ISSN 0966-8802

MRB

Southern Africa Monthly Regional Bulletin

October 2008

Vol.17 No.10

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Zambia:

New government inherits a plunging economy in a global crisis

[© MRB Oct 08] All the elements of the global crisis as it affects an emerging economy have come together in a perfect storm in Zambia. The slowing global economy will cut Zambia's foreign direct investment, portfolio inflows, donor aid, export revenues, tourism revenues and fiscal revenues.

The new government in Lusaka is facing political uncertainty at home as it tries to find its footing and to retain some of the gains of the earlier boom period. It will have to handle a country sharply divided between rural and urban sectors, and with falling revenues and a collapsing currency.

On the domestic front it confronts a rural sector benefiting from past subsidies and expecting more of the same, but acting President Rupiah Banda recently announced a reduction in the price of fertiliser from Kw200,000 to Kw50,000 a 50-kg bag. Meanwhile his urban population is angry at rising food and fuel prices.

The government of former president Levy Mwanawasa was attempting to redistribute some of the wealth from the copper boom, partly through a revision of the tax mining regime, but this has yet to show. The cushion grown during the copper boom years is already depleting.

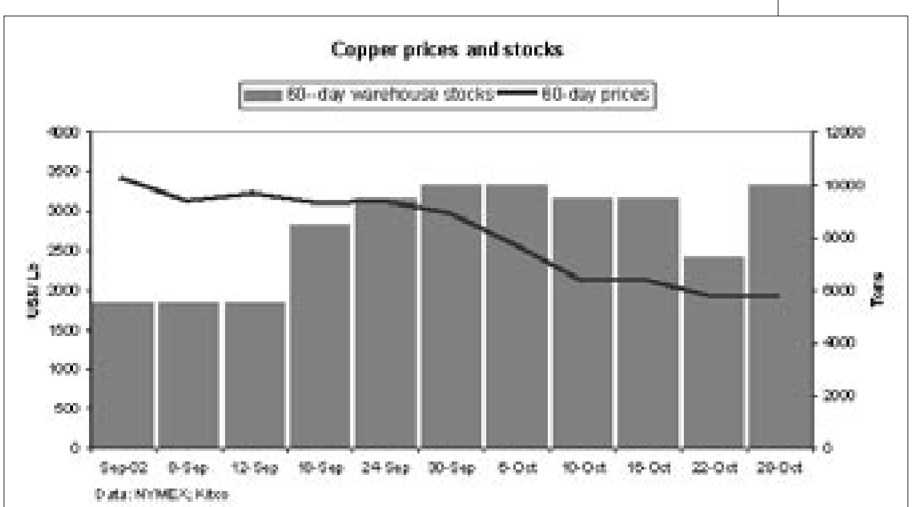
Early this month, the International Monetary Fund said Zambia's economic growth would slow in 2008 from an estimated 5.4 percent in 2007, because of a below-average harvest and severe power shortages.

Although tax revenue will receive a boost this year from the revenue-enhancing effect of the new mining tax regime, the projected decline in copper revenue in 2009, on account of lower prices, is likely to reduce the mining industry's taxable income.

The new government is taking over as emerging market assets are sold off and investment is drying up. The closer the price of copper gets to the cost of extracting it, the more investors are dissuaded.

And the recent revision of the tax regime for the mining industry, which the companies fought but eventually conceded, has bitten into the

The copper price is collapsing while warehouse stocks, especially in China, remain high. Interest in mining investment is also cooling.



tax concessions that first drew investors in when prices were low.

Zambia is seeking more investment from China to offset the falloff in mining revenues, and has offered tax incentives and other sweeteners, including express work permits for Chinese labourers.

Zambia says it has received pledges of about $4.3 billion in foreign direct investment in the eight months to August this year, the bulk of which is from Chinese firms and aimed at the copper mines.

One of the bigger Chinese investments is the $400 million expansion of the Kariba North Bank hydro power plant to generate 900 MW, up from 660 MW, to power copper mines. Yet another is a $250 million copper smelter.

Chinese companies earlier promised to invest $900 million in manufacturing copper products in an economic zone built for them, where they receive tax waivers on dividends and customs duty on capital equipment.

Copper

The price of copper has more than halved since its 2008 peak of US$8,900 per tonne on 2 July, to US$4,161.5 per tonne on 23 October. Although copper production in Zambia increased by a significant 20 percent y/y in the first half of 2008, production will have to more than double in the period from July to October 2008 to sustain revenue levels, according to a Standard Bank report.

The rise of the copper price in recent years increased the financial viability of deep ore mining and the increase of both the price and production boosted copper export earnings, which led to Zambia's traditionally negative trade balance becoming positive from the first quarter of 2006 to date.

Now the trade balance could revert to a deficit; the current account deficit is likely to widen; and the buffer of international reserves may be eroded.

On the positive side copper output is projected to increase significantly next year and partly offset the lower price. This depends on Equinox Resource's Lumwana copper mine starting production in 2009.

Currency

The kwacha has depreciated massively with the slowdown of foreign exchange income - the Zambian currency has weakened by 37 percent against the US dollar, to ZMK4,363/USD on 23 October, since the end of June.

Energy

The cost of production in Zambia has been inflated by a serious energy shortfall with power outages equivalent to 40 days in a year, according to a World Bank Enterprise Survey conducted between 2004 and 2007. Mines have consumed 50 percent of imported diesel since the beginning of 2008 to fuel their generators. The Zambian Energy Regulation Board has put on hold proposed cuts in import duties on fuel.

The energy crisis is region-wide, and the credit crunch is limiting energy sector investment in all the countries of the region. In particular, South Africa's Eskom power utility is seeking to raise massive funding in a difficult climate for its programme, which will have knock-on effects as it exports energy to its neighbours in the Southern African Power Pool.

Aid

About 30 percent of Zambia's fiscal resources stem from grants, but donors are in economic decline and no increase, and a possible cut in aid is projected over the medium term.

A softening of donor aid would delay capital expenditure projects, particularly in infrastructure, which will hit energy production.

Tourism

Tourism has grown significantly in recent years as Zimbabwe's has declined. According to the World Tourism and Travel Council, travel and tourism will generate 5 percent of gross domestic product in 2008 and is projected to grow by 6.7 percent this year.

Now international tourist arrivals are likely to decrease, with implications for the 12 percent of the workforce directly and indirectly involved in the tourism sector, in particular seasonal workers.

This year's unexpected presidential elections have also added pressure to the fiscus. The next president will thus start off with a wider-than-programmed budget deficit and little room to maneuver.

Zambia's Ministry of Finance has already had to review its national budget. It is freezing all non-essential projects and revenue-reducing policies amid signs that the programmed budget deficit of 1.2 percent of GDP for fiscal year 2008/09 will be exceeded.

MRB - Southern Africa
Monthly Regional Bulletin
WWW.SOUTHSCAN.NET
Published by SouthScan Ltd. Subscriptions:
920 M St SE, Washington DC 20003, USA

E-mail:
southscan@allafrica.com
ISSN 0966-8802

Tanzania:

Growth to fall, banks safe

[© MRB Oct 08] Tanzania is set to miss its growth targets because of the global financial meltdown. President Jakaya Kikwete said foreign and local investments may decline. But he assured investors that Tanzanian banks were safe because foreign loans are low and do not have securities related to the current situation.

Local banks are bound to reduce their lending. Tanzania would also see a decline in the number of tourists, donor funds and overseas loans.

Kikwete, who is also African Union chairman, said Africa's economic growth is expected to decline significantly next year.

In a report last month the IMF said that Tanzania's Economic growth reached 7 percent in 2007/08, fueled by a robust expansion in the manufacturing, construction, and services sectors. Exports grew by 30 percent.

