectares)

	<u>Agriculture</u>	<u>Ranching</u>
Matunto	93,000	100,000
Catembulo	14,000	173,000
Cova do Leão	18,000	87,000
Total	125,000	360,000

Source: The New York Times, 31 January 1972.

97. The first phase of the agricultural development of the Matunto region is expected to bring into production 32,650 hectares (see table 11 below). In October 1971, the Portuguese Government approved the programme of irrigation and reordenamento (rural regrouping) for an area south of the Matunto dam which is designated both as Quiteve-Roçadas and as Quiteve-Humbe. kk/ The programme includes the establishment of 16 population centres, equipped with schools, health posts, markets and facilities for handling cattle; the building of 53 watering points for cattle; the establishment of enclosures for grazing, involving 1,065 kilometres of fencing; the opening of 351 kilometres of new roads; and the installation of 272 kilometres of pipes for water supply. The programme envisages the setting up of large- and medium-size farms on a family or commercial basis, side by side with small units for African farmers (agricultores menos evoluídos). An initial amount of 42 million escudos has been allocated for this project which was scheduled to start in 1972.

kk/ Humbe is the name of the Lain ethnic group in this area and also the name of a village west of Roçadas.

Table 11

Angola: First phase target plan for agricultural development of the Matunto region

<u>Products</u>	<u>Area</u> (hectares)	<u>Production</u> (tons)	<u>Values</u> (million escudos)
Cotton	7,100	14,200	58,000
Lucern	5,800	580,000	145,000
Maize	6,800	29,500	35,400
Wheat	5,500	11,000	27,500
Vegetables	5,450	6,450	16,000
Citrus fruits	2,000	40,000	60,000
Total	32,650		327,500 ^{a/}

Source: The New York Times, 31 January 1972.

a/ Total as given in source.

98. As reported previously, 11/ the Cunene scheme also includes plans to expand the Colonato de Capelongo, a European settlement project located near the Matala dam. In 1971, a number of plots for ranching were put up for public auction.

99. In 1971, studies for the construction of the Chibia dam were completed. The Chibia dam, which will supply water for controlled irrigation of the area, will be built on the Tchimpumpunhine River, a tributary of the Caculuvar River, at a cost of 15 million escudos. This project is expected to revive several citrus fruit farms which have been out of production for lack of water.

Administration of the Cunene scheme and the Cunene area

100. In 1970, the Portuguese Government divided the district of Huíla into two, renaming the lower part Cunene District. mm/ Although it is known that other administrative changes are also envisaged, priority was probably given to the creation of Cunene District in order to facilitate supervision of the Cunene scheme, which also involves the new district of Huíla and the district of Huambo.

11/ See Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix II.A, paras. 121-123.

mm/ Ibid., Supplement No. 23 (A/8423/Rev.1), chap. VIII, annex I.B, paras. 30-31.

101. The Gabinete do Plano do Cunene, which was set up in 1969 with responsibility for the execution of the Cunene and Cuvelai river basin projects has been exempted from duty on imported equipment and any other levies. Despite the more severe restrictions on imports under the new system of interterritorial payments, the Gabinete do Plano do Cunene has been authorized to import all the equipment necessary for the various projects under the scheme. However, the equipment may be re-exported after termination of the scheme.

102. Portugal and South Africa have set up a Permanent Joint Technical Committee as a consultative body composed of three members from each country. The Committee held its first meeting in 1971 which was also attended by five experts from each of the two countries.

Works related to the Cunene scheme

103. As will be recalled, under the 1969 Cunene scheme agreement between Portugal and South Africa, Portugal has responsibility only for the construction of the Gove Dam, while South Africa has responsibility for the dam and pumping station at Calueque and the hydroelectric power station at Ruacaná. South Africa, however, also agreed to help in the financing of the Gove Dam to a maximum of 8,125,000 rands. nn/

104. Concor Construction (Pty.) of South Africa is building a canal in northern Ovamboland which will connect the Calueque with the Olushandja and Ombalantu canals. Concor is also setting up a subsidiary in Angola, the Concor Industrial de Angola, S.A.R.L. The 2-million rand contract for the Calueque pumping station, canal and access road was granted to LTA - Lafrenz of South Africa. LTA, which is owned by the Anglo-American Corporation of South Africa, is also part of the Zamco-Zambeze Consórcio Hidroelétrico, Lda., which was awarded the contract for the first stage of construction of the Cabora Bassa Dam. oo/

105. Apart from the works specifically involved under the 1969 agreement, the Portuguese authorities also plan to increase the capacity of the Matala hydroelectric station from 92 to 160 kwh by the addition of a third generator for the extension of high-voltage supply lines from Matala. The extension of high-voltage supply lines from Matala, including the line to the Cassinga mines, is expected to cost about 200 million escudos. In January 1972, the Portuguese company, Acta-Actividades Eléctricas Associadas, S.A.R.L., was awarded the contract for the installation of the high-voltage supply line between Matala, Jamba and

nn/ For details on the financial arrangements between Portugal and South Africa see Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix II.A, para. 115.

oo/ Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 23 A (A/8023/Rev.1/Add.1), annex, appendix III, paras. 163-164.

Ichamutete, which will supply electric power to the Cassinga mines. This work, which will cost 88 million escudos, is expected to be completed by June 1973. The Banco de Fomento Nacional of Portugal is reported to have authorized a 70-million escudo loan for the installation of high-voltage supply lines at Matala.

106. The mission of the Southern Africa Section of the British National Export Council (BNEC), which visited Angola in 1969 pp/ listed the Cunene scheme among opportunities for United Kingdom participation in Angola. In December 1971, it was reported that United Kingdom companies were preparing a study on irrigation in southern Angola and that the Portuguese authorities had made proposals to them as to specific areas of investment.

Opposition to the Cunene River Basin project

107. Since 1970, the Special Committee and the General Assembly have requested all Governments to take measures to bring to an end any participation by their nationals or companies in the Cunene River scheme. From the beginning, there has also been strong opposition to the scheme by the Angolan liberation movements, and organized opposition to the scheme is increasing.

108. The opposition to the scheme is mainly because it aims at introducing a large number of European settlers who will take over lands from which Africans have been removed and because the total effects of the scheme will strengthen Portuguese-South African domination in southern Africa. A recent article in The Times of London, for instance, said that half a million whites were expected to settle in southern Angola while African nomadic groups will be regrouped, thus allowing better control by Portuguese authorities. The Cunene scheme would thus enable Portugal and South Africa to create "a buffer territory of whites".

109. As previous studies have shown, government-aided European settlement in Africa has been a cardinal point of the Portuguese colonial policy of occupation and domination. Since the outbreak of war in Angola, the Portuguese Government has intensified its efforts to establish first a network of non-African settlements throughout the Territory and recently more massive settlements in the southern parts of the Territory, heretofore the home of cattle-raising peoples. As an article in the Angola press has pointed out, the economic and political relevance of massive settlements along the Cunene River have long been acknowledged. The article considered, however, that there was an ever-increasing urgency to deal with problems relating to the Humbe, Cuamato and Cuanhama peoples,

pp/ Ibid., paras. 6-8.

the three principal ethnic groups of the region, and to land use in that region. qq/

110. The Movimento Popular de Libertação de Angola (MPLA) considers that the purpose of the Cunene scheme is not the economic development of Angola but the buttressing of white power and, consequently, of colonialism in Africa. In a recent communiqué, MPLA claimed that 10,000 Portuguese troops, South African mercenaries and technicians from the Federal Republic of Germany were working on the Cunene scheme.

111. In February 1972, there were accounts of guerrilla activities along the southern border of Angola with Namibia. rr/ In a cable to the Chairman of the Special Committee, MPLA drew attention to the fact that the people in Cunene District had joined the war against Portuguese colonization and for freedom and independence in the implementation of the policy of MPLA to generalize armed struggle throughout the Territory.

112. The União Nacional para a Independência Total de Angola (UNITA) considers that, quite apart from its economic implications, the Cunene scheme is also a political issue, because, to the Portuguese Government, the project represents concrete support and confidence in its colonial policy and its determination to remain in Africa. For foreign interests, the Cunene scheme is another opportunity for the exploitation of the Territory's resources and cheap labour. In particular, the scheme would also assist the exploitation of the Cassinga mines in which large foreign investments are involved.

113. UNITA has also claimed responsibility for guerrilla activities in the Cunene region. According to a UNITA communiqué for December 1971-January 1972, it has been working since 1969 on the political mobilization of the people of Huíla District, where it has established a military and political front. It added that, on 20 January 1972, UNITA commandos clashed with a Portuguese patrol at Paiva Conceiro.

114. An international symposium, sponsored by the World Council of Churches (WCC), which was attended by church and action groups, recently recommended that the Cunene River Basin scheme should be used as a target by WCC in its efforts to combat racism in southern Africa.

qq/ Gerald J. Bender noted in a recent article that "In southern Angola attempts to move Africans into resettlements have proven infinitely more difficult than most military and government officials foresaw. Serious problems arose immediately in areas containing tribes which have both nomadic cattle keepers and sedentary agriculturalists (e.g., Ganguela and Nhaneka-Humbe)." (In "The Limits of Counterinsurgency - An African Case", Comparative Politics, April 1972, (vol. 4, No. 3), p. 350).

rr/ A/8723/Add.3, annex II.B, paras. 29-31.

115. The report of the symposium, which was released in March 1972, said in part:

"In order to understand the true significance and future implications of the Cunene River scheme in Angola and Namibia we have to examine it in the wider context of southern Africa where the minority racist and colonial régimes are jointly engaged in resisting the advance of African freedom. The object of the scheme is to promote the further integration of Angola and Namibia, create conditions for establishing the presence of half a million additional settlers in the region, and through international financial loans and other links involve external parties even deeper into the southern Africa conflict."

116. The report added that the Cunene scheme was not a normal "development" project but a vitally important strategic scheme to retard as well as defeat the struggle of the African people for freedom and democracy.

4. REGIONAL DEVELOPMENT PLANS

117. In 1969, when the organization of the territorial technical commissions for planning and economic integration were revised, the Governor-General was authorized to establish regional advisory committees to assist the commission in the preparation of regional development plans (Decree 49,353 of 10 October). Since then, such plans have been drawn up for Bié and Huambo, and a regional plan for Cabinda was completed in May 1972, which will entail investments of more than 300 million escudos over a period of three years.

118. Although the purported common objective of the Bié and Huambo regional plans is the "economic and social development of the rural population", a press article has suggested that their real purpose is to create a buffer zone to contain "subversion" by stimulating the social and economic development of a "sensitive zone of Angola". It is also envisaged that the development of these two districts would serve as a "radiating centre of progress and civilization".

119. In May 1972, the Portuguese Government authorized the Angola Credit Institute to grant a 250-million escudo loan to the territorial government for development projects in the districts of Lunda, Bié, Moxico, Cuando-Cubango, Cunene and Cabinda.

120. At a press conference in December 1971, a spokesman for the Direcção Provincial dos Serviços de Planeamento said that no assistance from the Food and Agriculture Organization (FAO) had been requested in connexion with the regional development plans because its participation would cause "certain inconveniences".

Regional Development Plan of Bié District, 1970-1973

Background information

121. Bié is the second most populous district in the Territory and had a population of 650,337 at the 1970 census. It has common borders in the east with Moxico District and in the south with Cuando-Cubango District, the two districts where MPLA forces have been most active in recent years. MPLA activities have also been reported in Bié District, particularly in the region east of the Cuanza River.

122. According to an article in the Angola press, Bié was chosen as a radiating centre for regional development because of its special characteristics. Situated on the central plateau of Angola, Bié enjoys a climate favourable to European occupation, while the African population of the region is considered "receptive". Moreover, the district already has an appreciable network of schools and good roads linking its various centres to the Benguela Railway. The region also has a good potential for the production of cereals, coffee and fruits and for ranching activities. There are also large mineral reserves and a good hydroelectric potential.

Main features of the Regional Development Plan

123. The Regional Development Plan of Bié District, 1970-1973, was the first to be implemented. In 1970, the territorial Government set up a Regional Consultative Committee for Bié which is responsible for the co-ordination of the various bodies involved in the implementation of the regional plans. The Committee which is presided over by the District Governor, is composed of representatives of the government services, the Bié Commercial Association, the local grêmios and syndicates (Angola Despacho 19/70, 12 May 1970).

124. The stated objectives of the Plan are: (a) social development of the African populations and acceleration of their transition from the primary to the secondary sector of the economy; (b) creation of more opportunities for skilled manpower; (c) attraction to the area of "more evolved elements" (elementos mais evoluídos); and (d) introduction of more advanced technology with emphasis on mechanization in agriculture. According to press reports, the development of the region is also expected to help to bring about a better distribution of national income among all sectors of the population and to help improve the Territory's trade balance by replacing imports and increasing exports.

125. The Regional Development Plan for Bié, which envisages an investment of 168 million escudos over the period 1970-1973, covers about half the area of the district; it is expected to affect some 50,000 African families and some 1,000 "more evolved" families (evoluídos), and to generate production valued at 215 million escudos. Development is planned along two axes: one running north-south from Andulo to Chitembo, parallel to the Cuanza River, and the other running east-west, parallel to the Benguela Railway.

126. An initial project of rural extension work has been started in the northern part of the district including areas of the Andulo, Nharea and Catabola concelhos. This project envisages the development of small coffee farms and the expansion of rice cultivation based on a scheme of technical assistance and mechanization. This region is already served by roads which will facilitate the transport of crops to stations on the Benguela Railway. The expansion of rice cultivation will also be extended to areas to the south, including the concelhos of Bié, Camacupa and Chitembo.

127. Technical assistance is to be provided to existing ranchers to help develop a dairy industry. A receiving and refrigeration plant will be built near Silva Porto. Dairy farming is to be developed around Silva Porto and especially along the road to Chinguar in the direction of the milk-producing areas of Huambo District. A new hydroelectric project is envisaged, probably at Cuemba Falls, for the supply of electricity to the dairy industry. Technical assistance will also be provided to farmers for hog farming, and a sausage factory will be set up at Silva Porto.

128. The further development of ranching activities will be possible only after the completion of the land survey of the area. It is expected that more emphasis will be given to ranching under the next regional plan for 1974-1980. However,

some non-African ranching was planned to start in 1971 in the Chitembo area in the south. There were also plans to distribute cattle to Africans along the Benguela Railway between the villages of Cuanza and Munhango.

129. By 1970, more than 1,300 villages had already been regrouped in Bié District. In the Andulo concelho alone, which is the pilot project of the rural extension programme, 267 villages had been regrouped.

Regional Development Plan of Huambo District, 1971-1975

Background information

130. Huambo District is also located on the central plateau. It is limited in the east by Bié, in the south by Huíla, in the west by Benguela and in the north by Cuanza-South. With a population of 837,627 in 1970, it was the most populous district. It had a population density of 27.31, by far the highest in the Territory. Together with Bié, the two districts have more than 26 per cent of the total population of the Territory. Although no official data are available, an unofficial source estimated in December 1971 that some 4 per cent of the population were whites concentrated in the urban centres, mainly Nova Lisboa, the district capital, and 95 per cent of the population were Africans. Nevertheless, the district is also a principal source of labour, supplying about half of the Territory's migrant workers. Each year about 60,000 persons leave the district in search of work elsewhere.

131. According to an article in the local press, the situation in the Territory is marked by a relatively high degree of social stratification owing to widely different economic conditions and levels of living of the different groups. Quite apart from the social conditions which need change, the population factor and the labour available is considered to represent an important resource to be exploited. The fact that over 90 per cent of the population live off the land also makes it possible to envisage increased production through restructuring the agricultural sector.

132. In the crop year 1969/70, there were 137,181 traditional "farms" in the district (empresas do sector tradicional) occupying a total area of 783,800 hectares, of which 521,206 hectares were under cultivation. In 1969/70, an average of 5.6 hectares was associated with such traditional farms, compared with 8.7 hectares in 1964/65.

133. In 1969/70, there were in the district 699 commercial "farms" (empresas do sector empresarial) occupying a total area of 249,000 hectares, or an average area of 356.7 hectares per farm. According to the most recent data available, in 1968 out of a total of 249,000 hectares only 30,000 hectares were under cultivation. Some commercial farms were reported to be larger than 20,000 hectares in area. However, only commercial farms with fewer than 50 hectares were considered to have "an acceptable level of productivity".

134. The main crop of Huambo District is maize. In 1970, Africans produced 132,000 tons of maize cultivated on 350,000 hectares which was some 66 per cent of all the land under cultivation by Africans. Of the total production, 57.8 per cent was for local consumption and 42.2 per cent was for sale. In some areas of the district, income from maize sales was as much as 67 per cent of the total average income per head. Cattle raising is another important African activity. In an average year African agriculture earns some 200 million escudos for the district economy, whereas non-African agriculture earns some 15 million escudos.

135. The district capital of Nova Lisboa is the third largest industrial centre in the Territory. In 1971 it had 546 transforming industries located in its environs. Capital invested in these industries amounted to some 500 million escudos and manpower employed by the industrial sector was approximately 8,000 people.

Main features of the Regional Development Plan

136. The Regional Development Plan of Huambo District, which covers the period 1971-1975, has been prepared in greater detail than that for Bié. As published, the plan is reported to comprise nine volumes and, in contrast to the Bié plan, which concentrates mainly on agricultural and livestock activities and consists mainly of a series of rural extension projects, the Huambo Plan gives more attention to the infrastructural changes. As in Bié, a Huambo Regional Consultative Committee of Planning (Angola Despacho No. 24, 7 May 1971) has been established to co-ordinate the work.

137. The main categories of projects envisaged under the Huambo Plan are: (a) demarcation of second class land; (b) establishment of technical assistance programmes for agricultural activities; (c) review of the credit system; (d) marketing; and (e) development of the district infrastructure. Priority is to be given to the demarcation of second class land; selected programmes of rural extension, including the expansion of maize production; forestry development; and selected infrastructure and related projects. These are discussed below.

(a) Demarcation of second class land

138. The 1961 legislation regulating the occupation of land and the granting of concessions in the overseas Territories (Decree 43,894, 6 September 1961) established three classes of land. Second class land is defined as land demarcated for the purpose of being granted to indigenous population groups on a collective basis so that it may be used by them in harmony with their usage and custom. ss/

ss/ See Official Records of the General Assembly, Twentieth Session, Annexes, addendum to agenda item 23 (A/6000/Rev.1), chap. V, appendix, annex II, para. 15.

The 1961 legislation abolished the existing native reserves and provided instead that "five times the area occupied by the indigenous inhabitants, including their dwellings, livestock and crops, is to be demarcated for their use". tt/ The general plan for the rural regrouping of the African population envisages, in particular, "the transfer, establishment and settlement of population groups in order to promote the rational and economically desirable occupation of the zone". uu/ Under the Huambo Plan, priority is given to the demarcation of second class land so as to free land for concession to individuals and companies.

(b) Selected programmes of rural extension

139. Currently the Territory has neither the necessary funds nor personnel to implement a programme of rural extension for the whole district which would require at least 100 rural extension teams. Priority is to be given to the Bailundo and Mungo concelhos because the Government feels that it is urgently necessary to change the disadvantageous social conditions in this area which may be skillfully used by the enemy to establish foci of "active subversion". The extension programme for the Bailundo-Mungo area can also be linked to the Nharea-Andulo area in Bié District where similar programmes are already under way. The rural extension work is to be carried out in two phases, the first phase covering 1971-1973, and the second phase 1974-1975. In the first phase, four teams of rural expansion technicians were to be created in 1971, 10 in 1972 and 18 in 1973. Each team is to provide assistance to 1,500 farms. It is estimated that each team will cost 200,000 escudos in the first year, 500,000 escudos in the second year and one million escudos from the third year on.

140. In the second phase of the rural extension programme, new agricultural development nuclei are to be created in the areas of Caala-Cuíma, Vila Nova-Bela Vista, and Quipoio-Luimbale-Cuma, and will require the formation of an additional 40 rural extension teams. A rural extension training centre also will be established at the Chipipa administrative post near Nova Lisboa and will offer courses on rural extension sponsored by Luanda University and government departments.

141. The rural extension programme is to provide assistance both to African and to non-African farmers who need help. vv/ To increase maize production in the Bailundo-Mungo area, African farmers will be given an average of two hectares each and provided with credit facilities to buy fertilizer and tools. At the same time, 30 experimental agriculture posts will be set up in other areas of the

tt/ Ibid., para. 51.

uu/ Ibid., para. 169.

vv/ "Empresários não-autóctones ... cujo estado de desenvolvimento económico pouco difere dos que tradicionalmente são considerados mais atrasados."

district to improve maize production. As a result of these projects, total African maize production in Huambo District is expected to increase from an estimated 138,233 tons in 1972 to 190,236 tons in 1975. This is based on the expectation that about half of the African farmers could be trained to increase their current average yield from 400 kilogrammes to 3,000 kilogrammes with the use of improved techniques and fertilizers.

(c) Forestry development

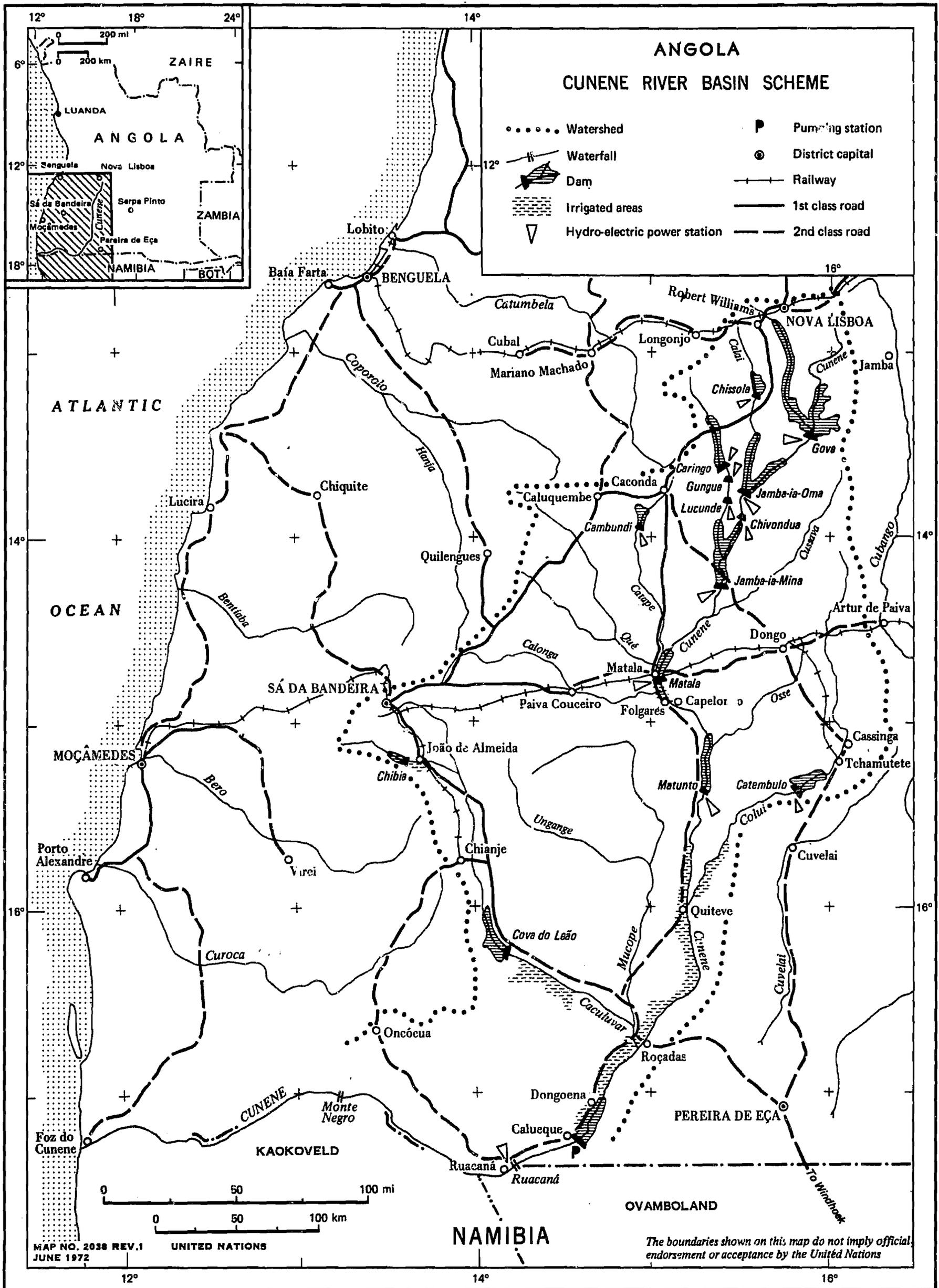
142. As Angola is the only Territory administered by Portugal which produces paper and paper pulp, the Huambo Plan also envisages the establishment of forestry reserves in the areas of Cuíma-Gove and Bimbe for the future expansion of the paper and paper pulp industry. In the Cuíma-Gove area, which is densely inhabited, the population will be regrouped to free 240,000 hectares. Of this total, 100,000 hectares south and south-west of the Gove Dam will be planted with trees and reserved for a future concession for a new paper and paper pulp plant, and 140,000 hectares will be distributed to farmers who will also be required to plant trees. In the Bimbe area, some 40,000 hectares will be reserved for the establishment of another paper and paper pulp plant.

(d) Selected infrastructure and related projects

143. Some of the projects to be started immediately include the construction of a road linking the Bailundo-Mungo area to the Nharea-Andulo area in Bié District, the construction of a landing strip at Cambuengo and work on five others and the extension of electric power and water supply to the areas included in the rural extension programme.

144. The Regional Development Plan of Huambo District, 1971-1975, will cost 300 million escudos, of which 160 million escudos will be provided by the territorial Government as part of the financing of the National Development Plan, and 140 million escudos will be provided by the private sector including loans.

145. Although the Huambo Plan has been prepared in considerable detail, its successful implementation will depend on many factors. One article in the local press emphasized the need to recruit persons with an exceptional aptitude for work in rural areas, who liked Africans and knew how to instil self-confidence in them. The article noted that there had been no representatives of the African populations in the planning team which drew up the Plan and pointed out that just as the land concession policy had not worked because it had been directed from a distance, the same could happen to the Huambo Plan. According to the article, so far some 60 per cent of the population at Andulo, in Bié were receptive to the rural extension programme, but in Huambo, the situation was different because the population had been ill-treated and would be less receptive to the changes brought about by the envisaged regrouping. They would particularly resent their displacement for the demarcation of forest reserves. The article concluded that the African population deserved respect and that the Government had to convince them that the changes were for their own good. This would be possible if they were helped to set up new villages in areas "where one could really live".



APPENDIX II

MOZAMBIQUE

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BACKGROUND NOTE

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 Territories under Portuguese administration. These working papers contained information on mining; land concessions, 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. Since then, a study has been prepared each year giving information on new capital investments and other economic activities, with special reference to foreign interests. Each of the studies prepared during the period 1968-1971 gives attention to a special topic. In 1968, a detailed account was given of the new foreign capital in the major sectors; b/ in 1969, the foreign companies involved were listed by nationality and area of activity; c/ in 1970, a detailed account was given of the economic impact of the mining sector in Angola, together with a description of the Cabora Bassa project in Mozambique; d/ and in 1971, an analysis was made of the role of foreign trade and the major trading partners of the Territory. e/
3. The present working paper supplements the previous studies in this series, of which it forms an integral part.

a/ Official Records of the General Assembly, Twentieth Session, Annexes, addendum to agenda item 23 (A/6000/Rev.1), chap. V, appendix, annexes 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-third Session, Annexes, agenda item 68 (A/7320/Add.1), annex, appendix III.

c/ Ibid., Twenty-fourth Session, Supplement No. 23A (A/7623/Rev.1/Add.1), annex, appendix II.

d/ Ibid., Twenty-fifth Session, Supplement No. 23A (A/8023/Rev.1/Add.1), annex, appendix III.

e/ Ibid., Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1), annex, appendix II.

INTRODUCTION

4. The information summarized below shows that during the past year the influx of capital investment continued mainly in the mining sector and in connexion with the Cabora Bassa project. In the industrial sector there appeared to be a trend towards more joint investments in collaboration with Portuguese capital or in the form of long-term loans to Portuguese companies.
5. South Africa remained the sole most important source of foreign capital investment in Mozambique. Apart from its dominant role in the Cabora Bassa project, South African capital is becoming increasingly involved in mining and other sectors. South Africa is also the Territory's leading trade partner after Portugal. f/ In the past year, there have also been indications that some interests in Mozambique look forward to closer economic integration with South Africa not only for economic development, but also to give support to Portugal's continued presence in Africa.
6. Also of importance are the renewed efforts of the Portuguese Government to assist settlement of non-Africans especially in the northern areas, and in particular in the Zambezi valley. In most cases, these new settlers are being given substantial financial assistance and large areas of cleared land to develop agriculture or ranching; Africans, however, have been grouped into newly created villages with an average of less than two hectares per family. All available information points to a government policy determined to promote European occupation, while little encouragement has been given to enable Africans to participate in similar schemes.
7. The information from which these observations have been drawn is summarized below.

1. MINING

General

8. In the past five years, the search for mineral resources in Mozambique has been accelerated. g/ However, the intensive search for petroleum, which began in 1967 with the granting of several new concessions, has not yet yielded positive results. Also, the comprehensive geological mapping and mineral survey by the

f/ Ibid., Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1), annex, appendix II.B, annex, table I.

g/ For a description of the mineral resources in Mozambique up to 1961 see ibid., Twentieth Session, Annexes, addendum to agenda item 23 (A/6000/Rev.1), chap. V, appendix, annex II.

Bureau de Recherches Géologiques et Minières of France of the districts of Zambézia, Moçambique, Niassa and Cabo Delgado is only scheduled to be completed in 1973. The discovery of several important iron ore deposits and some gold has been reported but there are no details available on the estimated size of the deposits and the quality of the ore.

9. In May 1971, the Great Lakes Carbon Corporation of the United States of America, acting with the Banco Português do Atlântico, sent an expert to Mozambique to study the prospecting opportunities for metallic and non-metallic minerals in Mozambique. The areas to be studied were the districts of Lourenço Marques, Beira and Tete. These studies were to be made in collaboration with the University of Lourenço Marques.

10. The Great Lakes Carbon Corporation is a subsidiary of the Kennecott Copper Corporation of New York (United States), which has its main interests in copper. In 1970, Kennecott's total sales amounted to \$US 1,133.1 million, its assets were \$US 1,737.2 million, and its net income \$US 150.9 million. The company ranks 105th among the 500 largest United States industrial corporations. h/

Production and exports

11. In contrast to Angola, mining does not yet play a major role in the economy of Mozambique. Mineral exports, limited mainly to some coal and small quantities of beryl, columbium-tantalite, microlite and bentonite, have averaged around 75 million escudos i/ a year over the past decade. In 1969, exceptionally, the value of mineral exports dropped to 37.9 million escudos, but rose to 97.5 million escudos in 1970, representing about 2 per cent of the value of the Territory's total exports.

12. In 1970, for the first time, microlite replaced coal as the Territory's leading mineral export. Also for the first time, over 1,000 tons of fluorite were exported, most of which went to the Federal Republic of Germany. This mineral, which was not listed in the annual report of the Geology and Mines Department before 1970, is now produced by Interminas Fluorite of Mozambique, S.A.R.L., at Canxixe in Vila Pery District. j/

13. As table 1 below shows, the United States, which was still the Territory's principal client for columbium-tantalite and microlite in 1969, was replaced in 1970 by the Netherlands, for columbium-tantalite, and the United Kingdom of Great Britain and Northern Ireland, for microlite.

h/ "The Fortune Directory: The 500 Largest United States Industrial Corporations", Fortune, May 1971.

i/ 27.25 escudos equal approximately \$US 1.

j/ For previous information see the Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1), annex, appendix II.B, paras. 30-31. See also paras. 40 and 41 below.

Table 1

Mozambique: Production and export of principal minerals, 1969-1970

Mineral	Production (tons)		Exports (tons)		Value of exports (million escudos) a/		Principal countries of destination b/	
	1969	1970	1969	1970	1969	1970	1969	1970
Asbestos	787.7	228.0	786.7	228.0	1.3	0.5	United States, Fed. Rep. of Germany, Italy, Japan	Fed. Rep. of Germany, France
Bauxite	4,393.2	7,146.0	4,301.4	7,138.0	0.5	0.4	Southern Rhodesia	Southern Rhodesia
Beryl	121.8	32.9	54.6	6.2	0.7	0.07	United States, Netherlands	United States, Southern Rhodesia
Bismutite	2.6	1.4	3.6	0.4	0.5	0.01	Netherlands, United Kingdom	Netherlands, United Kingdom
Coal	276,788.2	351,015.5	96,140.5	102,089.9	22.0	27.5	Japan, Kenya, Angola, Malawi	Kenya, Japan, Angola, Malawi
Columbium-tantalite	64.5	97.2	9.6	54.0	2.0	23.1	United States, United Kingdom	Netherlands, United Kingdom, Fed. Rep. of Germany, United States, Japan
Fluorite	-	1,136.4	-	1,104.3	-	1.2	-	Fed. Rep. of Germany, Australia
Mica	349.5	252.8	180.0	759.0	0.2	0.9	United Kingdom, Australia	United Kingdom, Australia
Microilite	82.5	63.6	13.0	116.0	3.4	31.5	United States, United Kingdom	United Kingdom, Fed. Rep. of Germany, Netherlands
Montmorillonite (bentonite)	2,619.2	5,492.8	1,227.4	5,039.3	1.6	3.9	South Africa, United Kingdom, Portugal, Australia, France, Sweden, Japan	United Kingdom, South Africa, Australia, Madagascar, Portugal, Sweden, Angola
Tourmalin	6.5	6.2	1.2	5.5	1.3	1.0	South Africa, Fed. Rep. of Germany, Switzerland, Malawi, Southern Rhodesia, United Kingdom, United States	Fed. Rep. of Germany, Switzerland, South Africa
Others	19,435.3	17,251.3	1,920.8	1,162.9	4.4	7.5		
					37.9	97.5		

Source: Mozambique, Boletim Oficial, Series III, No. 110, Supplement, 18 September 1971; Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1), annex, appendix II.B, table 2.

a/ Revised figures.

b/ In descending order of importance.

New concessions and cancellations

Companhia de Diamantes de Moçambique, S.A.R.L. (DIAMOC)

14. In November 1971, DIAMOC requested and was granted an exclusive concession in Tete District to prospect for diamonds (Decree 439/71 of 22 October). The concession comprises two areas, one on each side of the Zambezi River. The larger of the two parts includes all of the area south of the Zambezi to the meridian 32° 40', and an area almost equal in size north of the river extending from the Zambian frontier to meridian 32°. The smaller part lies entirely north of the river, between meridians 34° and 34° 40', to the border of Malawi.
15. Under the terms of the contract, DIAMOC has been granted prospecting rights for diamonds in the two areas for an initial period of three years, which may be extended annually thereafter for two years. In the first year of the extension the company may, however, retain only 50 per cent of the original area of the concession and in the second year only 25 per cent. Under the Overseas Mining Law, concessionaires are ordinarily entitled to register claims and exploit any other deposits discovered during prospecting, except precious stones and precious minerals. DIAMOC may also register claims and exploit deposits of other precious stones but no other minerals, precious or not. The company has been guaranteed mining rights for an initial period of 25 years which may be renewed for two consecutive periods of 15 and 10 years, respectively.
16. The company, which must be registered under Portuguese law and have its administrative headquarters in Portuguese territory, was to commence operations with an initial capital of 12 million escudos. The territorial Government is to receive free of charge 10 per cent of all shares issued by the company. With the approval of the Overseas Minister, the company may issue bonds and contract loans, but if foreign capital has the majority holding, the company will not be allowed to borrow from Portuguese financial institutions except in special circumstances.
17. The concessionaire must actively prospect the area of the concession and spend at least 3 million escudos in the first year; 3 million escudos in the second year; and 5 million escudos in the third year. DIAMOC is exempted from paying surface rent in the initial three years, but on extension of the prospecting period, it is to pay to the territorial Government 90 escudos per square kilometre in the first year and 220 escudos per square kilometre in the second year. In areas of registered claims, the company is to pay 2,500 escudos per square kilometre.
18. The Government of Mozambique is to receive from DIAMOC 50 per cent of the net profits from the concession, as well as a direitos de concessão (royalty) corresponding to 12.5 per cent of the value of precious stones obtained both in the course of prospecting and mining. The company is required to pay to the Overseas Mining Fund a sum of 600,000 escudos annually. After five years, this will be replaced by a payment amounting to 0.5 per cent of the value of the annual mining production of the company in the concession area.

19. Under a special clause in the contract, the company will not be entitled to any indemnity if the entire area or parts of its concession are affected by the development of the Zambezi River basin in connexion with the construction of the Cabora Bassa dam or related works.

20. The company is exempt from all taxes and levies (taxas, impostos e contribuições) 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, airplanes, helicopters and other material required for its work, except the stamp tax and an imposto estatístico (statistical tax) of one per thousand ad valorem.

21. The company may, within the terms of the contract and under present legislation, export and trade precious stones. However, the placement of the diamonds in the world market cannot, under any circumstances, whether in quantity or quota, prejudice the position of the Companhia de Diamantes de Angola, S.A.R.L. (DIAMANG), and of the Consórcio Mineiro de Diamantes (CONDIAMA). k/ In the event of war or grave emergency, however, the Government may limit the exports of the concessionaire.

22. By the same decree granting the new concession, the Portuguese Government agreed to cancel the concession area of 32,900 square kilometres on the border of Southern Rhodesia held by DIAMOC since 1965, which had yielded no finds. l/

23. The ownership of DIAMOC is not known. According to an unofficial source, the company is a subsidiary of the Anglo-American Corporation of South Africa. m/

Messina (Transvaal) Development Company, Ltd.

24. In December 1971, the Overseas Ministry revoked the concession granted in 1968 to the Messina (Transvaal) Development Company of Southern Rhodesia to prospect for

k/ Apart from DIAMANG, CONDIAMA is one of the largest diamond concessionaires in Angola. CONDIAMA was formed in 1971 by a consortium comprising DIAMANG and De Beers Consolidated Mines of South Africa, Ltd. However, DIAMANG is the only producer of diamonds in Angola. See Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1), annex, appendix II.A, paras. 18-24 and 29-34.

l/ See ibid., Twenty-second Session, Annexes, agenda item 24 (A/6868/Add.1), annex, appendix III, para. 121.

m/ Ibid.

all minerals except diamonds, petroleum, coal, solid fuels and radio-active materials. n/ According to information received in 1971, the company, which was incorporated as Messina Mineira de Moçambique, had stopped prospecting and recalled its technicians in April 1970. o/

Petroleum

25. As far as is known, no new concessions for petroleum prospecting in Mozambique were granted during 1971. According to the 1970 report of the Geology and Mines Department p/ there were four international groups prospecting for petroleum in Mozambique: (a) Sunray, Skelly and Clark; (b) Mozambique Gulf Oil Company and Mozambique Pan-American Oil Company; (c) Aquitaine Moçambique - Companhia de Petróleos, S.A.R.L., Anercosa - Companhia de Petróleos de Moçambique, S.A.R.L., and Gelsenkirchener Bergwerks Aktien-Gesellschaft; and (d) Hunt International Petroleum Company. There was no reference to the concession of Texaco, Inc. q/

26. Contrary to some press reports, no significant deposits of petroleum have been found as yet in Mozambique, although prospecting activities continue.

Sunray, Skelly and Clark

27. According to the 1970 report of the Sunray Mozambique Oil Company, which is the operadora of the consortium, namely the company responsible for the prospecting operations, at the end of 1970, 160 million escudos had been spent on maritime drilling and exploration. From December 1969 to July 1970, these operations were carried out by Global Marine, Inc. r/ The seismographic survey of the area of Cutane (Lourenço Marques District), carried out by the United Geophysical Corporation of the United States, was estimated to have cost 18.5 million escudos.

28. During 1970, the consortium granted subcontracts to the following international concerns: Société de Forages Pétroliers Languedocienne Forenco, of France, drilling contractors; Géoservices, of France, exploration consulting;

n/ Ibid., Twenty-third Session, Annexes, agenda item 68 (A/7320/Add.1), annex, appendix III, para. 163.

o/ Ibid., Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1), annex, appendix II.B, para. 35.

p/ Boletim Oficial, Series III, Supplement, 13 September 1971.

q/ See Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1), annex, appendix II.B, para. 12.

r/ Ibid., Twenty-fifth Session, Supplement No. 23A (A/8023/Rev.1/Add.1), annex, appendix III, para. 123.

Schlumberger s/ of the United Kingdom, for well completion services; Dowell Schlumberger for cement works; Seismographic Services, United Kingdom, for well velocity surveying services; Aquitaine for technical assistance in well servicing; Companhia de Destroncas e Aluguer de Máquinas, Lda. (CODAM), of Portugal, for road construction and well servicing; Geotécnica, for drilling of water wells; and El's Transport International Crane and Erection, for moving and assembling of equipment.

Mozambique Gulf Oil Company and Pan American Oil Company of Mozambique

29. As previously reported t/ the Pan American Oil Company of Mozambique (a United States concern) had been negotiating to take over the whole concession which it held jointly with the Mozambique Gulf Oil Company, but early in 1971 the Mozambique Amoco Oil Company (also a United States concern) acquired the rights. Amoco is reported to be associated with the Pan American Oil Company.

Aquitaine-Anmercosa-Gesellschaft

30. By the end of 1970, Aquitaine, which is the majority shareholder in Aquitaine-Anmercosa-Gesellschaft, was reported to have invested some 74.4 million escudos in the consortium. Total investments by the consortium in surveys and oil drilling operations up to December 1970 amounted to 194 million escudos, as follows: 5.9 million escudos for geological surveys; 101.9 million escudos for geophysical surveys; and 86.2 million escudos for oil drilling operations.

31. Because of the negative results in Inhambane District, the consortium decided to abandon 25 per cent of the area being prospected, as provided in the contract. u/ No cuts were contemplated, however, in the concession areas in Beira District and in the Zambezi River basin. In October 1971, the consortium was reported to have contracted to start work on the continental shelf, 100 kilometres off the coast of Beira.

s/ Schlumberger, Ltd. was incorporated in 1956 in the Netherlands Antilles. In 1960 it formed the Dowell-Schlumberger Corporation with the Dow Chemical Company of the United States. Schlumberger Well Services is a wholly owned subsidiary of Schlumberger, Ltd. In 1970, Schlumberger's total sales amounted to \$US 578 million; its assets were \$US 763.8 million; and its net profit was \$US 49.5 million. In 1970, the company ranked 140th among the 200 largest industrial corporations outside of the United States ("The Fortune Directory: The 200 Largest Industrials outside the United States", Fortune, June 1970).

t/ See Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1), annex, appendix II.B, para. 13.

u/ Ibid., Twenty-fourth Session, Supplement No. 23A (A/7623/Rev.1/Add.1), appendix II.B, map, p. 73.

Hunt International Petroleum Company

32. There is no recent information available on the activities of this company.

Natural gas

33. In December 1971, it was reported that the Pan American Oil Company of Mozambique and the Mozambique Amoco Oil Company had been authorized to develop and produce the natural gas field at Pande, and to export it in the form of liquified natural gas through a pipeline linking Pande to Nancim, in South Africa. However, the construction of a port at Beira for the eventual transport of liquified gas by ships especially designed for such purposes is still under consideration.

34. In addition to the processing of natural gas, the Portuguese Sociedade de Estudos e Empreendimentos Ultramarinos, which is part of the Banco Nacional Ultramarino group, has been authorized to construct an ammonia plant at Pande.

Iron ore

New deposits

35. New iron ore deposits were found in Mozambique during 1971 in a 70-mile stretch along the Southern Rhodesian border, forming approximately a triangle between Manica and Vila Gouveia (Vila Pery District) along the road to Tete District.

36. These deposits are located in the area where the Hondeminas-Sociedade Mineira consortium has been prospecting v/ since 1970. A spokesman for the consortium is reported to have said that some international concerns were interested in the deposits. Hondeminas is reportedly associated with the Banco Português do Atlântico, which is also involved in other mineral exploration activities in the Territory (see para. 9 above).

Processing

37. As reported previously, w/ the Companhia de Urânio do Moçambique was authorized in 1970 to establish a steel plant in Mozambique, with an initial capacity of 250,000 tons a year. Although there had been speculation that the plant would be established in Beira or Lourenço Marques, the director of the company announced in April 1971 that the plant would be located in the Moatize concelho (Tete District) where it would eventually be able to obtain power from the Cabora Bassa dam.

v/ Ibid., Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1), annex, appendix II.B, para. 20.

w/ Ibid., para. 23.

Coal

38. Coal production in 1971 amounted to some 350,000 tons. All of the production came from the mine operated by the Companhia Carbonífera de Moçambique at Moatize, the only active coal mine in the Territory. Of the 1970 production, which represented an increase of 25 per cent over the previous year, about 250,000 tons were sold to the Mozambique Railways and 100,000 tons were exported.

39. There is no information on the outcome of a reported request by Carbonífera for a new coal mining concession in Tete. x/

Gold

40. According to recent reports following the reopening of the Duque de Bragança mines in 1971, large deposits of gold have been found in the area of Manica, between the Gorongosa National Park and Southern Rhodesia. It will be recalled that the oldest known occurrences of gold were reported in this area. y/

41. A survey is reported to have revealed that Manica is rich in various minerals besides gold. The survey was made for Portuguese, South African and Southern Rhodesian interests, which have formed a company for the prospecting and exploiting of minerals, mainly gold in Mozambique. The company has an initial capital of 1 million escudos, and its headquarters will be located at Vila de Manica, in Vila Pery.

42. According to press reports, the companies involved include: the South African Finance Corporation; Mindep (Pty.) of South Africa; Mineral Deposits of South Africa; Manica Aurífera, a Portuguese firm; and Manica Minas Lda., also Portuguese. The Finans Bank, of Johannesburg, was said to have been invited to participate in the project.

Fluorite

43. In addition to the mines at Canxixe operated by Interminas Fluorites de Moçambique, S.A.R.L., z/ fluorite deposits are known to exist at Maringué, Chioco, Djanguire and Txerra in Tete and in the basin area of the Zambezi River. In April 1972 Interminas, backed by a banking consortium, reportedly applied for exclusive prospecting rights in an area of some 200 square kilometres near Canxixe.

x/ Ibid., para. 25.

y/ Ibid., Twentieth Session, Annexes, addendum to agenda item 23 (A/6000/Rev.1), chap. V, para. 250.

z/ Ibid., Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1), annex, appendix II.B, para. 30.

