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Approved For Release 2002/01/30 : CIA-RDP79T00912A002700010035-2

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NOFORN-NOCONTRACT-
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Africa Review

30 March 1979

Secret

Approved For Release 2002/01/30 : CIA-RDP79T00912A002700010035-2

RP AR 79-012
30 March 1979

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Derivative classification by 035653

Review 20 years from date

Derived from multiple

STATOTHR
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AFRICA REVIEW (U)

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military assistance to Zambia this
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[REDACTED] (S NF NC OC)

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Rhodesia: Ndebele Electoral Strategies (U)

Leaders of the minority Ndebele ethnic group in Rhodesia are concerned that a growing polarization of blacks along tribal lines will lead to an attempt by the Shonas--who make up about 75 percent of the black population--to exclude them from a meaningful role in the government elected next month. Joshua Nkomo, the leader of the Zimbabwe African People's Union (ZAPU), may call for a total Ndebele boycott of the election to demonstrate Ndebele solidarity both within Rhodesia and with his guerrilla group. (S NF NC OC)

Ndebele leaders, including Chief Ndiweni who broke ranks with black coleader Chief Chirau last November to form his own Ndebele-based party, are aware of recent approaches black coleader Bishop Muzorewa's representatives have made to leaders of the Zimbabwe African National Union (ZANU). They are concerned that Muzorewa may succeed in drawing ZANU leader Mugabe or a significant number of his guerrillas into a Shona-based coalition after the April election. As part of this strategy, they expect the new government of national unity to concentrate its military operations against ZAPU guerrillas in Zambia, as it tries to attract ZANU guerrillas back into the internal government. (S NF NC OC)

Although Chief Ndiweni is likely to win no more than 15 of the 72 black seats in the House of Assembly, he hopes to improve his party's position by gaining ZAPU leader Joshua Nkomo's endorsement. Ndiweni has tried to contact Nkomo through intermediaries on several occasions to explore possible Ndebele electoral strategies. In mid-March, Dr. Elliott Gabellah, a Ndebele and a confidant of Ndiweni, met with Nkomo in Nairobi to ask that the guerrilla leader instruct Ndebeles inside Rhodesia to vote as a bloc for Ndiweni's candidates. He argued that this would create a stronger Ndebele bloc in the new Parliament. Gabellah had belonged to black

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coleader Sithole's party, but after learning earlier this month that Sithole would not place him on the party's list of candidates contesting seats for Parliament he decided to leave the party and stepped down as Cominister for Foreign Affairs in the transitional government. (S NF NC OC)

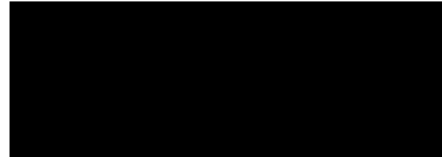
Nkomo reportedly rejected Gabellah's request, arguing instead for a boycott that he believed would show Ndebele rejection of the new government of national unity and demonstrate Ndebele solidarity inside Rhodesia with his guerrilla group. Even if Ndiweni agreed to support a total boycott, it probably would not succeed, given the mounting pressure from the government and other black parties to turn out the vote. Moreover, vote totals from what traditionally have been considered Ndebele districts are likely to be offset by the votes of Shonas living in cities located in these districts, such as Bulawayo and Wankie. (S NF NC OC) (SECRET NOFORN-NOCONTRACT-ORCON)

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Zaire: Killing the Goose That Lays the Copper Egg (U)

Zaire's economic, and to a lesser degree, political fortunes, have traditionally fluctuated in the same direction as world prices for its leading mineral exports--copper and more recently cobalt. Much of this mineral wealth comes from Zaire's estranged Shaba region and is produced by GECAMINES (General Mines and Quarries Company),* Zaire's largest mining company and the financial backbone of the government. Over the years, however, Kinshasa's political interference in the company's operations has increasingly diverted GECAMINES' financial and managerial resources away from the mining business and lowered the company's administrative and technical competence. Unless these practices are changed, the fortunes of GECAMINES and the government will continue to decline. Even with major reforms, GECAMINES would have difficulty maintaining adequate production levels, at least over the short term. (S)

Shaba

Shaba region, the center of GECAMINES'--and Zaire's--mining operations, is plagued by serious economic, political, and social problems that Shabans blame on the neglect and indifference of the Mobutu regime. Kinshasa has assigned GECAMINES the responsibility for underwriting a number of socioeconomic programs that are normally under government control; Shabans see this as an example