International:

Food crisis warning

[© MRB Oct 08] Food and Agricultural Organisation Director-General Jacques Diouf has cautioned donor governments to avoid reducing aid to developing countries' agriculture and introducing protectionist trade measures in response to the global financial crisis.

In a statement marking the 34th Session of FAO's Committee on World Food Security (CFS) from October 14-17, Diouf warned that such steps could increase the risk of another food crisis occurring next year.

Angola:

Oil prices will cut growth

[© MRB Oct 08] Angola is likely to see its economic growth cut to 15 percent instead of over 26 percent as a result of the global economic crisis.

The sharp drop in the oil price on the international markets will hit growth, as oil makes up the bulk of Angolan exports.

Based on figures from the reserve bank and the finance ministry, as well as the International Monetary Fund, the Angolan economy was expected to grow 26.6 percent in 2008.

There may also be a drop in inflation at a time when is running over above the 10 percent mark on the consumer price index. Angola's central bank is now forecasting an inflation rate of around 13 percent.

However, the blow from the international crisis may be deflected because the country's financial sector is not fully integrated yet in the international financial system. There is no stock market in Angola.

FINANCE, INVESTMENT

Namibia:

Congo investor heads for Windhoek also

[© MRB Oct 08] The George Forrest International Group - the largest copper and cobalt mining conglomerate in the DR Congo - has committed to strategic investments amounting to an estimated ND3 billion in Namibia's manufacturing, mining and energy sectors.

Forrest announced that his company is to buy out a major local uranium interest, erect a cement plant in the Karas Region and invest in the Namibian energy sector.

Mines and Energy Minister Erkki Nghimtina said during a time of depressed international economic conditions, such an investment was especially welcome.

Zimbabwe:

Shares gain in flight from cash

[© MRB Oct 08] The African Banking Corporation and Johannesburg Stock Exchange hosted a seminar in SA on investing in Zimbabwe this month.

This follows the spectacular flight from the Zimdollar into shares on the local stock exchange - the Zimbabwe Stock Exchange has been one of the best performing exchanges in Africa.

Acute hyperinflation may mean that the Zimdollar will soon cease to have a function as dollarisation proceeds. This month, Zimbabwe's inflation officially rose to 231 million percent. The shops are empty, cash is impossible to come by, unemployment is rising and foreign-owned companies have ring-fenced their Zimbabwean operations.

Angola:

Ex-Unita economist founds new bank

[© MRB Oct 08] Fatima Roque, the opposition Unita's former secretary for economic affairs, is planning to open a bank in Angola. The request is currently awaiting cabinet approval.

The anticipated speedy processing of the application for the new bank is reported to be an exchange for her declaring supprt for the ruling MPLA party. Roque put in an appearance at an MPLA rally in Luanda in September.

Roque's closeness to the MPLA government has been strengthened through her links to the Angolan embassy in Lisbon and her friendship with former ambassador Assuncao dos Anjos, according to reports.

Despite having been expelled from Unita in the 1990s, Roque has not spoken out against the former rebel party or against its former leader Jonas Savimbi, and she was present at the congress where Isaias Samakuva, another friend, was elected.

Meanwhile one of the daughters of President Jose Eduardo dos Santos has reportedly invested $15 million in shares in the International Business Bank, BNI.

Welwitchia dos Santos, named after a vast, exotic, thousand-year-old desert plant, was however reported to have refused a shareholding deal.

The bank's stock has been raised from $20m to $70m but there are reported to have been some differences with other shareholders.

INFRASTRUCTURE

Region:

Tensions grow over use of Lake Victoria water by SA power utility

[© MRB Oct 08] Uganda is exceeding the set limits of water flows Anxious through allowing a South African energy firm to take more to keep energy generation high. The SA power utility Eskom controls both power generation and local distribution in Uganda.

Eskom Uganda has a 20-year concession to manage the Uganda Electricity Generation company, whose assets are the two hydro-power dams. The SA utility virtually owns the local distribution firm after buying out Globeq of UK. Uganda's was the first unbundled electricity distribution network in sub-Saharan Africa to be concessioned to the private sector.

The World Bank has now asked the Ugandan government to ensure that Lake Victoria's waters are used in a sustainable manner and that the amount permitted for power generation by regional neighbours is adhered to.

A report by Malcolm Cosglove Davis, a senior energy specialist, calls for the Ugandan government's commitment to participate in discussions on development of regional watershed management plan related to Lake. These should be organized by either the East African Community or the Nile Basin Initiative, the report says.

Ugandan power demand has been forecast at 360MW in 2009, according to energy officials, and the government has stressed that it needs a sustained water release that is above the net inflow. This means it is breaking the regionally set limit and this has led to a deterioration in relations with Tanzania.

In August Tanzanian officials refused to meet Ugandan Minister for Water development, Maria Mutagamba to discuss the matter. Tanzania says Uganda's actions have done considerable damage to other users of the lake - they have dried up wetlands, led to loss of littoral habitat, have increased lake transportation costs as piers and ports have been left hanging, and have severely affected shoreline towns and fishermen.

Tanzania has also intensified the expulsion of hundreds of Ugandans and has demanded that Uganda should declare the amount of water it uses and should produce the minutes of a meeting between Egyptian President Hosni Mubarak and President Yoweri Museveni at Entebbe in July.

Regional states are concerned about the $15m Egyptian-Uganda project to enlarge a canal on Lake Kyoga, which they believe is intended to increase the outflow of water to Egypt. This represents a dramatic shift from Uganda's position in March when its officials tried to woo DR Congo officials to support their efforts to gain more control of Nile Waters, which Egypt is reportedly selling on to Syria.

Diversification

Uganda is at the same time diversifying its energy supplies and by end October thermal power generation of 150MW was set to exceed the 100MW coming from hydro power. The World Bank reports that hydro will account for 45% of Uganda's energy requirement in 2009. But subsidies for thermal are now ended while the high cost of thermal has not necessarily improved revenues at UMEME, the distribution company wholly owned by the Commonwealth Development Corporation (CDC) of the UK, which has invested $35m so far and has committed another $65m.

Government is also constrained in increasing tariffs, currently among the highest in the world.

The government's diversification programme also envisages using nuclear energy and has budgeted Shs500m for the establishment of nuclear energy unit in preparation for a nuclear plant in ten years time.

Region:

Call for more hydro power

[© MRB Oct 08] Country representatives attending the 20th Session of the African Hydro Symposium in Zambia have called for African governments to take more steps to harness its huge hydro-energy potential.
According to Lawrence Musaba, the Centre Coordination Manager for the Southern African Power Pool (SAPP), Africa has a combined feasible hydro-capacity of more than 1,750,000 gigawatts (GW) per year, enough to power the whole continent. Only 4.3 percent of this has been exploited.
The symposium, which included the SAPP and the Regional Electricity Regulators Association of Southern Africa (RERA) aims at boosting cooperation between government and the private energy sector in the sector.