A number of other companies are also reported to be interested in fluorite mines. Six claims located in the Canxixe-Maringue area, 400 kilometres north of Beira, are being surveyed by Johannesburg Consolidated Investments, and unidentified United States metallurgic interests were reported to be negotiating with the owners of the claims to take over the mining rights after the survey is completed.

44. The Companhia Mineira do Lobito and the Anglo-American Corporation of South Africa are reported to have applied for fluorite mining rights in the areas of Djanguire and Domba (Tete District) where there are estimated reserves of 600,000 tons of fluorite.

Other mining activities

45. A new company, the Sociedade Mineira de Manica, Lda., was established in July 1971 by two Southern Rhodesian nationals, Messrs. Laurier Rouquette and Arrol Bethune, to prospect for, exploit, transform and sell all free minerals. The company has an initial registered capital of 150,000 escudos, equally divided between the two partners, and is located at Vila de Manica, Vila Pery District.

46. In 1971, International Nickel Southern Exploration, Ltd., of Toronto, Canada, and Mr. Ronald Rex Taylor of Ontario, Canada, established the International Nickel de Moçambique, Lda., in Mozambique for the exploitation, prospecting, refining, transforming and selling of minerals. The company has an initial registered capital of 600,000 escudos of which International Nickel Southern Exploration holds 570,000 and Mr. Taylor 30,000.

2. INDUSTRIES

47. During 1970 a total of 932 new industries were authorized in Mozambique, an increase of 275 over 1969. Of these, 479 were classified as transforming industries; 122 as banks and commercial establishments; 108 as transport and storage facilities; and 223 as service industries. Of the transforming industries, 117 were established in Lourenço Marques and 162 in Beira and Vila Pery. In contrast, there were only 33 new transforming industries established in Tete, 14 in Niassa and 12 in Cabo Delgado.

48. Investments in new industries in 1970 amounted to 3,872 million escudos, an increase of 1,515 million escudos over 1969.

49. Available information on new industries authorized during the year, as well as the increase in registered capital of industries already reported, is summarized below by nationality and sector (see table 2 below).

France

50. It was reported in December 1971 that an unidentified French-Portuguese consortium was planning to invest 650 million escudos in a paper pulp plant in

Vila Pery. The plant would use pine and eucalyptus wood from State-owned forests located at Penha Longa in Vila Pery, as well as from private small forests located south of Manica, near the border with Southern Rhodesia. Chimonica Florestal and Moçambique Florestal, two subsidiaries of the Companhia de Moçambique, were reported to be interested in participating in the consortium. The Companhia de Moçambique owns vast forestry concessions in the Chimoio and Manica plateaux which have already been proven suitable for growing pine and eucalyptus.

51. It may be recalled that in 1970 it was reported that the Portuguese Fasol group which controls Têxtil de Lourenço Marques (TEXLOM), S.A.R.L. was reported to be building a paper pulp factory in Manica e Sofala District. It is not known whether Fasol is involved in the French-Portuguese consortium.

South Africa

Light metal industry

52. In February 1971, Acrow Engineers (Pty.), Ltd., of Johannesburg, in association with Boror Comercial, S.A.R.L., of Mozambique and Mr. Cornelius Geysler, a South African national, formed Acrow Boror (Moçambique), Lda., for the assembly, production and trading of metallic parts. The initial registered capital of the new company was set at 2 million escudos, of which Boror Comercial would own 920,000 escudos, Acrow Engineers 820,000 escudos and Mr. Geysler 200,000 escudos.

Cement and sugar

53. The Industrial Development Corporation of South Africa, which has already extended a considerable amount of export credit to Portugal in connexion with the Cabora Bassa dam, is providing funds for two further investments in Mozambique, in association with the Portuguese Banco de Fomento Nacional. One of these investments involves 465 million escudos for a cement factory to be established at Matola, in Lourenço Marques, with a capacity of 2,000 tons per day and storage facilities for 16,000 tons. The other investment, of 126 million escudos is for the expansion of a sugar refinery at Manica, probably belonging to Marracuene Agrícola Açucareira (MARAGRA) which, since 1968, has developed new sugar plantations along the Incomati River. The Industrial Development Corporation originally helped finance MARAGRA, but it has also provided loans to Açucareira de Moçambique. aa/

Matches

54. In August 1971, the Lion Match Corporation of South Africa, in association with Fosforeira de Moçambique, established the first match factory in the Territory at Vila Salazar, in Lourenço Marques. The company has a registered

aa/ Ibid., Twenty-third Session, Annexes, agenda item 68 (A/7320/Add.1), appendix III, paras. 169-171.

capital of 10 million escudos. Initial investment and acquisition of machinery and equipment has already amounted to 30 million escudos, and total investments are expected to reach 60 million escudos. Annual production is expected to reach 40 tons at the end of 1972 and to rise to 70,000-80,000 tons by 1985.

Knitted goods

55. Another South African concern, Transtex Fabrics (Pty.) of Johannesburg, has formed a company in Mozambique, to manufacture knitted goods. The company, known as Transtextil Rosana, Lda., was established in January 1971, and has an initial registered capital of 3.4 million escudos. Transtex Fabrics is the majority shareholder, with 1.7 million escudos. Two other partners, whose nationalities are unknown, each has a share of 840,000 escudos in the capital.

Hotel industry

56. South African capital investment in the hotel industry is also expanding. In October 1971, the Southern Sun Hotel Corporation of South Africa was reported to be planning to build two hotels in Mozambique, one a 400-room hotel at Lourenço Marques, and the other a 100-room hotel at Gorongosa National Park. Both are expected to be opened by 1974.

57. It was also reported in the press that a South African group associated with a Portuguese industrialist planned to purchase the deluxe Polana Hotel at Lourenço Marques and to invest some 8 million escudos in refurbishing alone.

Transport

58. In November 1971, the South African concern Manica Holdings (Pty.), Ltd., with headquarters at Johannesburg, and the Banco Standard Totta of Mozambique, a subsidiary of the Standard Bank of South Africa, formed a transport company with headquarters at Lourenço Marques and an agency at Beira. The company has an initial registered capital of 12 million escudos.

59. Safmarine of South Africa, through its associate, Manica Trading, has acquired the formerly British-owned Beira Boating Delagoa Bay Agency, a maritime agency, at a reported price of 202,000 rands. bb/

United States

Pharmaceuticals

60. United States capital expansion in industry in Mozambique includes 14 million escudos from the Pfizer Corporation, a pharmaceutical concern. The Pfizer subsidiary in Mozambique reportedly plans to expand its activities in the Territory

bb/ One rand equals 36.5 escudos.

and expects to be able to cover 75 per cent of the pharmaceutical needs of Mozambique. The company is a subsidiary of Pfizer International, of New York, which is controlled by Chas. Pfizer Corporation, Inc. of the United States. In 1970, the Pfizer group ranked 138th among the 500 largest industrial corporations in the United States (see foot-note h/ above) with assets of \$US 904.7 million and net profits of \$US 81.1 million.

Poultry

61. In December 1970, Poultex, Ltd., of Geneva (Switzerland), in association with Arbor Acres Farm, Inc. of Delaware (United States) formed a company known as Arbor Acres (Mozambique), Lda., for the development of the poultry industry in Mozambique. Poultex and Arbor Acres Farm are subsidiaries of the International Basic Economy Corporation (IBEC) of New York, owned by the Rockefeller group. The company was to have an initial registered capital of 2 million escudos, divided as follows: Arbor Acres, 740,000 escudos; Poultex, 740,000 escudos; and Mr. Horácio da Silva, 520,000 escudos.

Portugal and others

62. A number of new companies were formed in Mozambique in 1971 and some established companies increased their registered capital. Among the latter, the most important was TEXLOM, which raised its registered capital from 3 million to 80 million escudos. TEXLOM is controlled by the Fasol group, the exact ownership of which is unknown.

63. The Sociedade Comercial e Industrial de Caju (SOCAJU) increased its registered capital from 50 million to 90 million escudos. SOCAJU is one of the principal companies processing cashews and is owned by the Companhia União Fabril (CUF) of Portugal.

64. Other companies which increased their capital in 1971 include Sociedade Comercial e Industrial de Moagem (SOCIMOL), reported to be entirely Portuguese-owned, cc/ which raised its capital from 10 million to 15 million escudos; Companhia de Destroncas e Aluguer de Máquinas (CODAM), which raised its capital from 10 million to 15 million escudos; and the União Fabril de Moçambique (UFA), a textile plant, which raised its capital from 5 million to 10 million escudos. CODAM, it will be recalled, is one of the subcontractors involved in the construction of the Cabora Bassa dam. dd/

cc/ Official Records of the General Assembly, Twenty-second Session, Annexes, addendum to agenda item 23, part II (A/6700/Rev.1), chap. V, para. 287.

dd/ Ibid., Twenty-fifth Session, Supplement No. 23A (A/8023/Rev.1/Add.1), annex, appendix III, para. 178.

65. Newly-formed companies included Chá Lis, Lda., representing an investment of 1.8 million escudos in tea packaging; the Consortium Maciana Agrícola formed by three beer companies in the Territory (two of which are subsidiaries of the Sociedade Central de Cervejas in Portugal) and several others, with an investment of 10 million escudos in the cereal malt industry; and the Sociedade Central de Engarrafamento de Vinhos, with an investment of 10 million escudos in the wine bottling industry. Others include investments of 10 million escudos each in two rice processing industries. One of these plants will be located at Vila Trigo de Morais in Vila Pery, and the other at Chibuto, in Lourenço Marques.

66. New investments in the textile industry since 1970 include a new plant set up at Nampula, Moçambique District, at an estimated cost of 500,000 escudos, to which one fifth of the cotton produced annually in the districts of Cabo Delgado, Niassa and Tete will be allocated (some 5,500 tons). Other requests for the establishment of cotton textile plants in Mozambique included one by Mr. E. Oliveira for a plant with an annual capacity of 850 tons, to be located either in Lourenço Marques or in Beira; one by the União Industrial do Norte, Ltd., for a cotton textile complex with an annual capacity of 1,500 tons to be set up in Moçambique District; and another request by Textimpex-Sociedade Comercial Fazenda e Marques S.A.R.L., for a plant with an annual capacity of 2,000 tons to be located at Nacala (Moçambique District).

67. Other investments include 10 million escudos for the establishment of a motorcycle assembly factory, the first in the Territory, to be set up in Beira, with an initial production of 300 motorcycles a day, and a target of 500 a day; and a vegetable oil refinery to be set up at Nacala by the CUF group, with a capacity of treating 15,000 tons of oil seeds per year.

68. The first industrial census of Mozambique (I Recenseamento Industrial da Província de Moçambique) is to be taken during 1972. The census will cover extractive and transforming industries, water, gas and electricity and construction. Portuguese sources attach considerable importance to this census because of the "economic boom" of the Territory and the need for accurate data to assist the Government in establishing its economic policy and guidelines for the preparation of the Fourth National Development Plan.

Table 2

Mozambique: Major new capital in industry since 1970

<u>Nationality and name of company</u>	<u>Investments</u> (million escudos)		<u>Remarks</u>
	<u>New capital</u>	<u>Increase in capital</u>	
<u>South Africa</u>			
Acrow Engineers (Pty.), Ltd.	2.0		Light metals (joint South African/Portuguese concern)
Industrial Development Corporation	465.0		Cement factory
	126.0		Sugar refinery (joint South African/Portuguese investments)
Lion Match Corporation	40.0		Match factory
Manica Holdings (Pty.), Ltd.) Banco Standard Totta)	12.0		Transport
Safmarine			Purchase of maritime agency for 202,000 rands
Transtex Fabrics (Pty.)	3.4		Textiles
<u>United States</u>			
Arbor Acres Farms, Inc.	2.0		Poultry (joint United States/Swiss concern)
Chas. Pfizer Corporation, Inc.	14.0		Pharmaceuticals
<u>Portugal and others</u>			
Chá Lda, Lda.	1.8		Tea packaging industry
Companhia de Destroncas e Alvarar de Máquinas (CODAM)		5.0	Earth-levelling equipment. Increased from 10 million to 15 million escudos
Consortium Maciana Agrícola	10.0		Cereal malt
Guilherme Cappella	10.0		Rice processing
Sociedade Central de Engarrafamento de Vinhos	10.0		Wine bottling
Sociedade Comercial e Industrial de Cajú (SOCAJU)		40.0	Cashews. Increased from 50 million to 90 million escudos
Sociedade Comercial e Industrial de Moagem (SOCIMOL)		10.0	Milling. Increased from 16.5 million to 26.5 million escudos
Sociedade Orizícola de Gasa	10.0		Rice processing
Têxtil de Lourenço Marques (TEXILOM)	77.0		Textiles. Increased from 3 million to 80 million escudos
União Fabril de Moçambique (UFA)	5.0		Textiles. Increased from 5 million to 10 million escudos
Sociedade de Construções, Lda.	23.7		Building at Quelimane airport

3. CABORA BASSA PROJECT

69. Details on the Cabora Bassa project appear in the reports of Sub-Committee I for 1970 and 1971. ee/ Information on new developments is summarized below.

Construction of the dam

70. According to reports in the Portuguese press, the first phase of construction of the Cabora Bassa dam was completed at the end of 1971. This included work on the two diversion tunnels and the closing of the river so as to enable work on the dam itself to begin during the next dry season.

71. During the seasonal flooding of the river in March 1971, there had been some apprehension that the waters might spill over the coffer dams and delay work on the foundation. Although the extent of the flooding exceeded 4,500 cubic metres per second and climbed over the coffer dams, this was within the margin of safety provided.

72. Work on the actual dam foundation was scheduled to begin in April or May 1972. The present time-table envisages flooding of the dam in July 1974, the installation of the first three 400 megawatt generators in the southern power station, the completion of the transmission lines from Mozambique to the Apollo station in South Africa and the first delivery of power by March 1975. Beyond this date, the work is expected to be completed as originally planned: the second phase, involving the installation of an additional conversion plant and a fourth generator, to be completed in January 1977 and the third phase, involving the completion of the southern power station to be completed in January 1979. No date has been set for completion of the last phase, involving the construction of the northern power station.

73. In January 1972, the provisions of the contract with Zamco-Zambeze Consórcio Hidroeletrico, Lda. ff/ were revised to provide for the use of thyristors, instead of a mercury-vapour tube system, as they are considered to be technically preferable. The thyristors, which were to have been supplied by the German concerns, Allgemeine Electricitats-Gesellschaft, Brown Boveri and Co. and Siemens, gg/ will be supplied instead by Consa (Pty.), Ltd., presumably of South Africa.

74. Early in 1972, the Zambezi Development Planning Office reported that all related works were proceeding on schedule, including the construction of access roads and bridges and deforestation work for the installation of power lines for the

ee/ Ibid., paras. 154 et seq.; Ibid., Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix II.B, paras. 81 et seq.

ff/ Ibid., Twenty-fifth Session, Supplement No. 23 A (A/8023/Rev.1/Add.1), annex, appendix III, paras. 166-170.

gg/ Ibid., para. 168.

transmission system, as well as the construction of a new airport at Songo and the development of Songo township.

75. Ancillary works include the construction of a 720-metre bridge over the Zambezi River, which will expedite the delivery of equipment to Cabora Bassa. The bridge, which is expected to cost 60 million escudos, was to have been opened by mid-February 1972. The production and transport of cement needed for the construction of the project is reported to have been speeded up since the latter part of 1971. At the Moatize rail terminal, a new 1,000-ton capacity liquid cement silo is being built. In addition a new crusher, set up at the Nova Maceira cement factory in Beira, is expected to produce 140 tons of cement an hour.

Investment in the Cabora Bassa project

76. There is very little information on investments in the Cabora Bassa project in 1971 except for a few contracts for ancillary works which are set out in table 3 below. According to an unofficial source the estimates tabled in the South African House of Assembly by the Minister of Finance, Mr. Diedericks, indicate that the Government's loan to Portugal for the Cabora Bassa dam project is to be increased by over 14 million rands in 1972. There is no other information on this report. It will be recalled that South Africa had agreed to lend Portugal a total of 35 million rands, limited, however, to a maximum of 13 million rands in any given year. hh/

77. In November 1971, the Overseas Minister authorized the Zambezi Development Planning Office to sign a contract with Lloyd's Register of Shipping of London for supervision of the manufacture of mechanical and electrical equipment for Cabora Bassa (Portaria 658/71 of 29 November 1971). Lloyd's participation, set at 2.6 million escudos, is to be paid in seven instalments, beginning in 1971.

78. In 1971, the Portuguese Government included a special allocation of 530 million escudos for the Cabora Bassa project in the budget for implementation of the Third National Development Plan. This sum was to be charged against external credit and to be paid eventually by receipts from the dam. (Decree-law 351/71 of 12 August 1971.)

Some implications of the Cabora Bassa project and the development of the Zambezi Valley

Navigation and land use

79. With the construction of the Cabora Bassa dam already under way, articles in the Portuguese press have begun to give more emphasis to publicizing the development potential of the Zambezi Valley and the future importance of such towns as Songo.

hh/ Ibid., para. 161. According to one report the amount provided by South Africa in 1971 was 139 million rands. The report, however, did not specify if this included South Africa capital investment in subcontracts for works related to the Cabora Bassa dam.

Table 3

Mozambique: Contracts awarded in 1971 for works related
to the Cabora Bassa dam
(million escudos)

<u>Name of company</u>	<u>Capital</u>	<u>Remarks</u>
Sociedade Técnica de Construções, Lda.	42.8	Includes 12.8 million escudos for construction of Songo airport and 30 million escudos for urbanization works in Songo-Cabora Bassa
Empresa Técnica de Levantamentos Aéreos, Lda. (ETLAL)	18.5	Study of agricultural resources and land development in the Zambezi Valley
Lloyd's Register of Shipping	2.6	Supervision of manufacture of mechanical and electrical equipment for Cabora Bassa
União de Compras e Vendas, S.A.R.L. (UNIVENDAS)	2.5	Supply of furniture to Songo- Cabora Bassa
Mr. A. Joaquim Lopes	1.5	Construction of a garage in Songo-Cabora Bassa

80. Since 1970, several government bodies have been involved in the planning research and operations in the Zambezi Valley, namely the Zambezi Development Planning Office, the Territorial Co-ordinating Commission, and a scientific commission.

81. During its first year, the Zambezi Development Planning Office had an authorized budget of 271 million escudos, of which only 20 million escudos was to be financed from the Territory's budgetary surplus and the remainder from funds provided by Zamco to the Portuguese Government. ii/ For 1971, the Office was first allocated a budget of 374.8 million escudos (Portaria 58/71 of 5 February) which was increased to 400.1 million escudos by the end of the year, financed as follows: 35.0 million escudos from budget allocation under the Third National Development Plan; 125.0 million escudos from Zamco contractual obligations; 5.0 million escudos from refunds; 115.0 million escudos from budgetary allocations for the financing of the urban centre of Cabora Bassa; and 120.1 million escudos from surplus.

82. A hydrographic survey of some 550 kilometres (330 miles) has been made in preparation for the opening to navigation of the Mozambique section of the Zambezi River up to the border of Southern Rhodesia. In July, a fleet of helicopters began taking depth soundings of the Zambezi delta with a view to the construction of a major river port at the mouth of the Cuame River. Specialists have already devised a system of barge convoys pulled by powerful tugs which will be used to transport mineral ores to the sea port.

83. In March 1972, the Zambezi River Port Captaincy was created to control the river and ocean ports. The new agency will have its headquarters at Tete and will set up harbour offices at Zumbo, on the border with Zambia, and at other ports, including Mutarara on the lower Zambezi. This agency also has responsibility for the defence of the river route. Currently, the defence is the responsibility of Portuguese marine units. A senior naval officer is expected to be appointed to head the new agency.

84. Portuguese sources publicizing the economic potential of the Zambezi valley emphasize that 200,000 acres are to be irrigated at the conclusion of the first stage of the Cabora Bassa project, and that eight million acres could eventually benefit from the irrigation project once the entire scheme is completed. In September 1971, the Zambezi Development Planning Office awarded a contract of 18.5 million escudos to the Empresa Técnica de Levantamentos Aéreos, Ida. (ETLAL), with headquarters at Beira, to study the agricultural resources and plan and land use in the valley (Portaria 511/71 of 21 September). A new ranching scheme involving an investment of 30 million escudos was reported to have started in 1971 and is to be completed in three years.

ii/ As part of its contract, Zamco made an advance payment of 500 million escudos to the Portuguese Government to help it pay for the complementary works involved. Ibid., Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), appendix, annex II.B, para. 84.

Songo-Cabora Bassa township 11/

85. One of the more immediate consequences of the construction of the Cabora Bassa dam has been the growth of Songo, 12 kilometres from the Cabora Bassa dam, into a township. In the past two years the population has increased to more than 14,000 with the influx of some 5,000 non-African technical personnel. Songo is already considered to be an important centre, with daily flights connecting it with the city of Tete, and a modern airport being built nearby. Private capital is being attracted to Songo because of the need for more housing and facilities, especially for the imported personnel involved in the dam construction. One of the newest schemes is reported to be the construction of a supermarket at a cost of 2 million escudos.

86. Also during 1971, a contract of 30 million escudos was awarded to Sociedade Técnica de Construções, Lda. for construction work relating to the urban centre of Cabora Bassa (Portaria 410/71 of 4 August 1971). The same company has been granted a contract of 12.8 million escudos for the construction of the Songo airport. The União de Compras e Vendas, S.A.R.L. (UNIVENDAS) which has its headquarters at Tete, has been awarded a contract of 2.5 million escudos for the supply of furniture (Portaria 615/71 of 11 November 1971), and Mr. A. Joaquim Lopes, a private entrepreneur, was awarded a contract of 1.5 million escudos for the construction of a public garage (Portaria 471/71 of 31 August 1971).

Tete

87. The Cabora Bassa project has also affected the city of Tete, the administrative capital of the district. New buildings under construction are estimated to involve more than 100 million escudos in investment. Among these are the buildings of the Banco Nacional Ultramarino and the Fundo do Investimento Ultramarino, new facilities for government services, as well as a new hotel to be constructed at a cost of 12.5 million escudos. In 1971, the Municipal Council of Tete received a subsidy of 4 million escudos from the territorial Government for the improvement of the city sanitation works and water supply.

Resettlement of the African population

88. Although there has been an influx of some 5,000 Europeans, including nationals from Austria, France, the Federal Republic of Germany, Italy, Portugal, Southern Rhodesia, South Africa and Swaziland - thousands of Africans are being moved from their home areas which will be inundated when the dam is flooded. Portuguese official sources have reported that some 25,000 Africans are to be resettled by 1974, but other sources suggest that a total of some 83,000 persons are involved. It is probable that the discrepancy arises from the fact that the official Portuguese figure includes only those inhabitants who are being moved from areas to be flooded, while the latter figure may include the population being resettled

11/ In 1970 the Cabora Bassa povoação was incorporated into the Songo township.

mainly for administrative and strategic reasons under the general scheme to restructure areas formerly occupied by Africans in the northern districts. For instance, in 1970 alone, 45 new aldeamentos were established in Tete, with 17 in Macanga, seven in Bene, 18 in Marávia and three in Zumbo. kk/

89. Originally, as part of the Cabora Bassa project, it had been planned to resettle some 8,000 persons each year. However, according to the Zambezi Development Planning Office, only 3,000 families had been grouped into new aldeamentos, by January 1972.

90. According to Portuguese sources, 11/ each resettled family is allocated a piece of arable land and a new home. Families are provided with medical care and technical help in agricultural and livestock raising. It was officially reported that by the end of 1971, 1,080 families had been resettled into six aldeamentos in the area of Estima; 824 families in Nhaluiro; 314 families in Mucangadzi and Chibuera; and 200 families in Mazoè. In addition, new aldeamentos had been completed in Changara, and three in Mazoé. The population density in the new settlements is reported to be 11.7 inhabitants per square kilometre, compared with 1.5 inhabitants per square kilometre in the rest of the district. The Government claims that the more concentrated African communities make it easier for government services to be provided, but the regrouping clearly frees land available for Portuguese settlement and Portuguese controlled agro-livestock enterprises.

91. Portuguese publicity articles that have appeared in the English language press have emphasized that the resettlement projects afford an opportunity to provide the local inhabitants "with better living conditions plus a socio-economic future". One article in The New York Times cited the following opportunities:

"To improve agricultural techniques and increase productivity in order to integrate a monetary economy based on surplus;

"To open new commercial channels, particularly in the cattle herding section and its auxiliary skills;

"To improve sanitation and improve methods for fighting endemic diseases;

"To provide schools for the estimated 4,000 children in addition to establishing schools for professional teaching, particularly the agrarian related sector;

"To encourage women to act in social education, particularly in the area of dietetics, personal hygiene and homemaking".

kk/ A/8723/Add.3, annex II.C, para. 52.

11/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix II.B, para. 108.

92. Available information seems to indicate that the Government's performance so far has fallen far short of its declared intentions. Although some 3,000 families had been resettled in aldeamentos by 1972, it was officially reported that only 2,500 hectares of land had been distributed to the 1,080 families settled in Estima and that 1,400 "parcels of land" had been distributed to families in Nhaluiro, Chipera and Chibueira.

93. In January 1972, government sources reported that there were 640 pupils of both sexes enrolled in schools of the new aldeamentos. There is also a private school for African women. The only new government health and welfare services reported to have been provided consist for these families of a maternity clinic at Magoé and a BCG anti-tuberculosis campaign in the new aldeamentos and neighbouring areas.

Portuguese publicity in defence of the Cabora Bassa

94. Since the General Assembly called for the withdrawal of foreign economic participation in the dam, Portugal has mounted a publicity campaign in international circles to emphasize the economic benefits which the Cabora Bassa will bring to Mozambique, its peoples and the whole of southern Africa. For example, statements on the project have appeared as advertisements in The New York Times, The Economist and The Washington Post. One example of the type of statement made has been discussed above. The principal agency responsible for the publicity campaign is Downs and Roosevelt, Inc., which represents "The Overseas Companies of Portugal in the United States".

95. In the past year, this public relations firm has begun the distribution of a series called "Fact Sheet in Portugal, Mainland and Overseas". A recent issue was devoted to the Cabora Bassa, which was described as Africa's largest hydroelectric scheme. In the article, one third of the total coverage discussed the economic significance of the scheme, the "tremendous" power potential, the opening up of the "untapped potential of the hinterland", the transformation of one million acres of arid wasteland to crop lands and forests and the opening up of the Zambezi River to navigation. It also emphasized the important mineral deposits in Tete of coal, iron, manganese and fluorite, and smaller deposits of chrome, gold, nickel and other minerals. According to the article, the building of the dam would bring about: (a) an iron and steel complex based on the Moatize coal fields; (b) the development of iron ore deposits in the area; (c) the possibility of extracting bauxite in Malawi; (d) aluminium and electrolytic copper production; and (e) the extraction of vanadium and titanium and concentration of fluorspar. It stressed that the Cabora Bassa project "is indispensable for the modern economic development in Mozambique", and added that "Portugal alone" was undertaking the staggering cost of this great African project. Nevertheless, it is clear from other Portuguese sources that the consortium awarded the bid has assumed responsibility for the project and it was a condition of the contract that the financing "should in no way affect the budgets of Portugal or the Territory, nor entail the use of external capital markets available for financing the Portuguese development plans." mm/

mm/ Ibid., para. 84.

96. It is important to note that the efforts of Downs and Roosevelt have not been limited to the distribution of information to the general public but also reach important military and economic interests. For instance, one of its representatives Lieutenant-Colonel Kenneth T. Downs addressed the District of Columbia Chapter of the Military Order of the World Wars in March 1972. Subsequently, his speech, captioned "Portugal: Citadel for Western Defense" was inserted in the United States Congressional Record of 13 March 1972 by one of the representatives of Louisiana in the United States House of Representatives. Although the speech was devoted largely to the defence of Portugal and its importance to United States "national self-interest", he emphasized that some of the "unique humanitarian aspects of the Portuguese society had been overlooked", that many social reforms had been instituted in the African Territories "where the battle against illiteracy" was being rapidly won, and that "the biggest growth of all is in Angola and Mozambique".

97. Some articles in the Portuguese press have emphasized other significant aspects of the Cabora Bassa dam. For instance, it was pointed out in one article that Lourenço Marques, which is currently the most important consumer of electrical energy, annually uses some 220 million kwh which is only a small proportion of the total production of the Cabora Bassa generating station 1,200 kilometres away. Therefore, in the immediate future, Cabora Bassa can only be justified if a gigantic industrial centre requiring large amounts of power is developed in the region or a sufficient amount of power can be exported to neighbouring regions. While the first solution requires large investments and will take time, the second solution, although possible in the near future, nevertheless requires competing with established energy-producing centres. The article suggested also that South Africa alone, which is expected to require 75,000 million kwh a year by 1977, will not be dependent on power from Mozambique, which is expected to provide less than 15 per cent of that country's requirements.

98. According to this article, South Africa has agreed to the following consumption and payments:

	<u>Guaranteed consumption</u> (million kwh)	<u>Guaranteed payments</u> (million escudos)
1975	3,285	394.2
1976	4,357	522.8
1977	7,008	841.0
1978	6,973	836.8
1979	9,706	1,164.0
1980	9,627	1,155.2

99. According to the article, full utilization of the Cabora Bassa dam would require further capital investment for the development of agro-livestock industries based on large-scale land utilization and for industries which would use and pay for the power. Investments in the Cabora Bassa and in future schemes would help the Mozambique economy through purchases of goods and services in the Territory. The

article went on to say that greater hope lay in the future economic integration of Mozambique with South Africa which would also give further international support to Portugal's permanent presence in Africa, the importance of which, according to the article, had already been shown by its ability to carry out such a large and important project as the Cabora Bassa dam.

Opposition to Cabora Bassa

100. During 1971 and continuing into 1972, the Frente de Libertação de Moçambique (FRELIMO) stepped up its attacks on areas close to the Cabora Bassa project, mining roads and the railway leading to the site of the dam with a view to cutting off communications. nn/ Portuguese sources admit that some of the sabotage operations carried out by FRELIMO have had the support of the local population.

101. According to FRELIMO and other press reports, intensified attacks by FRELIMO have increased the difficulties involved in building the dam. In particular, FRELIMO has concentrated its attacks on the so-called "cement route".

102. Mr. Marcelino dos Santos, Vice-President of FRELIMO, speaking before the Special Committee in April 1972, oo/ said that the whole district of Tete was covered by FRELIMO guerrillas and all means of communication by road and water were nearly totally denied to the Portuguese, who had to resort to air transport. This, he added, had a direct bearing on the Cabora Bassa project, for even if the construction on the dam could not be stopped, FRELIMO would make it extremely costly.

103. International opposition to the Cabora Bassa project increased during 1971. In the Federal Republic of Germany, members of the Angola-Mozambique-Guinea Committee, which opposes the participation of various German companies in the project, were reported, early this year, to be planning to purchase shares in all the companies involved in order to have a voice at the stockholders meetings. Several members of this Committee attended the annual stockholders' meeting of Siemens Aktiengesellschaft in March 1971, but were prevented from speaking.

104. In London, members of the Dambusters Mobilizing Committee attended the annual meeting of Barclays Bank, held in April 1972, and particularly questioned the Chairman on the Bank's involvement in the Cabora Bassa project. The Chairman was reported to have informed them that Barclays was no longer involved in the project. It may be recalled that in January 1971, Sir Frederic Seebohm, Chairman of Barclays Bank, had explained that one of its South African branches had financed a subcontracting firm in connexion with the Cabora Bassa project. pp/

nn/ A/8723/Add.3, annex II.C., para. 37 et seq.

oo/ A/AC.109/SR.858.

pp/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix II.B, para. 96.

105. The World Council of Churches, which has its headquarters in Geneva, was reported in the Portuguese official newsletter Notícias e Factos to have asked for a boycott of German firms involved in the Cabora Bassa dam project. The proposal for a boycott was said to have been presented to a meeting on anti-racism held in West Berlin. The boycott was opposed by deputies of the Christian Democratic Party of the Federal Republic of Germany.

106. A number of labour organizations in Italy have also organized opposition to the Cabora Bassa project. In 1970, three of the major labour unions, the Confederazione Generala Italiana del Lavoro (CGIL), the Confederazione Italiana Sindacati Lavoratori (CISL) and the Unione Italiana del Lavoro (UIL) had written to Foreign Minister Aldo Moro asking what measures the Government intended to take to protect Italian workers who were said to have been hired in South Africa to work on the Cabora Bassa project. The unions charged that the workers were in a war area and risked becoming victims of a military operation.

107. In June 1971, CGIL was reported to have urged the Istituto Nazionale per il Commercio Estero (National Institute for Foreign Trade) not to participate in the Mozambique trade fair.

108. In Canada, the group known as Project Mozambique has been responsible for organizing a campaign against the Canadian firm Alcan Aluminium, Ltd. which was reported to have been awarded a subcontract in 1971 for the supply of electrical conductors and aluminium and steel cables for the Cabora Bassa project. qq/

109. Speaking before the Special Committee on 1 July 1971, rr/ Mr. Jack Seaton, a petitioner representing Project Mozambique, explained some of his group's activities against Alcan's involvement in the Cabora Bassa project. Among other things, members of Project Mozambique who had purchased shares in the Alcan Corporation attended the Alcan annual general meeting, held on 1 April 1971 in Montreal, and questioned the company's involvement in the Cabora Bassa project. They asked the company to withdraw from the project for which its contract amounted to only \$US 3.6 million, insignificant in comparison with its annual profits of \$US 80 million derived from operations in 37 countries.

110. In 1971, Project Mozambique also requested the Anglican Church in Canada to assess the moral and material damages inflicted on the African populations in Mozambique by the activities of Alcan.

111. Explaining African opposition to the dam, an article in Jeune Afrique pointed out that there were already plans to extend its influence to Kenya, Zaire, Angola and Namibia and to dominate the region. With white settlers set down in the centre

qq/ Ibid., Twenty-fifth Session, Supplement No. 23 A (A/8023/Rev.1/Add.1), annex, appendix III, para. 134.

rr/ A/AC.109/PV.806.

of the region, the Cabora Bassa was thus an industrial and military complex aimed at dividing Mozambique in two and thereby weakening the neighbouring countries which supported the liberation movements. Thus, for Portugal, the scheme was directed both at the better defence of the region and at developing income to pay for the costs of its colonial wars.

4. PORTUGUESE SETTLEMENT

112. As previous reports have shown, traditionally, Portuguese policy has linked economic development of the Territories in Africa to the settlement of a large number of families from Portugal. ss/ In recent years, the Portuguese Government has intensified its efforts to settle non-African families in Mozambique, especially in the districts of Niassa, Cabo Delgado and Zambézia, primarily for strategic reasons, since no serious efforts have been made to encourage Africans to develop commercial farming in the same regions.

113. Since 1968, some 400 families have been settled in the Territory, and 200 more were expected during 1971. The more important settlements are those of Montepuez, in Cabo Delgado District, which by February 1972 already had 230 families settled there with another 150 expected to arrive during the year; Lioma, in Zambézia District, with 90 families already settled and 150 more expected; and Mandimba, in Niassa District, with 87 families settled.

114. Early in 1972, the Montepuez colonato which has been described by the authorities as "the most advanced development front against subversion in the north of Mozambique" tt/ was reported to have suffered a number of desertions. The Provincial Secretary of Land and Settlement has attributed the reverses to various reasons, including "the quality of the settlers" and the inadequacies of the initial system adopted. The whole scheme is reported to have been restructured to correct the situation and to consolidate the remaining nucleus. In 1971, the Government allocated 48 million escudos for improvements at Montepuez and for the preparation of an additional 13,500 hectares of land for the settlement of new immigrants. The Montepuez colonato is destined mainly for the cultivation of cotton, but the Government plans to help the settlers to develop other crops, such as maize, peanuts and manioc.

115. The allocation for Montepuez was part of a total authorization of 200 million escudos, for the settlement of more Portuguese farmers in Cabo Delgado, Niassa and

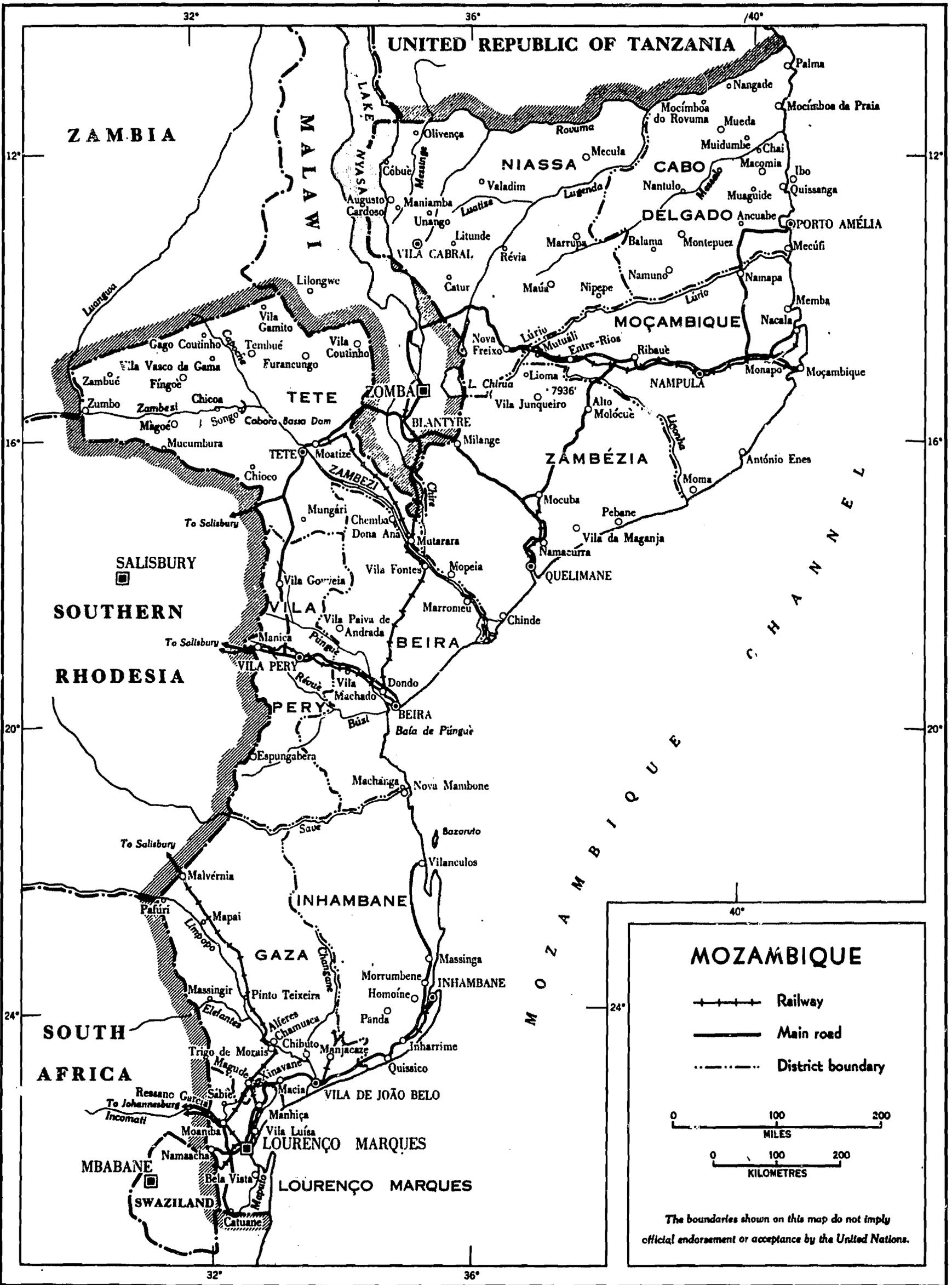
ss/ See for instance Official Records of the General Assembly, Twentieth Session, Annexes, addendum to agenda item 23 (A/6000/Rev.1), chap. V, appendix, annex II, and especially paras. 177 ff. concerning Angola.

tt/ Ibid., Twenty-sixth Session, Supplement No. 23 (A/8423/Rev.1), chap. VIII.C, para. 65.

Zambézia in 1971. The plans envisage settling 150 new farmers in Montepuez, Balama, Ancuabe, Namuno, Namapa and Ocua, in Cabo Delgado; 80 in Mandimba, Niassa, and 30 in Lioma, in Zambézia. African populations scattered throughout the countryside were also to be regrouped around the Portuguese settlements.

116. In January 1972, an additional sum of 90 million escudos was earmarked for the settlement of 310 families in the Montepuez, Mandimba and Lioma colonatos. Each of these families was to receive approximately 300,000 escudos in financial aid.

117. Most of the new settlers are reported to be from the Madeira Islands and the Azores. In November 1971, for instance, 19 heads of family from the islands of São Jorge and Terceira in the Madeiras arrived in Mozambique to settle in the Lioma colonato. They were later joined by their families, making a total of 88 persons. A second group of 11 heads of family from Madeira also arrived in November; they were part of a group of 200 to be settled in the districts of Cabo Delgado, Niassa and Zambézia.



APPENDIX III
SOUTHERN RHODESIA

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INTRODUCTION

1. Information on the economy of Southern Rhodesia is contained in previous reports of the Special Committee to the General Assembly as well as in the six special studies prepared by the Secretariat for Sub-Committee I. a/ Further information concerning the mandatory economic and financial sanctions imposed on the Territory by the Security Council is contained in the reports of the Committee established by the Security Council in pursuance of its resolution 253 (1968) of 29 May 1968. b/ Recent political and other developments in the Territory are outlined in the latest working paper prepared by the Secretariat for the current session of the Special Committee. c/

2. Since the illegal declaration of independence in 1965, most of the pertinent information on the state of the economy and the activities of foreign economic interests has been withheld by the illegal régime to protect the Territory against the impact of international sanctions. Information from within the Territory on these questions was further curtailed in 1969 by the introduction of the Emergency Powers Regulations which, inter alia, prohibit foreign economic and other interests operating in the Territory from "giving away economic secrets either deliberately or through negligence". Whatever information is made available either by the illegal régime or by business interests is largely of a general nature, in particular that concerning production figures, external trade and participation of foreign capital in the economy of the Territory. These data suggest, however, that there has been no substantive change in the role of foreign economic and other interests in the Territory, as reported in the last special study; the economy continues to be dominated by those interests, acting in co-operation and with the direct support of the illegal régime.

a/ Official Records of the General Assembly, Twenty-first Session, Annexes, addendum to agenda item 23 (A/6300/Rev.1), chap. III, annex, appendix I; ibid., Twenty-second Session, Annexes, agenda item 24 (A/6868/Add.1, annex, appendix I; ibid., Twenty-third Session, Annexes, agenda item 68 (A/7320/Add.1), annex, appendix I; ibid., Twenty-fourth Session, Supplement No. 23 A (A/7623/Rev.1/Add.1), annex, appendix III; ibid., Twenty-fifth Session, Supplement No. 23 A (A/8023/Rev.1/Add.1), annex, appendix II; ibid., Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix III.

b/ Official Records of the Security Council, Twenty-third Year, Supplement for October, November and December 1968, document S/8954; ibid., Twenty-fourth Year, Supplement for April, May and June 1969, document S/9252 and Add.1; ibid., Twenty-fifth Year, Special Supplement No. 3 (S/9844/Rev.1); ibid., Special Supplement No. 3 A (S/9844/Add.3, annex III); S/9748; S/9951; Official Records of the Security Council, Twenty-sixth Year, Special Supplement No. 2 (S/10229 and Add.1 and 2); ibid., Special Supplement No. 2 A (S/10229/Add.2, annex III); S/10408; S/10580; S/10593.

c/ A/8723/Add.1, annex.

1. OUTLINE OF RECENT ECONOMIC DEVELOPMENTS

3. In April 1972, the illegal régime published an Economic Survey of Rhodesia for 1971 in which it provided selected statistics on the state of the national economy. This document has not yet become available to the Secretariat, which, for the purposes of this paper, has relied on data reported in the press. According to such information, the gross domestic product of the Territory increased from \$R 970.7 million d/ in 1970 to \$R 1,102.7 million in 1971, achieving a rate of growth of 13.6 per cent, compared with 8 per cent in 1970. In real terms, after adjusting for price increases, the growth rate was about 10 per cent, compared with 4.5 per cent in 1970.

4. Agriculture and manufacturing are the two most important sectors contributing to the gross domestic product (GDP). During the last several years, the manufacturing industry, measured by its contribution to the gross domestic product, has gradually overtaken agriculture, as the largest sector. Compared with 1965, when the two sectors each accounted for 16 to 17 per cent of the gross domestic product, the manufacturing industry's share moved up to 20.6 per cent of the 1970 figure, while the contribution of agriculture remained more or less constant at the 1965 level (approximately 16.7 per cent).

5. In 1971, eight sectors accounted for about 80 per cent of the gross domestic product, with manufacturing again at the top of the list; its contribution rose by about 12 per cent compared with 1970. Agriculture took second place (the Territory had outstanding wheat, cotton and maize crops, and livestock sales rose by about 30 per cent), followed by distribution, transport and communications. The share of mining, which accounted for about 6.6 per cent of the gross domestic product in 1970, decreased to about 5.5 per cent, primarily because of the depression caused by world price trends. Building and construction showed an increase of about \$R 4 million in 1971. According to the Economic Survey, public administration and defence accounted for about 6 per cent. The share of electricity and water increased by 8 per cent.

d/ With effect from 17 February 1970, the illegal régime converted the Territory's currency to a decimal system with the exchange rate \$R 1.00 = \$US 1.40 and £0.5834 at gold parity rates. Because of sanctions, it is not convertible into most currencies. It was announced in December 1971 that the Rhodesian dollar was not to be devalued although the South African rand was devalued by 12.3 per cent, following the devaluation of the United States dollar.

6. The following table shows the gross domestic product at factor cost for the years 1968 to 1971:

Table 1

Southern Rhodesia: Gross domestic product at factor cost, 1968-1971
(million Rhodesian dollars)

	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u> (estimate)
Manufacturing industries	162.9	181.5	216.8	239
Agriculture	130.5	161.3	161.3	190
Distribution	102.8	106.2	114.4	124
Transport and communications	56.7	68.9	65.2	65
Mining	48.4	62.1	63.1	57
Building and construction	50.2	57.7	61.8	66
Public administration and defence	48.8	53.8	57.2	59
Electricity and water	29.5	33.0	34.7	37
Other sectors	<u>151.6</u>	<u>167.0</u>	<u>182.5</u>	<u>200</u>
Total	781.4	891.5	957.0	1,037

7. The balance of payments which was particularly affected by sanctions, international currency instability, depressed world base metal prices, and some recession in world trade, showed a deficit of \$R 18.6 million on combined capital and current accounts (compared with a surplus of about \$R 4.3 million in 1970). This deficit was the largest since the illegal declaration of independence and one of the largest ever recorded in the history of the Territory's economy. Capital inflow increased to \$R 243 million, compared with \$R 9.9 million in 1970.