*GECAMINES was created in 1967 by the nationalization of its Belgian-owned predecessor, Union Minere du Haut Katanga, and until 1972 it enjoyed a monopoly over copper and cobalt production. The company is still the largest single contributor to Zaire's revenue and export earnings. This article is the first of a planned series on GECAMINES and the important role it plays in Zaire. (S)

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of government indifference toward the region. In addition, economic aid to Shaba goes to GECAMINES and eventually finds its way to the regional authorities. (C)

This policy places strains on GECAMINES' administrative and financial resources. The company receives an allocation of only about 38 percent of its earnings, and a good share of this is siphoned off to pay for imported consumer luxuries and other nonessential imports. From these funds, the company must purchase essential imports, pay salaries, and finance other operating costs. In addition, the company underwrites food distribution and other essential services for Shaba's urban population. These include such diverse activities as keeping hospitals running, repairing university buildings, paying hotel foreign exchange costs, and supporting the local transportation system. (C)

The Shaba Maize Operation

GECAMINES has handled the distribution of Shaba's important staple, maize, since 1974. The company buys maize either from foreign sources or local merchants and converts it to flour in one of three company-owned mills. The flour is then sold to private wholesalers for resale or to various companies for distribution among their employees. GECAMINES' hard currency earnings finance maize imports, and the company must absorb the losses when the margin between the suppliers' price and the wholesale selling price does not cover the milling costs. Because the costs of purchasing and milling the maize are usually greater than the state-controlled price of flour, GECAMINES' flour milling operations take much needed revenues away from its corporate foreign exchange needs. In 1977, for example, the company lost over \$5.5 million as a result of maize operations. (C)

Personnel Policies

Expatriate employees have always played a major role in the technical and financial management of GECAMINES and in long-term policymaking. Government control of GECAMINES operations, however, has expanded sharply in the aftermath of the second invasion of Shaba by ex-Katangan gendarmes in 1978. Following the invasion, a large number of expatriates left Shaba; many were either

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fired or subsequently refused to return. In addition, the government instituted a new policy substituting short-term contracts for career employment. The effect of these decisions was to replace skilled expatriates with less adequately trained Zairians. If carried out for an extended period, these personnel changes could hurt the company's profits. (C)

Reform

In early 1978, Charles Picquet, a Belgian with considerable managerial expertise, was hired as administrative director of the company. Picquet's program to improve production and profits was unacceptable to Mobutu: it would have ended government interference in the company's financial operations and expanded the managerial role of expatriates. Furthermore, the International Bank for Reconstruction and Development (IBRD) made Picquet's reform policies the quid pro quo for releasing funds to carry out GECAMINES' ambitious expansion program. Picquet was fired in February. (C)

Picquet's dismissal indicates that Mobutu is not yet ready to undertake necessary administrative reforms. In addition, the IBRD has held up further negotiations on loans for GECAMINES. Without the loans, the production of copper and cobalt will not expand to previously anticipated levels in coming years and may well continue to decline. There are indications that Mobutu has softened his objections to IBRD insistence on reform in GECAMINES, but Mobutu has a long history of reversing himself when it suits him. There is still a good possibility that Kinshasa will continue to divert GECAMINES' resources to the detriment of the company's financial needs. (S) (SECRET)

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Soviet Leaders Comment on Africa

The recent round of speeches by Soviet leaders on the occasion of the Supreme Soviet election tended to play down African issues in Soviet foreign policy. US-Soviet relations, China, and events in Indochina easily overshadowed African affairs in this year's speeches, although Africa fared better than the Middle East and Latin America.

Economic aspects of the Soviet-African relationship were given cursory treatment by all of the leaders. Premier Kosygin, for example, simply noted that the Soviet Union proposes to continue development of its economic relations with a "wide range of countries, including the developing countries of Asia, Africa, and Latin America" and the West. Other speakers ignored the subject or treated it as briefly as Kosygin did. Soviet performance in economic development is frequently criticized by African leaders and the offhand treatment of the subject by Soviet leaders suggests that significant change is not likely in the near term.

The leaders were a bit more generous in dealing with political matters, and there were a few interesting variations in their treatment. Senior secretary Suslov waxed eloquently on the rapid growth of "liberation forces" over the last five years and was the only leader to declare that "new states of socialist orientation have emerged." In this category he included Angola, Mozambique, Ethiopia, Benin, and Afghanistan. The significance of Suslov's statement should not be exaggerated, but it is worth noting that he alone included Benin, one of the West African states Moscow apparently sees as a substitute for Guinea where Soviet influence and access have been declining since mid-1977.