Mozambique:

Brazilian mining and drugs projects speed up

[© MRB Oct 08] Brazilian projects in Mozambique are likely to be speeded up after this month's visit by Brazil's President Luis Inacio 'Lula' da Silva.
He expressed dismay as the failure of two high end projects to come to fruition after years on the drawing boards.
Lula's foreign minister, Celso Amorim, said that the reason for the delays lay in Brazil's change from being a recipient of aid to actively investing in other developing economies. "We still have to work within legislation that is not fully adaptable to these circumstances", he said.
During Lula's first visit to Mozambique, in 2003, it was decided to build a pharmaceutical factory, with Brazilian investment, to produce generic anti-retroviral drugs. The project was designed, viability studies were held - but only now, five years later, will the factory actually be built.
For the ARV project to go ahead the Brazilian government still needs parliamentary approval for granting the resources required for the initial phase. Amorim said the Lula has submitted a bill to parliament. The site for the factory is in the southern city of Matola, and it is hoped that it will go into production in mid-2009.
There has been a similar delay with Brazilian investment in the mining industry. In 2004, the Brazilian mining giant, the Companhia Vale do Rio Doce (CVRD), was granted a mining concession in a part of Moatize in the western province of Tete, where there are estimated reserves of 2.5 billion tonnes of coal. So far no coal has been mined, and CVRD now says it does not expect to start exporting coal from Moatize until late 2010 or 2011.
When President Armando Guebuza visited Brazil in September 2007, he signed agreements in areas such as health, education and biofuels. Brazil, which has a great deal of experience in producing ethanol from sugar cane, pledged to support Mozambique in the development of a biofuel industry.
Trade between Brazil and Mozambique remains meagre. This may pick up - on his two-day visit to Mozambique, Lula was accompanied by 150 Brazilian business people.

Mozambique:

Largest silos under construction

[© MRB Oct 08] The largest complex of grain silos in Southern Africa is under construction at the northern port of Nacala, and should be operational by March 2009. They will hold up to 60,000 tonnes of grain, which will supply landlocked Malawi and possibly Zambia. The total investment for the project is $15 million, Fernando Couto, the Chief Executive Officer of the Northern Development Corridor (CDN), the private-led consortium that holds the lease on the Nacala port and rail system, said.
CDN will earn about $4 million a year from the silos and will dramatically increase in Malawian use of the Nacala railway. About five trains a day will supply Malawi.

Zambia:

New bridge links Congo

[© MRB Oct 08] Zambia and neighbouring DR Congo this month opened a new 320-metre bridge named after late Zambian president Levy Mwanawasa.
The multi-million dollar enterprise provides a shorter route from northern Zambia into southern Congo across the Luapula River.
Built by a Chinese firm, the project cost Kw46 billion (US$11.7m), and was paid for by both the Lusaka and Kinshasa governments.

Zambia:

Loan for Copperbelt roads

[© MRB Oct 08] The Arab Bank for Economic Development in Africa (BADEA) has given Zambia an $8 million loan for the rehabilitation of feeder roads in the rural areas of the Copperbelt Province.
The loan, with an annual interest rate of 1%, is to be repaid over 30 years, including a grace period of 10 years. The Copperbelt, site of the country's main mines, is diversifying into agriculture, so there is a need for the province to invest in a good road network for its rural population, Finance and National Planning Minister, Ng'andu Magande said.
The project would cater for civil works and the reconstruction of 210km of gravel roads, consultancy services for the preparation of a detailed design and supervision of the construction.
BADEA's funding to Zambia stands at $91.01 million.

COMMODITIES

Region:

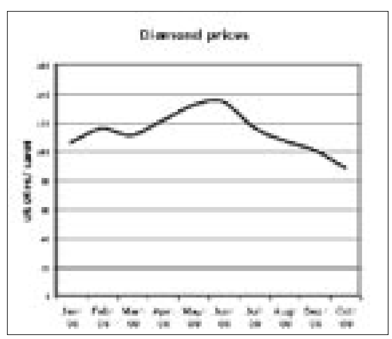
Financial crisis worries diamond sector

[© MRB Oct 08] The global financial crisis is likely to hit diamond sales from Southern African states, including Botswana, the world's leading producer by value whose rough diamonds sales abroad account for over 80 percent of its exports.

Angola will also be hit hard, with its diamond revenues joining falling oil revenues to cut back annual growth. The DR Congo has also become increasingly dependent on diamond export revenues for its administration. The new artisanal diamond fields in Zimbabwe will cease to generate the same level of revenues to local miners and officials, while social order is breaking down amid shoot-outs between illegal miners and police. Namibia also depends on diamond revenues; its over 4 percent GDP growth last year was largely ascribed to strong diamond exports, according to the IMF.

The Antwerp World Diamond Centre (AWDC), the coordinating body and the official representative of the Belgian diamond sector, decided to postpone its annual Diamond Conference "in light of the financial crisis currently impacting the world economy and the challenging market conditions". The meeting had been scheduled to take place in Antwerp on November 17 and 18.

According to Freddy J. Hanard, the AWDC's CEO, "With the turmoil now taking place in the financial markets, we felt that it is essential that we allow the dust to settle first". Tt was not clear how the diamond market was likely to react to the current crisis, he said. "On the one hand, if there is a marked fall in global consumer demand, all luxury products are going to experience a slowdown".



Gem prices slide. A luxury goods slowdown - or a safe haven in diamonds?

On the other hand the lack of confidence that the public is currently displaying in stocks, bonds and other financial instruments, means that diamonds and diamond jewellery may be considered a safe haven, he said.

One of the first practical outcomes is that Lesotho will miss the opportunity to promote its gems. King Letsie had been chosen as the guest of honour at the conference, titled 'Diamonds, a symbol of value'.

Robert Gannicott, the CEO of the US-based Harry Winston Diamond Corporation, told Bloomberg news services at the beginning of the month that despite the current economic turmoil spreading around the world, diamond sales were poised to grow due to ongoing demand in Russia, the Middle East, India and China.

But other analysts do not share this optimism. Precious metals analyst Des Kilalea warned on October 7 that the diamond industry would see "a major weakening of prices for both rough and polished goods".

In its October issue the Antwerp-based 'Facets' magazine noted that although China and India were touted as the markets of the future, the US, epicentre of the sub-prime crisis, "remains the world's main diamond jewelry market".

This does not bode well for Southern African exporters of rough diamonds. It was in this context that the crisis was earlier this month discussed at a one-day conference in Sandton in South Africa by leaders of the SA diamond and precious metals industry.

They have been facing troubles in their sector as the government's plans for beneficiation go awry and the world economy sinks into recession.

The United Diamond Association of SA, which represents small and medium-size diamond polishing companies, has complained that the government-backed State Diamond Trader has so far been unsuccessful in supplying domestically mined stones to the diamond cutting and jewelry-making industry.

Meanwhile in Botswana the government has agreed to grant a diamond mining licence to Boteti, the joint venture between De Beers and African Diamonds. The agreement applies to the AK6 kimberlite deposit in Botswana's Orapa Province and is good for 15 years, though to October 2023. Production will begin in April 2011.

All diamonds produced at the mine will be sold through the Diamond Trading Company Botswana, the joint venture between De Beers and the government. The mine will produce an estimated 600,000 carats a year in the first three years, increasing to 880,000 carats a year over the remaining seven years the mine has, for a total of approximately 8.1 million carats by the end of the 10-year life of mine, with an average value per carat of approximately $138.

But market leader De Beers' share of the global trade has been shrinking over the last decade, with consequences for the promotion of the product. For a very long time "De Beers has been the paymaster for the generic advertising of diamond", according to Facets. It controlled around 80 per cent of the world's rough diamond supply up to a decade ago, and paid out around US $200 million annually to promote diamonds.

But with its share of the market dropping to around 40 percent, De Beers appears to have decided to disengage from the wider diamond trade's marketing efforts and concentrate on promoting only its diamonds.

Illicit trade continues

Meanwhile the leading NGO lobbying for conflict-free diamonds, Partnership Africa Canada, PAC, says that former war zones are still generating "a large and growing trade in illicit rough diamonds, running in parallel with the Kimberley Process".

The Canadian group's 'Diamonds and Human Security Annual Review' covers the diamond trade in 13 countries of Africa and South America and describes the development challenge in countries like Sierra Leone, Angola and the DR Congo and the plight of a million-plus artisanal diamond miners there.