8. In a review of future prospects released simultaneously with the Economic Survey, the "Ministry of Finance" forecast a slower rate of growth for Southern Rhodesia in 1972 and stronger inflationary pressures. According to the "Ministry", the strain on resources which had become excessive in 1971 was likely to become acute in 1972; current expenditure would be restricted and exports were not expected to expand significantly, although capital formation and private consumption were expected to continue to grow vigorously. The review further stated that although there should be some further improvement in total export earnings in 1972, it would be insufficient to cover the increased volume and rising costs of imports; the pressures on the balance of payments would therefore continue.

2. LAND AND AGRICULTURE

General

9. On 17 November 1969, the "Legislative Assembly" of Southern Rhodesia purported to adopt a "Land Tenure Act" replacing the Land Apportionment Act of 1930 (the original Act divided the whole of Southern Rhodesia into a number of different categories of land, the major division being between the African area and the European area). Under the new "Act", the Territory is now divided into three categories of land: African land, European land and national land. The European area covers 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, compared with the Land Apportionment Act.

10. As outlined in previous studies by the Secretariat, agriculture in the Territory is dominated by white settlers and to a lesser extent by foreign companies which together account for two thirds of the total production of commercial crops. In 1970, European agriculture accounted for crops and livestock valued at \$R 162.9 million, of which \$R 138.5 million represented gross sales and \$R 24.4 million represented farm retentions, while African agriculture produced crops and livestock with an approximate gross value of \$R 67.5 million, of which \$R 56.7 million was for consumption by rural households and only \$R 10.8 million represented gross sales. Table 2 below shows the output of European and African agriculture from 1965 to 1970.

Table 2

Southern Rhodesia: Agricultural output, 1965-1970
(million Rhodesian dollars)

<u>Year</u>	<u>European agriculture</u>			<u>African agriculture</u>		
	<u>Gross sales</u>	<u>Farm retentions</u>	<u>Total production</u>	<u>Sales to marketing authorities</u>	<u>Consumption by rural households</u>	<u>Total production</u>
1965	124.3	16.3	140.6	8.3	33.9	42.2
1966	125.8	16.8	142.6	9.8	39.3	49.1
1967	126.8	17.8	144.6	11.9	49.3	61.2
1968	109.9	24.0	133.9	6.7	48.3	55.0
1969	140.9	26.8	167.7	13.5	50.1	63.6
1970	138.5	24.4	162.9	10.8	56.7	67.5

Source: Southern Rhodesia, Monthly Digest of Statistics, Central Statistical Office (January 1972), Salisbury, table 20.

11. It has also been reported that although crop yields per acre have generally shown an increasing trend in recent years, the cash income received by Africans from farming activities has declined steadily from \$R 5 per capita in 1958 to \$R 2.5 per capita in 1970.

12. Since 1968, agriculture, traditionally the Territory's biggest and most important industry as well as the largest earner of foreign exchange and employer of labour, has fallen into second place in terms of its contribution to the national economy. In 1968, industry, which had an 11 per cent growth against a 14 per cent drop in the value of agricultural output, became for the first time the largest contributor to the gross domestic product. The diminution of the value of agricultural output has been largely the result of the impact of economic sanctions on foreign sales of tobacco, e/ traditionally the Territory's principal export.

13. To compensate for the loss of its major tobacco markets and to prevent the agricultural sector from suffering permanent damage as a result of sanctions, the illegal régime has, since 1966, carried out a policy of agricultural diversification. As a result, the number of tobacco farmers has been reduced (1,600 in 1971, compared with 3,000 in 1965). Subsidies have been paid both to the remaining tobacco farmers and to those farmers branching into other crops, primarily maize, cotton, wheat and beef. According to reports, diversification of the agricultural sector since the unilateral declaration of independence (UDI) has resulted in a considerable increase in farm indebtedness. Short-term loans to farmers increased from \$R 13.2 million in 1965 to \$R 37.3 million in 1971, and long-term loans from \$R 55.4 million to \$R 73.3 million. The total interest paid on agricultural loans averages about \$R 8.84 million annually. In 1971, the "Minister of Agriculture" reported that, in view of the progress of diversification, less short-term financing would be available in the future.

14. In 1971, record average yields were reported for most crops. For instance, growers of Virginia flue-cured tobacco reaped an average of 1,451 kilogrammes per hectare, compared with the previous record yield of 1,369 kilogrammes in 1969. The average maize yield rose from 4,640 kilogrammes per hectare in 1969 to 5,099 kilogrammes in 1971. Similar increases were recorded for barley and oriental tobacco, wheat, cotton and tea. On the other hand, the average yield of sugar cane declined from 128 tons in 1967 to 100 tons in 1971, owing mainly to lack of water. The average yields of sorghum, rice, barley and groundnuts in 1971 were also below the maxima established in previous years. Their contribution to the total agricultural output, however, is still relatively small.

15. Volume increases were reported in 1971 for all crops, e.g., 82 per cent for maize, 46 per cent for cotton and 39 per cent for wheat. The value of tobacco production increased by 23 per cent, cattle slaughterings by 26 per cent and dairy produce by 10 per cent. In total, the value of the agricultural output for 1971 amounted to \$R 269.4 million, compared with \$R 230.4 million for the previous season.

e/ By 1971, tobacco export losses were estimated at \$R 68 million since UDI, excluding unsold tobacco still in stockpile.

Tobacco

16. It will be recalled that in June 1970, the "Minister of Agriculture" announced that the annual tobacco production target for 1970/71 through 1973/74 would be 100 million pounds; the target for 1970/71, however, was later increased to 132 million pounds and for 1971/72 to 145 million pounds, the highest since 1965 (300 million pounds). The support price f/ paid by the illegal régime was 23 cents per pound, compared with an average price of about 33 cents (Rhodesian) per pound prior to 1965, or a gross return to the 1,600 growers of \$R 33.4 million. For the first time since UDI, the tobacco auction during 1971 was open to the public and tobacco was offered directly to the buyers; the ultimate destination of the tobacco sales, however, remained undisclosed. In November 1971, the president of the Rhodesia Tobacco Association was reported to have said that tobacco production would be restored to the pre-sanctions level by the 1973/74 season.

17. The following table shows the total tobacco output for the period from 1964/65 to 1971/72:

Table 3

Southern Rhodesia: Tobacco output, 1964-1972

<u>Year</u>	<u>Total crop (million pounds)</u>	<u>Price per pound (cents)</u>	<u>Total value (\$R million)</u>
1964/65	246	32	68.6
1965/66	250	20	50.8
1966/67	200	24	46.6
1967/68	132	22	30.8
1968/69	132	21	27.4
1969/70	132	21	27.4
1970/71	132	23	30.4
1971/72	145	23	33.4

18. In the 1971/72 budget estimates, the sum of \$R 19 million was allocated to meet the annual trading losses of the tobacco industry, bringing the total spent for this purpose since the imposition of sanctions to \$R 68 million. This sum does not take

f/ The support price is the guaranteed minimum price paid to tobacco producers by the illegal régime in respect of tobacco grown under quota which cannot be sold to exporters because of sanctions. Such tobacco is stockpiled by the illegal régime.

into account the potential losses inherent in the tobacco stockpile, consisting of all tobacco unsold since sanctions, believed to amount to between 250 million and 300 million pounds.

Sugar

19. Foreign interests, primarily from South Africa and the United Kingdom of Great Britain and Northern Ireland, are concentrated in the production of sugar, citrus fruits, forestry and ranching. Of these, sugar has traditionally been the most important crop. The Rhodesian Corporation, Ltd., which is also involved in gold mining, controls two major estates in the Territory. In 1971, the company reported a production of 379,288 pounds of tobacco and 67,200 bags of maize, resulting in over-all profits of \$R 60,418 from its agricultural holdings (compared with \$R 25,592 in 1970). The two main sugar-producing estates are Hippo Valley Estates and Triangle, Ltd.

Hippo Valley Estates, Ltd.

20. The Anglo-American Corporation of South Africa is the major shareholder in this estate, and Tate and Lyle Company, Ltd., of the United Kingdom has substantial minority participation. After six years without dividends, mainly because of sanctions, Hippo Valley reported in mid-1971 an increase in profits before taxes from \$R 7,400 in 1970 to \$R 1.84 million, enabling the company to liquidate its accumulated losses and to start the current year with a \$R 53,000 surplus.

21. In February 1972, the Chairman of Tate and Lyle stated that his company had continued to operate profitably in the Southern Rhodesian domestic market and that profits accruing to it, held in a blocked account in Southern Rhodesia, now amounted to £250,000. Cirundu Sugar Estates, a major plantation controlled by Tate and Lyle, ceased production in 1967 as a result of sanctions. Tate and Lyle's Rhodesian Sugar Refineries, however, continue in operation.

Triangle, Ltd.

22. This estate is a subsidiary of Sir J. L. Hulett and Sons (Rhodesia), Ltd., which, in turn, is wholly owned by Huletts Corporation, Ltd., of South Africa, the major sugar-producing firm in South Africa and Southern Rhodesia (also diversified into paper, property, timber and financing; controlled by S and T Investments, itself owned jointly by Tongaat and C. G. Smith).

23. Triangle, Ltd. reported a net profit of \$R 1.9 million for 1971 (\$R 139,000 in 1970) of which \$R 1.77 million was attributable to Huletts. In addition to sugar production, Triangle is engaged in cotton cultivation and ginning, as well as further crop diversification.

3. MANUFACTURING AND RELATED ENTERPRISES

General

24. The manufacturing activities of the Territory are concentrated in the production of various consumer goods, such as clothing, textiles, footwear and the processing of food products, as well as in heavier industries, such as the metal, iron and steel industries.
25. Since the illegal declaration of independence, manufacturing has exhibited the fastest rate of growth of all primary sectors of the economy. Since 1968, manufacturing has replaced agriculture as the largest single contributor to the gross domestic product. Although in 1965, the value of manufacturing output equalled that of agriculture, by 1971 the value of gross output manufacturing groups was over twice that of agriculture (\$R 684 million as against \$R 269.4 million) and accounted for about 23 per cent of the gross output.
26. Nearly 20 per cent of all new business projects launched since UDI have been manufacturing companies; of the 4,578 new enterprises registered between January 1966 and December 1970, 809 were manufacturers. Their nominal capital of \$R 29.2 million comprised 15 per cent of the total nominal capital for all new companies registered in that period.
27. Producers of goods engaged in agriculture, forestry, mining, manufacturing and construction made up slightly less than one third (1,907) of the 4,578 companies registered. The nominal capital of those new producers amounted to about \$R 66.5 million, while that of companies engaged basically in distribution, hotels, restaurants, real estate and finance was about \$R 124.5 million.
28. From 1966 to 1970, manufacturing production increased by 52.3 per cent, resulting in an average annual industrial growth rate of about 13 per cent over the period. In 1970, the value of total manufacturing output reached \$R 580 million.
29. Sanctions have helped to stimulate the expansion and diversification of manufacturing, owing to the need to produce goods locally which had previously been imported and to reduce the demand for foreign exchange. Manufacturing received further impetus from the availability of unprecedented amounts of liquid capital in the form of profits accruing to foreign companies blocked in the Territory. A third contributing factor was the need for existing companies to find new uses for their existing productive capacity in view of the loss of the major portion of the traditional export market. As a result, most of the manufacturing capacity of the Territory is now directed towards the manufacture of products for local consumption. Although manufactured goods continue to be exported, there is no reliable and detailed information on the quantity of exports or their destination. It is known, however, that despite the value of manufacturing output, foreign exchange earnings derived from this source are less than that brought in by either mining or agriculture.

30. From the limited information available it appears that the heaviest concentration is in the manufacture of food-stuffs, clothing, footwear, transport and transport equipment and textiles, which account for 38 per cent of total output, followed by metals and chemicals which account for 31 per cent. It has also been reported that six of the fastest growing industries in the period 1963-1968 were non-electrical machinery; clay products, including bricks, spinning and weaving textiles; glass and cement; basic iron and steel; and metal products other than machinery. The fastest rate of growth was reported to have been shown by the cotton industry. Taking 1964 as the base year, the output of textiles more than doubled by 1970, the index of production increasing from 100 to 215.

31. Because of foreign currency shortages, the illegal régime has introduced strict controls over currency allocations and over the establishment of new manufacturing concerns. To restrict the outflow of foreign currency the Association of Rhodesian Industries is required to allocate currency on a priority basis, giving preference to strategic industries; secondly, approval is given to new manufacturing projects only when it is expected that they will recover the foreign exchange cost of plant and equipment and the recurrent cost of raw materials within one year, either by foreign exchange from export earnings or by saving on imports through import substitution. This system has been enforced with particular emphasis since 1970. Consequently, the nominal capital of new industrial companies registered has declined from a peak of \$R 6.9 million for the first half of 1970, to \$R 2.4 million for the first half of 1971. At the same time, however, the nominal capital of new commercial companies rose sharply to \$R 9.3 million, or about \$R 3.3 million higher than the peak reached in the second half of 1969.

32. In 1971, the rate of growth of manufacturing slowed to 16.2 per cent, compared with 19.4 per cent in 1970, and the volume of output declined to 12.2 per cent, compared with 13.5 per cent in 1970, bringing the total value of manufacturing output to about \$R 684 million.

33. Declines were noted in the output of seven of the 11 industrial sectors, constituting about 62 per cent of total output; metal and metal products, comprising mainly engineering firms and capital goods producers, and representing about 20 per cent of total manufacturing production (from 19.9 per cent to 12.3 per cent); chemicals (from 22.3 per cent to 7.9 per cent); beverages and tobacco; paper and printing; non-metallic products (mainly cement, brick and tile); and wood and furniture. On the other hand, growth was evidenced by food-stuffs (from 10.4 per cent to 11.4 per cent); clothing and footwear; transport and transport equipment; and textiles. This was, however, insufficient to compensate for the decline in other areas.

Investments

34. Foreign economic and white settler interests continue to predominate in the non-agricultural sector of the economy. 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 the Territory.

35. 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. The entire project, which is scheduled for completion in five years, represents the largest single investment project in Southern Rhodesia since the illegal declaration of independence. The project also represents one of the largest investments of capital in central Africa since the building of the Kariba Dam and hydroelectric 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.

36. There is little information available as regards individual manufacturing companies. From available data it appears that a large number of these enterprises are affiliated in varying degrees with South African and United Kingdom parent companies. In April 1972, a list was published of the 20 top industrial companies in 1971. The list, according to rank, showing their total assets and taxed profits, was as follows:

Table 4

Southern Rhodesia: List of industrial companies, 1971

(million Rhodesian dollars)

<u>Company</u>	<u>Total assets</u>	<u>Taxed profit</u>
Rhodesian Breweries, Ltd.	28.3	2.56
Hippo Valey Estates, Ltd.	18.3	1.94
TA Holdings (formerly Tobacco Auctions), Ltd.	11.5	0.52
Freeholds Corporation of Rhodesia, Ltd.	10.8	0.51
David Whitehead and Sons (Rhodesia), Ltd.	9.0	1.28
Plate Glass Industries (Rhodesia), Ltd.	7.3	0.88
More Wear	7.1	0.45
Premier Portland Cement Company (Rhodesia) Ltd.	6.9	0.95
British American Tobacco Company	6.6	0.56
Salisbury Portland Cement	6.1	0.32
Rhodesia Sugar Refineries	5.6	0.23
Rhodesia Teak Estates	5.5	0.33
Rhodesia Cement, Ltd.	5.2	0.85
Palte-Harris Industrial Holdings, Ltd.	5.2	0.42
Rothmans of Pall Mall	5.1	0.71
Rhodesia Engineering	4.7	0.54
Rhodesian Printing	4.3	0.38
Springmaster Corporation	4.2	0.37
CAPS Holdings, Ltd.	4.2	0.30
Johnson and Fletcher	4.0	0.38

37. Of these companies, South African and United Kingdom interests are known to be involved in the following: (a) Rhodesian Breweries, Ltd. associated with South African Breweries, Ltd., itself a subsidiary of the Anglo-American Corporation of South Africa; (b) Hippo Valley Estates, Ltd., in which Anglo-American Corporation of South Africa and Tate and Lyle of the United Kingdom are major shareholders; (c) David Whitehead and Sons (Rhodesia) Ltd., a subsidiary of David Whitehead and Sons (Holdings) of the United Kingdom; (d) Premier Portland Cement Company (Rhodesia), Ltd., associated with the Pretoria Portland Cement Company of South Africa; (e) Rhodesia Sugar Refineries, controlled by Tate and Lyle; (f) Rhodesia Cement, Ltd., connected with the Pretoria Portland Cement Company; and (g) Rothmans of Pall Mall, a subsidiary of the British company of the same name.

38. It was reported in January 1972, that Rhodesian Breweries, Ltd. had acquired 50.01 per cent of Lonrho's share in Chibuku Holdings, Ltd. (see also para. 53 below). This transaction brought the interest of Rhodesian Breweries in Chibuku Holdings to 98.99 per cent (\$R 3,872 million), Chibuku Holdings has a 70.22 per cent interest in Heinrich's Chibuku Breweries (1968) Ltd., which manufactures beer and food products; it also owns the Rhodesian Food Corporation (Pvt.) Ltd., which controls a number of food manufacturers. In addition, Chibuku Holdings has acquired Lonrho's interests in breweries in Swaziland and Botswana, and has sold to Lonrho its interests in breweries in Malawi.

39. TA Holdings and the Freeholds Corporation of Rhodesia, Ltd., are examples of the intensified trend towards diversification which has become apparent in many sectors of the economy in recent years.

TA Holdings (formerly Tobacco Auctions) Ltd.

40. TA Holdings, one of the companies severely affected by the sanctions, was forced to embark on an intensive diversification programme outside its normal tobacco selling operations with a view to radically transforming its operations. During the last several years, the group has extended its activities into such fields as the automobile industry (through the Cairns and Leon Motor groups); fertilizers (through substantial minority shares in Fisons Fertilizers and Rhodesia Fertilizer Corporation); printing (through Graphic Printers); photography (Hanrho); furnishing (Gilchrist and Cooksey); engineering (Modern Engineers); finance (Viking Finance Corporation); transport (North Eastern Services); and leasing (mainly through Rhodesian Equity Investment Trust, which, in turn, owns Insurance Corporation of Rhodesia, Business Equipment Corporation, Hire and Vision, and Rhodesian Leasing). Through Cooksey Investments, the company is also involved in the Rhodesian Nickel Corporation, Ltd. (RHONICK).

Freeholds Corporation of Rhodesia, Ltd.

41. Apart from its involvement in real estate, the Freeholds Corporation has acquired controlling interests in hotels (Jameson in Salisbury and Lake View at Kariba); swimming pool construction (Seablue Pools); furnishings (Harry Lukan); an abattoir (Rhodesian Meat); building construction (Form Scaff and Construction Associates); transport (Al Taxi Service); and household products (United Soap and Chemical Works and Marandellas Oil and Cake Mills).

4. MINERALS AND MINING

General

42. According to the illegal régime, the total value of mineral production reached a new record value of \$R 101.2 million in 1971, compared with \$R 98.7 million in 1970; actual production increased by about 9 per cent over 1970. During the year, 42 new exclusive prospecting orders were granted, involving an expenditure of \$R 3 million and bringing the total number of prospecting orders to 76.

43. The following table shows the comparative mineral output for the period from 1965 to 1971:

Table 5

Southern Rhodesia: Mineral output, 1965-1971

(million Rhodesian dollars)

1965	64.0
1966	65.2
1967	66.8
1968	67.4
1969	87.7
1970	98.7
1971	101.2

Source: Southern Rhodesia, Monthly Digest of Statistics, Central Statistical Office (January 1972), Salisbury, table 20.

44. According to statements by officials of the illegal régime, the mining sector is expected to gain momentum even more rapidly and to reach a value of \$R 200 million by the mid-1970s. In support of this prediction, the "Minister of Mines" stated in May 1972 that recent investigations on the Great Dyke had indicated tremendous resources, estimated at 4,000 million tons of ore. These included the platinum group and other strategic minerals, high-grade asbestos, lithium, significant refractory minerals, and vast reserves of coal, iron and limestone. g/

g/ In late May 1972, following publication of the report of the Pearce Commission, which concluded that the proposed terms for a settlement were unacceptable to the people of Southern Rhodesia as a whole, several press reports indicated that a number of United States, United Kingdom and Canadian companies had cancelled their plans for new investments in Southern Rhodesia.

45. The most spectacular development in base mineral mining since the illegal declaration of independence has been the exploitation of nickel. More than \$R 30 million, financed from sources within and outside Southern Rhodesia, have already been invested in opening up nickel deposits. Copper production also increased substantially as a result of the opening of new mines and the development of new techniques of mining. In 1971, renewed interest was also shown in chrome production.

46. Detailed information on the production and value of specific minerals is not available, owing to the policy of secrecy imposed by the illegal régime. Available information indicates, however, that copper and nickel have continued to surpass in value such "traditional" minerals as coal, chrome, asbestos and gold. New areas of prospecting are concerned primarily with locating workable deposits of tungsten and refractory minerals such as wolfram, kyanite, flintclays and magnesite.

Investments

47. As previously noted, foreign economic interests, represented mainly by the United Kingdom, South Africa and, to a lesser extent, by the United States and western European interests, predominate in the mining sector through the operation of subsidiaries which are to a large extent interlocked in a complicated network. The major companies with diversified economic interests operating in the Territory, include the Anglo-American Corporation of South Africa, Lonrho, Ltd. (United Kingdom), Rio Tinto Zinc (United Kingdom), Messina (Transvaal) Development Company, Ltd. (South Africa), Turner and Newall Ltd. (United Kingdom), Union Carbide Corporation (United States) and Foote Mineral Company (United States). In May 1972, Mr. R. S. Walker, Chairman of Rio Tinto (Rhodesia) Ltd., a subsidiary of Rio Tinto Zinc, stated that between 80 and 90 per cent of Southern Rhodesia's mining industry was foreign-owned.

The Anglo-American Corporation of South Africa

48. This corporation has a widely diversified portfolio of investments in the Territory, including nickel, copper, coal, iron, steel, ferrochrome and allied industries, general agriculture and forestry and banking and investments. Copper and nickel mining is carried out by the Rhodesian Nickel Corporation, Ltd. (RHONICK) which owns the entire share capital of Trojan Nickel Mine, Ltd., Madziwa Mines, Ltd. and Bindura Smelting and Refining Company, Ltd. In 1970/71, RHONICK reported that operations at the Trojan Nickel Mine near Bindura and the Madziwa Mine near Shamwa had yielded 6,300 tons of refined nickel, resulting in a net profit of \$R 3.6 million (an increase of \$R 0.6 million over the previous year) and dividends of \$R 2 million. Milling was up to its original planned target of 1.2 million tons annually, and the joint ore reserves of the two mines were believed to amount to about 20 million tons. As regards coal, the company reported sales from its fully owned Wankie Colliery Company, Ltd., the largest coal mine in the Territory, of 3,092,533 metric tons of coal and 268,689 metric tons of coke in 1971, resulting in net taxed profits of \$R 2.6 million and dividends of

\$R 2 million. Plans were reported to be in hand for a new coke facility which would succeed in raising the existing annual output of 200,000 metric tons by over 30 per cent in 1972.

49. The Anglo-American Corporation is also involved in the mining of iron pyrites through the Iron Duke Mining Company. In 1971, this company reported taxed profits of \$R 84,500 and dividends of \$R 60,000.

50. In 1971, the Corporation further reported that it had completed a detailed study of its claims on the Great Dyke and had decided to study geological and mining conditions further. Investigations for nickel were being continued in five exclusive prospective concessions and on various claims covering about 140 square miles. The search for other minerals was also continuing, and an extensive high-grade refractory clay deposit had been proved during the year.

Lonrho, Ltd.

51. This international mining and finance group, through its subsidiary, Coronation Syndicate, Ltd. (CORSYN), is involved in the exploitation of gold, copper and scheelite. During 1970, the three gold mines in operation (with estimated combined gold ore reserves of 527,000 metric tons) showed a joint working profit of \$R 793,149. Of increasing importance to the group is the Inyati Copper Mine, brought into operation in 1969, which earned \$R 1,530,066 in 1970. The known ore reserves of this mine amount to about 843,000 metric tons, sufficient to sustain a milling rate of 22,500 metric tons per month (and with further improvements, up to 31,500 tons per month).

52. As regards scheelite, CORSYN reported a working profit of \$R 52,986 in 1970, compared with \$R 26,288 in 1969. The group net profit after taxes was reported to be \$R 1.3 million, an increase of 70 per cent over the previous year. Mining profit rose by 73 per cent to \$R 2.2 million, compared with \$R 1.3 million in 1969. The company, which has been involved in large capital expenditures in connexion with its copper operations, has not expected to resume paying dividends before 1974.

53. According to reports, since the first half of 1971, Lonrho has been selling some of its Southern Rhodesian assets. The buyers involved in the transactions are Rhodesian Breweries, Mashonaland Holdings and TA Holdings. According to Lonrho, the transactions, amounting to more than \$R 5 million, have been carried out for "sound business reasons". In particular, there have been four major deals: (a) a 25.9 per cent holding in David Whitehead and Sons (Rhodesia) was offered to the public for \$R 2.93 million (4.5 million shares at 65 cents each); (b) Lonrho's 50.01 per cent holding in Chibuku Holdings, Ltd. was sold to Rhodesian Breweries for \$R 2 million in January 1972 (see para. 38 above); (c) in March 1972, Lonrho Investment Trust sold Freight Lines (a transport company operating between the Territory and Zambia), to North Eastern Services (part of TA Holdings) for an undisclosed amount; and (d) it was reported that a final agreement had been reached at the beginning of 1972, for the "profitable disposal" of Lonrho's Consolidated Motors (motor spares distributors), to Mashonaland Holdings.

Rio Tinto (Rhodesia), Ltd.

54. This company, which is a subsidiary of Rio Tinto Zinc of the United Kingdom, reported profits of \$R 2.9 million for 1971. The company operates the Empress Nickel Mining Company, Ltd. Mine opened in 1969 and now one of the Territory's principal nickel and copper mines. It is also involved in the exploitation of gold. In 1970, the Empress Mine, with ore reserves of 21.8 million tons, was reported to have yielded 4,050 tons of refined nickel and 3,250 tons of copper. The refining of both metals is carried out at a complex located in Gatooma.

55. In 1971, the company substantially expanded its operations by acquiring the Perseverance Mine (ore reserves of about 1 million tons of nickel and copper-bearing ore), Rhodesian Mining Enterprises (Pvt.), Ltd. and the Great Dyke Chrome Mines, which hold a total of 291 chrome claims. An option was also obtained to take over the entire share capital of Frances Mines (Pvt.), Ltd., which owns another 160 chrome claims (all these claims are on the Great Dyke and in an area north of Darwendale). This development is considered an important diversification of the company's activities, particularly in view of the decline of the price of nickel. On the other hand, the Pickstone Gold Mine had been closed, leaving only two of the company's gold mines in operation.

56. Rio Tinto (Rhodesia), Ltd., also reported that it was continuing to prospect for coal and platinoids, and that its future possibilities included a low-grade gold mine, a medium-size copper mine, a coal field, and a platinoid undertaking, as well as further nickel and chrome deposits. In January 1972, the company announced that permission was being sought for the establishment of a chrome smelter near Gatooma, to begin operating in 1975.

Messina (Transvaal) Development Company Ltd. of South Africa

57. Messina is the largest producer of copper in Southern Rhodesia. Since 1970, it has also been engaged in the exploitation of scheelite. In 1972, Messina operated three copper mines in the Territory (Alaska, Gwai River and Shackleton) and through its Southern Rhodesian subsidiary, MTD (Mangula), Ltd., controlled the Mangula Mine which appears to be the largest copper operation in Southern Rhodesia. A second subsidiary, Messina Rhodesia Smelting and Refining Company, Ltd., produces refined copper for the group at its smelter at Alaska. During 1972, Messina formed Messina Rhodesia Investments (MERITS) to amalgamate most of its Southern Rhodesia assets, other than MTD which itself holds 25 per cent participation in the new company. In March 1972, it was reported that MERITS had been awarded an exclusive prospecting order covering about 19 square miles in the Salisbury district to search for copper.

58. Prospects for the Alaska Mine, which were considered poor in 1970, were reported to have improved since and it was expected that the mine would continue its production for several more years. The Gwai River Mine, located in the Wankie area and opened in 1970 at a cost of \$R 3 million, was reported to have proven disappointing to date. Estimates of ore reserves, originally believed to be

1.28 million tons, had been considerably reduced and the mine was expected to have a short life unless further discoveries were made. The Shackleton Mine, opened in June 1971 at a cost of \$R 10 million, is expected to produce some 9,000 tons of copper annually. This mine, in which the Anglo-American Corporation has a 15 per cent interest, has shown ore reserves of 4.4 million tons. In March 1972, Messina reported that over the preceding six-month period, production had amounted to 1,340 tons of refined copper at Alaska, 1,080 tons at Gwai River and 4,280 tons at Shackleton.

59. In 1971, sales of copper from the Mangula mine amounted to 16,678 tons, resulting in a taxed profit of \$R 4.2 million. Two new sections scheduled for opening early in 1972 were expected to increase total copper production to 18,000 tons per month. The known ore reserves of the mine are 18 million tons.

60. Production of scheelite is centred at the Beardmore Mine which was brought into operation in 1970. In March 1972, Messina reported that 100 tons of tungsten had been produced in the preceding six months from 17,550 tons of milled scheelite ore. When operating at full capacity, milling will increase to about 36,000 tons annually.

Turner and Newall, Ltd.

61. Turner and Newall, Ltd., through its wholly owned subsidiary, Rhodesia and General Asbestos Corporation, is the principal producer of asbestos in Southern Rhodesia, accounting in 1969 for 63 per cent of the Territory's total output. In January 1972, the company announced that a new \$R 25-million asbestos mill was nearing completion at King Mine, Mashaba, 161 miles from Bulawayo. The mill, believed to be the largest single private development project ever undertaken in Southern Rhodesia, was expected to start production in April 1972 and to reach full capacity by the end of the year. The development, which is believed to be financed by blocked funds, is expected to raise King Mine from fourth to first place among the group's mines. It was also reported that considerable development work had been undertaken at the group's Shagani Mine, heretofore the largest producer in the Territory.

Bikita Minerals (Pvt.), Ltd.

62. Bikita Minerals (Pvt.), Ltd. in which Selection Trust, Ltd. of the United Kingdom has the majority interest (50.1 per cent) produces caesium ore (pollucite), lithium and beryllium from a number of mines throughout the Territory. The lithium deposits at Bikita (42 miles east of Fort Victoria) are considered to be among the most important in the world.

Falcon Mines, Ltd.

63. Falcon Mines, Ltd. of the United Kingdom, one of the leading gold mining companies in Southern Rhodesia, reported net profits of \$R 354,857 in 1971, compared with \$R 238,659 in 1970, and increased its dividend rate from 15 to 20 per cent. The company operates four mines of which the Dalny Gold Mine accounts for

most of its revenue. Falcon is one third owned by the Rhodesian Corporation, Ltd., which has extensive agricultural interests in the Territory (see para. 19 above), as well as a share in the Rhodesian Brick and Potteries Company, Ltd. and a one-third interest in Olympus Mines Consolidated, Ltd., which produces tungsten.

Johannesburg Consolidated Investment Company, Ltd. of South Africa (JCI) (Johnnies)

64. One of the most important developments in the mining industry in 1971 was the announcement made by Johnnies that it planned to develop a nickel and copper mine at Shangani, 60 miles north-east of Bulawayo, at a cost of \$R 27 million. When fully operative, the mine would have a yearly output of about 4,500 tons of refined nickel, together with a relatively small amount of copper produced as a by-product. The company is also carrying on explorations at Damba, Inyati District, 20 miles from Shangani, where further nickel-copper deposits had been found. Reports suggested that the combined production from these two locations, with an estimate ore body of 25 million metric tons averaging 1.5 per cent nickel, could equal or surpass the joint output of RHONICK and Rio Tinto. At the end of 1971, Johnnies announced that it would postpone the opening of the Shangani mine for one or two years (according to some reports, until 1976), pending more information obtained from drilling. The sharp fall in world nickel prices during the year was reported to be an influencing factor in the decision.

Chromium ore

65. Chrome mining in Southern Rhodesia appears to be dominated by United States interests, in particular by Rhodesian Chrome Mines, Ltd., African Chrome Mines and Union Carbide Rhomet (Pvt.), Ltd., subsidiaries of the Union Carbide Corporation of the United States, which account for about 70 per cent of the total output of the Territory. Other smaller active companies include the Foote Mineral Company of the United States (through Rhodesian Vanadium Corporation), Inyala Chrome Company (Pvt.), Ltd., a subsidiary of Associated Ore and Metal Corporation, Ltd. of South Africa, itself a subsidiary of the Anglo-Transvaal Consolidated Investment Company, Ltd., Rhonda Chrome Mines, Rhodesian Cambrai Mines and Rhodesian Mining Enterprises.

66. Since the imposition of sanctions in 1966, the illegal régime has controlled the production and sale of ore from all chrome mines in the Territory. United States companies with chrome mining interests in the Territory were prevented under sanctions from making any purchases from the illegal régime, although in January 1971, the Union Carbide Corporation received permission from the United States Government to import 150,000 tons of chromium ore from Southern Rhodesia which had been paid for prior to the imposition of sanctions. During 1971, it was reported that chrome ore production had expanded by 36 per cent over the previous year.

67. During 1971, the Congress of the United States voted to approve an amendment to its Military Procurement Bill, 1972, that would have the effect of permitting the

importation of chromium ore into the United States from Southern Rhodesia. h/ At the 1948th meeting of the Fourth Committee of the General Assembly, on 11 November 1971, i/ the representative of the United States stated that, with one exception, which involved a prior contract, the United States had not imported any chromium ore from Southern Rhodesia since 1965. He reaffirmed that the United States Government would continue to adhere to the United Nations sanctions programme, and expressed its readiness to report in due course to the Committee established in pursuance of Security Council resolution 253 (1968) on legislation adopted by the United States and its possible effects on the sanctions programme.

68. On 17 November 1971, the President of the United States signed the bill containing the amendment referred to above. The text of the amendment reads as follows:

"SEC. 503. The Strategic and Critical Materials Stock Piling Act (60 Stat. 596; 50 U.S.C. 98-98h) is amended (1) by redesignating section 10 as section 11, and (2) by inserting after section 9 a new section 10 as follows:

"Sec. 10. Notwithstanding any other provision of law, on and after January 1, 1972, the President may not prohibit or regulate the importation into the United States of any material determined to be strategic and critical pursuant to the provisions of this Act, if such material is the product of any foreign country or area not listed as a Communist-dominated country or area in general headnote 3(d) of the Tariff Schedules of the United States (19 U.S.C. 1202), for so long as the importation into the United States of material of that kind which is the product of such Communist-dominated countries or areas is not prohibited by any provision of law."

69. At the sixty-first meeting of the Committee established in pursuance of Security Council resolution 253 (1968), on 22 November 1971, the representative of the United States declared that his country had scrupulously observed the sanctions. Since their imposition, the value of United States trade with Southern Rhodesia had fallen from \$US 30 million to \$US 600,000 a year, the latter figure covering items allowed under the exempting clauses contained in Security Council resolution 253 (1968). He did not think that the new law, which would come into force on 1 January 1972, would mean a serious break in observance of the sanctions, particularly as the quantities of chromium ore likely to be imported into the United States would be insignificant compared with the contraband quantities already being imported by other countries. The United States representative

h/ For actions taken by the United Nations organs, see A/8723/Add.1, annex, paras. 2, 3 and 97. See also S/10580 and S/10593.

i/ Official Records of the General Assembly, Twenty-sixth Session, Fourth Committee, 1948th meeting.

stressed, furthermore, that regardless of any law, there could be no violation of the sanctions until chromium ore from Southern Rhodesia was actually imported into the United States. j/

70. On 25 January 1972, the United States Treasury Department formally lifted import restrictions on shipments of chromium ore and "other strategic and critical materials" from Southern Rhodesia. The Treasury Department technically removed the embargo by issuing a general licence to importers for shipment of the material. The licence provides authorization to import the following products:

(a) Chromium ore and concentrates from Southern Rhodesia.

(b) Ferrochrome produced in any country from chromium ore or concentrates of Southern Rhodesian origin.

(c) Any other material of Southern Rhodesian origin which is deemed critical and strategic to the United States stockpile.

It was also reported that local customs officials had been instructed not to accept imports unless they were accompanied by the following information: the names and addresses of the importer and buyer; the name and quantity of the commodity; the names and addresses of the shipper and seller; the port of export and price per pound f.o.b. port of export; and details of the method of payment, such as letter of credit or bank transfer. Fourteen minerals produced in Southern Rhodesia are covered by the new licence, including asbestos, copper, nickel, manganese, tin and tungsten.

71. On 22 March 1972, the representative of the United States, acting under instructions from his Government, informed the Committee established in pursuance of Security Council resolution 253 (1968), that a ship flying the Argentine flag, the Santos Vega, had docked in the United States and had begun unloading 27,902 tons of Southern Rhodesian chromium ore at Burnside, Louisiana; the ore had originally been loaded on the ship on 20 February 1972 at Beira, Mozambique. This shipment of chromium ore was imported expressly under the terms of the amendment to the Military Procurement Bill. k/

72. According to press reports, the shipment aboard the Santos Vega was unloaded after considerable difficulties. A group of persons picketed the docks in protest against the import of Southern Rhodesian goods and the International Longshoremen's Association refused to unload the shipment. The work was finally done by labourers specifically hired for the purpose.

73. On 4 April 1972, a second shipment of chromium ore from Southern Rhodesia, amounting to 29,682 tons, arrived at New Orleans, Louisiana on a Greek vessel, the Agios Giorgios, and was unloaded the same day. l/

j/ S/10408, para. 8.

k/ S/10580, para. 7.

l/ S/10593, para. 3.

74. The two shipments were destined for Foote Mineral and Union Carbide respectively. m/

75. On 31 May 1972, the United States Senate reaffirmed its support for the continued importation into the United States of chromium ore from Southern Rhodesia by defeating, by a vote of 40 to 36, an amendment to the budget bill aimed at repealing the measure. n/

5. FOREIGN TRADE AND FINANCE

76. The value of domestic exports increased by 7.5 per cent over 1970 to \$R 270.8 million, almost attaining the pre-sanctions level of \$R 278 million. Re-exports increased from \$R 6.1 million to \$R 6.5 million, and gold sales by \$R 1.1 million to \$R 12.8 million. Imports, however, increased by 20 per cent in value, from \$R 47.5 million to \$R 282.4 million. There was also a net deficit on invisible transactions which grew from \$R 37.1 million in 1970 to \$R 44.4 million, resulting in a current account deficit of \$R 42.9 million (\$R 13.4 million in 1970). The volume index of exports increased by 12.8 per cent and of imports by 8.7 per cent while the average index of import prices increased by 6.6 per cent, compared with an increase of less than 1 per cent in the export price index.

77. The shortage of foreign currency in 1971 became almost critical. The revised figures of the balance of payments for the period between 1965 and 1970 have shown that in four years out of five the Territory had deficits on its current account, and that in three years out of five, there were deficits on both current and capital accounts. In the 1970/71 report of the Associated Chamber of Commerce (ACCOR) it was stated that the period of the first six months of 1971 was "without doubt the most difficult importers have experienced since the implementation of import control".

78. A summary of the current and capital transactions for the period from 1968 to 1970 is given in table 6 below.

m/ It has also been reported that over 300 tons of nickel have been imported into the United States from Southern Rhodesia since 25 January 1972.

n/ About 10 days before the vote in the Senate, the Acting Secretary of State, Mr. John N. Irwin 2d, sent a letter to Senator Gale W. McGee of Wyoming (who took the lead in seeking repeal of the amendment), stating that the importation of chrome from Southern Rhodesia had "put the United States in violation of its international legal obligations" and had resulted in "an adverse international reaction". The Acting Secretary noted that the United States had a surplus of 2.2 million tons of chromium ore in its strategic stockpile and that there was no need to import the material from Southern Rhodesia on strategic grounds.

Table 6

Southern Rhodesia: Summary of current and capital transactions, 1968-1970

(million Rhodesian dollars)

<u>Current transactions</u> (net receipts)	<u>1968</u>	<u>1969</u>	<u>1970</u>
Goods	- 26.3	27.7	23.7
Services	- 9.3	- 3.0	- 17.0
Investment income	- 13.8	- 16.9	- 18.8
Transfers	- 1.0	- 4.3	- 2.6
	<hr/>	<hr/>	<hr/>
Total	- 50.4	3.5	- 14.7
<u>Capital account</u> (net inflow of capital)			
Total capital transactions	39.5	9.9	17.7
	<hr/>	<hr/>	<hr/>
<u>Total current and capital transactions</u>	10.9	13.4	3.0

79. According to reports, the Territory's outstanding commitments on its external debt, mostly in the form of London market loans incurred prior to UDI, amounted to about \$R 200 million in 1971.

80. The budget for the fiscal year 1971/72 provides for a current account expenditure of \$R 236.5 million and revenue receipts of \$R 229.1 million, leaving a deficit on current accounts of \$R 7.4 million. The increase in estimated current expenditure, compared with the preceding year, amounts to nearly \$R 21 million. Estimated revenue receipts have increased by approximately \$R 22.3 million.

81. During 1971, the illegal régime successfully floated two domestic loans totalling \$R 50 million to finance development and repay maturing debts. At the end of 1971, the total amount of money raised by the régime since the illegal declaration of independence amounted to about \$R 240 million.

6. POPULATION, EMPLOYMENT AND EARNINGS

82. The following table shows the de facto population of Southern Rhodesia (i.e., including temporary visitors and migrant workers in the Territory but excluding normal residents temporarily absent from the Territory) for the years 1967 to 1971:

Table 7

Southern Rhodesia: Population, 1967-1971
(thousands)

at 31 December 1971

<u>Year</u>	<u>Africans</u>	<u>Europeans</u>	<u>Asians</u>	<u>Coloureds</u>	<u>Total</u>
1967	4,630	218	8.7	14.3	4,870
1968	4,790	226	8.9	15.0	5,040
1969	4,960	234	9.1	15.7	5,220
1970	5,130	243	9.2	16.5	5,400
1971 (30 June)	5,220	249	9.3	16.9	5,500

Source: Southern Rhodesia, Monthly Digest of Statistics, Central Statistical Office (January 1972), Salisbury, table 1.

83. Although the population of the Territory remains largely rural in character, the distribution of the European population contrasts sharply with that of the African - 79.6 per cent of the Europeans live in the towns compared with only 14.4 per cent of the Africans. Details of this distribution are shown in the following table:

Table 8

Southern Rhodesia: Distribution of urban and rural population,
at 30 June 1971
(per cent)

	<u>Africans</u>	<u>Europeans</u>	<u>Asians</u>	<u>Coloureds</u>	<u>Total</u>
Urban population (incl. suburbs)	14.4	79.6	91.2	83.1	17.7
Rural population	85.6	20.4	8.8	16.9	82.3

Source: Southern Rhodesia, Monthly Digest of Statistics, Central Statistical Office (January 1972), Salisbury, table 2.

84. The average rate of growth of the African population amounts to about 3.6 per cent per annum and is attributed almost exclusively to natural increase. It is estimated that the rate of the natural increase in the African population, reported to be amongst the highest in the world, would double the African population within the next 18 years. At present, more than half of the Territory's African population is under 15 years of age.

85. As shown from table 7 above, the European population increased from 218,000 in 1967 to 243,000 in 1970 (249,000 at 30 June 1971). Natural net increase accounted for only 2,519 persons in 1967, 2,358 in 1968, 2,456 in 1969, 2,725 in 1970, and about 2,780 in 1971. Net immigration of Europeans far exceeded the natural increase, as seen in table 9.

Table 9

Southern Rhodesia: Migration of Europeans, 1967-1971

<u>Year</u>	<u>Immigrants</u>	<u>Emigrants</u>	<u>Net increase</u>
1967	9,618	6,300	3,320
1968	11,864	5,650	6,210
1969	10,929	5,890	5,040
1970	12,227	5,890	6,340
1971	14,743	5,340	9,400

Source: Southern Rhodesia, Monthly Digest of Statistics, Central Statistical Office (January 1972), Salisbury, table 4.

86. The modern sector of the Territory's economy has shown very limited ability to absorb and offer employment to the growing numbers of African unemployed population. Thus, despite a 57 per cent growth in the Territory's gross domestic product over 1960-1969, African unemployment registered less than a 9 per cent increase, or about 57,000 extra jobs (from 640,000 in 1960 to 697,000 in 1969). The African population increased during the same period by 1,350,000.

87. Agriculture remains the largest employer of Africans. In 1970, 272,000 persons worked in agriculture (about 301,000 in 1971) compared with 99,900 in manufacturing. The corresponding 1970 figures for Europeans were 4,590 for agriculture and 18,690 for manufacturing.

88. In 1970, the total number of Africans employed increased by 4.2 per cent, to about 726,000, and, in 1971, by approximately 4.8 per cent, to 778,700. European employment increased in 1970 by 4.2 per cent, to 103,500 and by approximately 4.4 per cent, to 108,120, in 1971. Total wages paid in 1971 amounted to \$R 365 million (an increase of 13.5 per cent over 1970) in the case of Europeans, and \$R 244 million (an increase of 10.2 per cent) for Africans. The average earnings of Africans in 1970 were \$R 312 per annum, compared with \$R 3,104 for Europeans.

89. During January and February 1972, strikes for higher wages by African employees occurred at the Shagani Asbestos Mine, owned by Rhodesian and General Asbestos Corporation, a subsidiary of Turner and Newall; at the Trojan Nickel Mine and Bindura Smelting and Refining Company, owned by the Rhodesian Nickel Corporation, a subsidiary of the Anglo-American Corporation; and at Hippo Valley Estates, Ltd., also owned by the Anglo-American Corporation. The strikes coincided

with disturbances in the Territory attending the test of acceptability being carried out by the Pearce Commission. They were generally characterized by both the illegal régime and company spokesmen as being of a political nature.

90. The first strike at the Shabani Asbestos Mine, which lasted for at least 12 days, beginning 13 January, involved the walkout of 3,000 African workers. Violence on the first day of the strike resulted in the death of one person and the wounding of nine others as the result of gunfire by police. The strikes at Bindura, in which 1,600 workers were involved, and at Hippo Valley, involving 1,200 Africans, were reportedly peaceful. According to the press, on each occasion the workers returned to their jobs without securing increased pay.