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Party secretary Kirilenko, who represented the Soviet party at the Angolan party congress in 1977, noted only that an "anti-imperialist revolution" had triumphed there and in Ethiopia, Mozambique, and Afghanistan. Party secretary Ponomarev, who has responsibility for relations with nonruling parties and has a reputation for favoring aggressive involvement in sub-Saharan Africa, took the same line as Kirilenko. Ponomarev did claim, however, that the number of states following the socialist path had increased; he said socialist Vietnam is "developing successfully." Foreign Minister Gromyko welcomed the "revolutionary-democratic transformation being carried out in Angola and Ethiopia, Afghanistan, and South Yemen."

General Secretary Brezhnev failed to characterize regimes at all; he noted only that the peoples of Africa, Asia, and Latin America had gained "new victories" in their "struggle for national and social liberation," which he claimed imperialists are trying to crush. Alone among Soviet leaders he mentioned friendship treaties concluded with Angola, Ethiopia, Mozambique, and Afghanistan, claiming that they are an "important feature of our time." These are not military alliances, according to Brezhnev.

Brezhnev went on to reaffirm Soviet support for the "liberation struggle" in Zimbabwe, Nicaragua, South Africa, Namibia, and Iran. He pointedly failed to mention any specific group in the Zimbabwe situation despite recent Soviet efforts to boost ZAPU's Joshua Nkomo, coleader of the Patriotic Front, as the natural leader of an independent Rhodesia. Affirmations of continued support for liberation movements were echoed by other leaders who addressed foreign policy issues, but Ponomarev was alone in rejecting attempts "to force us to abandon the very foundations of Leninist internationalist policy" and to blame the Soviet Union for developments in Africa, Afghanistan, Iran, and elsewhere.

The above article is Unclassified.

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China-Zambia: Military Assistance (U)

China hopes that by increasing its military assistance to Zambia this year, Zambia will be less likely to seek more aid from the USSR, [REDACTED]

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[REDACTED] Zambian President Kaunda has been under strong domestic pressure to improve defenses against Rhodesian crossborder raids. The USSR has offered a \$200-million military assistance program for a reorganization of the armed forces along Soviet lines. The Zambians presumably have not accepted this offer; they distrust Soviet motives and do not want a large foreign military presence in their country. (S NF NC OC)

The Chinese first delivered arms to Zambia in the early 1970s and by 1977 had become a major source of military assistance. Initial shipments consisted of artillery and small arms, but in 1977 China agreed to provide more advanced equipment. Chinese aid will be continued and expanded under a new agreement signed in January. (S NF NC OC)

Under the 1977 agreements, Zambia acquired its first supersonic jet aircraft--[REDACTED] F-6 fighters, the Chinese version of the MIG-19--and two MIG trainers, all of which were delivered last year. Zambia also acquired its first tanks--[REDACTED] Type-59 medium tanks, the Chinese version of the T-54--which began arriving in February. In addition, China delivered early-warning radars, which have been installed at Lusaka airport and Mumbwa military airfield. (S NF NC OC)

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Under the aid agreements, China currently has about 40 military personnel in Zambia. Some serve as advisers to Zambia's compulsory military training program; others are involved in assembling Chinese equipment, providing training in its use, and building military facilities. The new agreement does not call for any Chinese advisers to be stationed permanently in Zambia; most Chinese personnel are brought in on a temporary basis to perform

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specific projects. Since at least early 1977, several hundred Zambian military personnel have also received training in China on aircraft, radars, and ground forces equipment. (S NF NC OC)

Zambia may have worked out a secret deal with the Chinese to furnish cobalt in return for the assistance. Zambia, which is short of hard currency, apparently has entered into a contract to supply 25 tons of cobalt per month to China in circumvention of existing contracting procedures. Last year the Soviets offered to exchange military aid for cobalt, but the Zambians rejected the plan. (S NF NC OC) (SECRET NOFORN-NOCONTRACT-ORCON)

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FOR THE RECORD (U)

SEYCHELLES: President Rene is concerned over the possibility of a coup attempt by former President Mancham. He recently requested Tanzanian assistance for his security force but was turned down. His decision to announce a new constitution on Monday, which will confine domestic political activity to a government-controlled, one-party system, was apparently timed to curtail domestic opposition from Mancham's supporters. Mancham, who is in London, is exploring the possibility of launching a coup and hopes to form an effective opposition from disgruntled civil servants and members of the traditional elite. His prospects for success in the near future are slim, however, given his limited number of supporters and Rene's new restrictions. (S NF NC OC) (SECRET NOFORN-NOCONTRACT-ORCON) [REDACTED]

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