In Zimbabwe it is apparent that the pressures that produced the concept of 'conflict diamonds' are at work again. Armed artisanal miners in the eastern Manicaland Province, are engaged in increasingly violent clashes attempts by police to remove them.

Diamond smuggling cost the country around US$400 million in 2007, according to the Reserve Bank of Zimbabwe.

Botswana:

De Beers in new project

[© MRB Oct 08] Boteti Exploration has received a 15-year mining licence from the Botswana government for its proposed AK06 diamond project near Orapa. Boteti Exploration is owned by De Beers (70%) and African Diamonds (28%).

Production is scheduled to start in April 2011, with all of Boteti's diamond production to be sold through Diamond Trading Company Botswana.

At the same time the company has obtained direct access to Russian diamond resources for the first time, through a 49.99% stake in Arkhangelskoe Geologodobychnoe Predpriyatie (AGP), a subsidiary of Russian oil and gas giant Lukoil.

Region:

Smaller mining companies cut their losses

[© MRB Oct 08] A sharp downturn in mining revenues as a result of the global financial crisis will hit the budget plans of most Southern African countries. Many smaller mining companies are putting their operations on hold because of the fall in commodity prices resulting from the anticipated downturn in growth in China and other industrial or industrializing economies.

Mwana Africa, which has an integrated nickel operation at Bindura in Zimbabwe, is facing a collapse in the price of the metal and will put its local mine on hold. It is likely also to shut down some of its gold, copper and diamond exploration projects in countries such as the DR Congo and Ghana

Smaller companies mining nickel, zinc, platinum, lead and copper may follow suit. Some, such as Dwyka Resources, may cut costs in some places to shift attention to others. It will drop expansion plans in the Philippines and focus only on the Muremera nickel project in Burundi, where exploration costs are funded entirely by its partner BHP Billiton, the world's biggest mining group.

Many smaller mining companies are expected also to fail over the coming year. This will add to the fluidity in the sector in countries like the Congo, where the wartime mining contracts have still not been cleared through government.

At the same time there are indications that China is blowing cool on further investment on copper mining in countries like the DRC or Zambia.

All of this will mean an immediate fall off in mining revenues to governments, and a surge in unemployment in the sector, with widespread social repercussions in areas like the Zambian and Katangan copperbelts.

Angola:

Chinese oil companies strengthen position

[© MRB Oct 08] Two Chinese oil majors are ready to strengthen their presence in the Angolan oil production. Sinopec and China National Offshore Oil Corporation (CNOOC) have reached an agreement with Marathon Oil to purchase 20 percent in the offshore block 32 for $1.8 billion.

The Chinese companies were competing for the bid with Brazils Petrobras company and the Indian ONGC Videsh corporation.

Sinopec and CNOOC are considered the second and third biggest Chinese oil companies.
In 2007, China ranked as the second largest importer of Angolan oil with a total of $10.6 billion representing 28 percent of Angolas exports.

Mozambique:

Oil exploration deal struck with Petronas

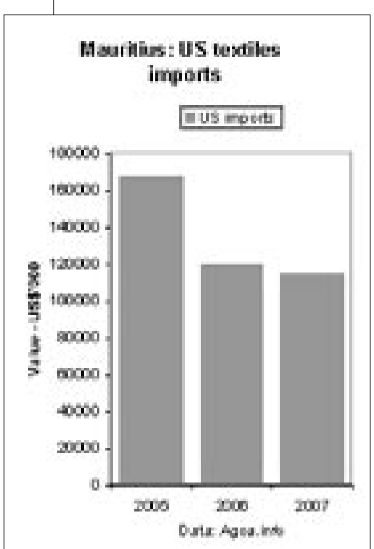
[© MRB Oct 08] The Malaysian state oil company, Petronas, has become the fifth foreign company to sign a contract with the Mozambican government, giving it a licence to explore for oil in the Rovuma basin, in the northern province of Cabo Delgado.
An exploration and production concession contract was signed in the Cabo Delgado provincial capital, Pemba, on October 10 by Datuk Abdullah Karim, vice-President of Petronas Carigali Mozambique, and by the chairperson of the government's National Petroleum Institute (INP), Arsenio Mabote.
Under the agreement, Petronas will hold a 90 per cent stake in Rovuma Basin Blocks 3 and 6, which are both offshore. The other 10 per cent goes to Mozambique,s publicly owned National Hydrocarbon Company (ENH)
In the first three years, Petronas has promised to spend $5.6 million on the geological and geophysical evaluation of the two blocks.
There are known to be hydrocarbons in the Rovuma basin because some have seeped to the surface in parts of Cabo Delgado. But nobody is yet certain whether oil exists in commercially viable quantities, although experts say that the geology points in that direction. The discovery of significant reserves of natural gas on the Tanzanian side of the basin is taken as a hopeful sign.
The other companies with licences to explore Rovuma basin blocks are Anadarko (of the United States), Artumas (Canada), ENI (Italy) and Norsk Hydro (Norway).

TRADE

Region:

US ring-fences AGOA deal despite protectionist pressure

[© MRB Oct 08] Protectionist pressures are growing in the US and other industrial countries as a consequence of the global financial crisis.



Mauritius has been declared an LDC, which may make it a rival of Lesotho. But US imports have dropped.

However, the US Congress this month ring fenced textile exports from countries like Lesotho to the US through African Growth and Opportunity Act (AGOA) provisions.
It removed restrictions on apparel exports from certain least developed (LDC) African countries. It repealed a provision of AGOA - the 'commercial availability' fabric provision, also known as 'abundant supply', which effectively discouraged US apparel retailers from placing orders in the region.
The 'abundant supply' clause restricted LDCS' use of fabrics produced outside the region.
This will boost countries like Lesotho, sub-Saharan Africa's largest exporter of apparel to the US market. Agoa has generated nearly 50,000 jobs in Lesotho's apparel sector, 85 percent of which are held by women.
Congress, however, also granted LDC status to Mauritius, a rival textile manufacturer, but reckoned one of the best-regulated economies in the region.
The US is the only country to classify Mauritius as an LDC. Lesotho and Zambia have unemployment rates of 45 percent and 50 percent respectively, while Mauritius, has a rate of 8.8 percent. Lesotho and Zambia face 23 percent and 17 percent HIV/Aids prevalence rates, compared to Mauritius's rate of less than 1 percent.

International:

China-Lusophone trade exceeds target

[© MRB Oct 08] Trade between China and the Community of Portuguese-speaking Countries (CPLP) exceeded the $53 billion mark in August, well over the $50 billion target set by the various governments for 2009.
This was 92.9 percent more than in the same period in 2007. Just with Brazil, trade grew by 82.2 percent. China bought $37.288 billion worth of products from the eight Portuguese-speaking countries, and sold goods to the value of $16 billion.
Angola is China's second biggest Portuguese-speaking trade partner, with a trade exchange of $18.6 billion, 133.1 percent more than in the same period in 2007.

DEVELOPMENT, AID

Angola:

Million homes pledge meets with incredulity

[© MRB Oct 08] A massive building industry exposition in Luanda this month has opened the way for a debate on housing in Angola. Under fierce international criticism for its failure to deal with the situation in the musseques despite a massive oil revenue boost, the ruling MPLA party has promised a million houses by in four years.

But economists immediately dismissed the plan as hopelessly unrealistic and related to the likely presidential re-election campaign due next year. The country has been awash with oil revenues and its elite lives in conspicuous luxury while the shacklands - musseques - of Luanda and its other big cities remain mired in poverty.

The housing issue is a "hot potato", as President Jose Eduardo dos Santos admitted as he faced sharp criticism from Anna Kajumulo Tibaijuka, UN assistant secretary general and executive director in the Human Resettlement Programme, speaking in Luanda this month.