91. On 6 June 1972, an explosion at the Wankie Collieries resulted in the entombment of 422 miners, all of whom are believed dead, and the known death of four others, whose bodies were recovered. The final death toll, including a number of surface workers killed by the blast, was expected to exceed 430 persons, about 400 of whom were Africans. According to Sir Keith Acutt, Chairman of the Anglo-American Corporation, owner of the mine, the explosion might have been caused by trapped coal gas. No definite conclusion had been reached, however, as to the origin of the blast.

92. Prices in the Territory have shown a constantly increasing growth rate: 2 per cent for 1967; 2.2 per cent for 1968; 2.8 per cent for 1969; and 3.5 per cent for 1970. For the first eight months of 1971, the increase was 3 per cent.

APPENDIX IV

NAMIBIA

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INTRODUCTION

1. The present working paper supplements previous studies on the activities of foreign economic interests in Namibia which the Secretariat prepared for Sub-Committee I in 1964 and the years 1967-1971, and which are reproduced in the reports 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 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, to identify the companies involved, and to estimate the profits obtained by foreign companies in the principal sectors of the economy. It should be noted that since 1969 the South African authorities have prohibited the release of official information concerning mining production and investment in Namibia.
2. As previously pointed out, apart from subsistence farming, Namibia's economy is principally based on mining, commercial fishing and stock raising, three industries in which ownership and management is almost exclusively non-African and in which Africans participate as unskilled or semi-skilled employees. The two most important industries, which together dominate the economy, are mining and commercial fishing. These are also the two sectors in which there is the highest concentration of foreign capital investment. In 1971, 36 foreign companies, including South African, were actively engaged in these two industries either directly or indirectly through their interest in locally-based enterprises.
3. Owing to the absence of complete data, it is not possible to ascertain the total revenue derived by foreign-owned or controlled companies from their operations in Namibia. It may be noted, however, that three of the principal mining operations, all of them foreign-owned (namely the Consolidated Diamond Corporation, Tsumeb Corporation and the South West Africa Company), together generated in 1971 gross profits amounting to over \$US 91 million, and net profits after tax amounting to \$US 59.4 million.

Strike of migrant workers

4. Industrial enterprises in Namibia rely for the bulk of their labour force on African workers, mostly Ovambos, who are recruited from the "homelands" on contract. Under the system in force up to early 1972, workers were recruited by the South West Africa Native Labour Association (SWANLA) on contracts of from 12 to 30 months' duration; under the terms of their contracts they were required to remain at their place of employment for the entire period unaccompanied by their wives and families

a/ For the most recent, see Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 23 A (A/8023/Rev.1/Add.1), annex, appendix I; and ibid., Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix I.

and to return to their "homeland" upon completion of the contract. Recruits were given no choice of employer or place of work nor could they change their employment during the period of the contract. Minimum wages paid under this system ranged, for an adult, from R5.25 b/ (\$US 6.58) to R10.50 (\$US 11.81) per month, although some foreign-owned companies reportedly paid more than the minimum.

5. In December 1971, over 13,000 contract labourers, mostly Ovambos, went on strike against the labour system and the existing working conditions. The strike began in Windhoek on 13 December and rapidly spread to Walvis Bay, where the entire Ovambo labour force in the fish processing factories stopped work, and to the mines of the Tsumeb Corporation, the Klein Aub Copper Company, the Berg Aukas mine of the South West Africa Company and the tin mine of IMCOR Zinc at Rosh Pinah. By mid-January the work stoppage had affected 23 industrial centres, including 11 mines. According to press reports, the effect of the strike on the Territory's copper and lead production was so severe that it could take up to a year for that sector to return to full production.

6. Details of the strike and of the workers' demands are set out in paragraphs 96 to 111 of the basic working paper on Namibia. c/ For purposes of the present study, it may be noted that the strike ended officially with the signing at Grootfontein on 19 January 1972 of an agreement providing for changes in the contract system. Under the new system, SWANLA would be abolished and would be replaced by labour employment bureaux operated by the "homeland" authorities. In addition, a written agreement would be entered into between the employer and the employee at the time of recruitment which would specify, among other things, the basic wage, payment for overtime, bonuses and other benefits, possible salary increases, the duration of the period of service, particulars regarding shifts and working hours, and the general conditions of service. Other points agreed upon concerned: the right of both employer and employee to terminate the employment; home leave during the period of service; paid leave at the end of the period of service; the right of workers to change their employment; and their entitlement to free medical treatment and medicines.

7. The agreement was concluded between the South African authorities and representatives of the Ovambo and Kavango legislative councils and presumably had the concurrence of the leaders of the workers' strike committee. There is no indication that the new arrangements were submitted to a test of acceptability by the rank and file of the workers and in fact it did not signal a general return to work. As late as 20 April 1972, Mr. Moses Garoeb, the Administrative Secretary of the South West Africa People's Organization (SWAPO), informed the Special Committee d/ that some companies had resorted to hiring substitute labour from outside Namibia. Also, during January to March there occurred several isolated strikes of short duration. Most of these were the result of disputes over wages and working conditions and involved comparatively small groups of African workers.

b/ One rand (R1.00) equals \$US 1.33.

c/ A/8723/Add.2, annex I.

d/ See A/AC.109/SR.861.

The largest work stoppage, which occurred in March, involved a group of 700 employees of three fish canning factories in Walvis Bay.

8. It is too early to assess the effect of the strike on the operations and profits of the companies referred to in this report, but there can be no doubt that it has had a significant impact on the whole economy of Namibia.

1. MINING

General

9. At the end of 1971, 15 foreign mining companies were involved either directly or indirectly in mining operations in Namibia. The most prominent were American Metal Climax, Inc. and the Newmont Mining Corporation, both of the United States, the O'okiep Copper Company, Ltd. and De Beers Consolidated Mines, Ltd., both of the Republic of South Africa, and the South West Africa Company of the United Kingdom. The O'okiep Copper Company is in fact controlled by American Metal Climax and the Newmont Mining Corporation. De Beers Consolidated Mines is closely linked to the Anglo American Corporation of South Africa. The two companies have world-wide interests and the shares of both are traded in London and New York. A total of 20 foreign companies, including 11 of those mentioned above, were also involved in prospecting on a large scale in Namibia. These activities are described later in this report in a subsection entitled "Prospecting".

Diamonds

10. Diamond mining continues to be the most important mining activity in Namibia accounting for approximately 68 per cent of the net profits (after tax) derived from mineral production.

Consolidated Diamond Mines of South West Africa, Ltd.

11. The diamond industry has long been dominated by the Consolidated Diamond Mines of South West Africa, Ltd. (CDM), a subsidiary of De Beers Consolidated Mines, Ltd. of South Africa, and the largest producer of gem diamonds in the world. Through direct and indirect ownership of large shareholdings, at least 26 per cent of De Beers Consolidated Mines, Ltd. is owned by the Anglo American Corporation of South Africa, in which De Beers itself owns an important shareholding. The two companies have a common chairman and De Beers also possesses interests in a number of companies in the Anglo American Group. e/

e/ For further details of ownership, see Official Records of the General Assembly, Nineteenth Session, Annexes, annex No. 15 (A/5840).

12. With the closing down of the Strathmore mine (see below), CDM became in 1971 virtually the sole producers of diamonds in Namibia. Its profits in 1971 and preceding years were reported to be as follows:

	<u>1969</u>	<u>1970</u>	<u>1971</u>
	(million rands)		
Gross profit before tax	82.6	52.8	51.5
Tax paid to South African Government	33.7	19.0	17.7
Net profit after tax	48.6	33.8	33.8

Source: Anglo American Report, 1970; De Beers Report, 1971.

13. At the end of 1970, CDM employed 1,324 whites and 5,034 non-whites who, during the year, treated 11.0 million metric tons of rock and sand, and recovered therefrom 1.5 million carats of diamonds, at an average cost of R2 per metric ton. Production figures were as follows:

<u>1969</u>	<u>1970</u>	<u>1971</u>
	(carats)	
1,697,000	1,509,000	1,562,000

14. In October 1971, De Beers announced a 5 per cent increase in the price of rough diamonds. This being the first increase since July 1969, commentators attributed 2 per cent of the rise to recent changes in foreign exchange rates with 3 per cent representing an increase in real terms, stemming from a strong demand for cheaper quality gem diamonds.

15. In April 1971, CDM announced that it had ceased nearly all foreshore and sea mining of diamonds off the coast of Namibia due to the depletion of the known underseas reserves and the high cost of recovery. Previously CDM had carried on dredging in two concession areas which it leased from Tidal Diamonds (SWA) Pty., Ltd., and the Marine Diamond Corporation. The latter is at present jointly owned by Diamond Royalties and Holdings, Ltd. and by De Beers, which in 1969 and 1970 derived R2 million and R1.9 million in net profits from its part-ownership. In October 1971, after the cessation of mining operations, De Beers began action to acquire the shares held by Diamond Royalties and Holdings, Ltd. and to transfer ownership of Marine Diamonds Corporation to De Beers Holdings, Ltd.

Strathmore Diamonds, Ltd.

16. In July 1970, Strathmore Diamonds, Ltd., a subsidiary of the Strathmore Service and Finance Corporation of South Africa, had embarked on the erection of a separation plant costing R1 million for its diamond mine near the Hoanib River, but by September 1971, the situation in the diamond market was such that the company

decided to close its diamond mine entirely and lay off approximately 120 workers, most of whom were Africans.

17. The area in which Strathmore Diamonds, Ltd. was operating had been originally worked by the De Beers group but the latter had given it up owing to the low quality of the stones which it recovered from the area.

Metals

18. Base metals follow diamonds as the second most important revenue-producing activity in Namibia. In recent years production of most metals, by tonnage, has remained fairly constant, with the exception of zinc, the output of which has been stepped up considerably, apparently to satisfy South Africa's needs. Production figures were as follows:

<u>Metal</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
	(metric tons)				
Cadmium	181	156	238	205	159
Copper (mine production)	33,800	30,200	25,500	22,800	25,300 (Jan.-Oct. only)
Copper (smelted)	31,700	30,200	28,000	27,300	29,100
Lead (mine production)	70,200	60,800	75,700	70,500	...
Lead (refined)	69,400	55,400	69,300	67,900	...
Tin (mine production) ^{a/}	700	700	700	700	600 (Jan.-Sept. only)
Zinc (mine production)	22,600	23,200	38,200	46,100	50,600 (Jan.-Nov. only)
Zinc (slabs) ^{b/}	-	-	8,700	26,900	27,200

^{a/} Represents weight of recoverable tin, rather than weight of tin concentrates.

^{b/} Represents zinc slab production in both Namibia and South Africa. It is believed that most of the required zinc ores and concentrates were mined in Namibia.

19. The strike of African contract workers which occurred in December 1971 and January 1972 caused severe losses of production in the base metal sector, but the full effect will not be known until statistics for 1972 become available. In his annual report, presented in March 1972, the President of the Association of Mining Companies of South West Africa, Mr. W. H. Bailey, stated that the industry was faced with spiralling costs and a severely depressed international market for its products. Referring to the strike settlement, he said that the closing down of SWANLA had deprived employers of an organization which had watched over and protected their interests. He believed that the industry would have to form an employers' association to protect its interests in a labour market which was becoming more selective and competitive.

20. The activities of the various foreign mining companies and their subsidiaries in Namibia are described in the following paragraphs:

Established operations

(a) Tsumeb Corporation, Ltd.

21. The major producer of base metals in the Territory remains the Tsumeb Corporation, operating the Tsumeb, Kombat and Matchless Mines. Principal shareholders of the Tsumeb Corporation are American Metal Climax, Inc. and the Newmont Mining Corporation, both of the United States, and the O'okiep Copper Company, Ltd. of the Republic of South Africa. American Metal Climax and Newmont Mining together own a majority of the shares in the O'okiep Copper Company. The Tsumeb Corporation is managed by the Newmont Mining Corporation.

22. In 1971 American Metal Climax, Inc. and the Newmont Mining Corporation each received approximately \$US 4.1 million in dividends from their 29.2 per cent holdings in Tsumeb while the O'okiep Copper Company, Ltd., which owns 9.5 per cent of the shares, received approximately \$US 1.3 million.

23. In addition to the above, it should be noted that 18 per cent of the O'okiep Copper Company is owned by American Metal Climax, Inc. while 57.5 per cent of O'okiep is owned by the Newmont Mining Corporation. As a result of this, American Metal Climax is believed to have received approximately \$US 240,000 in 1971 from the Tsumeb Corporation indirectly, that is to say, through its holding in O'okiep, while the Newmont Mining Corporation is thought to have received some \$US 760,000 from Tsumeb in a similar fashion, via O'okiep.

24. Total profits of the Tsumeb Corporation were as follows:

	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
		(million rands)		
Gross profit before tax	21.0	17.6	30.6	15.5
Tax paid to South African Government	6.7	6.7	9.9	5.6
Net profit after tax	14.3	10.9	20.7	9.9

Source: Anglo American Corporation, reports for 1969, 1970 and 1971.

25. It should be noted that the profit figures cited above are not directly comparable with those contained in the previous year's working paper prepared by the Secretariat f/ as they are based on periods of time which differ. The figures given above cover the calendar year 1971 whereas figures given in the previous

f/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix I.

year's working paper cover the financial year of the Tsumeb Corporation ending on 30 June 1970. The quantities of metal sold by the Tsumeb Corporation in 1971 are given in the following table. Again these figures are not directly comparable with those reported previously for years up to 1969 as figures during the earlier years refer to output and not to sales.

Metal sold by Tsumeb Corporation in short tons

(short tons)

	<u>1970</u>	<u>1971</u>
Lead	69,300	74,300
Copper	33,100	24,900
Zinc concentrates	7,800	8,200

Source: Newmont Mining Corporation, report for 1971.

26. Production figures, as distinct from sales, were as follows:

	<u>1969</u>	<u>1970</u>	<u>1971</u>
Copper (metric tons)	27,600	26,700	27,200
Lead (tons)	60,500	65,400	62,100
Zinc (tons)	3,800	7,900	7,000
Cadmium (kilogrammes)	231,300	314,700	266,400
Silver (grammes)	39,608,000	38,231,000	44,361,000
Silver (troy ounces)	1,273,000	1,339,000	1,426,000

27. As at 30 June 1971, the ore reserves at the three locations of the Tsumeb Corporation were estimated to be as follows:

30 June 1970

30 June 1971

(short tons)

Tsumeb mine

Positive ore	7,100,000 (copper, lead and zinc)	6,600,000 (4.52 per cent copper, 9.37 per cent lead and 2.4 per cent zinc)
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Kombat mine

Positive ore	2,200,000 (copper and lead)	1,900,000 (1.8 per cent copper, 2.7 per cent lead)
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Matchless mine

Probable ore	1,900,000 (copper and sulphur) later revised to 2,600,000 short tons	2,200,000 (1.81 per cent copper and 13.02 per cent sulphur)
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Source: Newmont Mining Corporation, report for 1971.

28. In June 1970, the Tsumeb Corporation had brought into production its Matchless Mine at a cost of \$R 3.7 million. This mine, when operating at full capacity, had been expected to produce 750 tons of copper concentrates per month along with 2,500 tons of pyrite concentrates. However, in January 1972, a year and a half later, the company decided to shut down permanently the Matchless Mine reportedly because, at current prices, operations were not profitable. The mine had already been closed temporarily as a result of the strike of migrant workers, to which reference is made in paragraphs 4 to 8.

29. Altogether, about 3,400 of the 3,700 migrant workers employed by the Tsumeb Corporation participated in the work stoppage and during the first two months of 1972 production was reduced to about one third of normal capacity. As a result of this Tsumeb paid no dividends for the first quarter of 1972. The Newmont Mining Corporation, which manages the Tsumeb Corporation, stated in its report that by mid-March 1972 "the work force had reached pre-strike levels and mine production was at about 80 per cent of capacity. Because most of the workers are new and must be trained it may take some time before Tsumeb's normal rate of operations can be restored".

30. On 4 February 1972 and again on 1 May, demonstrations took place outside the New York offices of the Newmont Mining Corporation. The demonstrators called upon the Newmont Mining Corporation to recognize the authority of the United Nations over Namibia and to cease paying taxes to the Government of the Republic of South Africa. On the latter date, a group of shareholders introduced a resolution with similar purpose at the Corporation's annual general meeting. On 1 May a

demonstration with similar aims took place outside the head offices of American Metal Climax, Inc. in Delaware. A number of shareholders of that company presented similar proposals at the annual general meeting.

31. In early 1972 a study was carried out of the relationship between the Newmont Mining Corporation and the Tsymbet Corporation. The study revealed, inter alia, that Newmont Mining had over the years obtained an annual average return on its share of the initial investment made in Tsumeb in 1946 of 347 per cent. (This figure is based on the assumption, so far undisputed, that subsequent capital investment was financed by Tsumeb out of retained earnings.) The author of the study also attempted to produce a breakdown of part of the "economic rent" of the Tsumeb Corporation for the year 1970, and produced the following very approximate figures:

(United States dollars)	
Wages	
Europeans (1,228) ^{a/}	6,700,000 (11.89 per cent)
Non-Europeans (5,279) ^{b/}	3,600,000 (6.39 per cent)
Total	10,300,000 (18.28 per cent)
Taxes	
Corporate income	13,807,000
Foreign dividends	3,238,000
Total	17,045,000 (30.26 per cent)
Capital and Management	
Dividends remitted	25,900,000 (45.98 per cent)
Capital surplus	3,086,000
Total	28,986,000 (51.46 per cent)
Total	56,331,000 (100 per cent)

^{a/} Assumed European average annual wage = \$US 5,442.

^{b/} Assumed non-European average annual wage = \$US 632.

It should be noted that the above calculation does not take into account the risk factor nor the "rent" going to other factors.

(b) South West Africa Company, Ltd.

32. The South West Africa Company of the United Kingdom (SWACO) operates a lead/vanadate/zinc mine in the Territory at Berg Aukas and a tin/wolfram mine at Brandberg West. Over 89 per cent of the issued share capital is held by four foreign companies: Vogelstruisbult Gold Mining Areas, Ltd. of South Africa, the Anglo American Corporation of South Africa, Charter Consolidated, Ltd. of the United Kingdom and New Consolidated Gold Fields, Ltd., of the United Kingdom.

Charter Consolidated Ltd. and the Anglo American Corporation are linked by the fact that each owns a holding in the other, and the Chairman of Charter Consolidated Ltd. is a Director of the Anglo American Corporation.

33. The profits of the South West Africa Company, Ltd. for the year ending 30 June 1971 and preceding years were as follows:

	(pounds sterling) a/			
	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
Gross profit before tax	339,000	373,000	387,000	767,000
Taxes paid, mainly to South African Government	69,000	99,000	164,000	286,000
Net profit after tax	270,000	274,000	223,000	481,000

Source: Financial Times, 19 November 1971.

a/ One pound sterling (£1) equals \$US 2.61.

34. The substantial increase in gross profit in 1971 as compared to 1970 was reportedly due largely to the increase in production of lead vanadates and to the higher vanadium prices that prevailed during the first three quarters of the company's financial year. About 900 of the company's workers, mainly migrant workers from Ovamboland, participated in the Territory-wide strike that occurred in December and January. However, it is believed that the company continued operating at a reduced extent during this period. According to a statement by Mr. Moses Garoeb of SWAPO, during his appearance before the Special Committee in April (see para. 7), production at the Berg Aukas mine was restored to normal following the recruitment of over 700 workers from outside Namibia. Actual production figures of concentrates were as follows:

	<u>1969</u>	<u>1970</u>	<u>1971</u>
	(tons)		
Lead/vanadate	5,200	4,300	8,200
Zinc/lead sulphide	18,400	16,000	7,300
Zinc silicate	25,400	30,600	23,700
Tin/wolfram	566	478	595

35. In addition to the profits from its own operations, the South West Africa Company received dividends from its 2.375 per cent shareholding in the Tsumeb Corporation. These dividends, referring to the financial year ending 30 June in each case, were £256,000 in 1970 and £208,000 in 1971.

36. At the annual general meeting of the South West Africa Company which was held in London on 18 November 1971, a number of shareholders proposed that the annual dividend to be recommended by the company's board should be reduced by about 5 per cent in order to finance a study to be carried out by an academic commission based on a university in the United Kingdom to investigate and report on the economic situation, health and safety conditions of workers in the company's mines in Namibia and to suggest improvements which would be possible without any breach of South African law. It is believed that the proposal was not adopted.

37. It should be noted that the mines of the South West Africa Company, together with the Rosh Pinah mine owned by the Industrial Mining Corporation of South West Africa (see paras. 47-49) supply South Africa's entire requirements of zinc.

(c) Kiln Products, Ltd.

38. Kiln Products was set up in 1969 by a consortium of South African companies including Consolidated Gold Fields and the Anglo American Corporation. On a site leased from the South West Africa Company at Berg Aukas, Kiln Products purchases dump residues and zinc silicate concentrates from the South West African Company's Berg Aukas mine and treats the zinc slime to produce zinc oxide. The zinc oxide is sold exclusively to the Zinc Corporation of South Africa (ZINCOR) which has a contract to supply the entire zinc requirements of South Africa's government-controlled Iron and Steel Corporation (ISCOR). Consolidated Gold Fields subsequently transferred its interest to Vogelstruisbult Metal Holdings, Ltd.

39. In 1971 Kiln Products, Ltd. declared its first dividend of 5 South African cents per share. As a result of this, Vogelstruisbult Metal Holdings, Ltd. received a dividend of R34,000 from its holding of 675,000 shares in Kiln Products. The dividend received by the Anglo American Corporation was not known but was believed to be not less than that received by Vogelstruisbult.

40. In connexion with the contract according to which the Zinc Corporation of South Africa has to supply the entire zinc requirements of the Iron and Steel Corporation, it should be noted that the final stage of refining to produce metallic zinc is carried out by the Zinc Corporation in South Africa and that this was a further source of profit for Vogelstruisbult Metal Holdings, Ltd. which, through its 35 per cent ownership of the Zinc Corporation, received R193,000 in dividends in 1971. In a similar fashion, the Iron and Steel Corporation of South Africa is thought to have received about R350,000 in dividends from the Zinc Corporation in 1971.

(d) Klein Aub Copper Company

41. The Klein Aub Copper Company, which has operated a copper mine since 1965 at Klein Aub in the Rehoboth Baster Gebiet, is owned by the General Mining and Finance Corporation, Marine Products, Ltd. and Federale Volksbeleggings Bpk., all of South Africa. The company is administered by the General Mining and Finance

Corporation, which is itself, through direct and indirect ownership, a subsidiary of Federale Mynbou Bpk., also of South Africa. Profits for the latest year for which information is available were as follows:

	<u>1969</u>
	(rands)
Gross profit before tax	2,500,000
Tax paid to South African Government	430,000
Net profit after tax	2,070,000

42. In 1967, reserves of ore at the Klein Aub Copper mine were estimated at 1.7 million tons with an average copper content of 3.5 per cent. This gave an expected life of the mine of six years. However, towards the end of 1970, a new estimate placed the reserves of ore at at least 4 million tons with an average copper content of 3 per cent. The expected life of the mine is believed to have been considerably extended by this new evaluation.

43. Although no profit figures are available for the years 1970 and 1971, it was reported that in 1971 the Klein Aub Copper Company was milling approximately 18,000 tons of copper ore per month.

(e) Uis Tin Mine

44. The Uis Tin Mine, located in the Damara "homeland", is owned and operated by the Iron and Steel Corporation of South Africa, a government-controlled company. During a 12-month period covering from mid-1970 to mid-1971, 1,258 tons of tin concentrates with a content of 767,000 kilogrammes of recoverable tin were shipped from Namibia to the plant of the Iron and Steel Corporation in South Africa. This reportedly represented approximately 63 per cent of the Iron and Steel Corporation's requirements of tin.

45. The Uis Tin Mine was reported to have been seriously affected by the Territory-wide strike of contract workers, with 300 men at the mine going out on strike. Production of tin was reported to be completely shut down. No figures are available regarding the profits made at the Uis Tin Mine.

(f) Khan Mine

46. The Khan Mine Pty., Ltd., believed to be a subsidiary of the Ohlthaver and List Mining Company, continued operations in 1971. No figures are available concerning its profits but it is known that the company discovered a copper deposit at the end of 1970 in an area north-west of Outjo.

(g) Industrial Mining Corporation (IMCOR) Zinc of South West Africa

47. The major source of zinc for the Republic of South Africa in addition to the mines of the South West Africa Company, which have been mentioned above, is the Rosh Pinah mine of IMCOR Zinc. The mine, opened in June 1969, represents an investment of R5 million by the IMCOR Zinc Company, 51 per cent of which is owned by the Iron and Steel Corporation of South Africa, with the remaining 49 per cent owned by the Moly Copper Mining and Exploration Company SWA, Ltd. The Iron and Steel Corporation of South Africa is itself controlled by the South African Government which owns 51 per cent of its shares. In the financial year ending on 30 June 1971, the Rosh Pinah mine produced 38,000 tons of zinc concentrates which yielded 20,000 tons of metallic zinc. All of this was delivered to the Iron and Steel Corporation of South Africa. In addition, approximately 7,000 tons of lead concentrates were sold to buyers other than the Iron and Steel Corporation of South Africa and it is reported that the major part of this was exported to the United Kingdom.

48. No separate profit figures were given for the activities of IMCOR Zinc. However, it is known that the profits after tax of the Moly Copper Mining and Exploration Company SWA, Ltd. were approximately R76,000 derived almost entirely from its 49 per cent interest in IMCOR Zinc, by virtue of the fact that Moly Copper had been incorporated solely in order to take part in a joint venture with the Iron and Steel Corporation at IMCOR Zinc. This would imply that the after-tax profit of IMCOR Zinc for the year 1970 was around R160,000.

49. Along with most mining companies in Namibia, IMCOR Zinc was affected by the strike of contract workers which broke out in December 1971 when 240 of the workers at Rosh Pinah came out on strike.

(h) Navarro Exploration Company

50. Towards the end of 1969, the Navarro Exploration Company of the United States, operating a small copper mine at Onganja, near Okahandja, enlarged the plant to accommodate about 200 tons of ore per day. At the same time, the reserves were reported to be limited but the mine was believed to have continued operating during 1971.

(i) Oamites Mining Company (Pty.), Ltd.

51. On 22 November 1971, the Oamites Mining Company, which is 75 per cent owned by Falconbridge Nickel Mines, Ltd. of Canada and 25 per cent owned by the Industrial Development Corporation of South Africa, officially opened the Oamites Mine at a location about 60 kilometres south of Windhoek. The cost of bringing the mine into production was R4.73 million and production was expected to be initially 30,000 tons of copper ore per month rising to a full production of about 50,000 tons of ore monthly by the second quarter of 1972. At 50,000 tons of ore per month, the mine would yield an estimated 1,300 tons monthly of copper concentrates. Refining

and sale of the metallic copper were to be carried out by the Tsumeb Corporation, whose principal activities have been described above.

52. The mine was reported to have proven ore reserves of 4 million tons with a copper content of 1.7 per cent. Its life was variously estimated at from 8 to 30 years.

53. Although it was announced that preference in employment would be given to the Rehoboth Basters in whose homeland the mine is located, it was also reported that Rehoboth Basters could not qualify as skilled miners because of the South African Government policy of "job reservation" which is applied in Namibia.

(j) Strathmore Tin Company

54. The Strathmore Tin Company, another subsidiary of the Strathmore Service and Finance Corporation of South Africa, had operated for some time a tin mine north-east of Swakopmund on which, however, no financial data were available. In September 1971 it was announced that the tin mine was being closed and approximately 150 workers were laid off. According to one press report, the Iron and Steel Corporation of South Africa (ISCOR) was considering taking over the mine. The closure took place at the same time as the shut-down of Strathmore Diamonds (see para. 16).

Prospecting

55. Although the Security Council, in its resolution 283 (1970) of 19 July 1970, called upon Member States to discourage privately-owned companies from investing in or obtaining concessions in Namibia, 32 foreign mining and petroleum companies, most of them internationally well-known, continued during 1971 to spend large sums in Namibia on a search for minerals which, if successful, would in each case lead to new investment on a massive scale. The search was mainly for copper and petroleum. However, a number of companies withdrew during the year. In at least one case, the withdrawal was carried out for political reasons.

56. Of the 32 foreign companies engaged in prospecting at the beginning of 1971, 21 were searching for copper and other metals and 11 were looking for petroleum. Reportedly in response to strong political pressure, one metal company withdrew from exploration, reducing the figure to 20. Out of the 11 petroleum companies, 4 withdrew during the year, bringing the figure down to 7. However one company, a South African one, entered the search for petroleum early in 1972. Thus the total number of foreign companies prospecting in Namibia in June 1972 was 28.

57. The activities of the individual companies are described in the following sections.

Copper

58. Falconbridge Nickel Mines, Ltd. of Canada, operating through a subsidiary, Falconbridge Explorations, Ltd. of Bermuda, was reported in mid 1971 to be filing application for 11 concession areas in addition to the 10 areas which it already had. There was no information on the situation regarding a copper deposit about 20 miles from the town of Kombat where Falconbridge had taken out an option on 10 farms and had proved a copper deposit that was reported in December 1970.

59. FEDSWA Prospekteerders is a consortium consisting of the companies which own the Klein Aub Copper Company, that is to say Federale Volksbeleggings Bpk. of South Africa, Federale Mynbou Bpk. of South Africa, the General Mining and Finance Corporation of South Africa and Marine Products, Ltd. of South Africa. These four companies are all closely linked to each other. Federale Mynbou at the end of 1970 became a subsidiary of Federale Volksbeleggings; the General Mining and Finance Corporation is 42.6 per cent directly owned by Federale Mynbou while Marine Products, Ltd. is also a subsidiary of Federale Mynbou. During 1971 the consortium operated in a large concession area which was originally reported to cover 8,500 square miles but was later described by another source as covering 39,000 square miles. By the end of December 1970 the consortium had begun drilling on a farm named Okasewa near Witvlei where proven ore reserves were reported to be 4 million tons.

60. In mid-1971 it was reported that a prospect shaft would shortly be sunk to carry out further tests on the ore near Witvlei. According to the terms of the concession, which was originally written out for a period of five years, the consortium would spend an annual minimum of R250,000.

61. Also near Witvlei is a large concession area held by the Africa Triangle Mining, Prospecting and Development Company (Pty.), Ltd. Africa Triangle also holds a number of separate concession areas in the vicinities of Rehoboth and Gobabis, to a total of 1,500 square miles. Shareholders in the Africa Triangle Company, with respect to its ventures in Namibia, are believed to be as follows:

Anglo-Transvaal Consolidated Investment Company, Ltd. (Anglovaal) of South Africa	17.32 per cent
Tsumeb Corporation	20
De Beers Consolidated Mines, Ltd. of South Africa	29.5
Anglo American Corporation of South Africa via Middle Witwatersrand	32
United States Steel Corporation	1.18
	<hr/>
	100 per cent

It should be noted that these percentages refer only to activities of the Africa Triangle Company in Namibia. The proportions held by the various shareholders differ widely with regard to other ventures of the Africa Triangle Company which was extensively reorganized in the course of 1971.

62. In 1970 Africa Triangle reported that soil sampling, surface trenching and percussion drilling had been carried out in the Witvlei area in a district about 160 kilometres east of Windhoek and that the results justified investigation by systematic diamond drilling of the copper-bearing bands which had been disclosed. However, in March 1971, the company decided to move out its laboratory, vehicles and plant leaving only a skeleton staff in the area. Nevertheless, one of the parent companies of Africa Triangle, the Anglo Transvaal Consolidated Investment Company, stated in November 1971 that Africa Triangle still maintained its interest in the Witvlei area and had been adding to its knowledge of the copper mineralized bands which had been so far disclosed.

63. The joint venture for prospecting established by the Tsumeb Corporation and the South West Africa Company of the United Kingdom, which was particularly concerned with the search for copper, made substantial progress during the year 1971. A copper deposit was discovered and delineated at Asis Ost lying within one of the concession areas of the South West Africa Company. It was reported that the partners in the joint venture were applying for a mining grant to cover this ore body. It was planned that the ore would be treated in the Tsumeb Corporation's nearby mill at Kombat and that the total cost of bringing this ore deposit to the production stage would be in the region of £360,000, to be spent over a period of three years. It was believed that the South West Africa Company owned a 25 per cent interest in the joint venture and the Tsumeb Corporation a 75 per cent interest.

64. There were no further reports on the development of a small open cast copper mine which the Khan Mining group, a subsidiary of the Ohlthaver and List Mining Company, planned to open in August 1970.

65. In the second half of 1971, it was reported that a company known as South Africa Vendôme (Pty.), Ltd., which is owned by the Société Nickel of France and the Société Minière et Métallurgique de Peñarroya S.A., also of France, was spending large sums on exploration throughout Namibia.

66. The Sarusas Development Corporation was originally set up by five South African companies, the General Mining and Finance Corporation, the Johannesburg Consolidated Investment Company, Mankop Beleggings Bpk., the Volkskas Bank and the Industrial Development Corporation, the latter being controlled by the South African Government. The initial aim was, in exchange for government concessions in the form of fishing quotas, to construct a port at Möwe Bay on the northern coastline of Namibia. It was expected that this new port would be used to export iron ore from the hinterland where the Bethlehem Steel Corporation of the United States had been prospecting and had located an iron-ore deposit estimated at several million tons. Towards the end of 1971, the South African Government announced that it was no longer going to provide any assistance to the scheme, which would have cost some R12 million, and the project thus came to an end. The Government's decision was believed to be motivated by its desire to develop a new port at Saldanha Bay in the Republic of South Africa.

67. The Sarusas Development Corporation, however, was also involved in other activities. Together with the General Mining and Finance Corporation and the Johannesburg Consolidated Investment Company (JCI), both of which owned substantial shares in Sarusas, the Sarusas Development Corporation became a partner in a group generally known as the General Mining/JCI/Sarusas Consortium. In September 1970 this consortium was awarded a concession covering 30,000 square kilometres comprising the entire proposed Kaokoveld homeland and part of Damaraland where a search was embarked upon for copper, iron ore and nickel. Under the terms of the concession, the consortium would pay R70,000 annually to the South African government-controlled Bantu Mining Corporation. The concession covered all minerals except diamonds.

68. The consortium was later reported to have established a base for its prospecting operations at Otjijangasemo, some 100 kilometres north of Ohopoho. It planned to carry out prospecting near the area where the Bethlehem Steel Corporation had discovered iron ore. In 1971 it was disclosed in response to a question in the South African House of Assembly that the General Mining/JCI/Sarusas Consortium had also applied for a diamond prospecting concession covering the whole area of the proposed Kaokoveld "homeland". The application had been filed on 30 September 1970.

69. About the same time it was reported that the Phelps Dodge Corporation of the United States had applied for concessions over what was described as "a vast tract of land" in the Outjo area in the northern part of Namibia. It was stated that the company had opened offices in Johannesburg and would shortly be prospecting actively in Namibia.

70. In addition to its activities through the Consortium mentioned above, the Johannesburg Consolidated Investment Company was also operating in Namibia on its own account through a subsidiary known as B and O Mineral Exploration Company. In 1971 it was reported that B and O had withdrawn 12 areas from pegging and was going to apply for concession grants on all of them. Later in the year it was reported that B and O was recruiting staff for its operation in Namibia.

71. Consolidated Gold Fields of the United Kingdom, through its subsidiary Gold Fields of South Africa, was reported in 1971 to have applied for a concession near to the area of interest of the Phelps Dodge Corporation. At the annual general meeting in London of Consolidated Gold Fields, Ltd., in an action similar to that undertaken in the annual general meeting of the South West Africa Company, Ltd., a group of shareholders put forward a proposal that the annual dividend recommended by the company's board should be reduced by about 5 per cent in order to finance a study to be made by an academic commission based on a university in the United Kingdom to investigate the economic situation, health and safety conditions of workers in the company's mines in Namibia and South Africa.

72. Nothing further was reported in 1971 concerning a copper project near Onganja which was being financed by the Rio Tinto Zinc Corporation of the United Kingdom together with certain Japanese interests. The project was believed to have been abandoned.

73. In the course of 1971 the Bantu Mining Corporation, Ltd. of South Africa, a government-sponsored body set up to promote mining development in the "homelands", carried out a press advertising campaign which appeared to be designed to seek capital for investment in mining in the "homelands". The advertisement stated that one of the aims of the Bantu Mining Corporation was "to eliminate lengthy administrative procedures and to assist applicants in obtaining prospecting and mining rights". It was also stated that all applications should in the future be directed to the Bantu Mining Corporation, Ltd. and not to the local Bantu Affairs Commissioner as previously. The Bantu Mining Corporation was empowered to grant concessions in the "homelands".

Iron

74. The plans to mine iron ore in the Kaokoveld area appear to have come to an end with the abandonment of the Möwe Bay Harbour project (see para. 66). The deposit was discovered by the Bethlehem Steel Corporation of the United States and has been held as a mineral claim by a company known as Desert Finds Pty., Ltd.

Tin

75. There is no further information concerning the plan of the SWA Tin and Koper BPK to mine tin north of Swakopmund which was reported in 1970. The company is also believed to have proceeded no further with its application for four concessions in the "homelands".

Zinc

76. Similarly no further developments were reported concerning the discovery in 1970 by the Canadian-owned Ethosa Petroleum Company of zinc ore in the Grootfontein area.

Uranium

77. In May 1971 Rössing Uranium, Ltd. announced that it was going to go ahead with the development of an open cast uranium mining operation in Namibia and that the necessary finance had been arranged. The principal shareholders in Rössing Uranium, Ltd. are the Rio Tinto Zinc Corporation of the United Kingdom, which owns about 50 per cent of the shares, the General Mining and Finance Corporation of South Africa, which has a 6.8 per cent holding and the Industrial Development Corporation of South Africa, which holds an unspecified amount of shares but is known to be providing a major portion of the loan capital required. The Nywerheids Ontwikkelings Korporasie of South Africa is believed to have a small shareholding. Another company, the Urangesellschaft of the Federal Republic of Germany which is itself owned by three other German companies, Metalgesellschaft MBH, Steag and Veba AG, participated during the preliminary stage of the project in the exploratory work and reportedly received financial assistance from the Federal

Government in this connexion. In February 1972, however, a spokesman for the Federal German Science Ministry stated that the Federal Government was withdrawing its financial support for uranium prospecting in Namibia. The statement left unclear whether or not this meant complete withdrawal by the company.

78. Production at the Rössing mine is scheduled to commence in 1976. According to reports, the Atomic Energy Authority of the United Kingdom, under the terms of an agreement signed in March 1968, had contracted to purchase 7,500 tons of uranium ore from Rössing during the period 1976 to 1982 at an average price of R9 per kilogramme, making the total value of the contract R65 million. Recent reports suggest, however, that the United Kingdom Atomic Energy Authority may have withdrawn from its commitment and that the uranium would have to be sold elsewhere.

79. In November 1971, the South African Government's Department of Mines offered the Anglo American Corporation of South Africa leadership of a consortium to prospect for uranium in an area adjacent to the Rössing mine. The Union Corporation, Ltd. of South Africa was to hold a substantial participation in the venture. De Beers Prospecting SWA (Pty.), Ltd. was also awarded a concession to search for uranium in the same area. It was reported that the Anglo American Corporation would have a major participation in this venture.

Wolfram

80. It was reported in 1971 that a subsidiary of Nord Resources of the United States was sinking a shaft to investigate a wolfram deposit near Omaruru. In the course of 1971 the company, whose full name is Nord Mining and Exploration Company (Pty.), Ltd., began advertising for staff and was reported to have increased its holdings to two concession areas in the Omaruru district and a third near Warmbad in the south.

Petroleum

81. As of February 1971, the following international petroleum companies were holding concession areas in the Territory of Namibia and off its coast:

- Shell and British Petroleum (one land and two off-shore blocks)
- De Beers Consolidated Mines, Ltd. and Société Nationale de Pétrole d'Aquitaine (one land block)
- Gulf Oil Company (two off-shore blocks)
- Standard Oil Company and Texaco (one land block)
- Chevron Oil, a subsidiary of the Standard Oil Company of California (one off-shore block)
- H.M. Mining and Exploration Company, Syracuse Oils and Woodford Oil and Gas Company (one off-shore block)
- Brilünd Mines Ltd. (one land block).

82. The Gulf Oil Company of the United States reportedly withdrew from its concessions in 1971. Gulf had held two off-shore concession areas, one around Walvis Bay and the other along the northernmost section of the Namibia coast. Gulf's decision apparently followed an evaluation of the results obtained by a seismic survey conducted over the 5,000 square miles of the northern concession area. It was not known whether a survey was carried out in the Walvis Bay concession block.
83. The Shell/BP Consortium abandoned the concession which it held south of Windhoek and north of the De Beers/Aquitaine concession and retained only an off-shore concession in the northern part of the Territory, immediately south of that which had been assigned to Gulf.
84. The Chevron Oil Company of the United States also abandoned the off-shore concession which it had held south of Walvis Bay, that is to say south of the area held by the Shell/BP Consortium, and took over an off-shore concession from the Marine Diamond Corporation in the southern section of the Namibian coast line. This new concession was a sublease from the Marine Diamond Corporation in respect of petroleum products.
85. Immediately south of the concession abandoned by Chevron and north of the block which Chevron subsequently leased from the Marine Diamond Corporation a relatively small area was occupied by a consortium consisting of the HM Mining and Exploration Company, Syracuse Oils, and Woodford Oil and Gas Company, all of the United States. This consortium gave up its concession in 1971.
86. All the concessions described above had originally been granted in 1968 by the Territorial "Administration" through the agency of the Southern Oil Exploration Corporation (South West Africa) Pty. (SWAKOR), a subsidiary of the government-controlled Southern Oil Exploration Corporation (SOEKOR). The total land area occupied by these concessions covered approximately 92,000 square miles. A condition of all the concessions in Namibia is that any company striking oil must transfer 10 per cent of its shares to SOEKOR in return for a refund of part of the exploration costs while SWAKOR would receive royalties equal to 2 per cent of the gross profits on all oil produced up to a maximum of 4 million tons with a sliding scale of royalties in respect of additional production.
87. Generally speaking, the year 1971 was characterized by an exodus from Namibia of the international oil companies who, according to a press report, had been "scared off by the political implications". At the end of the year, only two groups retained their land-based holdings, namely the Etosha Petroleum Company Pty., Ltd., a subsidiary of Brilund Mines of Canada, and the De Beers/Aquitaine Consortium belonging to De Beers Consolidated Mines of South Africa and the Société Nationale de Pétrole d'Aquitaine of France.
88. The De Beers/Aquitaine Consortium continued their activities in 1971 and carried out drilling near the town of Ses, about 100 kilometres north of Keetmanshoop. One commentator considered these activities to be of special interest.

89. As reported last year Etosha Petroleum had announced in December 1970 that 11 potential oil structures had been found in its concession which covers a total of 117,000 square miles in the northern part of the Territory. The prospects for the structures were characterized as "very favourable". However, a few days before this announcement was made Etosha Petroleum sold much of its equipment and began to move all its heavy equipment out of Namibia into Angola, where it had reportedly arranged to lease it to an oil company active in that Portuguese territory. Brillund Mines, which, according to reports, had spent about \$US 8 million in searching for oil in Namibia, also ceased operations although it still retains its concession. The company is reported to be in financial difficulties and its stock, which at one time sold on the New York Stock Exchange for \$US 84 per share, was quoted on 25 May 1972 at only \$US 4.75 per share.

90. In February 1972 it was announced that a 50,000 square kilometre concession, covering most of the coast line of Namibia north from Walvis Bay and a small area to the south, had been awarded to the B. J. H. du Preez organization. This award would appear to replace the concessions relinquished in 1971 by Gulf, Shell/BP and Chevron Oil Company.

2. FISHING

General

91. Fisheries are one of Namibia's main economic assets and the fishing industry is second in importance only to mining. Pilchards, found primarily along the shores near Walvis Bay and northwards, have in the past accounted for about 90 per cent of the value of the catch but the supply has been depleted by over-fishing. Next in importance are rock lobster, followed by white fish, anchovies, seal oil and pelts.

92. There are nine commercial fishing companies or groups registered in the Territory, nearly all of which are owned either directly or indirectly by South African interests. Six of these operate land-based fish processing factories at Walvis Bay and Lüderitz. Total profits of the major fishing companies in 1971 was as follows:

	(United States dollars)
Government profits before tax	16,380,000
Tax paid to the South African Government	4,900,000
Net profit after tax	11,480,000

93. In order to prevent over-fishing, particularly of pilchards, the industry operates under a quota system. In 1971 the total fish quota for the industry was established at 875,400 tons. Each of the nine companies was allocated a basic individual quota of 90,000 tons to consist of 30,000 tons of pilchards and 60,000 tons of anchovies and other species, subject to the condition that the company must stop fishing once it had caught 30,000 tons of pilchards, regardless of

whether it had filled the remainder of its quota. In fact, the season was a bad one, the total catch in 1971 being as follows:

	<u>Quota</u>	<u>Catch</u>
	(tons)	
Pilchards	298,700	295,600
Anchovies and other species	576,700	363,800
	<u>875,400</u>	<u>659,400</u>

94. The quota for 1972 was set at 995,400 tons (consisting of 338,700 tons of pilchards and 656,700 tons of other species). Most of the increase was to provide three additional quotas of 55,000 tons each. Two of these were granted to two South African companies, the Willem Barendsz, Ltd. and the Buitesee Viskorporasie, which had previously operated factory ships off Namibia without licence from the Administration. Under the terms of an agreement concluded in 1971, the two companies were granted these quotas for land-based operation on condition that they withdrew their factory ships. The third quota was given to the Sarusas Development Corporation as compensation for the cancellation of a larger quota which it had not used.

95. The problem of over-fishing, which is common to the whole South East Atlantic area, derives in part from fishing by ships of several nationalities. A means of controlling this is provided by the International Convention on the Conservation of Living Resources of the South East Atlantic which covers an area extending south from the mouth of the Congo river and including the sea off Namibia. The Convention, which has been ratified by six countries, including South Africa, came into force on 24 October 1971 and the first meeting of the International Commission created in terms of the Convention was held in April 1972. A request was made by the United Nations Council for Namibia to participate in the meeting on the grounds that (a) the Convention was concerned partly with fish caught in or near Namibia waters, and (b) that the fish attributed to South Africa for purposes of the Convention included the Namibian catch. The request was not, however, approved by the necessary majority among the six participating States. The Council thereupon requested the Food and Agriculture Organization of the United Nations (FAO), which is the depository organization for the Convention, to disassociate itself from the meeting, and FAO withdrew its personnel.

96. Rock lobster fishing constitutes a somewhat separate sector of the industry. Here also there is a quota system. The total quota for the Territory in 1971 was set at three million pounds tail weight but could not be pieced, the actual catch amounting to only 1,492,300 pounds. In 1972 the quota was again set at three million pounds.