The official view remains sanguine. The government has a long and medium term construction plan called '20/25' aimed at building and repairing towns and villages within the framework of administrative decentralization and decongestion.

The national reconstruction programme is to continue in the main cities, with highways linking the city of Luanda to the outskirts (Cacuaco, Viana, and Benfica), a ferry, and almost 1,000 new buses.

One new development is the Benguela Blue Ocean project, a new city being built 15km away from Benguela, and set to be finished by the end of 2020. Gustavo Guimaraes, architect and consultant for Taminvest Angola, of Portugal's Taminvest Group, said the new city would cost about $1.2 billion, with about $150 million being used just for infrastructure.

It would have 5,000 homes of different types, to house about 50,000 people, and the project is set to create 15,000 jobs and employ another 15,000 people indirectly.

UN criticism

But UN housing chief Tibaijuka was highly critical of the government at a ceremony marking the celebrations of World Habitat Day in Luanda.

She did not pull any punches in the presence of a number of national and foreign officials, including Dos Santos. She said she could not understand why the majority of the Angolan population continued to live in degraded situation amidst Angola's exponential economic growth and its oil exports.

Speaking in English, the Tanzanian official called on the Angolan authorities to make available 30 percent of the general state budget for projects connected with housing.

Dos Santos responded outside of his prepared speech at the close of the celebrations, citing municipal, territorial and urban network plans of the 'harmonious cities' project, within the framework of the 2015 UN Millennium Development Goals. He cited the target of building a million homes within the next four years and said the goal was realizable because more than $50 billion would be made available for the housing programme.

Dos Santos said he was aware that the issue was a real "hot potato" and that it would be "no easy exercise". He agreed that there was the need to combat urban chaos but also that policies had to aim at avoiding massive regional imbalances and an exodus from the hinterland.

Few locals believe that the housing programme will continue at speed after last month's successful elections. University Professor and economist Justino Pinto de Andrade said the promise of a million homes would stay on the record but would not be acted upon.

It was one of the more remarkable promises in the MPLA's recent election campaign, he noted. "Either someone is still involved in an election campaign... or someone has begun a new one", he added.

He pointed out that building 250,000 houses a year would mean 650 houses a day or 29 houses per hour and that construction companies operated only in a few parts of the country. "Construction does not hinge on subjective will or the existence of the Chinese or the Brazilians," especially when there were construction material shortages, he said.

It had also become obvious that construction works had slowed down since the September elections and it was clear that "they are going at a slow pace at the moment and will only speed up again when we are in open campaign. When that happens, they will once again work day and night come rain or sun."

Other economists reckon the undertaking would require more than 3,000 civil construction firms. There was also a severe lack of cement and imported Chinese cement was often of poor quality.

International:

EU grants Euros 15m food aid

[© MRB Oct 08] The European Commission has announced 15 million Euros (US$20 million) of emergency food aid for victims of drought and soaring food prices in five east African countries.

More than 10 million people will benefit from the new funding, with the biggest share going to Ethiopia and Somalia and smaller amounts to Kenya, Uganda and Djibouti.

The UN World Food Programme (WFP) has pledged to double the amount of food it buys in Uganda to about $100 million annually. The WFP is the single largest buyer of food in Uganda. Last year the agency bought food worth nearly $55 million, in 2006 purchases totaled nearly $48 million.

Zimbabwe:

Fraud endangers AIDS fund

[© MRB Oct 08] The Global Fund to combat AIDS and TB has said it may plough massive aid into the medical system in Zimbabwe. Zimbabwe applied for at least US$500 million for HIV/AIDS, malaria and tuberculosis programmes earlier this year.

However, Global Fund officials said it was "considerably premature" to announce that the Zimbabwe applications would be approved. It is accusing the government of spending US$7.3 million and failing to honor requests to return the money, according to the organization's inspector general. Zimbabwe's actions also jeopardize a more ambitious US$188 million Global Fund grant to Zimbabwe, due for consideration by the fund's board.

Of the 1.7 million people living with HIV in Zimbabwe, only 100,000 are accessing treatment free government treatment, but 320,000 people are still in need of antiretroviral drugs.

There is wide international support for humanitarian aid for Zimbabwe and in particular for food aid for the country. SA has announced R300 million for Zimbabwe's short-term food requirements, but subject to "a recognised multi-party government" agreeing on a role for international food relief agencies.

Mozambique:

Large rise in ARV treatments

[© MRB Oct 08] The number of HIV-positive Mozambicans receiving anti-retroviral therapy has risen from about 6,000 in January 2005 to over 100,000 now. At first only twenty or so health units could offer anti-retroviral therapy, but now it is accessible in over 200, and in all of Mozambique's 128 districts, according to President Armando Guebuza.

About 1.5 million Mozambicans are believed to be HIV-positive. The most recent epidemiological surveillance data showed that 16 per cent of Mozambicans aged between 15 and 49 are carrying the virus. But problems associated with access to antiretroviral drugs (ARVs) in Mozambique will not be solved by the establishment of a new Brazilian-built ARV factory due to come online next year. Health Minister Ivo Garrido warned that although the new pharmaceutical plant will ease the financial burden faced by the government in purchasing these drugs, it will not solve the problem of access. Many of those infected with HIV were unaware of their status.

POLITICS

Zimbabwe:

Ruling party unity threatened by former Zapu leaders

[© MRB Oct 08] As frustration grows in Zimbabwe at the impasse over the allocation of ministries there have been growing signs of social disruption. This is so particularly in Matabeleland, and a split along ethnic lines in the ruling Zanu-PF party is becoming visible.

Last month the Reserve Bank office in Bulawayo, the Matabeleland provincial capital, was stoned by angry depositors. Rival war veteran groups have clashed in full view of the police in the city.

The latest incident followed moves towards the formation of a new PF-Zapu group aligned to former home affairs minister Dumiso Dabengwa, the former Zapu leader who left Zanu-PF earlier this year to align himself with Zanu-PF dissident Simba Makoni.

A Zanu-PF war veterans group, led by Jabulani Sibanda, was apparently accidentally booked in at the same venue as a former Zipra (Zapu army) veterans group. The running battles that followed spilled into Makokoba township with over a hundred ex-combatants injured in full view of the police, according to a ZimEye correspondent.

Moves to re-establish Zapu follow demands in the provincial Zanu-PF co-ordinating committee that the 1987 deal that effectively dissolved the Ndebele-based Zapu party be revisited. The September 13 meeting passed a resolution demanding the convening of a conference after it was agreed the 1987 Unity Accord had "not benefited the people of this region".

The provincial co-ordinating committee is made up of members of Zanu-PFs politburo, central committee, the National Consultative Assembly and the provincial executive.

The meeting was held a day after Vice-President Joseph Msika complained that Dabengwa, who is leading the calls for PF-Zapus revival, was being sidelined in the ruling party. Dabengwa has been in the political wilderness since his alliance with Makoni.

The re-formation of PF-Zapu is believed to have the backing of Msika, Mugabe's information chief Sikhanyiso Ndlovu, playwright Cont Mhlanga and other Ndebele-speaking leaders in Zanu-PF.

Zimbabwe:

Botswana calls for fresh elections

[© MRB Oct 08] In a hard-hitting statement the Botswana government called for new elections in Zimbabwe. It said, "This failure which is a result of one party seeking to dominate power, cannot be allowed to go on unchallenged" and added, "The only way forward is a re-run of the Presidential election under international supervision".

The stand-off intensified after Mugabe awarded his ruling Zanu-PF disputed ministries and appointed two vice-presidents. Meanwhile he is proceeding in government as usual. The Zimbabwe Electoral Commission has announced plans to organize by-elections to fill six empty parliamentary seats. War veterans made the call for Mugabe to go it alone. The group's leader Jabulani Sibanda said, "[MDC leader Morgan] Tsvangirai lost the elections and efforts to accommodate him in the inclusive government should not make it appear as if he is important".

President Ian Khama has written to SA President Kgalema Motlanthe, who is the current chair of SADC, the Southern African Development Community, and to the chair of the African Union, Tanzania's President Jakaya Kikwete, as well as to the Secretary General of the UN, Ban Ki-Moon, calling for urgent intervention and making the case for a new election.

The president of SA's ruling African National Congress, Jacob Zuma, addressing a US audience in Washington, also called on SADC to "put its foot down". But he has rejected, again, sanctions against the regime.

The Botswana suggestion of a fresh election faces serious problems and is unlikely to be regarded as a realistic option at this juncture, both because of cost and because the country is diplomatically isolated in the region.

Angola:

Unwieldy cabinet may be stopgap

[© MRB Oct 08] The number of ministers and state secretaries in Angola's new cabinet has swelled from 29 to 35, in what local observers say is a bid to include many disparate interests and to meet goals of ethnic, regional, and gender balance. The quota of women is now close to the Southern African Development Community target.

But the cabinet appears to be too unwieldy to administer any significant reforms and to be a stopgap measure until President Jose Eduardo dos Santos is re-elected in presidential polls next year.

Dos Santos chose Paulo Kassoma as new prime minister when the new parliament was sworn in.

17 newcomers

The new cabinet of 35 members has 17 new faces. Newcomers include Minister of Foreign Affairs Assuncao dos Anjos, Oil Minister Jose Maria Botelho de Vasconcelos, and Geology and Mining Minister Makenda Ambroise. Other changes included establishment of a ministry of economy to oversee the ministry of finance and planning.

Some long-term MPLA veterans have been retained, such as Defence Minister Kundi Paihama, who reportedly had asked to be retired so that he could attend to his business interests. Antonio Burity da Silva, reputedly the most unpopular minister in the cabinet, was also retained in the education ministry.

The dismissal of Desiderio Costa from the petroleum ministry and Licinio Tavares Ribeiro from the telecommunications ministry was widely welcomed and there has been criticism of the promotion of Pedro Mutinde from Cunene Province governor to minister of tourism and hotels.

But it is the exit of the technically well-regarded Finance Minister Jose Pedro de Morais, responsible for steering Angola's booming economy, that was received with the most surprise. He is to become president of the Luanda Stock Exchange.

In Luanda's active rumour-mill there were allegations that his demotion was related to fraud at the customs department, where his daughter is a senior official. There were also suspicions regarding undercover investment deals in banks in tax havens, and the unresolved questions hanging over Chinese credits going to the national reconstruction office, according to the Luanda-based Folha 8 weekly.

Another allegation is that his sacking was related to intrigues in a group linked to those in charge of collecting funds for the MPLA's election campaign. Other accounts held that he was too competent, too pro-US or too abrasive for his own party colleagues.

Congo:

Budget minister named as premier

[© MRB Oct 08] President Joseph Kabila named Budget Minister Adolphe Muzito as prime minister. He replaces his Unified Lumumbist Party (PALU) leader Antoine Gizenga, who retired last month.
The decision ends speculation Kabila would end PALUs government leadership by appointing someone from his own Peoples Party for Reconstruction and Development (PPRD).
The government is due to announce the results of mining contract renegotiations.

Malawi:

Mutharika favoured in presidential race

[© MRB Oct 08] Malawi's President Bingu wa Mutharika has been endorsed as his party's candidate in next year's presidential elections.
The presidential poll is being held simultaneously with legislative elections.
Mutharika, who is leading a minority government, is tipped to win the race against his arch-rival, former president Bakili Muluzi, and opposition figure John Tembo of the Malawi Congress Party.

IMF favourite

Malawi, which has successfully concluded the three-year arrangement under the Poverty Reduction and Growth Facility (PRGF), is favoured by the IMF. Last month an IMF mission, headed by Andrew Berg, visited to discuss a new arrangement and praised Malawi's "strong economic performance". Growth is estimated to have been 8.6 percent in 2007, supported by ongoing strength in the agricultural sector and growing contributions from construction, manufacturing, and services. It wasprojected to be 8.7 percent in 2008,implying that that growth has averaged 8 percent since 2005.
Export trends have been particularly favourable - exports have roughly doubled over the last four years and will receive a further boost from 2009 on as uranium production comes on stream. Inflation was expected to return to the 7 to 8 percent range after rising in line with increased oil prices.

SECURITY

Congo:

SA government takes time out of own crisis to visit Kinshasa

[© MRB Oct 08] The DR Congo crisis was sufficiently important for the for SA's African National Congress government, mired in its own internal crisis, to send a top government delegation to Kinshasa late this month, including President Kgalema Motlanthe.

He met with President Joseph Kabila in the last week of October as government troops, including South Africans in the MONUC UN force, fled the troops of rebel general Laurent Nkunda in North Kivu.

His visit was prepared by SA Foreign Affairs Minister Nkosazana Dlamini Zuma. At the same time the foreign ministers of Britain and France were due there.

Motlanthe's delegation included Trade and Industry Minister Mandisi Mpahlwa, Defence Minister Charles Nqakula, Health Minister Barbara Hogan and Public Services Minister Richard Baloyi.

Hogan's presence was noted - SA has just been through a hemorrhagic fever scare. Zambia has at the same time closed its borders to Congolese refugees because of health fears, even through it is far from the scene of the Kivu fighting.

The ANC said South Africa was committed to a "strategy for post conflict reconstruction and development in the DRC". SA has numerous investments in the Congo and is engaged in training the national army, which was routed in the recent fighting, as it has been in similar offensives in the past months.

Ill-equipped

As the security situation deteriorated in North Kivu concerns were raised that the South African battalions in the Congo not adequately equipped for action. They include a newly trained rapid response battalion sent into action earlier this month, the first of three. Military analyst Helmoed Romer-Heitman said the South African troops would find it extremely difficult to hold their own in the beleaguered city of Goma. But Henri Boshoff, DRC expert at the Institute for Security Studies, said the rapid reaction force's 121 Infantry Battalion from Mathubathuba in KwaZulu-Natal would not relinquish the city.

Government forces were as we went to press fleeing Goma ahead of General Laurent Nkunda's advancing rebels. The UN had evacuated most civilian staff from its headquarters. The DRC national army troops was reported to have disintegrated, with the troops looting parts of Goma. It was reported that among the fleeing national army were some of the recently trained rapid reaction deployment battalion, trained by the SA National Defence Force and handed over to the DRC government earlier this month.

The 940 members of SA's rapid reaction force were armed with various light infantry weapons such as AK-47s, and had been trained to be quickly deployed to flashpoint areas. But Romer-Heitman said the troops were in light armoured vehicles such as Caspirs, when forces such as the Ghanaian army were using vehicles such as the heavily armoured Ratel 20 and Ratel 90 and Indian and Pakistani forces were using the BMP2 armoured infantry vehicle.

However, he added that the SANDF troops were better trained than the DRC army or the rebels.

There are reports that South African-made Rooivalk helicopter gunships may be deployed in the Congo and in Sudan from next year, significantly boosting the South Africans' capacity.

Congo:

MONUC's chief calls on EU to strengthen force

[© MRB Oct 08] Just ahead of a new onslaught by the rebel militias of General Laurent Nkunda in North Kivu, UN Secretary General Ban Ki-Moon's special representative in the DR Congo, Alan Doss, called on the European Union to boost the UN Mission in the Congo (MONUC).

His plea at a Contact Group meeting, which includes Belgium, France, the UK, the Netherlands, the UN and the European Union, followed a similar call to the UN a week earlier.