97. The operation of the individual fishing companies in Namibia is set out below.

Companies

South West Africa Fishing Industries, Ltd. (SWAFIL)

98. The consolidated profits of SWAFIL for the year ending 31 December 1970 and for preceding years were as follows:

	<u>1968</u>	<u>1969</u>	<u>1970</u>
	(million rands)		
Gross profit before tax (consolidated)	3.12	2.59	2.56
Tax paid to the South African Government	0.98	0.77	0.85
Net profit after tax	2.14	1.82	1.71

The tonnage of fish processed decreased from 123,000 tons in 1969 to 101,000 tons. However, the volume of fish canned in 1970 was a record of 936,000 cases, compared to 906,000 in the preceding year.

99. Early in 1971 SWAFIL acquired a 30 per cent interest in Salt and Chemicals (Pty.). This company was expected to double its production of salt in 1972 as compared to 1971 and to double it again in 1973. Other subsidiary companies of SWAFIL on which no financial information was available are the Walvis Bay Trawling Company (Pty.), Ltd., which is 60 per cent owned by a subsidiary of SWAFIL, Seaflower Investments, Ltd. The Table Mountain Canning Corporation, Ltd. which cans lobster tails at Lüderitz and the Cape Lobster Canning Company, Ltd. carries out similar operations at Lüderitz.

100. In co-operation with Spanish interests, in mid-1971 SWAFIL formed a new company to exploit white fish off the coast of Namibia. The new company is known as Gaditana Fishing Company (Pty.), Ltd. with its head office in Walvis Bay. Sixty per cent of Gaditana will be owned by a SWAFIL subsidiary, West Coast Fishing Industries, and 40 per cent will be owned by the Spanish fishing company Pesquerías Gaditana de Gran Altura S.A. of Madrid. The company was reported to have acquired a Spanish trawler, the Rivera Andaluza, which was to be transferred to the Walvis Bay register. Fish were to be marketed through another SWAFIL subsidiary, Northern Fishing Industries, Ltd. and it was planned that catches would be sold locally and exported.

101. In a statement made in November 1971 the Chairman of SWAFIL, Mr. A. F. Behnsen, stated that the company expected a reduced profit for the year 1971. This he attributed to a drastically restricted pilchard quota and the reduced length of the fishing seasons in Walvis Bay and Lüderitz. Early in the year Mr. Behnsen had stated that the export of fish products from the Territory was shrinking from year to year. This, he said, was because the industry was not permitted to export canned fish, fishmeal and oil before the so-called "home demand" was fully satisfied. Mr. Behnsen said that the industry was compelled to sell its products to the Republic of South Africa at "unrealistic prices", which were up to 30 per cent below the world market price. In the

annual report for the year 1970 the Deputy Chairman and Managing Director of SWAFIL, Mr. F. W. K. P. Albrecht, criticized the activities of factory ships operating inside and outside the territorial waters of the Territory and also the recommendations for conservation made by a scientist at the University of Port Elisabeth, Dr. J. P. A. Lochner, and by the Division of Sea Fisheries of the South African Government. In the same report, Mr. Albrecht recommended that the territorial waters of Namibia be extended to 200 miles.

Marine Products, Ltd.

102. After a record net profit in 1970 of R3.98 million, the company's net profits for the year ending 31 December 1971 fell considerably, as shown in the following table:

	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
	(million rands)			
Gross profit before tax	4.94	4.95	5.60	3.59
Tax paid to the South African Government	1.41	1.05	1.62	0.98
Net profit after tax	3.53	3.90	3.98	2.61

103. In his annual report to shareholders for 1970, the Chairman of Marine Products, Ltd., Mr. C. J. F. Human, who is also the Chairman of Suid Kunene Visserye Bpk (see paras. 109-111 below) stated that the company would continue its declared policy of diversification and pointed out that during the year 36.5 per cent of the group's pre-tax income had been derived from interests other than fishing. It should be noted that Marine Products possesses an interest in the Klein Aub Copper Company (see paras. 41-43).

104. Mr. Human also called upon the South African Government to curb the activities of factory ships off the coast of the Territory, saying that unless this was done further damage would result to the fish resources.

105. Marine Products, Ltd. owns four subsidiary companies active in the fishing industry, namely Namib Fisheries, Ltd., Karibib Vissery Bpk., the Tuna Corporation of Africa, Ltd. and Neptune Fisheries, Ltd., in addition to other interests which are not related to fishing. Among these other interests should be noted three subsidiary companies, Nola Industries, Insulation Products Pty. and Industrial Oil Processors, and a minority holding in Federal Chemical Investments.

Sea Products SWA, Ltd.

106. Profits of Sea Products, Ltd. for the year 1971 and preceding years were as follows:

	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
	(million rands)			
Gross profit before tax	3.15	2.60	1.73	1.36 ^{a/}
Tax paid to the South African Government	0.95	0.82	0.55	0.43
Net profit after tax	2.20	1.78	1.18	0.93

a/ Unaudited.

107. Sea Products, Ltd. owns subsidiary companies, all involved in the fishing industry, namely: the Oceana Fishing Corporation, Ltd., at Walvis Bay and three companies at Lüderitz: Luries Canning Factory, Ltd.; Lüderitz Bay Canning, Ltd. and the African Canning Company SWA, Ltd. It also holds a substantial interest (700,000 shares) in SWAFIL.

108. In 1968, Sea Products, Ltd. obtained a contract to sell pet food to a major United States company which was to market the product under its own brand label. Although it was estimated that two million cartons would be sold by Sea Products in 1969, no further information on this contract has become available.

Suid Kunene Visserye Bpk.

109. After an increase in 1970, the net profits of Suid Kunene fell for the year ended 31 December 1971 to a level below those of both 1970 and 1969. Profits were as indicated in the following table:

	<u>1969</u>	<u>1970</u>	<u>1971</u>
	(million rands)		
Gross profit before tax	1.04	1.55	0.74
Tax paid to the South African Government	0.27	0.53	0.27
Net profit after tax	0.77	1.02	0.47

110. Suid Kunene is controlled by Federale Volksbeleggings Bpk. and Bonus Beleggings Korporasie Bpk., both industrial companies. Suid Kunene received a fishing licence in 1963 on condition that 40 per cent of the shares of the company be sold to residents of "South West Africa".

111. In mid-1971 the Chairman of Suid Kunene, Mr. C. J. F. Human, who is also the chairman of Marine Products, Ltd., stated that although control measures had been aimed at the protection of pilchards and the encouragement of the catching of anchovy, the latter species had not yet appeared in 1971, to any substantial extent. Nearly 40 per cent of the non-pilchard catch in the first five months of 1971 had consisted of small maasbankers. Mr. Human concluded from this that further research into the fishing conservation question was required.

Angra Pequeña Fishing Corporation, Ltd.

112. The profits of this company showed a steady decline over recent years as indicated in the table below. No dividend was paid for the year ending 31 December 1970, the latest year for which information is available.

	<u>1968</u>	<u>1969</u>	<u>1970</u>
	(million rands)		
Gross profit before tax	1.52	0.79	0.16
Tax paid to the South African Government	0.51	0.18	0.08
Net profit after tax	1.01	0.61	0.08

113. Another fishing company active in Namibia, Kaap Kunene, and the Atlantic Holdings Company own large interests in Angra Pequeña which is indirectly controlled by the Trust Bank of Africa, Ltd. In February 1971, Mr. J. Wiley, a United Party MP, stated in the South African House of Assembly that the condition of the award of a fishing licence to Angra Pequeña in 1963 that 45 per cent of the shares should be sold to residents of "South West Africa" had been contravened by the fact that political friends of the government and the Trust Bank of Africa, Ltd. had obtained effective control of Angra Pequeña.

114. In 1971, the chairman of Angra Pequeña was Mr. A. P. Du Preez who, as described above, obtained in the same year a large concession to search for petroleum in Namibia.

Ovenstone South West Investments, Ltd.

115. Net profits for the year ending 31 December 1970, the latest year for which figures are available, continued the slow decline which had been shown in previous years, as illustrated in the following table:

	<u>1968</u>	<u>1969</u>	<u>1970</u>
	(million rands)		
Gross profit before tax	...	1.40	1.41
Tax paid to the South African Government	...	0.33	0.47
Net profit after tax	1.12	1.07	0.94

116. Possibly as a result of this tendency the company has made and continues to make considerable efforts to diversify away from the fish industry. By mid-1971, Ovenstone owned 40 per cent of Creative Homes, 36 per cent of Bellandia Homes, 27 per cent of Repfin, 45 per cent of Motors, Western Province (Pty.) and 75 per cent of Holiday Trail. The Holiday Trail Company has obtained from Amalgamated Hotels, Ltd. of South Africa, who are the principal franchise holders, a franchise to operate hotels of the Holiday Inns chain in the Cape Province of

South Africa and in "South West Africa". Early in 1972, it was announced that the Trust Bank of Africa, a South African company, had formed an association with Ovenstone to participate in future Holiday Inn projects in the Cape Province and "South West Africa".

117. In the mid-1960s Ovenstone South West Investments, Ltd. held a contract to supply all the requirements of canned pilchards of the Del Monte Corporation of the United States. In 1968 the value of shipments to the Del Monte Corporation was believed to exceed one million rands per annum. In 1972 the Del Monte Corporation was still selling pilchards which had been canned in Namibia. However, it was not reported whether these pilchards had been obtained from Ovenstone or from another company.

Kaap Kunene Beleggings Bpk.

118. Kaap Kunene owns a large interest in Angra Pequeña and is linked to Kuiseb Visprodukte Bpk. One of its principal subsidiaries is New Western Fishing Industries, Ltd. It also owns a number of non-fishing subsidiary companies which have interests in ranching and other activities. For the year ending 31 December 1970 and earlier years, the company's profits were as follows:

	<u>1968</u>	<u>1969</u>	<u>1970</u>
	(million rands)		
Gross profit before tax	2.77	2.34	2.11
Tax paid to the South African Government	0.71	0.44	0.46
Net profit after tax	2.06	1.90	1.65

Willem Barendsz, Ltd.

119. Until 1972 the Willem Barendsz company operated a factory ship of the same name which had been active for a number of years off the coast of Namibia. Its profits for the year ended 31 December 1970, the last year for which data are available, and earlier years are given in the table which follows:

	<u>1968</u>	<u>1969</u>	<u>1970</u>
	(million rands)		
Gross profit before tax	1.51	1.77	0.39
Tax paid to the South African Government	0.54	0.72	0.15
Net profit after tax	0.97	1.05	0.24

Although data for 1971 are not yet available, it is believed to have been a poor year from the point of view of profitability.

120. As already noted (see para. 94), the company has been given a quota to catch 55,000 tons of fish in Namibian waters in 1972 in return for an undertaking to cease operating its factory ship off Namibia.

Recent developments

121. In early 1972 it was reported that the Willem Barendsz, Ltd., and Sarusas Development Corporation had agreed to form a jointly-owned operating subsidiary, Sarubar (Pty.), Ltd., to which they would transfer their fishing quotas. It was also suggested in press reports that Sarubar (Pty.), Ltd. would acquire 700,000 shares of SWAFIL (see para. 99) which would give it joint control of that company with Sea Products (SWA), Ltd., which already owns 700,000 shares of SWAFIL.

122. The object of this operation, according to press reports, would be a pooling of the quotas and resources of the four companies. This would result in a rationalized fishing operation with two factories at Walvis Bay processing a combined quota of 300,000 tons of fish.

3. AGRICULTURE AND HUSBANDRY

General

123. The third principal economic activity in the Territory, namely commercial farming, consists largely of cattle and sheep-raising, both of which are overwhelmingly white-controlled activities. In 1968, 65,000 people, the vast majority being migrant African workers, were employed in the agricultural sector, compared to 90,000 people in 1960. In 1971, there was a total of 5,000 farms with a combined income of R75 million, or an average of R15,000 per farm owner.

Cattle and small stock

124. The export of cattle to South African markets forms the basis of operations for the 3,000 beef farmers in Namibia, as only a fraction of the beef output can be absorbed locally. A small proportion is exported directly from Namibia to other countries.

125. The export of cattle from Namibia to the Republic of South Africa is controlled by a quota system established by the South African Government. Sales figures for cattle and small stock in recent years were as follows:

	<u>Cattle marketed in South Africa</u>	<u>Cattle marketed in Namibia</u>	<u>Total cattle marketed</u>	<u>Small stock marketed in South Africa</u>
1967	239,600	72,900	312,500	...
1968	259,500	57,300	316,800	...
1969	240,600	71,500	312,100	278,100
1970	305,900	...	...	178,900
1971	352,600	...	...	221,800

126. The figure of 305,900 head of cattle marketed in South Africa in 1970 includes 45,000 carcasses from the Territory's three meat-processing factories, which were Damara Meat Packers at Windhoek, controlled by the Vleissenstraal Cooperative, the Impala meat processing factory at Otavi and African Meat Cannery at Okahandja. These carcasses were exported to South Africa with the permission of the South African Minister of Agriculture.

127. Also in 1970, Damara Meat Packers exported 55,000 beef carcasses to countries abroad. These exports did not form part of the quota system as described above. Exports of beef from Namibia in preceding years had been as follows:

	<u>Beef exported overseas</u>	<u>Beef exported to other African countries</u> (tons)	<u>Total beef exports</u>
1967	...	...	1,609
1968	...	...	2,107
1969	1,313	1,539	2,852

128. In November 1971, the Damara Meat Packers factory was closed down for an undetermined period. It was reported that extensions to the factory which would cost over R800,000 would have to be made. Since 1969, Damara Meat Packers had been exporting beef to France, Switzerland, Zambia and other countries. The closure of the Damara Meat Packers factory was, according to press comment, linked to the decision by the Vleissenstraal Cooperative to purchase the Windhoek Municipal abattoir for a price of R1.08 million. The abattoir had been operating at a loss for a considerable time.

129. In mid-1971, the export of beef from the Territory to the United Kingdom which had been running at a rate of about 4,500 tons of prime beef cuts per annum was suddenly discontinued following a discovery by the United Kingdom authorities of contaminated meat. However, Vleissenstraal did not appear to be disconcerted by this setback as it was reported in February 1972 that the organization was about to buy the Impala meat processing factory at Otavi which, at one stage, had been exporting 12 million tins of beef per annum. If the purchase were to be completed, it would mean that Vleissenstraal would control three meat processing factories in Namibia, together with the Windhoek abattoir formerly owned by the municipality.

130. In mid-1971, it was reported that the Karroo Meat Exchange, a member of the Asokor group, was purchasing from African Meat Cannery the meat processing factory in Okahandja, which had been closed more or less permanently since October 1964. The Chairman of Asokor, Mr. Pickard, stated that Karroo Meat Exchange did not enjoy the subsidies paid to other exporters.

131. In October 1971 a Greek firm obtained a permit to import frozen meat from Namibia, and planned to erect a 400 square metre cold storage chamber at Walvis Bay. In January 1972 Vleissenstraal announced that contracts had been concluded with France and Switzerland for the export by air of 75 tons per week of chilled deboned choice beef cuts.

132. Generally speaking, overstocking was a serious problem in the beef industry. According to one source, there were 600,000 more cattle than the Territory could carry; according to another, 750,000. The Territory's farmers thus needed to sell 400,000 cattle per annum, whereas the South African market could only absorb 315,100 and the local market very little.

Karakul fur

133. The karakul sector is the second largest agricultural activity in Namibia. During 1970 there were reported to be more than 3 million karakul sheep on farms in the centre and south of the Territory. These sheep are raised mainly for their fur, known as "Persian lamb", "astrakhan" or "Swakara" (from "South West Africa Karakul"). Some karakul sheep are sold for meat. In 1970, the latest year for which information is available, about 248,000 head of karakul sheep were exported to the Republic of South Africa for meat.

134. Practically the total output of karakul fur is exported to countries other than the Republic of South Africa. The marketing is handled by three foreign companies, each one representing a company based in Namibia as follows:

(a) Eastwood and Holt, Ltd. of the United Kingdom representing Boere-Saamwerk Bpk. of South West Africa;

(b) Anning Chadwick and Kiver, Ltd. of the United Kingdom representing African Karakul Auctions of South West Africa;

(c) Hudson's Bay Company of Canada representing the Farmers' Co-operative Wool and Produce Union, Ltd. of South West Africa.

	<u>Number of pelts exported</u> (millions)	<u>Value</u> (millions)	<u>Average price per pelt</u>
1966	3.0	£ 9.5	£ 3.20
1967 (9 months)	2.9	£ 8.4	£ 2.90
1968	3.4	R 19.1	R 5.58
1969	5.3	R 31.6	R 5.94
1970	...	...	...
1971	3.5	R 30.0	R 8.57 (estimated)

135. Considerable efforts were made to sell karakul fur abroad. In April 1971 members of the Karakul Board and other producers attended the Frankfurt International Pelt Exchange; in June a fashion show featuring karakul fur from Namibia was held in New York in an attempt to "fill the gap in the luxury

fur field created by the withdrawal of spotted furs from the market" owing to pressure from conservationists; in September a seven-man team from Namibia representing the South West Africa Karakul Board, the Karakul Breeders Society and other bodies attended the Second International Karakul Symposium, held in Pierra-Neamt, Romania; the Symposium was attended by some 200 experts and scientists from 23 countries; while in November a delegation from Namibia visited Austria, Belgium, France, Italy, the Netherlands, Switzerland and the United Kingdom and attended the International Swakara Fashion Show in Paris where fashion designers from seven countries watched a display of Namibian furs.

4. NOTE ON THE CUNENE RIVER BASIN SCHEME

136. The scheme, which concerns both Angola and Namibia, was originally embodied in an agreement signed in 1969 between Portugal and South Africa. The scheme calls for the regulation of the flow of the Cunene River, the generation of electric power, and a number of irrigation works. The major part of the finance was to be provided by the Republic of South Africa. g/

137. The principal source of financing for the South African share of the Cunene scheme is reported to be the Industrial Development Corporation of South Africa, a government-controlled enterprise. The Electricity Supply Commission of South Africa (ESCOM) is also reported to be involved. In 1969 ESCOM obtained a loan of \$20 million repayable over five years from a consortium led by the Dresdner Bank of Frankfurt, Federal Republic of Germany, and which included the Commerzbank, the Berliner Handelsgesellschaft and the Deutsche Bank, all of the Federal Republic of Germany, the Crédit Commercial de France S.A., the Crédit Banque S.A. of Luxembourg, the Algemene Bank of the Netherlands, and Hill, Samuel and Company of London. ESCOM also obtained another loan of R 19.5 million at 8 per cent interest and repayable over a 10-year period starting in 1976 from a consortium led by the Commerzbank of the Federal Republic of Germany which included the Dresdner Bank and the Kreditbank of the Federal Republic of Germany, the Luxembourgeoise S.A. of Luxembourg, and the French banks Crédit Lyonnais and Crédit Commercial de France S.A.

138. In June 1971 work on the Gove Dam was reported to be nearing completion. The Calueque pumping station was completed in 1971, and work was begun on the Ruacanã Falls project which was scheduled to be completed by 1973. A small power station was completed at the site. Studies for the construction of Chibia Dam were also completed in 1971, and a Permanent Joint Technical Committee set up by South Africa and Portugal held its first meeting during that year.

139. In April 1972 tenders were being called for, to be submitted by June for construction of a 100 metre deep shaft, which would house the power station and its turbines. The work was reportedly suitable for large companies, and it was stated that firms in France, Italy and the Federal Republic of Germany were interested.

140. Fuller details on the Cunene scheme are contained in the working paper on Economic Conditions in Angola (see appendix I above).

g/ For details on the financial arrangements between Portugal and South Africa, see Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix II.A, para. 115.

APPENDIX V

BAHAMAS

Introduction

1. Basic information concerning economic conditions in the Bahamas, with particular reference to foreign economic interests, was annexed to the reports of Sub-Committee I and reproduced in the reports of the Special Committee to the General Assembly at its twenty-second, twenty-third and twenty-sixth sessions. a/ In addition, the latest Secretariat working paper on the Bahamas b/ prepared for the current session of the Special Committee contains recent information on general economic conditions in the Territory. Supplementary information on the activities of foreign economic interests is set out below.

Hawksbill Creek Agreement

2. On 3 August 1955, after he had negotiated an agreement with the Bahamas Government, Mr. Wallace Groves founded the Grand Bahama Port Authority Limited (GBPA). He was then a United States citizen but recently has acquired Bahamian status through naturalization in the Bahamas. Prior to its reorganization in 1968 (see para. 4 below), all the shareholders of GBPA were non-Bahamian. The agreement was embodied in the Hawksbill Creek, Grand Bahama (Deep Water Harbour and Industrial Area) Act of 1955. An outline of the agreement is contained in the report of the Special Committee to the General Assembly at its twenty-sixth session. c/ Briefly, the agreement, which continues in force for 99 years from its date, awarded GBPA some 50,000 acres of government land in Freeport, on Grand Bahama, later expanded to almost 150,000 acres. The GBPA undertook to construct, maintain and operate a deep-water harbour at Hawksbill Creek, to promote the establishment of commercial and industrial undertakings and to provide such basic facilities and social as well as educational amenities as required. For its part, the Government undertook certain obligations, including the grant to GBPA of the right to issue licences to individuals and firms for the operation of businesses in Freeport, and the exemption of the company and its licencees from the payment of: (a) taxes on their real and personal property, capital gains and appreciation, earnings as well as remunerations paid to their employees ordinarily residing in the area for 30 years from 1955; and (b) import duties (except on goods for personal consumption), excise taxes (except on consumer goods imported into the area), export duties and stamp or other taxes

a/ Official Records of the General Assembly, Twenty-second Session, Annexes, agenda item 24 (A/6868/Add.1), appendix VII; *ibid.*, Twenty-third Session, Annexes, agenda item 68, document A/7620/Add.1, appendix VIII; *ibid.*, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), appendix IV.

b/ A/8723/Add.6 (Part I), chap. XXII, annex I.A, paras. 47-95.

c/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), appendix IV, paras. 3-4.

on bank remittances during the continuance of the agreement. The Government had limited authority to intervene with respect to GBPA's administration and control of the whole of Freeport, except as specified, "for such other purposes (only) as may be mutually agreed upon from time to time between the Government and the Port Authority".

3. Amendments were made to the agreement in 1960 and 1966. These included, inter alia: (a) the extension, from 30 to 35 years from the date of the agreement, of the tax-free period referred to above; (b) the extension of the tax concessions granted by the Hotels Encouragement Act of 1960 to the promoter of a new hotel in Freeport; and (c) the transfer to the Government of certain responsibilities and activities in the educational, medical and housing fields.

4. After negotiations carried out in 1968, GBPA became a 92.5-per cent-owned subsidiary of the Philippine-based Benguet Consolidated, Inc., and the remaining shareholding (7.5 per cent) was acquired by the Government. Dissatisfied with the foreign domination of Freeport, the second most important community in the Bahamas, all parties at the 1968 London Constitutional Conference agreed to empower the Government to abrogate the 1955 Hawksbill Creek Agreement in any respect relating to immigration. This point of agreement was subsequently incorporated in the Territory's Constitution. In February 1970, the House of Assembly passed an Act to nullify immigration concessions within the 1955 Agreement and empower the Government to handle the matter of immigration. In accordance with the decision of the House, the Government, in September of that year, appointed a Royal Commission, headed by Sir Hugh Wooding, former Chief Justice of Trinidad and Tobago, to investigate and recommend possible changes to the Hawksbill Creek, Grand Bahama (Deep Water Harbour and Industrial Area) Act of 1955.

5. In its report, which was tabled in the House of Assembly on 30 June 1971, the Commission expressed its support for the Government's effort to reintegrate Freeport into the Bahamas. While upholding the justice and correctness of the Government's immigration policies, the Commission nevertheless felt that these policies had adversely affected the economy, not only of Freeport, but of the Bahamas as a whole, and that the administration of immigration had lacked imagination. The Commission also stressed that the Government did not want to obstruct the development of Freeport but only to change its direction. A summary of the Commission's main recommendations and the Government's comments thereon is set out in the latest working paper on the Bahamas prepared by the Secretariat. d/ It may be noted here that the Government accepted the recommendation that administrative changes affecting Freeport should be arranged co-operatively with GBPA rather than by legislative amendment. In accepting this overriding recommendation, the Government said that it had realized long ago that the only

d/ A/8723/Add.6 (Part I), chap. XXII, annex I.A, paras. 40-44.

provisions that needed to be enforced by legislation were the immigration provisions. In July 1971, new immigration regulations were introduced to provide for work permits for a period of three years as recommended by the Commission.

Economy of Freeport

6. Since its establishment, GBPA has sought to attract to Freeport foreign commercial and industrial enterprises upon favourable terms, as prescribed in the Hawksbill Creek Agreement of 1955, as amended. In 1960, after several years of little activity, the GBPA began to develop tourism in the area by contributing land to a new company called the Grand Bahama Development Company (DEVCO). A \$B 8 million first-class deluxe resort hotel (with 250 beds) was built but it sustained a loss in its first year of operation. With the Government's approval, DEVCO made arrangements with Bahamas Amusements Limited for the introduction of gambling. By 1970, there were 17 hotels operating in Freeport with a total of 3,750 rooms.
7. During the same decade, the pace of land development in Freeport was also phenomenal. Five land developers acquired a total of about 115,000 acres of land from GBPA. They were: Bahamas Developers Limited, Grand Bahama Hills Limited, Bahama Terrace Development Company Limited, Princess Properties International Limited and DEVCO. The last-named was by far the largest with some 110,000 acres, of whose shares GBPA owned 57.6 per cent. DEVCO decided that the development of its property would be designed for residential, tourist-commercial and resort purposes. Over a period of eight years ending 31 October 1970, the gross land sales of DEVCO amounted to some \$B 167 million. The overwhelming majority of these buyers (not less than 99 per cent) were of non-Bahamian origin.
8. In the late 1960s, three major manufacturing industries were established in Freeport. They included the Bahama Cement Company, a subsidiary of the United States Steel Corporation; the Syntex Corporation, a large manufacturer of pharmaceuticals based in Panama; and the Bahamas Oil Refining Company, jointly owned by the New England Petroleum Corporation and the Standard Oil Company of California.
9. Mr. Arthur D. Hanna, Deputy Prime Minister and Minister of Home Affairs of the Bahamas, said at a press conference held in Zurich, Switzerland, on 23 September 1971 that developers and investors wishing to operate in the Territory and interested in business undertaking for the success of their investment and for the benefit of the Bahamian could be assured of the Government's co-operation and approval. His speech marked the beginning of a sales programme in Switzerland by W and C French, Ltd. of the United Kingdom following the establishment of a subsidiary in the Territory to acquire and develop real property at Maliboo Reef and Alta Vista in Freeport. Mr. Hanna also said that Freeport was now striving towards greater maturity and stability. Its continued development would proceed in a manner that would ensure a meaningful and lasting future for all concerned. The Bahamas Government was delighted to have W and C French, Ltd. as land developers and investors in the Territory, and welcomed the decision of the company to offer the people of Europe an opportunity to invest in its Freeport project.

10. On 24 October, a GBPA vice-president, Mr. Cyril Bernard, told the Bahamas Chamber of Commerce that the Freeport economy was fundamentally healthy and that the hard-hit construction industry stood ready to deal with a hoped-for upsurge in heavy industrial development and tourism in early 1972. In this connexion, Mr. Bernard drew particular attention to the following: (a) a \$B 80 million programme being undertaken by the Bahamas Oil Refining Company for a substantial increase in its production capacity; (b) a considerable expansion at Freeport Power Company; (c) a scheme to be initiated by Harbour Fisheries Limited to develop a major fishing industry; (d) plans for the establishment of a timber mill and two factories to produce steel pipes and lithographic blankets; (e) a number of construction projects including one concerning a four-lane highway between Freeport and Gold Rock; (f) the inauguration in August by Transmeridian Air Cargo, Ltd. of the United Kingdom of an all-cargo service between Europe and Freeport linking with other distribution networks serving the Caribbean, South America and the United States; and (g) negotiations being conducted by GBPA over the erection of three 1,012-room hotels. Finally, Mr. Bernard said that his company was seeking to increase economic activity that would involve all the Bahamian people and also to create a prosperous society in Freeport with a balanced economic and social foundation and outlook.

Mining

11. It will be recalled e/ that in 1969 Ocean Industries, Inc., a wholly-owned subsidiary of the Honolulu-based Dillingham corporation, was granted a long-term contract to mine, process and sell aragonite. It is an extremely pure calcium carbonate sand dredged from the ocean floor and used principally in the manufacture of cement, chemical lime, steel, glass, pulp, paper and agricultural fertilizer. In May 1971, it was reported that the contract ran for 10 years and was renewable for a further 20 years. The contract also provided for the creation of a number of aragonite islands, title to which would rest with the Crown.

12. The first of these islands, 200-acre Ocean Cay, was nearing completion in one of the four licensed areas covering 8,235 square miles of water, or roughly twice the land area of the Territory. The largest section encompasses the entire southern tip of the "Tongue of the Ocean" between Exumas and Andros. Two smaller areas are situated north of Andros and west of Eleuthera respectively. The fourth parcel, where mining was taking place, is a 458-square mile area, 20 miles south of Bimini and 50 miles east of Miami. The 575 million-ton reserves of the Andros site - the smallest - are alone equivalent to a 10-year supply of aragonite, while the concession areas together hold an 850-year supply based on current and projected world demand. Present demand is 2,000 million tons annually.

e/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), appendix IV, para. 12.

13. The contract contained certain safeguards. Besides requiring regular ecological surveys at the expense of Ocean Industries, Inc., there was provision for buffer zones to protect the existing fishing areas, and the company agreed to discontinue its operation without compensation, should it be considered in the interest of the Bahamas.
14. According to an official estimate, by 1973, when production reaches a level of 12 million tons, the Government will be receiving more than \$B 500,000 annually, based on minimum royalty payments, ranging from \$B 50,000 in 1970 to \$B 360,000 in 1980, plus six cents on the Bahamian dollar for each additional ton.
15. There are other economic advantages anticipated from the mining of aragonite. First, the Government will own Ocean Cay, an island composed of aragonite worth several millions of dollars, which is now leased to Ocean Industries, Inc. Secondly, the aragonite deposits represent a major resource for the development of large-scale secondary industries, which the Government has been encouraging as part of its diversification programme. Thirdly, the project is expected to increase the Territory's payments surplus, as almost all the company's sales will be in the United States. Ocean Industries, Inc. stated in its report published at the end of November 1971 that the Government had received more than \$B 150,000 in revenue from the aragonite project during the previous two years. The company estimated that its annual contribution to the Bahamas would increase to over \$B 1 million when the markets were developed.
16. According to that report, shipments of 80,000 tons of aragonite to Puerto Rico and the United States Virgin Islands were started in 1970. Early in 1971, the company concluded a long-term sales contract with a leading United States cement manufacturer for some \$B 100 million worth of aragonite. Subsequently, a 700,000-ton stockpile was produced and additional sales were made to Guyana, Puerto Rico and the United States Virgin Islands. In July, the company purchased the first 74,000-ton bulk carrier vessel, which was expected to carry to the world markets about 3 million tons of aragonite each year as from 1972. Ocean Industries, Inc. and other affiliates of its parent company, Dillingham Corporation, had already invested \$B 30 million in the aragonite project. Further expansion of the mining and shipping facilities in the Bahamas was scheduled, concurrent with investment in receiving and processing terminals in the United States and the Caribbean region.

APPENDIX VI

BERMUDA

Introduction

1. Basic information on the economic conditions in Bermuda, with particular reference to foreign economic interests, was annexed to the report of Sub-Committee I and reproduced in the report of the Special Committee to the General Assembly at its twenty-sixth session. a/ In addition, the latest Secretariat working paper on Bermuda b/ prepared for the current session of the Special Committee contains recent information on general economic conditions in the Territory. Supplementary information on the activities of foreign economic interests is set out below.

Financial institutions

2. It will be recalled c/ that the finance industry is now the second most important source of the Territory's income. The banking sector developed very rapidly after 1967 and 90 per cent of its total resources in 1971 were controlled by two banks. The Bank of Bermuda, Ltd. is by far the largest, with resources of \$B 319 million d/ in 1971. It was established in 1889 and incorporated in 1890, and has been the sole depository in Bermuda of the territorial Government. The Bank of N. T. Butterfield and Son, Ltd., the second largest, was established in 1858 and incorporated in 1904 and had resources of \$B 222 million in 1971. Both banks are qualified depositories of the United States Treasury and maintain correspondent relationships with major banks in the world. Two smaller banks were reported to have undergone rapid growth since their establishment in 1969. They are the Bermuda Provident Bank, Ltd. (which is associated with Barclays Bank, D.C.O. of the United Kingdom of Great Britain and Northern Ireland) and the Bermuda National Bank, Ltd. (which is affiliated with the Bank of Nova Scotia of Canada). The Bermudian public own 40 per cent and 33 per cent of their respective shares.
3. Much of the significant progress made by the banking sector in recent years has been due to the advent of exempted and off-shore or "captive" insurance companies, an account of which is given below.

a/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), appendix IV.

b/ A/8723/Add.6 (Part I), chap. XXII, annex I.B, paras. 23-40.

c/ Ibid., para. 30.

d/ One pound sterling (£1) is equivalent to 2.40 Bermuda dollars (\$B).

Exempted companies

4. It will also be recalled e/ that in 1971, there were about 2,000 international companies (758 in 1967) in Bermuda, most of them owned by Canadian, United Kingdom and United States interests. Of these, some 1,600 were exempted companies incorporated in Bermuda and the remainder were resident foreign companies operating from Bermuda. The two classes of companies conduct their business "off-shore" - that is, outside the Territory.

5. The "exempted company" designation is applied in Bermuda to any company which is incorporated there and which is declared by its Memorandum of Association or Incorporating Act to be an exempted company. Under the terms of the Companies Act, 1969, there is no regulation or control over the shareholding of such a company. It carries out its objectives abroad from a place of business in Bermuda. Incorporation may be by private act of the Legislature or by registration.

6. An exempted company may be wholly owned by non-Bermudians, but must have at least three local directors and also must maintain a registered office in Bermuda - one where corporate records are maintained and where the share register is available to the public. The company may not carry on business in Bermuda except in furtherance of its business exterior to the Territory; nor may it buy shares in any local company. Moreover, it may not own or take mortgages on land in Bermuda, although some of its beneficial owners may do so as individuals, with the permission of the Member of the Executive Council for Immigration and Labour.

7. At present, the transactions of international companies operating outside the sterling area from Bermuda are subject to scrutiny by the Foreign Exchange Control, and the Member of the Executive Council for Finance has power to call for an investigation of a company's affairs if given reason to do so by shareholders owning at least one fifth of the shares of the company. The registrar of companies is empowered by statute to dissolve companies which are no longer in operation.

8. Exempted companies may obtain exemption from possible future income tax, profits and capital gains taxes until 1996 by applying to the Member for Finance.

9. Both exempted and resident foreign companies are required to pay a fee of \$B 480 to the Government prior to the commencement of business and annually thereafter. Stamp duty is paid on the initial capitalization of the exempted company and on subsequent increases of capital at a rate of 60 cents per \$B 240 of authorized capital. Each company wishing to incorporate by registration pays a fee of \$B 100 on application to the Member for Finance for a permit to do so. The annual contribution by the international companies to government revenue was estimated to have increased from \$B 750,000 in 1970 to \$B 1.5 million in 1971.

e/ A/8723/Add.6 (Part I), chap. XXII, annex I.B, para. 30.

Off-shore or "captive" insurance companies

10. As previously noted, f/ the Territory is fast becoming a major centre of financial structures known as off-shore or "captive" insurance companies. They are called captives because they are controlled by the corporations that pay premiums to them. In 1971, at least 40 captives were reported to have been incorporated in Bermuda, mainly by large United States corporations, among which were Celanese Corporation, CPC International Corporation, Johnson and Johnson and Penzoil United, Inc. About 100 other corporations were actively exploring the possibility of establishing new captives in Bermuda. A spokesman for Johnson and Higgins, one of the three largest United States insurance brokers with offices in Bermuda, said in late May that by the end of the month, the number of Bermuda companies managed by his office would be increased from six to eight and that talks were being held about setting up three more.

11. A variety of circumstances has enhanced the corporate incentive to start a captive insurance company. The United States tax laws make the creation of such a company particularly attractive. Also, corporations that find it difficult or impossible to obtain certain kinds of insurance in the United States can get them from Bermuda-based insurance pools formed by two or more companies. Finally, the Bahamas, another leading tax haven in the sterling area, has tightened its regulation of insurance companies.

12. According to an estimate, premium volume of captive insurance companies in Bermuda probably varies between \$B 300,000 and \$B 10 million a year. The existing captives are being used by more than 80 large Canadian and United States manufacturers. Besides being insurance underwriters, many of these captives also perform the functions of tax shelters for foreign investment concerns.

f/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), appendix IV, para. 28.

APPENDIX VII

CAYMAN ISLANDS

Introduction

1. Basic information concerning economic conditions in the Cayman Islands, with particular reference to foreign economic interests, was annexed to the report of Sub-Committee I and reproduced in the report of the Special Committee to the General Assembly at its twenty-sixth session. a/ In addition, the latest Secretariat working paper on the Cayman Islands b/ prepared for the current session of the Special Committee contains recent information on general economic conditions in the Territory. Supplementary information on the activities of foreign economic interests is set out below.

Laws establishing a tax haven

2. It will be recalled c/ that at the end of 1970, over 2,000 companies (some 900 in 1969) and over 300 trusts (about the same as in 1969) owned by foreign interests were registered in the Territory. Most of these are Canadian, United Kingdom and United States companies, principally operating finance business outside the Cayman Islands. The territorial Government has acknowledged its awareness of the importance to the Islands of the role of George Town as a tax haven and international finance centre. The Government has stated that it has no intention of changing this role. To this end, it has enacted laws specifically designed to provide suitable legal framework. The main provisions of these laws are outlined below.

Companies Law of 1960 as amended

3. The Law permits the registration of exempted companies - those whose objectives are to be carried out primarily outside the Territory. The following provisions apply in the case of such companies only: (a) no annual return of shareholders need be filled, nor need a register of shareholders be maintained or made available for inspection by the public; (b) subject to the approval of the Controller of Exchange, bearer shares (fully paid) may be issued and quoted in a foreign currency, but must be marked as not available to be held by Scheduled Territories (sterling area) residents; (c) an exempted company may not trade in the Cayman Islands except in furtherance of its business carried on outside the Islands.

a/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), appendix IV.

b/ A/872, Add.6 (Part I), chap. XXII, annex I.D, paras. 25-40.

c/ Ibid., para. 29.

Tax Concession Law of 1963

4. Under the Law, the Governor in Executive Council is empowered to give an undertaking to an exempted company that no tax or duty will be levied on its profits or income, or on capital assets, gains or appreciations. The undertaking may further provide that no such tax or duty, or any tax such as estate or inheritance tax, shall be payable on the shares, debentures or other obligations of the exempted company. Such undertakings are usually granted for not more than 15 or 20 years. The Governor in Executive Council is also empowered to approve on certain conditions the investment of money from outside the Islands in a business carried on in the Islands. Such an approved investment shall be exempt from any form of tax or duty computed on profits, income, or on capital assets. The exemption may not be for a period longer than 25 years from the date the investment is approved.

Exchange Control Regulation Law of 1966

5. The regulations follow the broad pattern of scheduled territories (sterling area) exchange control policy and are administered by a Controller of Exchange. As stated above, the Controller's prior permission is required for the issue of bearer shares. His permission is also required for the issue or transfer to any non-resident of the sterling area of any shares or other securities issued by a company having resident status for exchange control purposes. A company owned by non-residents of the sterling area and neither engaged in business in the area nor having dealings in any sterling currency, may obtain non-resident exchange control status, thus enabling it to deal freely with its non-sterling assets without further reference to the Controller of Exchange.

Banks and Trust Companies Regulation Law of 1966

6. No banking or trust business may be carried on from or within the Islands unless a licence to conduct such business has been issued by the Cayman Islands Government.

Trusts Law of 1967 as amended

7. The Law has as its object the provision of modern and up-to-date statutory conditions by which trusts shall function and is based substantially on the relevant Acts of the United Kingdom of Great Britain and Northern Ireland. Under the Law, the Registrar of Trusts may register a trust as an exempted trust, provided he is satisfied that the beneficiaries do not include, and are not likely to include, any person (other than objects of a charitable trust or power) resident or domiciled in the Islands. Subject to the fulfilment of these conditions, the Governor in Executive Council is empowered to give an undertaking to the trustees that no law which is thereafter enacted in the Islands imposing any tax or duty to be levied on income or on capital assets, gains or appreciation, or any tax in the nature of estate duty or inheritance tax, shall apply to any property comprised in, or any income arising under, such exempted trust or to the

trustees or the beneficiaries in respect of any such property or income. Such an undertaking may be for a period not exceeding 50 years from the date of the creation of the exempted trust. The Trustees of an exempted trust are obliged to furnish the Registrar of Trusts with such accounts, minutes and information relating to the trust as he may from time to time require.

Leading tax havens in the sterling area

8. The tax structure and governing legislation (of which particulars have been given above) offer the non-resident a financial climate comparable to that of such well-known tax havens as the Bahamas and Bermuda. The three Territories are the most important tax-free bases in the sterling area. As a group, they have no form of direct taxation at all, but because of this are not party to double taxation agreements with the major trading nations. The disadvantages of this are twofold, namely, that United Kingdom dividends suffer deduction of income tax before payment and that indirect taxes can be relatively high. Some of the most sophisticated schemes for tax avoidance involve the use of third country tax planning intermediaries.

9. The major tax havens in the Caribbean enjoy different images. According to reports, many foreign companies and private investors have recently shifted their financial operations to the more stable Cayman Islands.

APPENDIX VIII

TURKS AND CAICOS ISLANDS

Introduction

1. Basic information concerning economic conditions in the Turks and Caicos Islands, with particular reference to foreign economic interests, was annexed to the report of Sub-Committee I and reproduced in the report of the Special Committee to the General Assembly at its twenty-sixth session. a/ In addition, the latest Secretariat working paper on the Turks and Caicos Islands b/ prepared for the current session of the Special Committee contains recent information on general economic conditions in the Territory. Supplementary information on the activities of foreign economic interests is set out below.

Land and the development of tourism and property

2. As previously noted, c/ the United Kingdom Government, at the end of 1969, appointed a working team headed by Sir Derek Jakeway, former Governor of Fiji, to inquire into the future development of the Turks and Caicos Islands. According to the team, the Territory's land area, totalling 103,099 acres, comprises: Crown land, 78,259 acres; and private land, 24,840 acres. The purchase of private land, which is not controlled in any way, is subject to personal negotiation, and there is no indication of any alienation of such land to foreigners. In its report, which was published in March 1970, the team stated that the local people had expressed a keen and urgent desire for the productive utilization of the large areas of presently unoccupied Crown land as the only means open to them to raise their standard of living. It was left in no doubt that these people expected to be the principal beneficiaries from development, and that adequate land should be reserved for them and for islanders returning from abroad.

3. The present policy in respect of Crown land is not to part with freehold title until an agreed amount of permanent improvement has taken place. Such land will therefore be issued on a conditional lease in the first instance. The conditions are phased over a number of years, usually about five, except in the case of a very large-scale development scheme when a longer period would be granted. In any case, some progress must be shown within two years. The Government of the Turks and Caicos Islands would bind itself to grant freehold title at the end of the period, if the agreed development had taken place. If no development takes place within the stipulated period, the land would revert automatically to the Crown. An applicant for Crown land should give, in some detail, his proposals for development, and the area or areas required, together with details of his financial backing.

a/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), appendix IV.

b/ A/8723/Add.6 (Part I), chap. XXII, annex I.F, paras. 17-33.

c/ Ibid., para. 7.

4. It will be recalled d/ that in its report, the Jakeway team concluded that the future development of the Territory would have to be based on tourism and real estate activities. The team noted that the Government had already entered into agreements with private enterprises (almost all of them owned by foreign interests) for the development of 11,670 acres of Crown land. It further noted that agreements were being negotiated or in suspense pending the outcome of the team's report, for the development of another 16,340 acres, thus bringing the total to 28,010 acres, or 35 per cent of all Crown lands on eight islands.

5. The team observed that in its negotiations with developers, the Government did not have the expert backing and advice available to the other side. Because of this and because of its inherently weak bargaining position, it might concede more than was necessary or desirable. In this connexion, the team drew particular attention to the Blue Caicos project on Providenciales (which was later abandoned). It considered that the Territory could derive certain economic benefits from this project. But it expressed opposition to the draft agreement on the ground that the latter would provide for the exercise of control by one company over an area of some 10,000 acres (nearly half the island and disproportionately large by any standard) as well as for its assumption of a number of governmental functions such as rating, etc.

6. Among the other large projects listed in the team's report were those on Providenciales and North Caicos being undertaken by Provident Limited Company of the United States and Axford and Associates of Canada respectively. In October 1970, the former, with a capital of \$J 2 million, e/ was reported to have completed a 15-room luxury hotel and was expected to fulfil all the conditions of its conditional lease shortly (i.e., the construction of an airport, roads linking the main settlements and a hotel), thereby enabling it to gain title to 4,000 acres of Crown land. Most of this land was subdivided into building lots ranging from an acre to two acres costing \$J 5,000 an acre for a beach site to \$J 1,200 for an inland site. Altogether, 2,500 lots were being offered through agents in the Federal Republic of Germany, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America, and so far some 700 had been sold.

7. Axford and Associates, to which a conditional lease on 1,500 acres of Crown land had been granted, started work on North Caicos during the same month. To gain title, the company was required to build a hotel and certain basic facilities. It made plans for a hotel, a marina and two condominiums, with the rest of the land going for plots and possibly agriculture since the island is the most fertile of the group.

8. Also listed in the report of the Jakeway team was the Cays Development Company, an international concern, which had acquired 740 acres of Crown land on Pine Cay under a conditional lease from the Government in the early 1960s. The company had made an investment of \$J 2 million in the development of a resort for the "super-rich".

d/ Ibid., para. 23.

e/ One pound sterling (£1) is equivalent to two Jamaican dollars (\$J).

9. In calculating the number of conditions imposed upon a conditional purchase lease, the Government was reported to have taken local circumstances into consideration, and the resulting value of land varied. But in the most recent transactions, land had generally worked out at about \$J 500 an acre for developers.

APPENDIX IX
PAPUA NEW GUINEA

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INTRODUCTION

1. The present working paper supplements previous studies on the economy of Papua New Guinea which the Secretariat prepared for Sub-Committee I in 1967, 1968, 1969 and 1971, 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 the earlier studies by furnishing new information on the main sectors of the economy in which there is foreign investment.

1. LAND

2. Land in the Territory is classified into three categories: indigenous land, which is held in accordance with local custom; freehold land; and land held by the Administration, which includes land leased to indigenous and non-indigenous inhabitants. Land in the first category may not be transferred except to Papuans and New Guineans in accordance with local custom, or to the Administration. The principal land legislation has been described in the previous report. b/ It includes the Land Ordinance, 1962-1969, the Land Titles Commission Ordinance, 1962-1970, the Land (Tenure Conversion) Ordinance 1963-1967, Lands Registration (Communally Owned Land) Ordinance, 1962 (suspended in 1969) and the New Guinea Land Titles Restoration Ordinance, 1951-1968.

3. In 1971, new land legislation was introduced in the House of Assembly to reform the land tenure system. The purpose of the proposed legislation, according to the administering Power, is to bring about a system of land tenure which fits in with the customs and usages of the people and which would also encourage better use and development of the land. The long-term objective of the reform is to introduce throughout Papua New Guinea a single system of landholding regulated by statute and providing for secure individual registered titles. The Trusteeship Council, at its thirty-eighth session, expressed the hope that the new land legislation would eventually contribute to the solution of land tenure disputes and to the problem of bringing unused land into productivity.

4. According to the supplementary report of the Administering Authority to the Trusteeship Council at its thirty-ninth session, c/ the proposed land legislation was debated by the House of Assembly in June 1971, but was subsequently withdrawn

a/ For the most recent, see Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 23 A (A/7623/Rev.1/Add.1), annex, appendix VII; *ibid.*, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix V.

b/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix V.

c/ T/1733/Add.1.

by the Administration because it considered that there was insufficient understanding of the bills. The Administration intended, however, to resubmit the bills to the House in 1972. The Deputy Chairman of the Administrator's Executive Council had stated in the House of Assembly that no changes in the land laws would be made until a committee of inquiry had studied the proposals.

5. The Territory of Papua New Guinea has a total area of 46,299,396 hectares of which 1,563,847 hectares are alienated and in the possession of non-indigenous people or of the Administration. The balance is either owned by indigenous inhabitants under the customary land tenure system, or it is waste and vacant. Absolute individual ownership represents less than 1 per cent of the total land area.

2. AGRICULTURE AND LIVESTOCK

6. For the vast majority of indigenous inhabitants, agriculture is the main source of revenue. Thus, special attention has been given to this sector of the Territory's economy. In recent years, there has been a rapid growth of indigenous participation in the production of plantation-type crops. As a result, about three quarters of the acreage planted with coffee is now controlled by Papuans and New Guineans, as well as more than half the production potential in the commercial coconut industry.

7. During the period under review, the agricultural sector of the economy was severely affected by the collapse of the world market for copra and the falling off of demand for coffee. A committee of inquiry was established by the Administrator's Executive Council to study the situation in order to find ways and means to alleviate the effects of the crisis. This committee, which reported that export earnings from the rural sector would be significantly reduced, examined a proposal to create a stabilization fund for all primary industries in order to help the small indigenous landholders whose only source of income was from their primary produce.

8. The Special Representative of the Administering Authority informed the Trusteeship Council at its thirty-ninth session that the committee of inquiry had presented an interim report on the existing problems and future prospects of the Territory's tea, coffee, cocoa, rubber and copra industries. The committee had made recommendations which were under study and would form the basis of action to be taken by the Papua New Guinea Government.

Copra

9. Since 1966, the amount of copra produced each year has averaged approximately 115,000 tons, a little less than one third of which comes from indigenous plantations. As already noted, the prices paid for copra on the world market dropped sharply during the period under review.

10. Indigenous growers in Papua New Guinea produced a total of 41,958 tons of copra during the year ending 30 June 1970, compared with 43,801 tons during the preceding year. Production by non-indigenous growers amounted to 84,557 tons for the year ending 30 June 1970, compared with 89,115 tons during the preceding year.

11. In order to alleviate the effect of the price drop on the income of producers, the Copra Industry Stabilization Board doubled the bounty paid for all stocks delivered to the Copra Marketing Board during February 1972. (The bounty had already been increased in 1971 from \$A 3 to \$A 10.) d/ The increase in the bounty maintained the return to producers at slightly more than \$A 100 a ton. In view of the excess supply of copra in European markets, and the prospect of further oversupply in 1972, the outlook would indicate a continuation of depressed prices. Besides the unfavourable international market conditions, the situation had been aggravated by a dramatic increase in the oil yield from fish caught off the west coast of South America.

Cocoa

12. Indigenous growers produced a total of 6,137 tons of cocoa for the year ending 30 June 1970, compared with 5,833 tons during the preceding year. Non-indigenous growers produced a total of 16,789 tons in 1969/70, compared with 18,134 in 1968/69. According to the report of the Administering Authority, to the Trusteeship Council for the year under review there was continued research aimed at increasing plant resistance to disease. Results of cultural trials have led to revised recommendations on spacing and shading, and work continues on fertilizer trials which indicate good returns from nitrogenous fertilizers.

13. It was reported that a group of settlers in Popondetta in Northern District have asked Mr. Andrew Peacock, the Minister for External Territories of Australia, to write off an estimated \$A 1.8 million which they owe for agricultural loans. About 60 Papuans and New Guineans and 27 Australians were involved in this request which was the result of a partial collapse of a cocoa growing project. Insect attacks and a virus disease were the causes of the trouble at the project which was started in 1959 and is known as the Sangara Settlement Project. Some of the remaining planters were confident, however, that cocoa was still a viable crop in the Popondetta area, now that some of the plant diseases have been overcome.

Rubber

14. Of the 5,218 tons of rubber produced in the Territory during the year ending 30 June 1970, the share of the non-indigenous growers amounted to 5,191 tons. The Special Representative of the Administering Authority informed the Trusteeship Council at its thirty-ninth session that depressed prices for rubber had resulted

d/ The local currency is the Australian dollar (\$A); \$A 1 equals \$US 1.20.

in fewer new non-indigenous plantings than had been expected, but that the local population was being encouraged to plant rubber and plantings were increasing rapidly, particularly in Western District.

Coffee

15. Indigenous growers produced a total of 22,518 tons of coffee during the year 1969/70, compared with 14,943 tons during the preceding year. The corresponding figures for non-indigenous growers were 6,230 tons during the year 1969/70, and 6,196 tons during 1968/69.

16. During 1972, the coffee industry was severely affected by market conditions. World-wide over-production of coffee led to a sharp decrease in prices, and producers in the Territory had difficulty in obtaining export permits. The price of green coffee for export dropped from 43 cents (Australian) per pound in November 1971 to 25 cents (Australian) per pound in February 1972. It should be noted that many of the local government councils in the rural areas derive most of their revenue from taxes on coffee sales.

17. As far as coffee marketing is concerned, the situation of Papua New Guinea has been further aggravated by its political status. In terms of the International Coffee Agreement, the Territory is treated as if it were part of Australia and therefore the amount of coffee the Territory can export to other countries is restricted to the amount Australia imports from other producing countries. The International Coffee Agreement is due for renewal in September 1973 and it is expected that negotiations will take place with a view to having Papua New Guinea treated as a separate entity and classified as an export country under the new agreement.

18. In April 1972, the Papua New Guinea Coffee Marketing Board was reportedly negotiating a loan to be used for the purchase of surplus coffee stocks which the Board would dispose of in new markets as they became available. It was also announced that a committee consisting of members of the Board and government officials had been formed to study the difficulties confronting the industry. It appears, however, that the long-term solution to the problem of over-production of coffee in the Territory lies in diversification.

Oil palm products

19. Commercial production of palm oil is mainly concentrated in West New Britain District where it has been developed jointly by the Papua New Guinea Government and a British company, Harrison and Crossfield, which also has palm plantations in Malaysia. Indigenous settlers from various parts of New Guinea have been installed on plots 15 hectares in area each close to a concession and factory owned half by the Administration and half by Harrison and Crossfield. The inhabitants of neighbouring villages have also been encouraged to plant oil palms.

20. The jointly owned company, known as New Britain Oil Palm Development, Ltd., employs fewer than 12 Europeans in key positions and about 900 indigenous workers in its plantations and factory. It supplies the small holders with planting material from germinated nuts imported from Malaysia and buys the oil-palm fruits they produce at about \$A 22 per ton and processes it. The first exports took place in November 1971 and in early February 1972 palm oil was still maintaining a reasonable price on the world market.

21. Between 1967 and 1972, a total of 12,300 acres of oil-palm were planted in West New Britain. Of the total, 4,300 acres were planted by New Britain Oil Palm Development, Ltd., and 8,000 acres by indigenous small holders. The company is reportedly planning to extend its planting from the Nosa estate, which is now fully planted, to Kumbango, and to increase its plantation to a total of 10,000 acres. Small holders are expected to increase their acreage to 12,000 and village plantings will add a further 2,000 acres. It is also planned to construct additional processing facilities in order to enable the company to process 1,000 tons of fruit per 24 hours.

22. The small holders come mainly from the Gazelle Peninsula, and the Sepik and Highlands districts. Each settler receives an initial loan of \$A 1,870 from the Papua New Guinea Development Bank. It was recently announced that palm oil exports from Papua New Guinea will have access to the Japanese market on the same terms as the produce of other developing countries.

Other crops

23. The production of pyrethrum, which totalled 500 tons during the year ending 30 June 1971, is solely in the hands of indigenous farms. Considerable effort has reportedly been made by the Administration to stimulate pyrethrum production, but the development of the industry has been hampered by transportation difficulties. Rice production, which is still almost at the experimental stage, could easily find a market in Papua New Guinea which consumes 43,000 tons per year, but the local price is higher than that of rice imported from Australia. Tea is grown in the Western Highlands under the system of association between European concessions and small indigenous holdings. The tea is of excellent quality and high yield, but the quantity grown is small, amounting to only about 2,000 pounds in 1970. Small-scale commercial production of tobacco leaf continues in the Highlands.

Livestock

24. The principal livestock are pigs, owned mainly by the indigenous inhabitants, and cattle. Donkeys, goats, sheep, horses and poultry are also kept. The Division of Animal Industry of the Department of Agriculture, Stock and Fisheries is responsible for carrying out those activities of the Administration which directly affect the animal industry. Farms, staffed by the Administration, have been established where livestock are bred for distribution, proven methods of animal husbandry are demonstrated and experimental work is carried out to determine methods of improving pasture and the quality of livestock.

25. The number of cattle in the Territory, although low, is increasing at the rate of about 20 per cent per annum, and totalled some 82,000 head for the year ending 30 June 1971. The Administration encourages the importation of cattle from Australia by granting subsidies to reduce the cost of transporting animals of above average quality to Papua New Guinea. During the year 1970/71, a total of 189 cattle were imported for private graziers, all under the cattle freight subsidy scheme. In addition, approximately 1,500 head of locally bred female stock were sold by private companies to indigenous farmers.

26. It was reported that an application for the financing of a five-year plan to develop a major livestock industry in the Territory was made to the International Bank for Reconstruction and Development (IBRD) early in 1972. The project was prepared by the Department of Agriculture, Stock and Fisheries, in conjunction with the Papua New Guinea Development Bank and the Department of the Treasury, and the application was presented by a Development Bank consultant. The project, which will cost an estimated \$A 8 million, is expected to involve the development of about 2,000 cattle farms, 500 pig farms and 250 poultry farms throughout the Territory. It has been preceded by the development of large grazing leases to ensure an adequate supply of breeding stock.

3. MARINE PRODUCTS

27. The Department of Agriculture, Stock and Fisheries is responsible for the administration of fishing activities. It was reported by the administering Power that, following a reorganization of the Department, there were now two Fisheries branches, one in the Research and Surveys Division, and the other in the Division of Development and Marketing.

28. Of the original five companies which entered the Papuan prawning field in 1969, three were still operating in 1971. As catches were moderate, further expansion was unlikely, but international high seas prawning may continue.

29. Results of surveys of the fishery resources off New Guinea, which were begun in early 1970, have indicated the existence of tuna in commercially exploitable quantities. Commencing late in 1970 and early 1971, three Japanese companies have been fishing for tuna off New Guinea, employing four mother-ships, two carriers and 13 40-ton catchers. The companies are operating from Babanal (New Britain), Kavieng (New Ireland) and Lorengau (Manus Island). A further 17 catcher boats were expected to be operating by the end of 1971.

30. It was reported early in 1972 that a group of officials from Australia and Papua New Guinea had discussed with the Japanese Government the development of fisheries in the Territory. Three additional companies were said to be interested in fishing the waters around the New Guinea islands which had already been surveyed. According to the report, the Administration of Papua New Guinea was in favour of separate agreements with each of the companies and was trying to attract a company that would provide the processing factory. Even though the

processing factory might be centralized, the Administration wished to see the fishing fleet based in different ports. One of the above-mentioned companies, based in Kavieng (New Ireland), is already processing tuna for export to Japan.

31. Another Japanese company, the Kiwai Fishing Group, is engaged in fishing for barramundi, a fish which is found mainly in river estuaries. The company, which operates at Daru in Western District, sells most of its produce to Gulf Enterprises Pty., Ltd. of Lae. The Territory reportedly produces about 500 tons of barramundi annually, half of which is exported and the rest consumed locally.

32. It was announced recently that Gulf Enterprises Pty., Ltd., another non-indigenous fishing company based in the Territory was constructing a new plant for processing fish and prawns at Daru which would employ 100 people. Support facilities would be worth \$A 150,000. The expansion would raise the present 40-ton refrigeration capacity to 200 tons in 1972.

4. TIMBER

33. Forests cover more than 70 per cent of the total area of Papua New Guinea and vary in type from the swamp and lowland forests of the coastal plain to alpine vegetation and moss forests. The lowland forests contain most of the readily accessible millable timber. Generally the coastal forests are very complex in structure, but there are substantial areas of foothill forests in northern New Guinea.

34. Improvements to means of access within Papua New Guinea have allowed the indigenous population to use more sawn timber in their own building programmes, particularly in Morobe, East and West New Britain and East and West Sepik. In addition, more opportunities for employment in sawmilling and logging activities have been provided. The bulk of the plywood produced in Papua New Guinea and an increasing quantity of timber in both log and lumber forms are now exported.

35. The level of log production rose considerably during the year ending 30 June 1971 and reached a total of 293 million superficial feet, compared with 218 million in the preceding year. The increase in harvest was due mainly to a new large-scale export project on the north coast of New Britain.

36. The quantity of logs used by sawmills during 1970/71 was approximately 34 million superficial feet, compared with 73 million superficial feet in 1969/70. At 30 June 1971, there were 60 mills in Papua New Guinea, of which 13 cut more than 10,000 superficial feet per shift.

37. Since the holders of forestry permits at present are all non-indigenous, the Trusteeship Council, at its thirty-eighth session, urged the Administering Authority to involve the indigenous people in the development of forest resources to the maximum extent possible, and suggested that permits to cut timber should be granted to joint associations of indigenous inhabitants and expatriates.

38. The Special Representative of the Administering Authority informed the Trusteeship Council at its thirty-ninth session that on 11 August 1971, the Administration had signed an agreement with the Papua New Guinea Timber Company, Ltd. of Tokyo to establish an integrated timber industry based on the forest resources of Gogol in Madang District. The proposed industrial complex would be designed to produce 160,000 units of woodchip and 80 million square feet of veneer per annum. It would employ 1,400 people and export a total of \$A 50 million worth of woodchip during its first 10 years of operation. The establishment of a major sawmilling operation in the area was also provided for, and the agreement required the company to use its best endeavours to reach a suitable agreement with a local sawmilling company for the purpose. The agreement also provided for substantial equity to be taken up by Papuans and New Guineans and contained specific provisions for the participation of indigenous people in the project.

39. Negotiations reportedly took place, between the Administration, an Australian firm and a Tokyo-based merchant bank, Sobu Adachi Co., Ltd., concerning another timber development project in the Territory. The Administration was expected to provide the two groups with a lease covering 450,000 acres similar to that issued to Bougainville Copper Pty., Ltd. in 1967 (see paras. 41-44 below). The site would be Open Bay, New Britain Island, and the project would involve an investment of \$A 15 million.

40. During the period under review, timber rights over six areas totalling 10,489 hectares were purchased. This includes 895 hectares in Eastern Highlands District, 219 hectares in Morobe District, 4,941 hectares in New Ireland District, 3,422 hectares in Gulf District, and 1,012 hectares in Southern Highlands District.

5. MINING

Copper

41. Recent years have witnessed a considerable increase in mining activity. Whereas formerly mining was limited to comparatively small-scale operations concerned with the extraction of gold and silver, particularly at Wau in Morobe District, attention is now concentrated on copper, which is found in association with gold and silver. The outstanding development is that of Bougainville Copper Pty., Ltd. at Panguna in Bougainville District, which was described in the previous report. e/ The project, which has been under construction since 1969 and reportedly has involved a capital investment of \$A 400 million, is expected, when fully operative, to produce 30 million tons of ore during the first 10 years, yielding an annual average of 150,000 tons of copper, together with 500,000 ounces of gold and 1 million ounces of silver. The mine's proved reserves amount

e/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix V.

to 900 million tons with an average copper content of 0.48 per cent. Twenty per cent of the company's stock is held by the Administration of Papua New Guinea and 80 per cent by a holding company, Bougainville Mining, Ltd., which is jointly controlled by Conzinc Rio Tinto of Australia, Ltd. and New Broken Hill Consolidated Ltd., both members of the Rio Tinto Zinc group of the United Kingdom of Great Britain and Northern Ireland. Part of the shares of Bougainville Mining, Ltd. are to be offered for subscription by Papua New Guinea residents, and a further 2 million shares are to be issued to the Papguna Development Corporation which will promote commercial and social development in the Territory.

42. The first shipment of copper concentrate reportedly left the company's newly built port at Anewa Bay at the end of March 1972 on consignment to Hamburg (Federal Republic of Germany). The shipment consisted of 20,000 tons produced during the initial testing of the company's crushing plant. Full production is expected to begin in 1972/73.

43. The company entered into tentative agreement in 1969 to supply 950,000 tons of ore to seven smelting companies in Japan. Details of the subsequent contract are not available, but recent reports indicate that a temporary reduction of the contract tonnage by 10 per cent was agreed upon in April 1972 on the understanding that the Japanese smelters would process the 10 per cent on behalf of Bougainville Copper Pty. Ltd., which would then re-export it.

44. The Chairman and managing director of Bougainville Copper Pty., Ltd. announced at the annual meeting of the shareholders in Melbourne that further sales opportunities were being investigated. He said that the company had signed a new contract with the Norddeutsche Raffinerie of the Federal Republic of Germany for the delivery of 12,000 tons of copper in 1972. It was later announced that a contract had also been signed with Rio Tinto Patino, a Spanish copper smelter and refinery. Under the agreement, a total of 180,000 long tons of copper in concentrate will be delivered to Rio Tinto Patino over a period of 15 years. Another contract calls for the delivery each year of between 24,000 and 36,000 metric tons of concentrate to Philipp Brothers, a division of Englehard Minerals and Chemicals Corporation of the United States of America. The contract covers a period of four years starting in January 1972.

45. In its annual report, the parent company, Bougainville Mining, Ltd., stated that a gain of \$A 9.17 million had been made as a result of the changes in the parity of international currencies in respect of funds borrowed by the company which are due to be repaid in United States dollars. It also said that during the mine's first month of commercial operation, an amount of \$A 10.5 million had been recuperated out of the \$A 400 million outlay.

46. In another development, the Administrator of Papua New Guinea announced that Kennecott Pacific Pty., Ltd., a subsidiary of the Kennecott Copper Corporation of the United States, had presented proposals to the Administration concerning the development of a copper prospect in the Star Mountains of Ok Tedi (Western District). It was reported that the deposits had a much higher copper content

than those of the Bougainville mine; however, because of the remoteness of the area which is near the border of West Irian (Indonesia), the cost of exploitation would be high and could amount to \$A 1,000 million.

47. During the period under review, a consortium consisting of Tennyson Minerals, Eagle Exploration, Ltd., Uranium Consolidated and Minerals of Australia Pty., Ltd., Exoil, Transoil and Outside Group, was engaged in a drilling programme on Manus Island to assess a deposit of copper-bearing ore. Samples revealed a low content of between 0.20 to 0.40 per cent copper.

48. The Manjan Mines Pty., Ltd., an exploration company registered in New Guinea, in which a Canadian company, Kerr Addison, recently acquired a major share, has discovered copper deposits in the Western Highlands. The deposits are reportedly eight times richer than those on Bougainville. The average copper content of surface samples was said to be 8 per cent, compared with 0.50 per cent in Panguna. The zinc content of the samples was also reported to be very high. The company stated that the economic viability of the mining operation would depend entirely on the size of the deposit. Elsewhere, in East Sepik District, a detailed investigation of copper prospects was being conducted by Carpentaria Exploration Pty., Ltd.

Other mineral prospects

49. During the year under review, interest continued to be shown by major mining companies in exploration for minerals, particularly those containing base metals. The number of prospecting licences in force increased from 41 in June 1968 to 158 in June 1971 and the area covered increased from 16,479 square miles to 101,000 square miles. Substantial deposits of iron-bearing sands were investigated, as well as other minerals such as phosphate and bauxite. Investigation was also commenced of high grade drill intersections on a gold prospect in the Western Highlands.

50. The Minister for External Territories recently announced that the Australian Government would grant a permit to the Philips (Australian) Oil Company, which had previously spent \$A 19 million drilling 11 wells in the Gulf of Papua, to drill an exploratory well in Deception Bay off the coast of Papua. The Government's decision follows earlier representations by the Administrator's Executive Council of Papua New Guinea, criticizing the ban on oil drilling in the Gulf of Papua, which had been imposed by the former Minister for External Territories, Mr. Barnes, to allow the Barrier Reef Royal Commission to investigate the possible ecological damage.

6. MANUFACTURING AND OTHER INDUSTRIES

51. Until recently, secondary industries in Papua New Guinea consisted of sales of service industries. The rapid development of the infrastructure and the Bougainville mining venture have, however, exerted a considerable impact on the

growth of the industrial sector and the present trend is towards the establishment of more highly capitalized and technically complex industries.

52. According to the report of the Administering Authority, private capital investment was increasing and industrial development continued to move strongly forward. Measures to assist the growth of industry included tariff concessions on most imported plant and on raw materials used in manufacturing, tariff protection for locally produced commodities where necessary, generous rates of depreciation for income tax purposes, preference for locally produced goods in government purchases and concessions extended under the Industrial Development (Incentives to Pioneer Industries) Ordinance. Concessions available under this Ordinance continued to generate considerable interest among potential investors in industry.

53. It was reported that by the end of 1971 the newly formed Papua New Guinea Investment Corporation would have at least four indigenous directors. The corporation's aim is to protect the interests of the Papua New Guinea people, and to encourage overseas investment in the Territory and the use of its natural resources. It is the corporation's policy not to allow foreign investors to exploit the Territory's resources without the indigenous inhabitants receiving a proportion of the benefit. One of the main advantages of the corporation is its ability to supplement local savings.

54. The first meeting of the corporation's board of directors took place on 15 February 1972. The chairman of the board declared that a number of projects had been considered with a view to the purchase by the corporation of 10 per cent of the equity on behalf of the people of Papua New Guinea. He said that the corporation would also seek to invest in some of the established companies. The corporation has an initial capital of \$A 500,000 which it received as a grant from the Administration, and it intends to raise funds from major banking institutions throughout the world.

55. Apart from Bougainville Copper Pty., Ltd. (see paras. 40-44 above), which is the most heavily capitalized enterprise in Papua New Guinea, three Australian companies play a major role in the Territory's economy. They are described below.

56. Burns Philip and Company, Ltd. is the second largest enterprise in the Territory. It reportedly owns one of Port Moresby's two department stores, a chain of trading stores, sells motor vehicles, operates two hotel companies, deals in real estate, insurance, shipping, hire services, operates a laundry and owns a group of copra and cocoa plantations. Its biggest shareholder is Mauri Brothers and Thompson, Ltd. The directors are Messrs. J. D. O. Burns (chairman and managing director), N. D. Pixley, L. N. Stanford, J. H. Terrey, M. O'Connor, B. C. Goodsell and F. M. Osborne. It has interests in Choiseuil Plantations, Ltd., and Territory United Brewery, Ltd. Its capital amounts to \$A 23.8 million, its assets are valued at \$A 101 million and its profit in 1971 was \$A 5.5 million.

57. W. R. Carpenter Holdings, Ltd., moved into the Territory after the First World War to take advantage of a property glut caused by the dismantling of the German and New Guinea Company. Its field of operations includes copra and cocoa plantations, a crushing mill, a plant for processing dessicated coconuts, tea and coffee estates in the Highlands, and a paint factory. It also imports

and distributes liquid petroleum gas, owns a chain of trading stores and supermarkets, imports and sells foreign motor vehicles and operates shipping agencies. The directors are Messrs. C. H. V. Carpenter (chairman and managing director), W. B. Carpenter (joint managing director), S. S. Proud, C. D. Brownhill, W. A. Ince, H. M. Hedstrom, H. F. Friday, G. B. Kater and R. C. T. Baker. The company controls Southern Pacific Insurance Ltd., and has a substantial shareholding in Ansett Transport Industries, Ltd., operator of a territory-wide airline system. Its capital is reported to be \$A 18 million, its assets \$A 70.4 million and its profit in 1971 was \$A 6.7 million.

58. Steamship Trading Co. Ltd., has headquarters in the Territory although its shares are widely held in Australia. It operates a department store in Port Moresby and a chain of general stores. It also owns sawmills, a joinery, a sheet metal factory, a soft drink factory, shipyards, copra, cocoa and rubber plantations, motor vehicle sales agencies, hotel chains and a stevedoring agency. The directors are Messrs. H. D. Underwood (chairman and managing director), N. V. Johnson, O. A. Todd, D. N. Harvey, N. H. Nicklason and B. W. Blaikie. It has interests in the Kerema, Lolorna, Mariboi and Rubberlands rubber plantations. Its capital is reportedly \$A 7.4 million, its assets \$A 16.9 million and its profit in 1971 was \$A 1.5 million.

59. At 30 June 1971, the number of foreign companies operating in Papua New Guinea was 572.

7. EXTERNAL TRADE

60. During the five years ending in 1969/70, the value of Papua New Guinea's external trade increased by nearly 90 per cent. Exports rose from \$A 49.8 million in 1965/66 to an estimated \$A 93.7 million and imports rose from \$A 110.4 million to \$A 211.7 million. The rapid growth of imports was mainly due to heavy capital expenditure on the development of the Bougainville copper project in 1969/70. An increase in the value of exports is expected in 1972 as a result of exports of copper from the mine.

61. The Administering Authority stated in its last annual report that every effort was being made to encourage the expansion of those export crops for which there was a favourable overseas market. Official action to promote the sale of the Territory's products had included the negotiation of favourable conditions of access to Australian and other foreign markets. At present, Papua New Guinea has an adverse balance of trade with Australia, Japan and the United States and a favourable balance with the United Kingdom and the European Economic Community (EEC). Since about 25 per cent of Papua New Guinea's exports go to the United Kingdom, the latter's forthcoming entry into EEC could have an important effect on the Territory's external trade. During the 1971 negotiations in Luxembourg at which agreement was reached on the United Kingdom's entry into the EEC, the Australian Deputy Prime Minister and the Territory's Director of Trade and Industry were reportedly present in order to safeguard Papua New Guinea's trade interests.

CHAPTER VI

(A/8723 (Part IV))

MILITARY ACTIVITIES AND ARRANGEMENTS BY COLONIAL POWERS IN TERRITORIES
UNDER THEIR ADMINISTRATION WHICH MIGHT BE IMPEDING THE IMPLEMENTATION
OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL
COUNTRIES AND PEOPLES

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A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. At its 841st meeting, on 16 March 1972, the Special Committee, by adopting the sixty-fifth report of the Working Group (A/AC.109/L.763), decided to take up separately the item entitled "Military activities and arrangements by colonial Powers in Territories under their administration which might be impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples". By the same decision, the Special Committee referred the item to Sub-Committee I for consideration and report.
2. The Special Committee considered the item at its 891st and 892nd meetings, on 30 and 31 August 1972.
3. In its consideration of the item, the Special Committee took into account the relevant resolutions of the General Assembly, in particular paragraph 5 of resolution 2869 (XXVI) of 20 December 1971, by which the General Assembly "deprecates any attempt aimed at ... the establishment of military bases and installations in those Territories, as being incompatible with the purposes and principles of the Charter of the United Nations and General Assembly resolution 1514 (XV)", and paragraph 9 of resolution 2878 (XXVI) of 20 December 1972, by which the General Assembly requested the colonial Powers to "withdraw immediately and unconditionally their military bases and installations from colonial Territories and to refrain from establishing new ones". The Special Committee was also guided by the relevant findings of the Special Mission 1/ which had visited Guinea (Bissau) in April 1972. Further, the Committee paid due regard to the relevant information furnished to it by the representatives of the national liberation movements of the colonial Territories in Africa who appeared before the Committee during its meetings away from Headquarters in April 1972.
4. At the 891st meeting, on 30 August, the Rapporteur of Sub-Committee I, in a statement to the Special Committee (A/AC.109/PV.891), introduced the report of that Committee on the item (see annex to the present chapter). The Sub-Committee's report included six working papers prepared by the Secretariat at the request of that Sub-Committee, which contained information on military activities and arrangements in a number of Territories.
5. At the 892nd meeting, on 31 August, following statements by the representatives of the Ivory Coast and Sweden (A/AC.109/PV.892), the Special Committee adopted the report without objection and endorsed the conclusions and recommendations contained

1/ A/8723/Add.3, annex I.

therein (see paragraph 6 below), it being understood that the reservations expressed by the above-mentioned delegates would be reflected in the record of the meeting.

B. DECISION OF THE SPECIAL COMMITTEE

6. The text of the conclusions and recommendations adopted by the Special Committee at its 892nd meeting, on 31 August, to which reference is made in paragraph 5 above, is reproduced below:

(a) Conclusions

(1) Having studied the military activities and arrangements by colonial Powers in Territories under their administration during the year under review, the Special Committee notes once again with grave concern that there has been no compliance with the provisions of the relevant resolutions of the General Assembly, in particular paragraph 9 of resolution 2878 (XXVI) of 20 December 1971, by which the Assembly requested the colonial Powers to "withdraw immediately and unconditionally their military bases and installations from colonial Territories and to refrain from establishing new ones", and with paragraph 5 of the Programme of action for the full implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, embodied in General Assembly resolution 2621 (XXV) of 12 October 1970, which provides that "Member States shall carry out a sustained and vigorous campaign against all military activities and arrangements by colonial Powers in Territories under their administration, as such activities and arrangements constitute an obstacle to the full implementation of resolution 1514 (XV)" of 14 December 1960. Despite the resolutions of the General Assembly, the colonial Powers continue, particularly in the large colonial Territories, to engage in ever-increasing military activities aimed at subjugating the colonial peoples, providing protection for foreign monopolies and perpetuating the colonialist and racist régimes. In the smaller Territories, strategic requirements of the colonial Powers continue to play a major role in their military activities.

(2) The Special Committee draws particular attention to the situation prevailing in southern Africa where the colonial and racist régimes, acting in concert, continue to strengthen their military hold over Namibia, the Territories under Portuguese domination and Southern Rhodesia, by intensifying their military activities against the liberation movements and thereby denying by force to the peoples of these Territories their inalienable right to freedom and independence. The armed forces of the illegal régime of Southern Rhodesia, for example, have been reinforced by a detachment of the South African police numbering about 3,000, to assist the security forces of the illegal régime in their fight against African freedom-fighters. The South African police have participated in the repression of Africans in Angola and, during the period under review, a unit of Portuguese troops was sent to Namibia to assist the South African authorities in suppressing the strikes by mine workers in Ovamboland. At the same time,

Portugal and South Africa jointly mobilized their troops along the Namibia-Angola frontier to suppress the strikers and their supporters in the northern region of Namibia.

(3) The Special Committee notes that the Government of Portugal utilizing the aid which it receives from certain States, mainly the members of the North Atlantic Treaty Organization (NATO), has intensified its military activities despite United Nations appeals and decisions. In its effort to suppress the liberation struggle of the peoples of Angola, Mozambique and Guinea (Bissau), Portugal maintains a huge army and devotes almost half of its total budget to the conduct of this colonial war. The close co-operation between Portugal and some of its NATO allies continues to increase. It is known that Portugal is constantly attempting to extend NATO activities to the areas under its domination by offering to make available to NATO its naval and air bases in those areas. An example of this is the conclusion by the United States of America of an agreement with Portugal for the further use of bases on the Azores Islands, under the terms of which the United States will, over a period of two years, pay Portugal more than \$US 435 million. Portugal continues to commit serious crimes in the colonial wars it is waging against the African peoples, using napalm and chemical substances such as defoliants and herbicides which are being delivered to it in increasing quantities, mainly by the United States and the United Kingdom of Great Britain and Northern Ireland.

(4) The Special Committee notes in particular, that the Government of Portugal, in an attempt to retain its colonialist domination over those areas of Guinea (Bissau) which are still occupied by it and, more recently, in order to disrupt the visit of the Special Mission established by the Special Committee to liberated areas of Guinea (Bissau) and to prevent it from carrying out its task has resorted increasingly to the indiscriminate use of military force and has continued other acts of harassment and aggression not only against the people of the Territory but also against the neighbouring independent African States of Guinea and Senegal. For this purpose Portugal has readied its colonial troops, numbering 45,000 for action. The Committee views with serious concern the resultant critical and explosive situation which seriously disturbs peace and security in that region of Africa.

(5) The colonial and racist régime of South Africa, likewise, has continued to increase its military potential and its armed forces for the purpose of strengthening its colonial rule over Namibia and repressing African freedom-fighters. Its budget for 1972/73 provides for an expenditure for military purposes of R335,336,000, which is R25,956,000 more than expenditure for such purposes in the previous year. The use of missiles is increasing. For example, in the northern sector, Eastern Transvaal, the construction of an underground control centre for radar networks and "Cactus" missiles has been completed. It is reported that R6.5 million will be spent on the modernization of this sector. The Special Committee notes with concern that certain western Powers are continuing to make deliveries of arms and military equipment to South Africa including submarines, helicopters, guided missiles, weapons systems and electronic equipment.

(6) The illegal régime of Southern Rhodesia has also increased its military budget and its security forces considerably since 1971. In the period from 1964 to 1972, its total expenditure on defence and police forces has increased by more than 60 per cent. The highest increases have been in expenditure on the army and the police, by 100 and 69 per cent respectively. As of 1 January 1971 all males of non-African origin between the ages of 18 and 30, irrespective of nationality, are liable for military service.

(7) The Special Committee notes that the representatives of national liberation movements who spoke at the meetings of the Special Committee's sessions in Africa stated that the general political attitude of some of the Western Powers to the countries of southern Africa has in no way altered. The alliance between Portugal, South Africa and Southern Rhodesia affords the best guarantee to NATO and some of its member States that their imperialist interests will be protected; the power of the white minority continues to be for them the only political solution to the problem. Therefore Portugal enjoys both the military and the financial, economic and political support of some of these Powers.

(8) In the case of smaller Territories such as Guam, the Trust Territory of the Pacific Islands, Bermuda and the Bahamas among others, the colonial Powers and their allies have continued to use military bases and other installations contrary to the interests of the peoples of these Territories. The Special Committee notes that in the United States Virgin Islands and the Trust Territory of the Pacific Islands the practice of drafting the inhabitants of the Territories into the armed forces of the United States continues, in spite of the protests of the population. It has been reported that more than 60 men from Guam have been killed in Viet-Nam and in South-East Asia. The Special Committee further draws attention to the construction of military bases in the so-called "British Indian Ocean Territory". According to reports, the United States Congress has in its budget for the financial year 1971 allocated \$US 5.4 million to the implementation of the Diego Garcia military project. The United States assesses total expenditure on the construction of this whole complex at a level of about \$US 19 million. Many small colonial Territories are being used by the administering Powers for military and strategic purposes. The administering Powers concerned have stationed troops, established air and naval bases, and constructed missile-testing sites and other military installations in those Territories.

(9) The Special Committee reiterates its earlier conclusion that military activity of this type, which is determined by the military and strategic interests of the colonial Powers, inevitably delays the process of decolonization of Territories, and leads to interference with the development of their economies, both by the wide-scale diversion of land to use for military purposes and by diverting their populations from productive activity, particularly when the population is drafted for service in the armed forces of the ruling Power. The Committee therefore concludes that the military and strategic requirements of the administering Powers concerned and those of their allies are prevailing over the interests of the peoples of these Territories.

(10) In view of the General Assembly's recognition of the legitimacy of the struggle of the colonial peoples to exercise their right to self-determination and independence by all necessary means at their disposal, the Special Committee is of the opinion that the military activities of colonial Powers, as well as the continued construction and use by them of military installations in colonial

Territories for military operations, which are aimed at suppressing liberation movements, constitute acts, contrary to the spirit and letter of the Charter of the United Nations and an abuse by those administering Powers of their responsibility towards the peoples under their administration.

(11) The Special Committee reaffirms once again its conclusion that the military activities and arrangements by colonial Powers in the Territories under their administration and the existence of foreign military bases in those Territories constitute one of the most serious impediments to the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples contained in General Assembly resolution 1514 (XV) of 14 December 1960, and pose a grave threat to international peace and security.

(b) Recommendations

On the basis of the above conclusions, the Special Committee recommends to the General Assembly that it:

(1) Reaffirm the recommendations contained in its previous reports and emphasize once again that military activities and arrangements by colonial Powers in the Territories under their administration constitute a serious obstacle to the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples;

(2) Strongly condemn once again the activities of the military and political alliance of South Africa, Portugal and the illegal régime of Southern Rhodesia, which is seeking by armed force to prevent the oppressed peoples of that area from exercising their inalienable rights to self-determination and independence;

(3) Demand the cessation of wars to suppress national liberation movements, the withdrawal of all foreign troops from colonial Territories and the dismantling of military bases there;

(4) Condemn Portugal for the use of chemical weapons in its colonial war against the freedom-fighters;

(5) Demand that colonial Powers stop using the indigenous inhabitants of dependent Territories as mercenaries in the fight against national independence movements;

(6) Strongly condemn the military entente between the Governments of South Africa and Portugal and the illegal racist minority régime of Southern Rhodesia aimed at suppressing by armed force the inalienable right of the oppressed peoples of the colonial Territories of southern Africa to self-determination and independence; Call once more upon all States, in particular those which continue to maintain close relations with the above-mentioned countries, and also Portugal's partners in NATO to withhold all support and assistance to them, including the supply of arms and military equipment as well as assistance in the production of arms and ammunition;

(7) Deplore once more the alienation of land for military installations and the utilization of local economic and manpower resources to service such bases,

which hinders the economic development of the Territories; Request once again the colonial Powers to cease forthwith from alienating land and to return land already alienated to its rightful owners, and to desist from utilizing the economic and manpower resources of the Territories for military installations;

(8) Request once more all States having responsibility for the administration of colonial and Trust Territories to comply unconditionally with the relevant provisions of General Assembly resolutions, in particular with paragraph 9 of resolution 2878 (XXVI) of 20 December 1971, and paragraph 5 of the programme of action for the full implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 2621 (XXV) of 12 October 1970; and request those States to discontinue all military activities which impede the implementation of the Declaration and to withdraw all foreign armed forces from the above-mentioned Territories;

(9) Request the Secretary-General to give publicity to the information on military activities and arrangements by colonial Powers in Territories under their administration which might be impeding the implementation of the Declaration and to the resolutions of the General Assembly adopted in connexion with these activities.

ANNEX*

REPORT OF SUB-COMMITTEE I

Rapporteur: Mrs. F. J. JOKA-BANGURA (Sierra Leone)

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* Previously issued under the symbol A/AC.109/L.835.

A. Consideration by the Sub-Committee

1. The Sub-Committee considered the item entitled "Military activities and arrangements by Colonial Powers in Territories under their administration which might be impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples" at its 111th and 115th meetings held between 15 and 29 August 1972 (see A/AC.109/SC.2/SR.111-115).

2. The Sub-Committee had before it working papers prepared by the Secretariat containing information on military activities and arrangements in the following Territories: Territories under Portuguese administration; Southern Rhodesia; Namibia; Seychelles; Bahamas, Bermuda, Turks and Caicos Islands and the United States Virgin Islands; Papua New Guinea, Guam and the Trust Territory of the Pacific Islands; (see appendix I - VI below.) It also had before it the relevant information contained in the general working papers prepared by the Secretariat on various Territories, as well as a petition submitted by the Steering Committee of the Movimento Popular de Libertação de Angola (MPLA) concerning Angola (A/AC.100/PET.1205).

3. In formulating its conclusions and recommendations on the question under consideration, the Sub-Committee was particularly guided by the relevant information provided by the representatives of national liberation movements of colonial Territories in Africa who appeared before the Special Committee during its meeting away from Headquarters, as well as the information contained in the report of the Special Mission established by the Special Committee at its 840th meeting on 14 March 1972 (A/8723/Add.3, annex I).

B. Adoption of the report

4. Having considered the question concerning military activities and arrangements by colonial Powers under their administration and having studied all the information available to it, the Sub-Committee adopted the following conclusions and recommendations a/ on the item at its 115th meeting on 29 August 1972. The Sub-Committee adopted the present report at the same meeting.

a/ 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 paragraph 6 of the present chapter.

APPENDIX I

TERRITORIES UNDER PORTUGUESE ADMINISTRATION

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INTRODUCTION

1. Information concerning military activities and arrangements in the Territories under Portuguese administration up to 1971 is contained in earlier reports of the Special Committee. a/ Recent information on the military situation in Angola, Mozambique and Guinea, called Portuguese Guinea, is contained in the background papers on these Territories b/ and should be read in conjunction with the supplementary information on the developments set out below.

1. MILITARY POLICY AND ORGANIZATION

Policy

2. As far as is known, there were no major structural reorganizations of the Portuguese military machine during 1971. However, after 11 years of warfare in Angola, 8 in Guinea, called Portuguese Guinea, and 7 in Mozambique, Portugal is increasingly accepting the prospect of a long-term war. The January issue of the Revista Militar gives clear indications that, for Portugal, the problem is no longer how to deploy its troops but how to face, economically, socially, financially and psychologically, an endless war. In fact, the annual series of lectures at the Institute of Higher Studies on National Defence, held in November and December 1971, was devoted solely to a discussion of future prospects on various national problems.

3. It is noteworthy that one of the speakers in the series, Mr. João Luiz da Costa André, Secretary of State for the Treasury, discussed in some detail the "prospects of financing defence expenditures". He said, at the outset, that there could be no simple answer as to what proportion of the national resources of a country should be devoted to defence, and that there were no abstract upper or lower limits, because what could or should be spent on defence depended on the objectives to be achieved. He admitted that in the past decade Portugal's defence efforts had significantly affected the economic and social development of the country, that there had been a reduction in planned investments under the Transitional Development Plan, as well as economies on expenditures for civil administration, and that there had been resulting inflation.

4. Although, in spite of the necessary defence spending, there had been economic progress in Portugal, an important factor was that this progress had not matched that of other neighbouring countries during the same period. A clear understanding of the sacrifices and restrictions which had resulted from defence expenditures was necessary in planning for the future. Commenting on the level of Portugal's

a/ For the most recent, see Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 23 (A/8023/Rev.1), chap. II, annex, appendix IV; ibid., Twenty-sixth Session, Supplement No. 23 (A/8423, Rev.1), chap. II, annex, appendix III.

b/ A/8723/Add.3, annex II.B-D.

defence expenditures, Mr. da Costa André said it currently amounted to 7 per cent of the gross national product, and represented 35 to 40 per cent of the annual fixed gross capital investment. Few other countries in the world, he said, had comparably high military expenditures. It followed that this was clearly a situation that needed to be changed in order to accelerate the development of the country's economic potential and internal social unity. In noting that it was often questioned how Portugal could afford to spend 40 per cent of its total public expenditure for defence, he said that the reasons became evident if one took into account that, from 1949 to 1960, expenditure on defence had averaged only 25 per cent of total public expenditure.

5. Figures provided by Mr. da Costa André also showed how in the past decade Angola and Mozambique had increasingly assumed a substantial share of military expenditures. In terms of gross national product, Angola's military expenditure had quadrupled between 1961 and 1970 and that of Mozambique had tripled. In terms of budgetary allocations for both Territories, military expenditures had increased about 100 per cent over the decade (see table below). It will be recalled that in 1967 out of budgetary allocations for the military amounting to 7,147.4 million escudos, c/ the two Territories' share was 1,800.4 million escudos, or 25.2 per cent. By 1971, when the total budgetary allocations amounted to 10,392.8 million escudos, their share had increased to 32.3 per cent, representing a rise of about 28 per cent in five years. d/

6. Finally, he emphasized that a successful defence effort had to be accompanied by an atmosphere which reinforced internal unity and increasingly satisfied the aspirations and the legitimate rights of different representative sectors of the population; the forces disturbing social life had to be localized and gradually absorbed; and the weapons with which Portugal was being attacked had to be neutralized.

c/ 27.25 escudos equal approximately \$US 1.

d/ For details, see A/8723/Add.3. annex II.A, table 1.

Table 1

Growth of Portuguese defence expenditures, 1960-1970

	<u>Year</u>	<u>Portugal</u>	<u>Angola</u>	<u>Mozambique</u>	<u>Global</u>
Per cent of gross national product	1960	4	1	1	3
	1961	6	1	1	4
	1970	7	4	3	6
Per cent of gross fixed capital	1960	23	11	14	20
	1961	35	14	14	30
	1970	40	29	28	37
Per cent of budget	1960	25	13	14	22
	1961	36	12	14	30
	1970	41	27	27	37

Source: Portugal, Revista Militar, January 1972, p. 29.

Economic contribution of the armed forces

7. A second article in the same issue of Revista Militar was devoted to a long discussion of the contribution of the armed forces to the nation's economy and skilled manpower. Among other things, the article pointed out that the army provided training in 100 special fields and each year trained 20,000 specialists; the navy provided training in 16 areas and trained 670 specialists a year; and the air force provided training in 14 areas and trained 1,900 specialists a year. The article also dwelt on the contributions made by the armed forces in psycho-social warfare activities in Mozambique e/ and in providing medical treatment to the local population in Angola (where 500,000 cases are reportedly treated each year), Mozambique (150,000 cases); and Guinea, called Portuguese Guinea (750,000 cases).

8. The military industrial complex in Portugal is reported to employ 17,000 persons with an annual output of 1,800 million escudos. Details are shown in table 2 below.

e/ Such activities include dropping of pamphlets, broadcasts from airplanes, information bulletins, etc.