It came just as the Nkunda's rebel force took over for the second time in three weeks Rumangabo, a major government army base north of Goma, amnd then advanced don the provincial capital.

The Contact Group, meeting in Brussels, had been briefed about the situation in the Kivus in the eastern Congo, which had seemed to be calmer after the outbreak of fighting earlier this month.

Peace implementation

Challenges ahead, said Goss, included the demobilisation and disengagement of the armed groups and the implementation of the peace deal agreed in January in Goma by government and militia representatives from North and South Kivu.

Doss told MRB he was expecting an answer to a similar request put the week before to the UN Security Council, but he would appreciate the EU's support in strengthening MONUC's capacities. The cost of the additional support would only represent "a small fraction" of MONUC's total expenditures (estimated at more than a billion dollars per annum), but would make a significant difference in the field because it would allow the blue helmets to intervene faster.

One of MONUC's problems is that 30-40 percent of the 5,000 to 6,000 UN troops deployed in North Kivu cannot be used for peacekeeping missions because they are busy on logistical tasks in an area a tenth of the size of the UK, Doss said.

Doss' plea to the EU also comes amidst competition from the UN's various peace missions for increased funding.

Doss said the ceasefire was "very fragile". The UN wants to re-establish separation zones between the army and the rebel groups and says there is no reason why it should not work, arguing that the rest of the Congo is at peace and that sooner or later this will also be achieved in North Kivu.

Overall improvement

Overall the situation has improved dramatically over the past five years, said Doss, who travelled recently to the Eastern Kasai province capital, Mbuji-Mayi. The province, once split between a government-held zone and a rebel one, has been reunified and development programmes are on the go. Some improvements are also noticeable in South Kivu, and North Kivu should follow suit, Doss said.

But at the same time, the relations between the DRC and Rwanda needed to improve; current tensions between the two countries are not helping the situation, he said. Relations between the political parties also needed to improve and Doss called for more tolerance. The solution to the problems would not be achieved only through the use of force he said, in what seemed a comment on the military push against Nkunda by the Kinshasa government.

Belgian Foreign Minister Karel De Gucht told his parliament that Rwanda and the DRC should show "political courage" and normalize their relations in order to allow the pacification of the eastern Congo. In De Gucht's view, MONUC will face an impossible mission as long as the parties involved in the process do not demonstrate that they really believe in it - or worse, as long as they use the process simply to buy time and prepare military campaigns. Although the Belgian minister did not name the authorities in Kinshasa it was crystal clear that he was referring to the government.

De Gucht has been calling for a change in MONUC's mandate, which expires on December 31, to allow the blue helmets to carry out preventive operations against armed groups that threaten civilians. However, he ruled out a European military operation like Artemis, carried out in Ituri in 2003.

Call for EU troops

Some EU lobbying groups have been calling for EU troops to be sent to the eastern Congo to back up MONUC. The Brussels-based EurAc (European Network for Central Africa) said the EU should consider deploying "extremely short term military action to help securitize eastern Congo".

It noted that the European Battle Groups (EU BGs) have been fully operational since the beginning of last year and comprise 1,500 troops who can be mobilised within 10 days, for up to three months. "The question remains as to whether the political will can be found to send this kind of European force to North

Kivu", the group said.
The Washington-based Refugees International lobby group backed the call. In a statement it said that the UN Security Council has a responsibility to provide MONUC with resources to properly fulfill its mandate to protect civilians and to regain the confidence of the Congolese people.
Refugees International is also concerned that the Congolese government is manipulating conditions on the ground such that MONUC is forced to fight battles on behalf of its weak national army, FARDC.

Congo:

Governance issues still undermine national army

[© MRB Oct 08] Confusion prevails in Kinshasa over military governance issues that are seen as necessary to solve before the national army can become a credible force.
François Malutshi, the chairman of an inter-ministerial committee appointed by the outgoing prime minister, Antoine Gizenga, to control the number of Congolese troops, has been arrested, according to reports. Malutshi had been appointed after recommendations from the World Bank and International Monetary Fund aimed at streamlining defence expenditures. Biometric controls and other checks have been organised in a bid to cut fraud, and as a result thousands of ghost soldiers have been identified and a number of officers in charge of human resources inside the Congolese army and suspected of having cashed the salaries have been arrested.
There are also concerns that President Joseph Kabilas apparently deliberate attempts to delay a lasting solution in North Kivu might be linked to a desire to maintain a certain level of insecurity in order to justify the high military expenditures.
At the same time, finance ministry officials are reported as resisting calls from the IMF and World Bank to show more transparency in the management of "sovereign expenditures". Current confusion would allow money earmarked for defence expenditure to be siphoned off for the personal benefit of some officials, say diplomatic sources.
The situation as it relates to the military is thus becoming increasing complex. It is not clear whether Malatshi is an accomplice in irregularities or was arrested because he revealed them. In any case, his party, the Unified Lumumbist Party, condemns what it calls political maneuvers from the presidential side. And the new prime minister Adolphe Muzito has not been able yet to form a new government.

Congo:

Zambian border closed to refugees

[© MRB Oct 08] The Zambian government closed its border to refugees arriving from the DR Congo as fighting intensified in the east of the country. However, in view of the long distance from Zambia to where fighting is reported no significant influxes of refugees are expected, according to the UN refugee agency UNHCR.
The clampdown appears to be more related to public health concerns than security threats, after the death last month of a Zambian tourism operator in a South African hospital from a previously unknown strain of hemorrhagic fever, the UN agency IRIN reports.
Zambia has been home to thousands of Congolese refugees over the years of conflict in the Great Lakes region. Between May and December 2007, a total of 7,325 Congolese were voluntarily repatriated.
The exercise continued in 2008, with a total of 8,038 returning home since May, and is expected to run into 2009.

Region:

Pentagon seeks to stabilise oil-rich Ugandan border

[© MRB Oct 08] As the Pentagon's Africa Command (Africom) came formally into being this month around 150 US Special Forces troops were active in northern Uganda, working jointly with the Ugandan army in constructing roads, rehabilitating and rebuilding hospitals, and performing other development efforts in the war-ravaged region.
This is part of a US expansion programme in Uganda where USAID is set to open a regional office to coordinate rehabilitation that may cost around $300m annually. The US aid will include environmental projects.
The Pentagon's activity fits in with the formal aims of Africom, which in part seeks to develop security through developmental work. It also fits with the Pentagon's new stability operations doctrine, also formally launched this month.
The intention is to strengthen fragile states, but local analysts say the US military effort, which spreads from north-western to western Uganda, is also intended to stabilise a region that includes the oil-rich Albertine basin, on the border with the DR Congo.

Darfur dimension

There is speculation in Uganda that the operation has an additional dimension and is concerned with security in the wider region, including the conflict in the Darfur province of Sudan. Uganda has just taken up its two-year seat on the UN Security Council and says that it will use the platform to boost both the need for regionalization, particularly in East Africa, and the issue of the rebel Lord's Resistance Army. This 20-year old insurrectionary force has extended

its reach beyond northern Uganda and is now based in the Garamba park in eastern Congo, making sorties into neighbouring territories. Some analysts believe it is working with the Sudanese authorities and are now describing the LRA as a regional mercenary army. The Ugandan parliament heard claims that of the 30,000 children abducted by the LRA, nearly 10,000 were deployed in Darfur, in support of the Khartoum government.
Now Uganda has deployed an infantry brigade in north-west Uganda, near the border with Sudan and the DRC, apparently to guard against LRA infiltration.