Table 2

Annual production of the Portuguese military industrial complex

<u>Armed forces</u>	<u>Personnel</u>	<u>Annual output</u> (million escudos)
Military equipment factory at Braço de Prata	2,043	298.0
National ammunition and light arms factory	1,627	216.0
General engineering materials factory	665	50.0
Military maintenance	3,818	268.0
Uniforms and equipment factory	1,609	280.0
Military laboratory for chemical and pharmaceutical products	702	30.0
<u>Navy</u>		
Alfeite Shipyard (Arsenal de Alfeite)	2,097	310.0
National rope factory (Fábrica Nacional de Cordoaria)	338	35.0
<u>Air Force</u>		
Aeronautical materials factory (Oficinas Gerais de Material Aeronáutico de Alverca)	4,423	300
Reported total	17,000	1,800.0

Deployment of African troops

9. To shift the burden of the continuing wars to the Territories, Africans are being added to the armed forces in Angola, Mozambique and Guinea, called Portuguese Guinea. This process has had two effects: (a) it reduces the need for expeditionary troops from Portugal where the military draft is reported to have affected every family and created economic and social difficulties; (b) it enables Portugal to claim that it has the support of Africans.

10. The process of arming Africans to fight the liberation movements, as previous reports have shown, was started in Guinea, called Portuguese Guinea, and has been most widely applied there. At the end of 1971, a Portuguese military communiqué reported that 38 new units of African militia had been formed in that Territory and that the regular forces had been increased by one company of African commandos and two detachments of African special fusiliers.

11. Government sources also claimed that 50 per cent of the 40,000 troops in Mozambique are Africans, and that a number of special African units have been created. However, most of the African units are militia organized for the defence of villages in the rural areas. Wherever special African units form part of the regular forces it appears that the senior commanding officers are invariably Portuguese. Nevertheless, the statement made in December 1971 by General Costa Gomes, chief of the armed forces in Angola, that it was not yet possible to replace the majority of Portuguese troops by local recruits appears to indicate a long-term plan to reduce gradually the number of Portuguese troops by involving Africans more and more in the actual fighting. f/

12. In an interview with the press in June 1972 General Spínola, Governor of Guinea, called Portuguese Guinea, was asked whether, in view of the advanced stage of "Africanization of the war", it was his intention to dispense completely with metropolitan troops. In his reply, General Spínola said that in the first place the phrase "Africanization of the war" was misleading, because it could give a false impression of a Portuguese withdrawal. He felt it would be more appropriate to replace the phrase by "regionalization of pacification operations". This meant that the number of troops recruited in Portugal and deployed in the Territory depended more on the degree of "pacification" achieved than by the increase in the number of African troops.

2. MILITARY EXPENDITURE

13. Portuguese budgetary allocations for military expenditure for 1972 amount to 7,583.4 million escudos, representing just under half of the total extraordinary budget. g/ Actual expenditure, which in recent years has tended to be substantially higher than estimates, was 10,696.6 million escudos in 1968, compared with the original estimate of 5,613.0 million escudos; 11,290.0 million escudos in 1967, compared with an estimate of 6,339.9 million escudos; and 13,697.9 million escudos in 1970, compared with an estimate of 6,349.9 million escudos (see table 3 below).

Table 3

Estimated and actual military expenditure by Portugal, 1965-1970

(million escudos)

	<u>Estimated</u>	<u>Actual</u>	<u>Percentage of increase</u>
1965	3,527.0	7,259.2	130.27
1966	4,011.0	7,993.3	99.28
1967	5,347.0	9,785.3	83.00
1968	5,613.0	10,696.6	90.57
1969	6,339.9	11,290.0	78.08
1970	6,349.9	13,697.9	115.72

f/ See A/8723/Add.3, annex II.A, para. 80.

g/ Ibid., table 2.

14. The military budgets for the three armed forces in the overseas Territories are shown in table 4 below. It will be noted that since 1970 there have been substantial increases in allocations for the army in Angola and Mozambique, and for the air force in Guinea, called Portuguese Guinea. In 1971, the overseas Territories together allocated approximately one escudo to every two escudos allocated by Portugal for the conduct of its colonial wars.

Table 4

Military budgets of the overseas Territories, 1967-1972

(million escudos)

<u>Year and Territory</u>	<u>Army</u>	<u>Air Force</u>	<u>Navy</u>	<u>Total</u>
<u>Angola</u>				
1967	533.0	180.0	69.0	782.0
1968	678.9	200.5	71.9	951.3
1969	974.7	220.0	94.9	1,289.6
1970	1,356.2	271.7	119.0	1,746.9
1971 <u>a/</u>	1,634.0	291.8	124.5	2,050.3
1972	1,518.9	281.2	125.0	1,925.1
<u>Mozambique</u>				
1967	609.4	166.0	63.0	838.4
1968	667.3	180.0	63.0	910.3
1969	674.0	202.0	69.0	945.0
1970	886.1	261.4	198.5	1,346.0
1971 <u>a/</u>	877.1	241.2	86.0	1,204.3
1972	967.3	245.0	90.8	1,303.1
<u>Guinea, called Portuguese Guinea</u>				
1967	30.1	32.2	26.1	88.4
1968	30.5	35.3	27.0	92.8
1969	34.8	36.4	34.9	106.1
1970	39.6	59.3	65.0	163.9
1971 <u>a/</u>	50.4	72.4	66.5	189.7
1972	48.0	53.0	68.0	169.0
<u>Cape Verde</u>				
1967	15.0	1.4	3.3	19.7
1968	16.1	1.5	7.6	25.2
1969	21.3	1.9	10.6	33.8
1970	22.3	2.6	12.2	37.1
1971 <u>a/</u>	22.6	2.5	12.2	37.3
1972	23.6	2.3	11.7	37.6

<u>Year and Territory</u>	<u>Army</u>	<u>Air Force</u>	<u>Navy</u>	<u>Total</u>
<u>São Tomé and Príncipe</u>				
1967	7.4	0.8	2.3	10.5
1968	7.0	1.1	2.3	10.4
1969	6.9	1.8	2.7	11.4
1970	10.1	2.3	2.9	15.3
1971 <u>a/</u>	8.7	2.5	3.3	14.5
1972	10.5	2.1	3.1	15.7
<u>Timor and dependencies</u>				
1967	31.5	-	1.8	33.3
1968	31.6	-	1.8	33.4
1969	32.7	-	2.2	34.9
1970	40.3	-	2.7	43.0
1971 <u>a/</u>	50.4	-	2.8	53.2
1972	51.1	-	2.4	53.5
<u>Total</u>				
1967	1,226.4	380.4	165.5	1,772.3
1968	1,431.4	418.4	173.6	2,023.4
1969	1,744.4	462.1	214.3	2,420.8
1970	2,354.6	597.3	400.3	3,352.2
1971 <u>a/</u>	2,643.2	610.4	295.3	3,549.3
1972	2,619.4	583.6	301.0	3,504.0

Source: Portugal, Diário do Governo, Series I, 1967-1972.

a/ Revised figures.

3. EQUIPMENT AND SUPPLIES

General

15. Detailed information on military equipment used by the Portuguese armed forces has been included in previous reports. In 1969, for instance, the different types of aircraft in the Portuguese air force were listed by manufacturer and nationality. h/ In 1970, information was provided on the origin

h/ Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 23 (A/7623/Rev.1), chap. III, annex, appendix II, table 5.

and number of Portuguese naval vessels. i/ Subsequent reports have indicated that the Portuguese army was using PUMA SA-330 helicopters, j/ jointly built by the United Kingdom of Great Britain and Northern Ireland and France, and FOKKER F-27 planes supplied by the Netherlands, and that several new naval vessels had also been added to the Portuguese Navy. k/ In spite of the lack of available information, it is clear that most of Portugal's war equipment used in Africa originates from a few countries, which include France, the Federal Republic of Germany, the Netherlands, the United Kingdom and the United States.

16. During the Special Committee's visit to Africa in 1972, Mr. Amílcar Cabral, Secretary-General of the Partido Africano da Independência da Guiné e Cabo Verde (PAIGC), provided it with a partial list of arms supplied to Portugal by the North Atlantic Treaty Organization (NATO) and which were used in the colonial wars in Africa. l/ This list includes some aircraft not previously reported, for instance, Saro Skeeler helicopters from the United States of America and Auster D 5/160 planes from the United Kingdom. The list also includes various weapons about which no information had previously been available.

Airplanes and helicopters

17. The growing role played by airplanes in combat and transport in the Portuguese colonial wars has already been reported. The trend appears to be still on the upswing.

18. An article in Air Enthusiast (2 February 1972) describes the crucial role of airplanes in the war in Guinea, called Portuguese Guinea, where because of the difficult terrain most supplies and material are delivered to the Portuguese military camps by air - usually FAP Noratlas transport planes or Alouette helicopters. According to the article, Portugal's air force in this Territory is composed mainly of a squadron each of Fiat G 91 R-4 fighter bombers and North American T-6Gs m/ from the Second World War which are reportedly considered

i/ Ibid., Twenty-fifth Session, Supplement No. 23 (A/8023/Rev.1), chap. II, annex, appendix IV.

j/ The Puma is classified as a support helicopter with a carrying capacity of 16 men plus two crew members.

k/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1), chap. II, annex, appendix III, paras. 19, 24 and 27.

l/ See A/8723/Add.3, annex I, appendix VI.

m/ According to the 1969 listing of aircraft by manufacturer and nationality, NAA-AT6 trainers are made by North American Aviation, Inc., of the United States. It is not clear whether the T-6Gs are new.

to be one of the most effective anti-insurgency weapons available. For spotting and support work, a dozen Dornier D6 27s are used. These are supplemented by 10 Alouette IIs and Alouette IIIs used in a variety of roles, from evacuation of wounded personnel to dropping commandos during attacks.

19. Portuguese air strikes in Guinea, called Portuguese Guinea, are reported in that article to follow a similar pattern adopted in other counter-insurgency wars. When contact is made with the "enemy", an air strike is called for. The area is zoned and pinpointed and air strikes follow within minutes by Portuguese planes carrying bombs and MATRA rockets. The author of the article, who visited the Territory, reported that during his stay, air strike units left the capital at regular hours each day, starting shortly after dawn, with some returning only after dark.

20. No comparable information is available on Angola and Mozambique, but in the latter Territory the special operations which have been organized to try to wipe out the bases of the Frente de Libertação de Moçambique (FRELIMO) in the north and FRELIMO groups in Tete have involved the heavy use of Noratlas, T6, Fiats and Dornier D6 airplanes. More important, however, has been the use of civil aircraft for transport of military personnel equipment and supplies both from Portugal to the Territories and within the Territories, as reported in 1971. n/

21. It will be recalled that in January 1971 the United States sold two Boeing 707s to Portugal. Although reported to be equipped with the "standard tourist configuration", the planes were expected to be used for services to the overseas Territories and to carry military personnel. In May 1972, the Portuguese national airline Transportes Aéreos Portugueses (TAP) celebrated the acquisition of its new "jumbo jet" Boeing 747.

22. The use of chartered planes from civil air services in Mozambique has increased since 1970. Civil air charters have also increased, especially in connexion with the Cabora Bassa dam construction. In October 1971, a new air charter company, OTA, was established to serve air transport needs especially in Tete. The company intends to start operation with these aircraft and to add two more planes later. It was reported to have ordered a new Norman-Britten Islander plane for delivery before the end of the year. In November 1971, the Mozambique domestic airline Direcção dos Transportes Aéreos (DETA) was reported to have acquired a third Boeing 707 jet plane and to be considering the purchase of a fourth one.

23. In July 1971, the Portuguese Government authorized a special allocation of 104.3 million escudos for the urgent construction of air force infrastructures in Angola, Mozambique and Guinea, called Portuguese Guinea. The work was to be

n/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 (A/8423/Rev.1), chap. II, annex, appendix IV, para. 26.

completed over the period 1971 to 1973. This also confirms the changing nature of Portuguese military tactics and the more extensive use of the air force.

24. In a new move, in August 1971, the Portuguese concern, Empresa Ibérica de Material Aeronáutico, was reported to have been authorized to set up a plane assembly factory at Nampula, in the district of Moçambique. o/ The factory was to be completed in 18 months. The company was required to present a study to the Portuguese Government justifying its interest, giving the origin of the capital to be invested and its influence on Mozambique's balance of payments. If approved, this will be the first factory of its kind in the Territory.

25. In February 1972, the civil aeronautical services in Angola and Mozambique were reorganized. In May 1972, the Angola domestic airline, Direcção dos Transportes Aéreos (DTA) was reported to be modernizing its fleet. The Beechcraft and planes which had been originally used were replaced by Dakotas, and more recently by "Friendship" and other planes. p/

26. Since civil aircraft are not subject to the arms embargo that has been imposed on military supplies to Portugal, the new trend towards the increased use of civil aircraft for military purposes is important, as can be seen in the figures (table 5 below) given by the United Kingdom Parliamentary Under-Secretary of State, Department of Trade and Industry, to the House of Lords in reply to a question by Lord Gifford "What aircraft of any description have been sold or supplied from the United Kingdom to Portugal since 1961".

Table 5

United Kingdom exports of aircraft to Portugal, 1962-1971

<u>Year a/</u>	<u>Number</u>	<u>Value</u> (thousand pounds)
1962	2	16
1963	1	5
1964-1967	0	0
1968	2	
1969	4	5
1970	9	263
1971	6	310

Source: United Kingdom Parliamentary Debates, House of Lords 1 May 1972, c. 645-646.

a/ The figures for 1962-1964 exclude exports of second-hand aircraft.

o/ Nampula is the headquarters of the Mozambique military region.

p/ In 1970, aircraft appeared for the first time as one of the Territory's major imports, mainly from the United States. See A/8723/Add.3, annex II.C, para. 66.

Navy

27. As at July 1971, the Portuguese fleet consisted of 12 frigates, 7 corvettes, 4 submarines, 17 patrol ships, 17 mine-sweepers, 42 guard ships, 13 auxiliary ships, 5 heavy landing ships, 31 middle-weight landing ships and 20 light landing ships. At least 104 of these 163 ships were reported to be in use in the Portuguese Territories.

28. In September 1971, a new 500-ton landing ship, the L.D.G. Alabarda, was added to the Portuguese fleet. In January 1972, it was reported that four new corvettes were under construction for the Portuguese Navy. The Government has authorized contracts up to 1,641 million escudos for the purchase of these corvettes.

Other material assistance and conditions of supply

29. In addition to the list prepared by PAIGC on the supply of weapons to Portugal, other sources have also reported the increasing internationalization of the Portuguese war effort.

30. It is reported, for instance, that the Federal Republic of Germany financed the establishment of the Beja airbase, two ammunition factories in Portugal (Fábrica de Material de Guerra de Braço de Prata and Fundição de Oeiras), and the Army Aeronautics Factory at Alverca near Lisbon. France, in addition to supplying frigates and submarines to Portugal on long-term credit, is reported to have supplied SNEB guided missiles and Panhard armoured cars. The United Kingdom's supplies to Portugal include 150 Auster P5/160 planes, the Islander plane and 200 Austin Gipsy military vehicles.

31. United States exports of herbicides to Portugal were reported to have risen from \$US 57,330 in 1969 to \$US 227,320 in the first 11 months of 1970. Imperial Chemical Industries of the United Kingdom is also reported to have supplied herbicides to Portugal. According to a recent report, herbicides supplied by a South African firm were sprayed in areas of northern Mozambique by South African mercenaries flying private airplanes with protection from the Portuguese Air Force.

32. A more difficult problem arises in attempting to track down the supply of arms to Portugal where intermediaries are involved. In January 1972, for instance, 22 Noratlas transport aircraft were reported to have been sold by the air force of the Federal Republic of Germany to Stockleigh Holdings, Ltd., of Dublin, Ireland. Although it was reported that the planes might be sold to South Africa, it was generally believed that the planes were destined for Portugal, as the Noratlas, as shown above, has been extensively used by that country in its colonial wars.

33. Despite the assurances of various Governments that they do not supply arms to Portugal for use in Africa, the situation remains ambiguous. In August 1971, the Government of the Federal Republic of Germany was reported to have protested

to Portugal over the use of some of the 40 German supplied Fiat G91 jet planes in Mozambique. The sale agreement is said to have stipulated that the fighters were for use in Portugal and for defence missions under NATO. Warships built in the Federal Republic of Germany were also reported to be serving in African waters, and the Federal Government was said in January 1972 to be seeking strict observance of the clause in the sale agreement that these weapons had to remain in Europe. However, these clarifications are being sought only on previous sales, because according to Federal Government officials, no arms have been delivered to Portugal since 1969.

34. In February 1972, the French national armament concern, Societé Nationale de Poudres et Explosifs (SNPE), was said to have announced its intention to extend its sales, including complete arms factories. Portugal was reported to be among the first clients. SNPE is among the three largest armaments suppliers in the world.

4. MILITARY CO-OPERATION OF PORTUGAL WITH OTHER COUNTRIES

35. As already reported, Portugal's war efforts are not limited to military activities alone but include economic, social, financial and psychological considerations. Therefore, in a wider sense, all Portugal's international relations have to be seen in the context of its colonial policy. In the international field, Portuguese policy has three goals: (a) securing international recognition of the strategic importance of its overseas Territories in Africa; (b) retaining international financial support and investments in Angola and Mozambique; (c) disseminating information on the success of Portugal's multiracial policy in Africa and achievements in the economic and social fields.

36. Important developments in Portugal's international relations affecting the overseas Territories have already been reported. q/ Those developments, while not exhaustive in detail, show the extent to which Portugal is in effect gaining support for its colonial wars in Africa. Of all developments, the most important was the new Azores agreement with the United States relating to the use of the Lajes air base in the Azores. r/

37. Under this agreement, the United States will provide Portugal with: (a) the loan of an oceanographic vessel, the USS Kellar, valued at \$US 8 million; (b) \$US 1 million for educational reform in Portugal; (c) \$US 5 million for non-military excess equipment measured in terms of initial acquisition and cost; (d) credits of \$US 15 million per year for two years for the purchase of United States surplus agricultural commodities on favourable terms under the United States Public Law 480; and (e) financing of loans up to \$US 400 million by the Export-Import Bank of the United States for development projects in Portugal.

q/ See A/8723/Add.3, annex II.A, paras. 108-132.

r/ Ibid., para. 124.

38. Although United States aid appears to be non-military, the foreign exchange being provided and the economic and social assistance being made available will enable Portugal to devote more resources to its war effort.

APPENDIX II

SOUTHERN RHODESIA^{a/}

Introduction

1. Basic information on military activities and arrangements in Southern Rhodesia up to 1971 is contained in previous reports of the Special Committee. b/ Supplementary information is set out below.

Armed forces and armaments

2. The armed forces of Southern Rhodesia consist of a regular army and air force, which are predominantly white; a "territorial" (reserve) force, composed of persons who have completed their military service; and paramilitary forces, consisting mainly of the British South African Police (BSAP). The period of military service is one year, followed by three years of part-time service in the reserves; since 1 January 1971, c/ all European, Asian and Coloured males between the ages of 18 and 30 resident in Southern Rhodesia, regardless of their nationality, have been liable for national military service. Compulsory registration in peace time for all non-African males between the ages of 17 and 60 was introduced in May 1966 at which time the period of peace time military training was doubled from four and a half months to nine months.

3. Since 1965, the illegal régime in Southern Rhodesia has imposed a policy of total secrecy concerning the strength and deployment of the armed forces and armaments as well as the sources of supply of arms, ammunition, aircraft, military vehicles and other equipment. Available information, however, indicates that since the illegal declaration of independence, the armed forces have been considerably strengthened and their training intensified, and that the military equipment has been substantially modernized.

4. According to The Military Balance, 1971-1972, d/ the total strength of the army was 3,400 men and of the air force 1,200 men. The reserve force was reported to

a/ The information contained in this section has been derived from published sources.

b/ See Official Records of the General Assembly, Twenty-third Session, Annexes, addendum to agenda item 23 (A/7200/Rev.1), chap. IV, appendix III; ibid., Twenty-fourth Session, Supplement No. 23 (A/7623/Rev.1), chap. III, annex, appendix III; ibid., Twenty-fifth Session, Supplement No. 23 (A/8023/Rev.1), chap. II, annex, appendix II; ibid., Twenty-sixth Session, Supplement No. 23 (A/8423/Rev.1), chap. II, annex, appendix I.

c/ Amendment to the Defense Act of 1959.

d/ Published by the Institute for Strategic Studies, London.

have a strength of 8,000 men; the strength of BSAP was estimated at 6,400 active members and 28,500 reservists; the civil police force was estimated at 5,000 men.

5. The following summary shows the military equipment and structure of the army, air force and reserves as reported in The Military Balance, 1971-1972 d/ and in Adelphi Papers No. 67 ("The Armed Forces of African States, 1970") d/:

Army

6. The army consists of two infantry battalions, one Special Air Service squadron and one artillery battery, all with white officers. One of the two infantry battalions is reported to be equipped with Ferret armoured cars. There is an establishment for three brigades (two in 1965), two of which are based on the regular infantry battalions. These brigades could be brought up to strength by calling out the reservists (see below).

Air Force

7. The air force is constituted as follows:

- 1 light bomber squadron with 11 Canberras
- 1 day-fighter/ground-attack squadron with 12 Hunters
- 1 day-fighter/ground-attack squadron with 12 Vampires
- 1 reconnaissance squadron with 13 Provosts T-52
- 1 armed trainer squadron with 7 AL-60s
- 1 transport squadron including C-47s
- 1 helicopter squadron with 8 Alouette IIIs.

Reserves

8. All males who have completed their 12 month military training are required to undergo part-time service for three years with the Territorial Force, a reserve force which may be mobilized in case of emergency. Territorial battalions based on the cities are considered to be "active reserves", meaning that they can be mobilized at short notice. The establishment of the reserves provides for eight battalions and one field artillery battery. In 1965, it had been reported that there were four active battalions; the other four were said to be in various stages of readiness.

9. In his annual report for 1971, published in June 1972, the Chief of the Army General Staff, Lt. General K. R. Coster, stated that insufficient finance and manpower were hampering the army's efforts to maintain an efficient force to meet all future threats. While the Army had remained efficient in the counterinsurgency context, it still lacked the support weapons to ensure "correct balance" and was experiencing shortages of both officers and white soldiers in the regular army. There was also a shortage of officers in the Territorial Force. The report stated

that the deployment of the Territorial Force on "border control operations" was enabling the regular army to spend more time on training; however, lack of money and opportunity had prevented the staging of large-scale, limited war exercises.

10. The 1971 annual report of the Chief of Air Staff, Air Marshall A. O. G. Wilson, published at the same time, stated that, at present, the air force had adequate supplies of manpower, skills and equipment, but that "in the context of the present southern African situation and likely future developments, a programme of expansion involving additional capital expenditure would undoubtedly be necessary". The report stated that spare parts for aircraft and other equipment were being acquired by "most complex procedures"; however, improved local facilities for the manufacture and repair of a wide range of equipment were becoming available, and were additionally resulting in foreign currency savings.

11. In his speech opening the new session of "Parliament" on 3 June 1972, "President" Clifford Dupont said that the security forces would continue to be maintained at peak efficiency, especially in view of threats from "Zambian-based terrorists".

Military expenditure

12. An index to the development of military strength in the Territory since 1965 has been the steady increase in appropriations under the ordinary budget for the joint military services between 1964/65 and 1971/72, as illustrated below:

Annual appropriations for the armed forces and police, 1964-1972

(thousand Rhodesian dollars) a/

<u>Year</u>	<u>Army</u>	<u>Air Force</u>	<u>Police</u>	<u>Total</u>
1964/65	6,038	5,834	10,348	22,220
1965/66	6,212	5,810	10,902	22,924
1966/67	7,742	5,228	12,216	25,086
1967/68	8,590	5,594	12,788	26,972
1968/69 (estimates)	15,400		14,000	29,400
1969/70	10,460	6,624	15,051	32,135
1970/71	10,889	8,403	15,425	34,717
1971/72	12,070	7,503	16,886	36,459

a/ One Rhodesian dollar (\$R 1) equals \$US 1.40.

13. As may be seen from the above table, the over-all budgetary appropriation for the armed services and police increased by over 60 per cent between 1964 and 1972. The largest increases were in the sums allocated for the army and the police, amounting to about 100 per cent and 69 per cent respectively, while in the case of the air force the increase was approximately 29 per cent.

14. On 8 June, a defence procurement bill providing for the creation of a Defence Procurement Fund and the establishment of a Defence Procurement Board to handle

defence spending was tabled in the "House of Assembly". The Board would be under the chairmanship of the "Secretary of Defence" and would include three other members appointed by the "Minister of Defence".

15. Under the provisions of the bill, which received its second reading on 9 June, a defence procurement fund would be made up of monies voted by the "Legislature" as well as loans, grants or donations from any approved sources. The board would also have borrowing powers. According to the press, the provisions of the bill would allow "a more fluid method of equipping the defence forces and paying for equipment than the present rigid annual voting of loan and revenue funds".

Military co-operation with South Africa

16. Since August 1967, the armed forces of the illegal régime have been reinforced by a detachment of the South African police (a para-military body), estimated to number about 3,000 men. This detachment is deployed near the Zambian border to assist the security forces of the illegal régime in their fight against African nationalists. In a statement on 25 August 1967, Mr. B. J. Vorster, the Prime Minister of South Africa, said that South Africa had no defence agreements with either Southern Rhodesia or Portugal and that none was necessary; the countries were good friends and were aware of their duties to each other. In subsequent statements, the most recent of which was on 22 November 1971, the South African Prime Minister reiterated that South African police would remain on Southern Rhodesia's borders as long as necessary in the interests of his country's own security.

17. On 15 and 16 February 1971, a meeting of security chiefs from South Africa, Portugal and Southern Rhodesia was held in Salisbury. It was assumed that the purpose of the talks was to plan closer links in combatting the activities of freedom-fighters. Present at the talks were Major General Hendrik van den Bergh of the South African Bureau of State Security; Major Silva Pais, chief of the Portuguese Direccão-Geral de Seguranca (DGS), who is also in charge of Security in Angola and Mozambique, Dr. Antonio Lopes, Chief Security Officer in Angola, Mr. Antonio Vaz, Chief Security Officer in Mozambique; and Mr. Gomes Lopes, an inspector of the Mozambique Security Organization.

Developments relating to the liberation struggle

18. On 28 May 1971, "President" Clifford Dupont stated in "Parliament" that no "terrorist" incursions had been made into Southern Rhodesia in the previous 12 months. There was a constant need, however, to maintain the strength of the régime's security forces in both men and material.

19. According to the report of the "Secretary of Law and Order", published in May 1972, there had been no "infiltrations of bands of armed terrorists" from Zambia during 1971. A number of "terrorist" agents had crossed into Southern Rhodesia to establish cells for internal "subversion", but had been arrested before they could start their activities. A large quantity of arms and other offensive

materials had also been smuggled into Southern Rhodesia, but had been discovered by the security forces. The report claimed that there were still a large number of "terrorists" undergoing training in Zambia and the United Republic of Tanzania.

20. On 29 August 1971, the security forces of the illegal régime reported that they had killed seven members of the Frente de Libertação de Moçambique (FRELIMO) and had captured another in an engagement south-east of Mukumbura, on the Southern Rhodesian side of the border with Mozambique. The incident was believed to be the first engagement between troops of the illegal régime and FRELIMO. Although a communiqué issued by the security forces claimed that the FRELIMO members had entered Southern Rhodesia for purposes of intimidation, various press reports suggested that the FRELIMO group had crossed into Southern Rhodesia in search of food and that there was no evidence that the group was co-operating with Southern Rhodesian freedom-fighters.

21. In his report referred to above, the "Secretary of Law and Order" stated that there was "vastly increased 'terrorist' activity in the Tete region of Mozambique" and that this presented "an additional threat to our borders". He said that FRELIMO had carried out sabotage on the main road between Southern Rhodesia and Malawi which runs through Tete District in Mozambique, and that, as a result one Southern Rhodesian civilian had been killed and a number of vehicles destroyed. Although these attacks were not directed against Southern Rhodesia, the régime none the less regarded them as a potential threat. Accordingly, it had been necessary to maintain a watch over this border, which in effect meant a further extension of the border areas requiring constant supervision. e/

22. On 1 October 1971, the establishment was announced in Lusaka, Zambia, of the Front for the Liberation of Zimbabwe (FROLIZI), a nationalist party said to include former members of the Zimbabwe African People's Union (ZAPU) and the Zimbabwe African National Union (ZANU).

23. According to a statement by the chairman of FROLIZI, Mr. Shelton Siwela, the object of the organization was to develop FROLIZI into a broad front which would include trade unionists, students and businessmen. However, he felt that military struggle was the centre of the confrontation and any progress would initially depend on a guerilla army.

24. On 23 March 1972, it was reported from Dar es Salaam that ZANU and ZAPU had announced the formation of a joint military command for the liberation of Southern Rhodesia, headed by Mr. Herbert Chitepo. The announcement came after four days of talks between leaders of the two organizations. The executive secretary of the Liberation Committee of the Organization of African Unity (OAU), who had participated in the talks, was reported to have stated that in his opinion the new alliance marked "a turning point in the history of the liberation struggle in Africa".

e/ For other developments concerning internal security matters, see A/8723/Add.1, annex, paras. 77-87.

APPENDIX III

NAMIBIA^{a/}

Introduction

1. Basic information on military activities and arrangements in Namibia up to 1971 is contained in the previous reports of the Special Committee. b/ Supplementary information is set out below.

South African military establishment

2. As previously noted, c/ South African armed forces stationed in Namibia are an integral part of the South African military establishment, the build-up of which has been described in detail in a recent report of the Special Committee on Apartheid. d/ No separate information is available concerning the numbers, composition and equipment of the military forces stationed in the Territory; however, developments indicate that a large part of those forces have been deployed in Namibia to suppress opposition in the Territory.

Armed forces and armaments

3. The three armed services of South Africa are collectively known as the Defence Force and are under a single Commandant General. Immediately below him are the heads of the army, navy and air force; a general serves as head of all combat forces.

a/ The information contained in this section has been derived from published sources.

b/ For the most recent, see Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 23 (A/8023/Rev.1), chap. II, annex, appendix III; Ibid., Twenty-sixth Session, Supplement No. 23 (A/8423/Rev.1), chap. II, annex, appendix II. See also A/8723/Add.2, annex I, in particular, paras. 44-50, 62-67 and 96-111.

c/ Ibid.

d/ See A/AC.115/L.329/Rev.1.

4. The Defence Force has three categories of recruitment:

(a) The Permanent Force of regular (professional) servicemen comprises about 10,000 men in the army, 3,000 in the navy and 5,000 in the air force.

(b) The Citizen Force is composed of conscripts who serve from nine months to one year in full-time service and then enter the active reserve. About 30,000 men are conscripted into the Citizen Force every year. At any one time the army has about 22,000 conscripts, the navy 1,250 and the air force 3,000. At the end of 1971, the total trained reserve of the Citizen Force stood at 23,000 men.

(c) The Kommando Force consists of about 75,000 men, mostly in the army, who train on week-ends and at annual camps of about three weeks' duration.

The overwhelming majority of the Defence Force is white; conscription is exclusively for whites.

5. In addition to the Defence Force, the South African Police has a paramilitary formation of 3,000 men which receives specialized training in counterinsurgency techniques and uses army equipment; this formation is distinct from other units of the South African Police.

6. The massive build-up of the South African Defence Force in recent years is reflected in the increase in defence expenditure from 256 million rands e/ in 1966/67 to 316 million rands in 1971/72, as can be seen from the following table: f/

e/ One rand equals \$US 1.33.

f/ Towards the end of 1971 it was reported that substantially more emphasis on the navy was being placed in South African military planning (see table), although the "defence of the northern frontiers against incursions" remained a priority.

South African armed forces and armaments, 1966-1972

	<u>1966/67</u>	<u>1971/72</u>
<u>Personnel</u>		
Army	16,200	32,000
Navy	3,000	4,250
Air force	3,000	8,000
Paramilitary forces:		
Kommandos (militia)	51,500	75,000
Paramilitary police	-	3,000
 <u>Armaments</u>		
Army:		
Tanks (all types)	- <u>a/</u>	240
Armoured cars	-	550
Navy:		
Submarines	-	2-3
Destroyers and frigates	8	8
Minesweepers	12	11
Air force:		
Combat aircraft	- <u>b/</u>	163
Helicopters	80	130 (approx.)
Armed light aircraft and transports	250	170
Paramilitary forces:		
Kommando light aircraft	250 <u>c/</u>	-
Police armoured personnel carriers	-	80

Source: Institute for Strategic Studies, London.

a/ 150 tanks of all types in 1968/69.

b/ 210 combat aircraft in 1968/69.

c/ Privately owned.

7. The following summary shows the basic military equipment of the army, navy, air force and police as reported in The Military Balance, 1971-1972 and in "The Armed Forces of African States, 1970" (Adelphi Papers No. 67): g/

g/ Published by the Institute for Strategic Studies, London.

(a) Army

100 Centurion Mark 5, 100 Sherman and 40 Comet medium tanks
500 AML-60 and AML-90, and 50 M-3 armoured cars
200 Ferret scout cars
Saracen armoured personnel carriers

(b) Navy

2 Daphne-type submarines (one more of the same type due for delivery by mid-1972) h/
2 destroyers carrying Wasp ASW (anti-submarine warfare) helicopters
6 ASW frigates
1 ocean-going minesweeper
10 coastal minesweepers
5 seaward defence boats
1 fleet replenishment tanker

(c) Air force

163 combat aircraft (plus about 80 combat aircraft of the Citizen Air Force)
1 bomber squadron with 16 Canberra B-12
1 light bomber squadron with 15 Buccaneer Mark 50 bombers
1 fighter-bomber squadron with 20 Mirage III-EZ fighter bombers equipped with AS-20 and AS-30 air-to-surface missiles
1 interceptor squadron with 16 Mirage III-CZ interceptors equipped with R-530 air-to-air missiles
Other combat aircraft include 4 Mirage III-RZ, 30 F-86 Mark 6, 5 Vampire FB-5 and at least 50 MB-326 Impala
1 maritime reconnaissance squadron with 7 Shackleton maritime reconnaissance aircraft
9 Transall, 30 C-47, 4 C-54, 7 C-130 B/E, 1 Viscount and 9 P-166 light transports
106 Alouette II and III, 8 Wasp and 16 Super Frelon helicopters; deliveries of 20 SA-330 Puma have begun
Cactus air defence missile system being installed
The Citizen Air Force operates eight squadrons with 50 Impala (MB-326 produced in South Africa), and about 120 Harvard armed trainers and C-47 transports

(d) Police

Police equipment for the 3,000 man-strong units with anti-terrorist training includes about 80 Saracen armoured personnel carriers on loan from the army.

h/ In May 1971, the South African Navy's first submarine, the Maria van Riebeeck which had been constructed in France, stopped at Walvis Bay on its way to South Africa. Later in the year, a second new submarine, the Emily Hobhouse was greeted at Walvis Bay by the South African Minister of Defence. Both submarines were reportedly on their way to Simonstown.

South African potential to manufacture atomic weapons

8. On 12 April 1971, the following statement appeared in the press:

"The Chairman of the Atomic Energy Board, Dr. A. J. A. Roux, says that with its uranium enrichment process South Africa is theoretically in a position to make its own nuclear weapons. Dr. Roux, also Chairman of the Uranium Enrichment Corporation, said in a radio interview yesterday that it would be unpractical and almost impossible for South Africa to make nuclear weapons from plutonium. The reasons for this were that much of the material and equipment needed to make use of plutonium for military purposes would have to be imported from abroad. Such an installation would also be subject to international inspection. Although South African policy was to use her enriched uranium for peaceful purposes, the new process recently developed in the country put her in a position to make her own atomic weapons." i/

9. Considerable comment was subsequently devoted to this matter in the course of which it was pointed out that the critical question was whether or not South Africa had in fact developed a new process to produce enriched uranium. Some scientific observers maintained that South Africa had not succeeded in developing a new process. Although no definite answer to this question was given publicly, early in 1972 action was under way to open a major uranium mine at Rössing in Namibia. The principal shareholders in Rössing Uranium, Ltd., which will exploit the uranium mine, are the Rio Tinto Zinc Corporation of the United Kingdom of Great Britain and Northern Ireland and the General Mining and Finance Corporation of South Africa. The South African Government-controlled Industrial Development Corporation (IDC) owns a share in Rössing Uranium, Ltd. j/

Involvement of South African army, navy, air and
police forces in Namibia

10. As reported in last year's working paper concerning military activities in Namibia, one estimate placed the number of South African troops in Namibia in early 1970 at 15,000 men. k/ At mid-1970, there were also reported to be over 500 white policemen from the South African Police stationed in Namibia and about 300 non-white policemen who were also believed to be members of the South African Police. These figures are in addition to municipal police forces, notably the

i/ The Rand Daily Mail of 12 April 1971, requoted in the New Statesman (London) of 2 June 1972.

j/ For other details, see A/8723 (Part III) annex, appendix IV.

k/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 (A/8423/Rev.1), chap. II, annex, appendix II, para. 1.

police force of the city of Windhoek. It was also reported that the South African Police stationed in Namibia received substantially higher allowances than those stationed in the Republic of South Africa itself.

11. Furthermore, as has been reported for some time, the South African Defence Force possesses two installations in the area of Namibia, both of which include air force bases: one at Walvis Bay and the other at Katima Mulilo, in Eastern Caprivi.

12. In June 1971, the first three stages of a Decca navigational system that would eventually cover the whole of the Namibian and South African coast line were officially opened. In a speech made on this occasion, Mr. P. W. Botha, the South African Defence Minister, stated that the Decca navigational system would be of particular importance for the air force and navy although he hoped that civil aviation, the fishing fleet and tankers would also make use of it. He said the system was a further contribution to the maintenance of peace and stability in Africa.

Military operations in the Territory

13. The following description of military operations which took place in Namibia in the course of 1971 and the early part of 1972 has been compiled from statements made by the South West African People's Organization (SWAPO) (the only Namibian party which was actively involved in military operations) and by the South African authorities as well as from press reports.

14. Early in 1971, the South African army and police staged a large-scale manhunt in an attempt to capture a SWAPO field commander, Mr. Israel Iyambo. The hunt was unsuccessful, but a number of Africans were reportedly shot dead for allegedly sheltering Mr. Iyambo and other SWAPO leaders.

15. SWAPO later reported killing a number of South African troops between Kongola and Lilebe and near the military base at Katima Mulilo where, on 19 April, four South African officers were killed including the colonel commanding the base. The Grootfontein-Runtu highway was reported to have been the scene of recurrent attacks in April and May 1971.

16. On 5 and 6 October 1971, a South African police lieutenant was killed and four policemen were seriously wounded, reportedly in the explosion of two land mines near Katima Mulilo. Mr. B. J. Vorster, the South African Prime Minister, was reported to have said on this occasion that a South African patrol had been ordered to pursue the perpetrators across the frontier. The South African Minister of Police, however, subsequently stated, on 7 October, that no South African police had in fact crossed the border. The incident led to a complaint by Zambia before the Security Council alleging incursions by South African forces on to their Territory. 1/

1/ For details, see S/10352, S/PV.1590-1592 and Security Council resolution 300 (1971) of 12 October 1971.

17. In a communiqué released in Dar es Salaam on 21 October 1971, SWAPO reported that its forces had killed 59 South African soldiers in September and October. The communiqué also pointed out that large-scale operations by South African forces in the northern and south-eastern regions of Namibia had forced thousands of people to flee to Botswana. Subsequently, in a statement issued in Paris, a spokesman for SWAPO, Mr. Shipanga, stated that SWAPO did not possess any base outside Namibian territory and was conducting all its offensive actions from within Namibia itself.

Incidents of violence associated with strike of migrant workers

18. Between December 1971 and January 1972 some 13,000 migrant workers, mostly from Ovamboland, went out on strike, demanding the abolition of the contract labour system. The most recent information on the strike and the measures taken by the South African Government relating to the labour question have been described in detail in a paper dealing with economic conditions in Namibia with particular reference to foreign interests. m/ The strike led to a number of incidents of violence and clashes with the South African police.

19. In mid-January, South African police reinforcements were flown from Pretoria to Ondangua in Ovamboland and on 18 January 1972, the "Executive Council" of the Ovamboland "Government" issued the following order:

"(1) All public meetings in Ovamboland with the exception of legitimate tribal meetings and meetings called by the Ovamboland Government are prohibited.

"(2) The South African police is empowered to take action against unlawful meetings, to dissolve them and, using its own judgement, to take judicial action against the organizers and active participants."

20. On 1 February 1972, in Cape Town, the "Commissioner General for the Native Peoples of South West Africa", Mr. J. M. de Wet, stated that 15 to 20 per cent of the Ukwanyama people were involved in the unrest (the Ukwanyamas, numbering 70,000, are Ovamboland's largest tribe). While minimizing the importance of the disturbances, Mr. de Wet said that he had come to Cape Town to ensure that sufficient policemen would be available to protect the majority of the Ukwanyama people from intimidators and to disarm the dissident elements.

21. On the following day, the South African Minister of Police, Mr. L. Muller, stated that the boundary fence between Ovamboland and Angola had been extensively damaged over a large distance, cattle and inspection kraals had been destroyed, cattle inspectors had been intimidated and headmen and chiefs had been threatened with violence. Eight Ovambos had been killed in clashes with South African police. He also said that "rebels" in Ovamboland had planned an attack on whites at Ondangua as well as on police and other administrative offices in the area.

m/ A/8723 (Part III), annex, appendix IV.

22. During the period January-April 1972, a number of other incidents were reported in which several South African policemen were said to have been killed or wounded. In April, Mr. Moses Garoeb, the Administrative Secretary and spokesman for SWAPO, addressing the Special Committee on the Situation with Regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in Lusaka, stated that actions by SWAPO against the South African forces had been so effective that the South Africans had been compelled to call in help from the Portuguese. n/

23. According to reports by SWAPO, the disturbances in Ovamboland were followed by mass deportations and internment camps were set up for what was described as "security screening". Many workers were reportedly still in internment in April 1972. Replying to a question in the South African House of Assembly, on 11 April 1972, the South African Minister of Police stated that 213 people had been detained for an aggregate of more than 7,000 days in Ovamboland since early February.

Co-operation between South African forces in Namibia and military forces of other countries

24. At the beginning of 1972, the Movimento Popular de Libertação de Angola (MPLA) stated that on 12 January a revolt had broken out in southern Angola organized by Angolans working in conjunction with the Ovambos of Namibia. Previous MPLA statements had announced the presence of South African troops at Lumeje in Moxico District, Angola.

25. Shortly afterwards, it was reported that South African police had taken part in the repression of Africans in Angola and that a unit of Portuguese troops had been sent to Namibia to assist the South African authorities in connexion with disturbances in Ovamboland in the wake of the strike of migrant workers. The President of SWAPO, Mr. Sam Nujoma, in a statement made in 1972 before the Security Council, said that Portugal and South Africa had jointly mobilized their troops along the Namibia-Angola frontier to suppress the strikers and their supporters in the northern region of Namibia. o/

26. A detachment of South African police continues to be stationed in Southern Rhodesia to assist the illegal régime in combating freedom fighters. p/

n/ See A/AC.109/PET.1202/Add.1 and A/AC.109/SR.361.

o/ Ibid.

p/ For additional information, see appendices I and II above.

APPENDIX IV

SEYCHELLES^{a/}

"British Indian Ocean Territory"

1. Under a United Kingdom Order in Council of 8 November 1965, three of the 92 islands and atolls comprising the Seychelles, namely the groups of Aldabra, Farquhar and Desroches, were administratively detached from the Territory and, together with the Chagos Archipelago (including Diego Garcia, the largest and most southerly island of the group, with a land area of about 17 square miles), formerly part of Mauritius, were set up as a separate administrative unit entitled the "British Indian Ocean Territory". The islands are widely scattered, the Chagos group lying about 1,100 miles to the east of Mahé, main island of the Seychelles, and the other three groups (Aldabra, Farquhar and Desroches) between 100 and 600 miles to the south-west of Mahé. The "Territory" is administered by a Commissioner, who is also Governor of the Seychelles.
2. At the time of the inauguration of the "Territory", the Government of the United Kingdom of Great Britain and Northern Ireland announced that the islands would be available for the construction of defence facilities by the United Kingdom and United States Governments. On 25 April 1967, the United Kingdom Government published a command paper b/ containing an agreement between the British and United States Governments for their joint use of the "Territory" for defence purposes. The agreement took the form of notes exchanged between the Foreign Secretary and the United States Ambassador in London, dated 30 December 1966, when the agreement entered into force.
3. The agreement provided an administrative framework under which the Governments could consult together and apportion costs of the facilities. Each Government would have the use of any facility built by the other, and each would pay for its own site preparation. There was provision for shared financing of any jointly constructed facility. The two Governments contemplated, inter alia, that the islands constituting the "Territory" would remain available to meet their defence needs for an indefinitely long period. Accordingly, after an initial period of 50 years, the agreement would continue in force for a further period of 20 years unless, not more than two years before the end of the initial period, either

a/ The information presented in this section is derived from published sources.

b/ Treaty Series No. 15 (1967): Exchange of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America concerning the Availability for Defence Purposes of the British Indian Ocean Territory, London, 30 December 1966, Cmd. 3231, HMSO, London, 1967.

Government would have given notice of termination to the other, in which case the agreement would terminate two years from the date of such notice.

Diego Garcia facility

4. Under the terms of this agreement, on 15 December 1970, the Governments of the United Kingdom and the United States announced that construction would begin in March 1971 of a naval communications facility on Diego Garcia in the Chagos Archipelago. The facility would consist of communications and minimum necessary support activities, including an airstrip. The facility would be built by units of the United States naval construction force. Both the British and United States flags would fly over the facility, however, and the United Kingdom would help to man the facility. The announcement added that the facility would close a gap in the United States naval communications system and would provide communications support to ships and aircraft of the United States and the United Kingdom in the Indian Ocean. It was expected that the communications facility would be completed in less than three years.

5. It was reported in November 1971 that, in connexion with the construction of the facility, the local authorities had started, in September, the process of resettlement of the inhabitants of Chagos to Mahé in the Seychelles group. c/

6. The United States Congress appropriated \$US 5.4 million in the 1971 financial year for the Diego Garcia project. According to reports, the United States Navy estimates total construction costs at approximately \$US 19 million.

United States tracking and telemetry facility on Mahé (Seychelles)

7. There is also a United States tracking and telemetry facility on the island of Mahé, constructed in accordance with an agreement concluded between the United Kingdom and the United States on 30 December 1966, and published in a White Paper on 25 April 1967. d/

c/ For details, see A/AC.109/PET.1199/Add.1.

d/ Treaty Series No. 16 (1967): Exchange of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America concerning the United States Tracking and Telemetry Facilities in the Island of Mahé in the Seychelles, London, 30 December 1966, Cmd. 3232, HMSO, London, 1967.