Angola:

US boosts coastal oil security

[© MRB Oct 08] The US is providing Angola with ships, radar and intelligence as it moves to become Africa's biggest oil producer. Most of its crude is shipped to the US and last year was worth US$12.85 billion.
The announcement by US Admiral Mark Fitzgerald, commander of US Naval Forces Europe comes after a visit by US Deputy Assistant Secretary of Defense for African Affairs Theresa Whelan earlier this month.
Fitzgerald said it was vital to build a partnership quickly, even if the US, which once backed the losing Unita side during the civil war, had some “baggage”.
As well as several small ships and radar equipment, the US navy has provided Angola with computers, training and low-level intelligence, and helped it to build a command and control centre to monitor its coastal waters, US naval officials said.
A US naval frigate recently visited Angola, and US trainers, working with Portugal, Spain and France, have been training Angolan authorities in coastal policing.
The US navy is also assisting Mozambique on the other side of Africa. There the Malaysian state oil company, Petronas, has become the fifth foreign company to gain a licence to explore for oil in the Rovuma basin.
Whelan arrived in Angola for a two-day visit just as Africom, the US African Command, became fully operational. It is no longer seeking a base on the continent and will be centred in Stuttgart in Germany, but it remains a sensitive topic on African visits.
Whelan, who has visited Angola a number of times in a bid to foster the US training programme ACOTA, said she wanted to strengthen cooperation in the areas of maritime security and the maintenance of peace.
Up till now there has been little advance in US-Angolan security relations, probably because of differences between military and civilian leaderships, but also because of the history of its support for the former Unita rebels.
But this visit took place a week after President Jose Eduardo dos Santos announced his new cabinet after demolishing the opposition with 80 percent of the vote, and while the Angolan military is in the midst of a revamp.
General Francisco Pereira Furtado, chief of staff of the Angolan Armed Forces (FAA), announced during Whellan’s visit progress on restructuring underway in the army, navy, and airforce. He emphasised the need to fast track a domestic military industry to produce stocks, such as ammunition, that need replenishing.
He also called for improved radar systems, to provide better air traffic safety and air surveillance.
Whelan, responsible for the Pentagon’s policy towards Africa, was due to meet with Defence Minister Kundi Paihama, who retains his post from the former administration.

Mozambique:

US aid for navy

[© MRB Oct 08] The US on September 24 donated an Automatic Information System (AIS) valued at US$500,000 to the Mozambican navy to help identify vessels sailing in Mozambican waters. This should help in identifying foreign ships that are plundering Mozambiques marine resources. Somalia is the US main focus but it has sought to boost naval capacity up and down the east coast of Africa. The system for Mozambique will function from five strategic points, and it will allow an exchange of information in real time with other countries.
The US will shortly deliver a further half million dollars worth of computerized communications equipment to the navy for command and control purposes, US officials said.

Region:

Angolan hit-squads go into DRC and Congo-Brazzaville

[© MRB Oct 08] Late this month the DR Congo government was reported to be seeking Angolan military help against the militia of Gen. Laurent Nkunda in North Kivu.
President Joseph Kabila's relationship with the Angolans is close; he called on them to support his forces when they disarmed the militia of opposition leader Jean-Pierre Bemba last year, and the Kinshasa government has been noticeably weak in responding to military incursions by Angolan troops into diamond-rich areas of the Congo.
The current call for support comes amidst reports that Angolan commandos have been carrying out cross-border assassinations of Cabindan activists in the DR Congo and Congo-Brazzaville. If proven these would be further evidence of Kabila's dependence on Luanda’s generals.
According to the Portuguese News Network (PNN) several people were wounded and brought to Congolese hospitals after Angolan army operations in the Bas-Congo province against refugees from Angola’s Cabinda province. On October 5 a former fighter from the Cabindan Enclave Liberation Front (FLEC), Alexandre David Cumbo, was shot dead by Angolan

troops in the Kata Kango village inside Congolese territory.
He was one of several hundred refugees from Cabinda who live in Congolese villages after being forced to flee camps under the control of the UN High Commission for Refugees because of "constant incursions" from Angolan security personnel.
They have been carrying out with the complicity of Congolese officials arrests or abductions of Cabindan refugees, who are then being taken to Angola or Cabinda where they are held in "authentic concentration camps" according to the report.
Angolan military incursions are also taking place in Congo-Brazzaville. According to a report published on the Noticias Lusofona's website on September 25, José Manuel Maria Gomes - Comandante Maymona - was "executed" by a Forças Armadas Angolanas (FAA) commando operating in Nzanzi, on the Cabinda border.
Comandante Maymona belonged to a guerrilla group whose members were detained in Pointe Noire at Angolas request, says the report. A commando that included a former FLEC-Renovada cadre called Tchicuco and two Angolan soldiers reportedly carried out the assassination. The report also claims that Congolese security officials "facilitated" the FAA commando operation.

FLEC continues to operate

The cross-border operations are taking place while the situation remains tense inside Cabinda. Angolan military chief of staff, Gen. Francisco Furtado, has admitted that small groups of former FLEC fighters have been penetrating Cabinda from Congo-Brazzaville and the DRC.
"Psychosocial actions" by the Angolan army were taking place as well as joint exercises with DRC armed forces to counter attempts by Nzita Tiagos FLEC group to create havoc in Cabinda, he said.
But the new Angolan minister without portfolio and former FLEC activist, Antonio Bento Bembe denied in an interview with the Portuguese Lusa news agency that armed conflict continued in Cabinda. The deaths there were the result of "banditry" by people trying to settle personal scores.
Bento Bemba, who is the chairman of the pro-MPLA Cabindan Forum for Dialogue, was reacting to a recent statement from the former leader of the Mpalabanda Cabindan civil society association, Raul Danda, who was elected as Unita MP for Cabinda in the 5-6 September elections. He said guerrillas were still active in the enclave and people from both sides were still dying in sporadic clashes there.

Swaziland:

French army trains local soldiers

[© MRB Oct 08] French soldiers have been training the Swaziland army to integrate it into regional forces.
The 10-day training was aimed at preparing the army for tours of duty with Southern African Development Community and African Union forces, according to French brigade leader Bruno Bourdoncle de Saint Salvy.
The 37-member French team was part of the French Armed Forces in the Southern Area of the Indian Ocean (FAZSOI).
FAZSOI covers Tanzania, Comoros, Malawi, Zambia, Mozambique, Lesotho, Botswana, Namibia, Zimbabwe, South Africa, Seychelles, Madagascar and Mauritius.

SA-Botswana meeting

Military co-operation between South Africa and Botswana was high on the agenda at a four-day meeting between the two countries that in Cape Town.
The Joint Permanent Commission on Defence and Security (JPCDS) would also look at co-operation between the two countries to combat firearms and drug smuggling, and human trafficking, South Africas defence ministry said in a statement. Security arrangements for the 2010 Fifa World Cup Soccer Tournament were also discussed.
• The African Unions Standby Force should be operational in the first half of 2010, according to the head of its support operations, Ban Sivyuile.
Planning for the police component of the force has been fallen behind schedule, Sivyuile said.

Region:

Burundi peace hangs on name change

[© MRB Oct 08] The main sticking point in peace negotiations this month between the Burundi government and the rebel Palipehutu party is its name.
This emerged as the SA defence minister Charles Nqakula and the foreign ministers of neighbouring Tanzania and Uganda met there after earlier discussions between Burundi President Pierre Nkurunziza, the leader of the Palipehutu-National Liberation Forces, with Nqakula as facilitator.
Nqakula said the stumbling blocks to restoring peace to the region included Paliphehutu-FNLs name, which is seen by government as against the letter and spirit of the constitution.
"'Paliphehutu' means 'for the Hutu alone', a struggle therefore of the Hutus against the other tribes in Burundi", Nqakula said. An associated problem was Paliphehutu-FNL's registration as political organisation, for which they needed to change their name.

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