APPENDIX V

BAHAMAS, BERMUDA, TURKS AND CAICOS ISLANDS AND THE UNITED STATES VIRGIN ISLANDS

Introduction

1. Basic information concerning military activities and arrangements in the Bahamas, Bermuda, the Turks and Caicos Islands and the United States Virgin Islands was reproduced in previous reports of the Special Committee. a/ Supplementary information is set out below.

General

2. The largest military installations in the Non-Self-Governing Territories of the Caribbean region are situated in the Bahamas, Bermuda and the United States Virgin Islands, and are operated by the authorities of the United Kingdom of Great Britain and Northern Ireland and the United States of America.

3. In a statement on the defence estimates for 1972 made to the United Kingdom Parliament in February, b/ the Secretary of State for Defence said that the United Kingdom maintained two helicopter-carrying frigates, one with a detachment of Royal Marines, in the Caribbean. These ships were augmented occasionally by other units for exercises and trials. A force of Royal Engineers which had been stationed in Anguilla was withdrawn in September 1971.

a/ For the most recent, see Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 (A/8423/Rev.1), chap. II, annex, appendix IV.

b/ United Kingdom: Statement on the Defence Estimates 1972, Cmnd. 4891, HMSO, London, February 1972.

Bahamas

Bahamas Long-Range Proving Ground

4. It will be recalled that, on 21 July 1950, the Governments of the United Kingdom and the United States concluded an agreement concerning a long-range proving ground for guided missiles, known as the Bahamas Long-Range Proving Ground. The agreement was subsequently amended in 1956 and 1967. At present, the proving ground consists of a main base and launching area in the vicinity of Cape Canaveral, Florida (United States) and of a flight testing range, which extends from the launching area through the Bahamas to Ascension Island, a dependency of the Territory of St. Helena situated in the South Atlantic Ocean. The United States Government has three substations at Gold Rock (Grand Bahama), Governor's Harbor (Eleuthera) and Abraham Bay (Mayaguana). Prior to February 1970, it also maintained another substation on San Salvador.

Other military installations

5. As previously noted, c/ the United States maintains several other military installations in the Bahamas. Among these are the Atlantic Underwater Test and Evaluation Center (AUTEK), two missile-tracking stations and several naval facilities. AUTEK, the largest installation in the Territory, is established on Andros Island under the provisions of an agreement between the Governments of the United Kingdom and the United States, signed on 11 October 1963. Since its opening on 14 April 1966, AUTEK (covering 420 acres) has been used for underwater research, testing and evaluation of anti-submarine weapons, sonar tracking and communications. It consists of three main ranges: a weapons range, an acoustic range and a sonar range.

Statement by the Prime Minister of the Bahamas

6. In an address to the Bahamian Students' Association of the University of the West Indies, on 6 August 1971, the Prime Minister of the Bahamas stated that it would be desirable for the Territory to deal with the question of its succession to the treaties of the United Kingdom within a reasonable time after independence

c/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 (A/8423/Rev.1), chap. II, annex, appendix IV, paras. 4-6.

(which the Government has declared it will seek in 1973). Many of the treaties to be inherited by the Territory would probably require renegotiation. Of immediate importance to the Bahamas would be the series of defence treaties entered into between the Governments of the United Kingdom and the United States, whereby portions of the Territory were used by the latter for various purposes. At present according to the Prime Minister, the Bahamas receives no direct benefit as a result of those treaties.

Bermuda

Naval Air Station and King's Point Naval Station

7. As previously noted, d/ the United States operates two military bases in Bermuda, the Naval Air Station (formerly known as Kindley Air Force Base which was transferred to the United States Navy on 1 July 1970) and King's Point Naval Station. Provisions were made for these installations in the Agreement of 27 March 1941 between the Governments of the United Kingdom and the United States. These provisions were amended by the following instruments: (a) the agreement concerning the opening of the then air force base to use by civil aircraft, dated 24 February 1948; (b) the agreement modifying the 1941 agreement, effected by an exchange of notes dated 19 July and 1 August 1950; (c) the agreement on the provision of civil airport facilities at the then air force base, effected by an exchange of notes dated 23 March and 25 April 1951; (d) the agreement extending the area of the civil air terminal in Bermuda, effected by an exchange of notes dated 25 May 1960; and (e) the agreement regarding additional civil airport facilities at the then air force base, effected by an exchange of notes dated 4 June 1968. At present, the two bases occupy 2.297 square miles, or about one tenth of the total area of the Territory. Civil aircraft continue to use the Naval Air Station.

8. An agreement over a proposed road through the Naval Air Station was reached between the United Kingdom and the United States Governments. It took the form of an exchange of notes between the Secretary of State for Foreign and Commonwealth Affairs and the United States Ambassador in London, published in April 1971 as a command paper. e/ The notes were dated 28 January 1971, when the agreement entered into force.

9. The agreement was the result of discussions previously held between representatives of the Governments of Bermuda and the United States on the proposed road referred to above. Under the agreement, a specified area within the Naval Air Station is made available for the construction and use of a road by the Government of Bermuda, at its expense. The Government of Bermuda has the right to exercise control and jurisdiction over the area made available, for which

d/ Ibid., Twenty-fifth Session, Supplement No. 23 (A/8023/Rev.1), chap. II, annex, appendix V, paras. 18-23.

e/ Treaty Series No. 22 (1971): Exchange of Notes between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America regarding a Proposed Road through the United States Naval Air Station, Bermuda: London, 28 January 1971. Cmmd. 4634, HMSO, London, April 1971.

it is not required to pay rent to the Government of the United States. On the other hand, the United States military authorities have the right to use the above-mentioned road and to determine, so as to prevent interference with United States military activities at the Station, the manner and location of the construction and installation of any works, fixtures and facilities in the area made available. Except as expressly provided in the present agreement, these arrangements do not, in any manner, derogate from the provisions of the 1941 agreement as amended in 1948-1968, and are to be valid until the expiration of the lease of the Station in 2040.

West Indies Station

10. Bermuda is the headquarters of the United Kingdom West Indies Station under the command of a commodore with the title of Senior Naval Officer, West Indies. The responsibilities of the Station include Territories under United Kingdom administration in the Caribbean area.

Turks and Caicos Islands

Military installations

11. The United States maintains a guided missile base and a naval facility on Grand Turk. There is also a United States Coast Guard Station on South Caicos. In 1970, the two military establishments on Grand Turk employed about 80 islanders (66 in 1969). As previously noted, f/ the agreement between the United States and the United Kingdom concerning the two bases in the Turks and Caicos Islands has been under review since 1967. Information concerning the result of this review is not available.

United States Virgin Islands

Naval base and exercises

12. It will be recalled g/ that in early 1967, the United States relinquished its former naval base on St. Thomas and transferred the land (comprising 196.3 acres) together with all improvements to the territorial Government. The United States, however, retained the right to reoccupy the facilities.

13. In early 1972, five destroyers called on St. Thomas - HMCS Skeena, FGN Braunsweig, HNLMS Eddersen, HMS Aurora and USS Adams - owned respectively by the Governments of Canada, the Federal Republic of Germany, the Netherlands, the United Kingdom and the United States. These destroyers, which constituted a North Atlantic Treaty Organization (NATO) task force, conducted exercises in the Caribbean and South Atlantic.

f/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 (A/8423/Rev.1), chap. II, annex, appendix IV, para. 13.

g/ Ibid., para. 15.

Military Selective Service System

14. The male population of the United States Virgin Islands continued to be subject to the Military Selective Service Act of 1967 during the period under review. h/ The total draft registration in the two local boards increased from 11,597 in 1969/70 to 12,594 in 1970/71. In the same period, the induction quota allocated to the Territory decreased from 97 to 58 and the total number of inductions from 87 to 63. On 1 January 1970, a new system of selecting men for the military services was established. Under this system, a national lottery was held on 1 July for men born in 1951, to set forth the order of induction of this age group commencing the following January. On 28 September 1971, the United States Congress passed a revised Selective Service Law, depending more wholly on a true lottery system by eliminating occupational and student deferments and by seeking to initiate an all-voluntary armed force.

h/ For information concerning the application of the 1967 Act in the Territory during previous years: ibid., Twenty-fifth Session, Supplement No. 23 (A/8023/Rev.1), chap. II, annex, appendix V, paras. 50-52; ibid., Twenty-sixth Session, Supplement No. 23 (A/8423/Rev.1) chap. II, annex, appendix IV, paras. 17-19.

APPENDIX VI

PAPUA NEW GUINEA, GUAM AND THE TRUST TERRITORY OF THE PACIFIC ISLANDS

Introduction

1. Basic information on military activities and arrangements in Papua New Guinea, Guam and the Trust Territory of the Pacific Islands up to 1971 is contained in the previous reports of the Special Committee. a/ Supplementary information is set out below.

Papua New Guinea

2. According to the report of the administering Power for the year ending 30 June 1971, the defence forces in Papua New Guinea consist of two battalions, other operational and supporting elements and a part-time citizen infantry reserve, the Papua New Guinea Volunteer Rifles. There is a small naval base on Manus Island in New Guinea operating petrol boats in Papua New Guinea waters. In addition, a detachment of air force personnel and three transport aircraft are based at Port Moresby.

3. Army units are under the command of the Papua and New Guinea Command at Port Moresby. At 30 June 1971, the regular units, together with support troops, numbered 3,226 men, of whom 2,593 were Papuans and New Guineans, including 28 indigenous officers and 882 indigenous non-commissioned officers. The majority of officers in the command are Australian, but a policy of replacing them progressively with Papuans and New Guineans is being followed. The number of Papuans and New Guineans holding commissioned and non-commissioned rank increased by 12 and 37 respectively during the period under review.

4. According to the latest annual report of the administering Power, the Papua and New Guinea Division of the Royal Australian Navy is being developed to form a security force for the surveillance of the coastline and rivers. Five modern patrol craft have been provided for this purpose.

5. The present indigenous membership of the Division is 235, seven of whom are officers, compared with 215 during the previous year. Assistance in the training of the Division is provided by personnel of the Royal Australian Navy based at Manus, where there is also a refuelling service. The first four indigenous officers are receiving training in patrol boats as sublieutenants and three midshipmen are receiving initial training in Australia. At 30 June 1971, 46 Papuan and New Guinean

a/ For the most recent see Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 (A/8423/Rev.1), chap. II, annex, appendix V.

sailors were serving in patrol craft, compared with 41 on 30 June 1970. About 28 sailors were receiving specialist training, nine apprentices were receiving trade training in Australia, and the remainder were employed on base support duties.

6. The element of the Royal Australian Air Force in Papua New Guinea consists of a resident air force officer and a detachment of 27 personnel, equipped with three Caribou aircraft. They are engaged in providing transport support for the army in Papua New Guinea. Additional transport support is supplied from Australian-based units when required.

7. On 15 June 1972, the Australian Minister for Defence, Mr. D. Fairbairn, stated at a meeting of the Administrator's Executive Council that Australia was responsible for the defence of Papua New Guinea, and that it would continue to fulfil its obligation until the Territory became independent. In his statement, Mr. Fairbairn explained the decision recently taken to form a joint force headquarters for the naval, army and air units in Papua New Guinea, as a measure to facilitate the economical and effective administration and control of the forces. He proposed the appointment of a spokesman on defence matters in the House of Assembly, and a small advisory staff within the Department of the Administrator, headed by a senior officer of the Australian Defence Department, which would constitute the nucleus of a Papua New Guinea Defence Department.

8. During a press conference, Mr. Fairbairn said that if Australia wished to continue using the Manus Island base as a refuelling facility after the Territory became independent, a bilateral agreement would be required. On the question of raising a third battalion for the Pacific Islands Regiment, he said that no decision would be taken without consulting the Territory's Cabinet. Mr. Fairbairn also said that the defence of the Territory cost \$A 17 million b/ a year.

Guam

9. The Territory of Guam is 30 miles long, has a total land area of 212 square miles and varies from about 4 to 8 miles in width. The Territory was ceded to the United States of America by the Treaty of Paris in 1898, following the Spanish-American War. The island was governed by the United States Naval Department until 1950, except for the period during the Second World War when it was occupied by the Japanese from 10 December 1941 to 21 July 1944. Since 1950, the Territory has been administered by a civil Government under the Organic Act of Guam, 1950, as amended.

The United States naval and air force bases

10. As indicated in earlier reports of the Special Committee to the General Assembly, c/ the Territory continues to be an important United States naval and air

b/ The local currency is the Australian dollar (\$A); \$A 1 equals \$US 1.20.

c/ Official Records of the General Assembly, Twenty-third Session, Annexes, addendum to agenda item 23 (A/7200/Rev.1), chap. IV, appendix VII; ibid., Twenty-fourth Session, Supplement No. 23 (7623/Rev.1), chap. III, annex, appendix VII.

force base in the Western Pacific. The United States Navy, Marine Corps, Air Force and Coast Guard maintain establishments on the island. The major military establishments are the United States naval base at Apra Harbor, Agaña Naval Air Station and the Anderson Air Force Base. The Marine Barracks, which has existed since 1899, except for the period of Japanese occupation during the Second World War, is primarily responsible for providing security at the Naval Station, Naval Air Station, Naval Communications Stations and the Naval Magazine. It also operates the Naval Brig and mans the Overland Sea Rescue Team. Additional personnel administer and assist marine casualties taken to the United States Naval Hospital, Guam.

B-52's bombing missions to Viet-Nam

11. Early in 1966, Anderson Air Force Base became the staging point from which B-52 bombers from the United States Strategic Air Command began to bomb targets in Viet-Nam. It was reported in mid-February 1972 that the United States Air Force resumed the B-52's bombing missions to Viet-Nam from Guam. In June 1972, it was also reported that there were between 100 and 150 B-52s operating out of this base and more were said to be arriving.

Nuclear weapons from Okinawa

12. According to reports which appeared in the press in mid-June 1971, the United States Defence and State Departments had proposed that, in connexion with the Agreement on Reversion of Okinawa to Japan, more than half the nuclear weapons believed stationed on Okinawa should be transferred to Guam, with the remainder being sent to other countries and territories. On 16 June 1971, the press reported that a State Department official had denied categorically that the United States and Japan had a secret understanding about nuclear weapons on Okinawa.

Casualties in Viet-Nam

13. It was stated in the United States Congress in January 1972, that according to statistics more than 60 people from Guam had been killed in Viet-Nam and in Southeast Asia in connexion with the Viet-Nam conflict.

Sella Bay Project

14. As reported in the working paper prepared by the Secretariat, d/ the Governor of Guam and the Commander of the Naval Forces, Marianas, signed a Land Exchange Agreement early in 1972 thereby enabling the Government of Guam to obtain a controlling interest in approximately 3,000 acres of federal property. Major points of the agreement outlined by the Governor included the acquisition by the federal

d/ See A/8723/Add.5, chap. XVIII, annex I, paras. 94 to 96.

Government of 266 acres at Sella Bay on which the Department of Defence would relocate an ammunition pier from Apra Harbor and the return to the Government of Guam of the safety casemates around Sella Bay if the ammunition wharf was not built. According to press reports, there has continued to be some controversy over the Sella Bay agreement. Hearings continued to be held by the Select Committee of the Guam Legislature, although, as required by law, the Land Transfer Board reportedly approved the agreement on 16 May 1972.

Military expenditures

15. It has been reported in the press that the military spends approximately \$US 120 million e/ annually in the Territory. For the fiscal year ended 30 June 1970, this total comprised a military payroll of \$US 45 million, a civilian payroll of \$US 49 million and \$US 26 million spent on construction.

Military selective service system

16. The administering Power reports that since its establishment in 1951, the local Selective Service System has inducted 2,591 young men into the United States Armed Forces for military service. During the year under review, 90 registrants were inducted into the United States military forces. At June 1971, 3,270 men registered in the Guam Selective Service were serving in the United States Army, Navy and Marine Corps.

17. The local Selective Service System has an administrative staff of four employees, headed by a state director. In addition, there are two local boards, each comprising five members, which are responsible for the registration, classification, selection and delivery of registrants for induction into military service. Other elements of the System include a five-member appeal board, two government appeal agents, a medical adviser to the state director, four advisers to registrants, a three-member State Advisory Committee on Scientific Engineering with specialized personnel and a nine-member Guam Youth Advisory Committee.

18. During the year under review, the Office of Veterans Affairs disbursed \$US 157,000 in educational payments and \$US 143,000 for compensation and pension payments. Its estimated over-all payments for the fiscal year 1971 amounted to \$US 500,000.

Trust Territory of the Pacific Islands

19. Information on United States armed forces in the Trust Territory is contained in the previous report (see foot-note a/ above). No supplementary information has been received.

e/ The local currency is the United States dollar (\$US).

CHAPTER VII

(A/8723 (Part V))

IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE
TO COLONIAL COUNTRIES AND PEOPLES BY THE SPECIALIZED AGENCIES AND
THE INTERNATIONAL INSTITUTIONS ASSOCIATED WITH THE UNITED NATIONS

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A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. At its 841st meeting, on 16 March 1972, the Special Committee, by approving the sixty-fifth report of the Working Group (A/AC.109/L.763 and Corr.1), decided, inter alia, to take up separately an item entitled "Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations" and to consider the item at its plenary meetings.
2. The Special Committee considered the item at its 871st, 872nd, 882nd, 883rd, 885th and 886th meetings, between 16 May and 23 August.
3. In its consideration of the item, the Special Committee took into account the provisions of General Assembly resolution 2874 (XXVI) of 20 December 1971, concerning the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations. Paragraphs 9, 12 and 14 of the resolution read as follows:

"The General Assembly,

...

"9. Invites the specialized agencies to continue to examine, in consultation with the Organization of African Unity, procedures for the participation, where necessary and appropriate, in conferences, seminars and other regional meetings convened by the specialized agencies, of representatives of the national liberation movements in the colonial Territories in Africa, in an appropriate capacity and, in order to facilitate examination of this matter by the specialized agencies, requests the Economic and Social Council, in consultation with the Special Committee and taking into account the views of the Organization of African Unity, to submit appropriate recommendations;

...

"12. Requests the Economic and Social Council to continue to consider, in consultation with the Special Committee, appropriate measures for co-ordination of the policies and activities of the specialized agencies and other organizations within the United Nations system in implementing the relevant resolutions of the General Assembly;

...

"14. Requests the Special Committee to continue to examine the question and to report thereon to the General Assembly at its twenty-seventh session."

The Special Committee was also guided by the relevant provisions of other General Assembly resolutions, particularly paragraph 13 of resolution 2795 (XXVI) of 10 December 1971 concerning the question of Territories under Portuguese administration, paragraph 9 of resolution 2796 (XXVI) of 10 December 1971 concerning the question of Southern Rhodesia and paragraph 9 of resolution 2871 (XXVI) of 20 December 1971 concerning the question of Namibia, by which the General Assembly called upon all States and the specialized agencies and other organizations within the United Nations system, in co-operation with the Organization of African Unity (OAU), to render to the peoples of the Territories all moral and material assistance necessary to continue their struggle for the restoration of their inalienable rights to self-determination and independence.

4. The Special Committee also took into account the provisions of resolution 1720 (LIII) of the Economic and Social Council, adopted at its 1836th plenary meeting, on 28 July 1972, paragraph 5 of which reads as follows:

"The Economic and Social Council,

....

"5. Invites, having regard to the special responsibility entrusted to it by the General Assembly to continue to seek the most suitable means for the immediate and full implementation of Assembly resolution 1514 (XV) and of all other relevant General Assembly resolutions, the attention of the Special Committee to the discussions that have taken place at the 456th meeting of the Co-ordination Committee and in the Committee for Programme and Co-ordination 1/ concerning the item."

In addition, the Committee took into account the results of the consideration of the item by the Administrative Committee on Co-ordination. 2/

5. Further, the Special Committee took into consideration the relevant views expressed by the representatives of the General Secretariat of OAU and by the representatives of the national liberation movements and the various leaders of the colonial Territories concerned who appeared before the Committee during its meetings in Africa in April 1972 (A/AC.109/SR.847 to 870). An account of the Committee's meetings away from Headquarters is contained in chapter II of the present report (A/8723 (Part II)). The Special Committee also paid particular attention to the relevant conclusions and recommendations of its Special Mission to Guinea (Bissau) (A/8723/Add.3, chap. X, annex), which it had endorsed at its 876th meeting, on 1 August, and which read as follows:

"(8) The Special Mission was able to observe the marked progress achieved by the people of the Territory through their national liberation movement, PAIGC, both in their struggle and in their work of reconstruction. In the liberated areas visited by the Mission, the colonial administrative machinery has been replaced by new administrative, political and judicial institutions representative of the people and educational and health services have been created, often where none previously existed. As the Mission has shown elsewhere in the present report, however, there is an acute and grave need

1/ E/5186, paras. 37-44 and E/AC.51/SR.370-373.

2/ E/5133, paras. 38-48.

to furnish material assistance to the people in their fight against hunger and sickness. Among their primary requirements are, in the first instance, staple foods, dietary supplements, medical care, particularly maternal and child care, and medicinal supplies as well as educational and training assistance. The Mission believes that all States, the specialized agencies and other international organizations should do their utmost to provide, or to increase their supply of such assistance on an emergency basis. In that connexion, the Mission notes with regret that, while some of the specialized agencies of the United Nations system have recently dispatched special representatives to consult with OAU for the purpose of working out programmes of assistance to the colonial peoples and to their national liberation movements, very few concrete measures have so far been taken by the agencies to meet these needs. The Mission is of the firm view that in order to bring about the desired results, the efforts of these agencies and other organizations within the United Nations system must be effectively co-ordinated. In that regard, the Mission notes the recent decision of the Administrative Committee on Co-ordination (ACC) to convene, with the participation of OAU, an ad hoc interagency meeting to consider arrangements for closer co-operation, on the basis of concrete proposals for multidisciplinary action. The Mission hopes that this interagency meeting will take place as soon as possible so that a steady flow of assistance to the people of the Territory can be assured at an early date. The Mission also attaches great importance to the need for States members of the governing bodies and deliberative organs of the specialized agencies and organizations of the United Nations system to take effective action along the lines indicated by the General Assembly in paragraph 10 of its resolution 2874 (XXVI) of 20 December 1971. It will be recalled that, in that paragraph, the General Assembly requested all Governments to intensify their efforts in the specialized agencies and organizations of the United Nations system of which they are members in order to ensure the full and effective implementation of the Declaration and other relevant United Nations resolutions."

6. During its consideration of the item, the Special Committee had before it a report submitted by the Secretary-General in response to a request addressed to him by the General Assembly in paragraph 13 (a) of resolution 2874 (XXVI) (A/8647 and Add.1).
7. At the beginning of the year, the Special Committee, on the recommendation of its Working Group (A/AC.109/L.763 and Corr.1), invited its Chairman, with a view to facilitating the early implementation of paragraphs 9 and 12 of resolution 2874 (XXVI) referred to in paragraph 3 above, to undertake the necessary consultations with the President of the Economic and Social Council and to report thereon to the Committee. In response to the invitation, the Chairman, in a letter dated 3 July 1972, requested the views of the President of the Economic and Social Council regarding the timing and modalities for the carrying out of those consultations.
8. At its 871st and 872nd meetings, on 16 and 17 May, the Special Committee held a preliminary exchange of views concerning the item, in particular for the purpose of assisting the Chairman in his consultations with the President of the Economic and Social Council. Statements in that connexion were made, at the 871st meeting, by the representative of Czechoslovakia (A/AC.109/PV.871 and Corr.1) and, at the 872nd meeting, by the representatives of Trinidad and Tobago, India, the Union of

Soviet Socialist Republics, Yugoslavia and Mali, as well as by the representatives of the Food and Agriculture Organization (FAO), the International Labour Organisation (ILO), the World Health Organization (WHO) and the International Bank for Reconstruction and Development (IBRD) (A/AC.109/PV.872 and Corr.1).

9. At its 882nd meeting, on 17 August, the Special Committee, by adopting the 177th report of the Sub-Committee on Petitions, 3/ decided to grant a request for hearing to Miss Barbara Rogers. At the same meeting, the petitioner made a statement and replied to questions put to her by the representative of India (A/AC.109/PV.882).

10. At the 883rd meeting, on 18 August, the Chairman, in a statement to the Special Committee (A/AC.109/PV.883), submitted the report (see annex to the present chapter) on the consultations he had held on 18 May and 15 June with the President of the Economic and Social Council, and gave an account of the consideration of the related item by the Economic and Social Council during its fifty-third session. The Chairman also drew attention to a statement he had made on behalf of the Committee to the Co-ordination Committee of the Economic and Social Council at its 456th meeting, on 26 July (E/AC.24/SR.456).

11. At the same meeting, the Chairman also informed the Committee that: (a) the two presiding officers had held further consultations on 25 July with particular reference to matters relating to the participation of the national liberation movements concerned in the relevant proceedings of the specialized agencies and other organizations within the United Nations system, as called for in paragraph 9 of resolution 2874 (XXVI); (b) during the consultations, the President of the Economic and Social Council had undertaken to obtain and transmit for the attention of the Special Committee the views of OAU on the question; and (c) the OAU views on the question thus obtained were to the effect that the governing organs or legislative bodies of the specialized agencies and other organizations concerned should consider modifying any existing statutory or constitutional arrangements which impeded the effective participation of the liberation movements in their relevant proceedings.

12. At the 885th meeting, on 21 August, the representative of Bulgaria introduced a draft resolution on the item (A/AC.109/L.829) on behalf of Afghanistan, Bulgaria, Ethiopia, India, Indonesia, Iraq, Sierra Leone, the Syrian Arab Republic, the United Republic of Tanzania and Yugoslavia.

13. At the 886th meeting, on 23 August, the Chairman informed the Special Committee that the President of the Economic and Social Council had transmitted to him the text of the following communication received from the Administrative Secretary-General of OAU concerning the question of the participation of the national liberation movements concerned, to which reference is made in paragraph 11 above:

"Further to our cable regarding participation of liberation movements in meetings of specialized agencies, we would like to elaborate on our initial suggestion as follows:

3/ A/AC.109/L.835.

"1. Only those movements recognized by OAU should be invited to be represented at meetings.

"2. The agencies should be requested to notify the OAU General Secretariat in advance concerning the holding of any conferences, seminars or any meetings having any relevance to the colonial Territory concerned.

"3. The OAU will inform the agencies of the names of representatives of national liberation movements to be represented at given conferences, seminars or regional meetings, as appropriate.

"With these elements we hope ECOSOC will approve OAU proposal for amending constitutions or rules of procedure of agencies."

In the same connexion, the Chairman assured the Committee that, bearing in mind the terms of paragraph 9 of resolution 2874 (XXVI) and of paragraph 7 of the 10-Power draft resolution on the item (see paragraph 12 above), the above-mentioned views of OAU would be fully taken into account during his further consultations with the President of the Economic and Social Council in that regard.

14. At the same meeting, following statements by the representatives of Czechoslovakia and Venezuela (A/AC.109/PV.886), the Special Committee adopted the draft resolution without objection (see paragraph 16 below), it being understood that the reservations expressed by the representative of Venezuela would be reflected in the record of the relevant meeting. Statements were also made by the representatives of Sweden and Mali (A/AC.109/PV.886).

15. On 27 September, the text of the resolution (A/AC.109/417) was transmitted to OAU and to the specialized agencies and other organizations within the United Nations system.

B. DECISION OF THE SPECIAL COMMITTEE

16. The text of the resolution (A/AC.109//417) adopted by the Special Committee at its 886th meeting, on 23 August, to which reference is made in paragraph 14 above, is reproduced below:

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

"Having considered the item entitled "Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations",

"Recalling the Declaration on the Granting of Independence to Colonial Countries and Peoples; contained in resolution 1514 (XV) of 14 December 1960, and the programme of action for the full implementation of the Declaration, contained in resolution 2621 (XXV) of 12 October 1970, as well as other relevant General Assembly and Security Council resolutions,

"Taking into account its resolution of 18 April 1972 on the question of Territories under Portuguese administration relating to Guinea (Bissau) and Cape Verde 4/ in which the Special Committee, inter alia, affirmed its recognition of the Partido Africano de Independência da Guiné e Cabo Verde, the liberation movement of Guinea (Bissau) and Cape Verde, as the only and authentic representative of the people of the Territory,

"Bearing in mind the conclusions and recommendations of the Special Mission which visited the liberated areas of Guinea (Bissau) in April 1972, 5/

"Taking into account the reports submitted by the Secretary-General, 6/ the Economic and Social Council, 7/ the Committee for Programme and Co-ordination, 8/ and the Administrative Committee on Co-ordination, 9/ as well as the report of its Chairman 10/ on his consultations with the President of the Economic and Social Council,

4/ See A/8723/Add.3, para. 34 of the present report.

5/ Ibid., para. 36.

6/ A/8647 and Add.1.

7/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 3 (A/8703).

8/ E/5186.

9/ E/5133.

10/ See annex to the present chapter.

"Conscious of the urgent and pressing need of the peoples in colonial Territories, particularly in the liberated areas of some of those Territories, and of their national liberation movements for assistance from the specialized agencies and other organizations within the United Nations system, especially in the fields of education, training, health and nutrition,

"Mindful of the views and suggestions put forward by the representatives of the Organization of African Unity and of the national liberation movements concerned at the Committee's meetings in Africa in 1972, in particular their requests for assistance from the specialized agencies and other international institutions concerned,

"Recognizing the urgent need for further and more effective measures to be taken for the full and speedy implementation of the Declaration and other relevant resolutions of the General Assembly, the Security Council and the Special Committee by all the organizations of the United Nations system within their respective spheres of competence,

"Noting with growing concern that, while several of the specialized agencies and organizations within the United Nations system have provided considerable assistance to refugees from the colonial Territories in Africa, many of them have not extended their full co-operation to the United Nations in the implementation of the relevant resolutions relating to providing assistance to the national liberation movements and to discontinuing all collaboration with the Governments of Portugal and South Africa, as well as the illegal régime in Southern Rhodesia,

"Noting with appreciation that some of the organizations have embarked on or are taking steps to formulate, in consultation with the Organization of African Unity, concrete programmes for providing assistance, within their spheres of competence, to the peoples of the colonial Territories striving to liberate themselves from colonial domination,

"Mindful of the necessity to keep under continuous review the activities of the specialized agencies and other organizations within the United Nations system in the implementation of the various United Nations decisions relating to decolonization,

"Taking note of the decision of the Administrative Committee on Co-ordination 11/ to convene, with the participation of the Organization of African Unity, an ad hoc interagency meeting to consider arrangements for closer co-operation in the field of decolonization, and expressing the hope that the results of that meeting would constitute a further step towards the full and speedy compliance by the organizations concerned with the relevant resolutions of the United Nations.

11/ E/5133, para. 46.

"1. Reaffirms that the recognition by the General Assembly, the Security Council and other United Nations bodies of the legitimacy of the struggle of colonial peoples to achieve freedom and independence entails, as a corollary, the extension by the United Nations system of organizations of all necessary moral and material assistance to the national liberation movements of the colonial Territories, including especially the liberated areas of those Territories;

"2. Expresses its appreciation to the Office of the United Nations High Commissioner for Refugees, to the United Nations Educational, Scientific and Cultural Organization and to those other specialized agencies and organizations within the United Nations system which have been co-operating in varying degrees with the United Nations in the implementation of the Declaration on the granting of Independence to Colonial Countries and Peoples and other relevant resolutions of the General Assembly;

"3. Reiterates its urgent appeal to the specialized agencies and other organizations within the United Nations system and to all States to render, as a matter of urgency, all possible moral and material assistance to the peoples in Africa struggling for their liberation from colonial rule, to initiate or broaden contacts and co-operation with them in consultation with the Organization of African Unity, and in particular, to work out and to implement with the active co-operation of the Organization of African Unity and through it, of the national liberation movements, concrete programmes for such assistance to the peoples of Guinea (Bissau) and Cape Verde, Angola, Mozambique, Southern Rhodesia and Namibia, including in particular the peoples in the liberated areas of those Territories and their national liberation movements;

"4. Reiterates its urgent request that the specialized agencies and other organizations within the United Nations system, including in particular the United Nations Development Programme and the International Bank for Reconstruction and Development, should take measures, within their respective spheres of competence, to increase the scope of their assistance to refugees from colonial Territories, including assistance to the Governments concerned in the preparation and execution of projects beneficial to these refugees, and to introduce the greatest possible measure of flexibility in their relevant procedures;

"5. Recommends that the General Assembly should strongly urge the specialized agencies and other organizations within the United Nations system to discontinue all collaboration with the Governments of Portugal and South Africa as well as the illegal régime in Southern Rhodesia, in accordance with the relevant resolutions of the General Assembly and the Security Council;

"6. Recommends that the General Assembly urge once again the specialized agencies and other organizations within the United Nations system, in particular the International Bank for Reconstruction and Development and the International Monetary Fund, to take all necessary measures to withhold any financial, economic, technical and other assistance from the Governments of Portugal and South Africa until they renounce their policies of racial discrimination and colonial domination;

"7. Recommends that the General Assembly invite again the specialized agencies to continue to examine, in consultation with the Organization of African Unity, procedures for the participation in conferences, seminars and other regional meetings convened by the specialized agencies, of representatives of the national liberation movements in the colonial Territories in Africa, in an appropriate capacity and, in order to facilitate examination of this matter by the specialized agencies, to request the Economic and Social Council, in consultation with the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples and taking into account the views of the Organization of African Unity, to submit without delay appropriate recommendations to the General Assembly;

"8. Recommends that the General Assembly request again that all Governments intensify their efforts in the specialized agencies and other organizations within the United Nations system of which they are members in order to ensure the full and effective implementation of the Declaration and other relevant resolutions of the United Nations, according priority, on an emergency basis, to the question of providing assistance to peoples in the colonial Territories and to their national liberation movements;

"9. Recommends that the General Assembly urge the specialized agencies and other organizations within the United Nations system, with a view to facilitating the implementation of paragraph 8 above, to request their executive heads to formulate and submit to their respective governing bodies or legislative organs, as a matter of priority, and with the active co-operation of the Organization of African Unity, concrete proposals for specific programmes of all possible assistance to the peoples in colonial Territories and to their national liberation movements, together with a comprehensive analysis of the problems, if any, confronted by those agencies and organizations;

"10. Recommends that the General Assembly request the Secretary-General:

"(a) To prepare for submission to the relevant bodies concerned with related aspects of the present item, with the assistance of the specialized agencies and other organizations within the United Nations system, a report on the action taken since the circulation of his report, 12/ in implementation of the relevant United Nations resolutions, including the present resolution;

"(b) To continue to assist the specialized agencies and other organizations within the United Nations system in working out appropriate measures for implementing the present resolution and to report thereon to the General Assembly at its twenty-eighth session;

"11. Decides, subject to any directives the General Assembly might wish to give at its twenty-seventh session, to continue to examine the question and to report to the General Assembly at its twenty-eighth session;

"12. Requests its Chairman, taking the foregoing into account, to continue his consultations with the President of the Economic and Social Council and to maintain contact, as appropriate, with the Organization of African Unity."

12/ A/8647 and Add.1.

ANNEX*

REPORT BY THE CHAIRMAN

1. At its 830th meeting, on 21 October 1971, the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, following its consideration of the item, adopted a resolution, by paragraph 13 of which it requested its Chairman to continue his consultations on the item with the President of the Economic and Social Council. a/

2. At its fifty-first session, the Economic and Social Council, by adopting resolution 1651 (LI) of 29 October 1971, endorsed the conclusions contained in the report of the President on the item (E/5079). One of these conclusions was that:

"... Guided by such decisions as might be taken by the Special Committee, by the Council and by the General Assembly, the President of the Council and the Chairman of the Special Committee should maintain contact with each other on the question."

3. At its twenty-sixth session, the General Assembly adopted resolution 2874 (XXVI) of 20 December 1971, in paragraph 12 of which it requested the Council to continue to consider, in consultation with the Special Committee, appropriate measures for the co-ordination of the policies and activities of the specialized agencies and other organizations within the United Nations system in implementing the relevant resolutions of the General Assembly.

4. In the light of the foregoing, the President of the Council and the Chairman of the Special Committee held consultations on the question on 18 May and 15 June 1972.

5. The Chairman of the Special Committee informed the President of the Council that during the Special Committee's meetings away from Headquarters in April, the Committee had consulted with representatives of the General Secretariat of the Organization of African Unity (OAU), concerning the implementation of General Assembly resolution 2874 (XXVI). Further, in May, the Special Committee had held a preliminary exchange of views on the item. In that connexion the Special Committee had before it the report of the Secretary-General (A/8647 and Add.1), submitted pursuant to paragraph 13 (a) of resolution 2874 (XXVI), on the action taken by the organizations concerned in regard to the implementation of the various General Assembly resolutions relating to the matter since the circulation of his earlier report (A/8314 and Add.1-6) in 1971. The views of members of the Special Committee and representatives of the OAU General Secretariat, as well as the additional information provided by representatives of some of the agencies, were reflected in the records of the relevant meetings (A/AC.109/SR.847, 865; A/AC.109/PV.871, 872). The President of the Council informed the Chairman of the

* Previously issued under the symbol A/AC.109/L.815.

a/ Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 (A/8423/Rev.1), chap. III, para. 12.

Special Committee that the related item was being examined by the Committee for Programme and Co-ordination (CPC) at its twelfth session within the context of Council resolution 1651 (LI). In that connexion, the CPC had before it the relevant paragraphs of the report of the Administrative Committee on Co-ordination (ACC)(E/5133, paragraphs 38-48). The report of the CPC would be placed before the Council at its fifty-third session (E/5186); the views expressed by CPC members as well as the additional information furnished the CPC by representatives of some of the agencies were reflected in the records of the relevant meetings (E/AC.51/SR.370-373).

6. Following an exchange of views, the two presiding officers noted that since the meeting in July 1971 of the presiding officers of the two bodies, significant progress had been made with respect to the provision of assistance to refugees through the United Nations High Commissioner for Refugees (UNHCR) with the co-operation of a number of organizations of the United Nations system. In particular, the two officers noted with appreciation that UNHCR had continued to provide assistance to some 500,000 refugees from colonial Territories and that his Office had committed the sum of \$1.3 million for 1972, essentially to promote rural settlement and provide medical and educational facilities. They welcomed the establishment in a number of urban areas in Africa of counselling services by UNHCR in order to help solve, in co-operation with the OAU Bureau for the Placement and Education of Refugees, the problems of an increasing number of individuals seeking employment. They also noted the agreement reached on the division of functions between UNHCR and the United Nations Educational and Training Programme for Southern Africa (UNETPSA) whereby UNHCR would provide education and training assistance to refugees eligible under UNETPSA while UNETPSA itself would assist eligible persons to obtain education at higher levels. In the same context, the two presiding officers expressed their appreciation of the Secretary-General's intention to take steps, in consultation with the Advisory Committee on the UNETPSA, to stimulate contributions to that Programme and to strengthen co-operation between the Programme and the OAU Bureau for the Placement and Education of Refugees. In the same connexion, the Chairman of the Special Committee drew attention to the suggestion made by ACC that the capacity of the organizations of the United Nations system to extend assistance to refugees would be further enhanced if, in active co-operation with OAU, the Governments of the countries of residence were to assign a high priority to development projects carried out in co-operation with the organizations concerned which would be beneficial to the refugees, and if the Governments could grant them an adequate legal status, including work permits and, where needed, travel documents with an appropriate return clause. The President of the Council, in expressing his agreement, stated that the Council would no doubt wish to take into account the points raised by the Chairman of the Special Committee.

7. The Chairman of the Special Committee noted that the proposal for mutual co-operation between United Nations Development Programme (UNDP) and OAU (DP/L.214), which had been approved by the UNDP Governing Council at its thirteenth session, had not as yet been approved by OAU. The proposal envisaged, inter alia, programmes involving assistance such as the provision of educational facilities for persons displaced from African Territories under colonial rule or subject to racial discrimination, as well as larger projects involving inter-country co-operation; assistance provided under such programmes would be counted against the indicative planning figure for the region and as mutually agreed upon, it being understood that the Governments concerned would have to assume all

counterpart obligations. The Chairman of the Special Committee recalled in that regard the desire expressed by the representative of OAU during the Committee's meetings at Addis Ababa in April 1972 that the assistance envisaged under the proposed agreement should not be counted against the indicative planning figure for the region in order not to prejudice the development requirements of the Government concerned or, alternatively, that consideration be given to increasing that figure. The two presiding officers thought that the Council might consider requesting the Governing Council of UNDP to undertake at an early date a review of the proposed agreement in consultation with OAU.

8. The Chairman of the Special Committee noted with serious concern that, according to the testimony given to the Committee at its recent meetings in Africa by a number of national liberation movements, the need for assistance to the liberation movements, including the populations in the liberated areas, was extremely acute and grave. Further, the findings of the Special Mission which had visited the liberated area of Guinea (Bissau) in April clearly corroborated the urgent need for concerted action by the international community. Their primary requirements were, in the first instance, for staple foods, dietary supplements, medical care, particularly maternal and child care, and medical supplies, as well as educational and training assistance. In that connexion, the two presiding officers observed that, although some agencies had sent special missions to consult with OAU aimed at working out programmes of assistance to the colonial peoples and the national liberation movements, very few concrete measures had so far been taken by the agencies to meet their needs. In the light of the findings of the Special Committee as outlined by its Chairman, the two presiding officers were of the view that the executive heads of the organizations should be invited to formulate and submit to their respective governing bodies or legislative organs, as a matter of priority and with the active co-operation of OAU, proposals for concrete programmes of assistance, through OAU or the national liberation movements, to the peoples of the Territories, particularly those in the liberated areas.

9. In this connexion, the two presiding officers noted that following a Joint Mission of the United Nations Educational, Scientific and Cultural Organization (UNESCO) and UNDP to Africa in 1971, the UNDP Governing Council, at its thirteenth session, for the first time had allocated \$353,600 to a project of educational assistance for people from the colonial Territories residing in Guinea, the United Republic of Tanzania and Zambia; the project had been formulated with the assistance of UNESCO and OAU and sponsored by the Governments of the three countries which were assuming counterpart obligations of the order of \$2.4 million. In that regard, the Chairman of the Special Committee informed the President of the Economic and Social Council that during the Committee's meetings at Addis Ababa in April 1972, the representatives of OAU had expressed the hope that similar missions to OAU, dispatched in 1971 by the World Health Organization (WHO) and the World Food Programme (WFP) would soon result in the formulation of concrete programmes of assistance. The President of the Council noted that, according to the information furnished to CPC, WHO, pursuant to a decision taken by its Executive Board, had informed OAU of its readiness to send a representative to help the host Governments concerned to prepare the necessary requests for assistance for submission to UNDP through WHO or OAU; UNDP had previously indicated its readiness to consider such requests. Likewise, the Food and Agriculture Organization of the United Nations (FAO) had been in touch with interested Governments and hoped that at least two projects of assistance to the populations involved, sponsored by the United Republic of Tanzania and Zambia, would shortly be formulated. In the same connexion,

the two presiding officers were of the opinion that the formulation of the desired programmes of assistance would be greatly facilitated if UNDP would assume the financial responsibility for the counterpart obligations normally required of the sponsoring Governments for projects beneficial to the peoples concerned. The two presiding officers also felt that, in order to obtain the maximum impact with the assistance programmes, an integrated approach of multidisciplinary character should be followed. For instance, new sectoral activities should be included wherever possible in the existing facilities and requests for assistance should be broadened to include areas involving as many agencies as possible. Accordingly, they hoped that this consideration would be taken into account by the ad hoc inter-agency meeting shortly to be convened by ACC with the participation of OAU.

10. The two presiding officers were concerned that some of the organizations had not yet discontinued all collaboration with the Governments of Portugal and South Africa. In conformity with the relevant provisions of resolution 2874 (XXVI), these organizations should sever all links with those Governments and should refrain from any action which might imply recognition of the legitimacy of their colonial domination of the Territories. Furthermore, in their view, the organizations concerned should not maintain relations with any intergovernmental organizations where South Africa and Portugal claimed to represent the Territories under their control. In that regard, the two presiding officers noted the recent decision of FAO, in the light of the representations made by the United Nations Council for Namibia, to dissociate itself from the International Commission on South-East Atlantic Fisheries, of which South Africa and Portugal purported to represent respectively the interests of the peoples of Namibia and Angola, and to withdraw all services to the Commission. The Chairman of the Special Committee, in the same context, drew attention to the fact that the Committee of Experts on the Application of Conventions and Recommendations of the International Labour Organisation (ILO) in its collaboration with Portugal with respect to the application of the Indigenous and Tribal Populations Convention, seemed to treat the Territories under Portuguese administration as if they were integral parts of Portugal. He understood that the Convention was intended to apply to "indigenous and tribal populations" in independent States rather than in dependent Territories and aimed, among other things, at the progressive integration of those populations in the "national" community. The President of the Council agreed that, bearing in mind the relevant provisions of General Assembly resolution 1542 (XV) and paragraph 6 of resolution 2874 (XXVI), the position of ILO required clarification in that regard.

11. With respect to the implementation of paragraph 9 of resolution 2874 (XXVI), concerning the participation of representatives of the national liberation movements of the African colonial Territories in conferences, seminars and other regional meetings convened by the agencies and other organizations within the United Nations system, the two presiding officers hoped to have a further opportunity shortly to consult on the matter in order to assist effectively in the formulation of appropriate recommendations by the Economic and Social Council at its current session.

12. With reference to the provisions of Council resolution 1651 (LI) by which the Council had instructed its Committee on Non-Governmental Organizations to study how non-governmental organizations in consultative status assisted in the achievement of the Declaration and other relevant General Assembly resolutions, the Chairman of the Special Committee stated that, as reflected in the report (A/8723 (Part I), annex VI) submitted by him to the Special Committee on his

recent consultations with some of the non-governmental organizations concerned, many organizations were prepared to assist in the efforts of the United Nations to bring about the full and speedy implementation of the Declaration. In fact, some of these organizations had already made contributions to the process of decolonization, extending direct financial assistance to the national liberation movements of African colonial Territories or disseminating information on the relevant work of the United Nations, the struggle being waged by these liberation movements and their urgent need for external assistance. The two presiding officers agreed that the Special Committee should be closely associated with the work of the Committee on Non-Governmental Organizations, as also their respective secretariats in the implementation of Council resolution 1651 (LI).

13. Stressing the importance of keeping these matters under review, and of following up the constructive discussions which had taken place on the item during the year at meetings of ACC, CPC and the Special Committee, the President of the Economic and Social Council and the Chairman of the Special Committee agreed that it was desirable for those bodies to continue to give consideration to these matters at their sessions next year. In conclusion, the President and the Chairman agreed that, guided by such decisions as might be taken by the Council, the Special Committee and the General Assembly, at its twenty-seventh session, they should maintain contact with each other on the question.

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