

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-EIGHTH SESSION

SUPPLEMENT No. 23 (A/9023/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 IV to VI;* volume I, chapters I to III; volume III, chapters VII to IX; volume IV, chapters X to XXI; and volume V, chapters XXII to XXIX; each volume contains a full table of contents.

* The present version of chapters IV to VI is a consolidation of the following documents as they appeared in provisional form: A/9023 (Part III) of 11 October 1973, A/9023 (Part IV) of 8 October 1973 and A/9023 (Part V) of 25 October 1973.

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TO COLONIAL COUNTRIES AND PEOPLES IN SOUTHERN RHODESIA, NAMIBIA AND
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A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. At its 902nd meeting on 23 February 1973, the Special Committee, by adopting the sixty-eighth report of the Working Group (A/AC.109/L.841), decided, inter alia, to refer the item entitled "Activities of foreign economic and other interests which are impeding the implementing 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" to Sub-Committee I for consideration and report.
2. The Special Committee considered the item at its 930th and 932nd meetings, on 2 and 7 August 1973.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant resolutions of the General Assembly, in particular resolution 2979 (XXVII) of 14 December 1972 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 provided to it by the representatives of the national liberation movements of the colonial Territories in Africa who participated in an observer capacity in the Committee's proceedings relating to their respective countries.
4. At the 930th meeting, on 2 August, the Chairman of Sub-Committee I, in a statement to the Special Committee (A/AC.109/PV.930 and Corr.1), introduced the report of that Sub-Committee on the item (see annex to the present chapter). The Sub-Committee's report included eight 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. At the same meeting, statements were made by the representatives of the Union of Soviet Socialist Republics and Chile (A/AC.109/PV.930 and Corr.1).
5. At the 932nd meeting, on 7 August, the Chairman of Sub-Committee I submitted orally a revised text of paragraph 7, subparagraph (8) of the report (A/AC.109/PV.932). Following statements by the representatives of Australia, Sweden and Venezuela, the Committee adopted, without objection, the report as orally revised and endorsed the conclusions and recommendations contained therein (see paragraphs 6 and 7 below), it being understood that the reservations expressed

by the representatives of Australia, 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 932nd meeting on 7 August, to which reference is made in paragraph 5 above, is reproduced below:

Conclusions

(1) Having studied 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 with profound concern that the colonial Powers and the States whose companies and nationals are engaged in such activities have continued to disregard United Nations resolutions on the question and that the Committee's related recommendations on this question remain unimplemented. The colonial Powers and the above-mentioned States have not only failed to implement the relevant resolutions of the General Assembly, in particular resolutions 2621 (XXV) of 12 October 1970 and 2979 (XXVII) of 14 December 1972, but have further stepped up their policies of economic plunder in Namibia, Southern Rhodesia, the Territories under Portuguese domination and other colonial Territories. No legislative, administrative or other measures have been taken to put an end to, or to restrain the activities of, those foreign economic 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 in colonial Territories once again underscores the fact that monopolies and other foreign concerns have continued to exploit unabatedly the human and natural resources of those Territories with resultant incalculable suffering and sacrifice on the part of the indigenous populations. In so doing, a large number of multinational corporations, many of which are based in the United Kingdom of Great Britain and Northern Ireland, the United States of America, France, the Federal Republic of Germany and South Africa, are helping to strengthen the colonial régimes, enabling the non-African minorities to dominate southern Africa, plundering the natural wealth of the land and exploiting the abundant labour forces. Their activities are directly counter to the inherent rights and legitimate interests of the people of the colonial Territories. These corporations have developed only those economic sectors which would benefit themselves. For example, they have manipulated agricultural activities in such a way as to enhance export crops. Thus, the

Territories are reduced to the role of suppliers of agricultural and mineral products to the colonialist Powers and some other developed countries. The earnings realized by those foreign economic interests are made possible by the fact that the wages paid to indigenous workers are much lower than those paid to the non-African workers and also that the indigenous workers have no social security benefits. The proceeds from the exploitation of natural resources, in so far as they remain in the Territories, are invariably used to support the policies of colonial domination. Never have the profits of foreign enterprises been used for development of projects which are in any way beneficial to the local populations. They are either repatriated or are shared with the racist régimes. In fact, foreign interests actually supply these régimes with funds and other forms of assistance, including military aid, with the aim of liquidating the national liberation movements.

(3) The Special Committee's study further confirms that, in order to entrench themselves and consolidate their position in southern Africa, foreign monopolies and other economic interests from Western Europe, South Africa or the United States are supporting the colonialist and racist régimes. They have contributed vast amounts to the budgets of the Territories under colonial domination in the form of royalties and taxes, including, in the case of Angola and Mozambique, payment of a special tax to support the Territory's military budget for the purpose of waging a colonialist war against the national liberation movements. It is evident that the international monopolies and other foreign economic interests have a special interest in the countries of southern Africa because their operations in the region yield higher profits than capital invested in either industrialized or developing countries. For instance, indigenous people from the Territories under Portuguese domination are sent to serve in South Africa under a contract by Portugal to supply cheap labour. In general, the wages paid to Africans in the Territories under colonialist and racist domination are between one-sixth to one-eighth of those paid to non-African workers; the situation is even worse in the gold mines. The accelerated expansion of the export sector in those Territories indicates that, despite appeals by the United Nations, the economic exploitation of Angola and Mozambique continues unabated and foreign economic interests continue to expand their activities and grossly impede the implementation of the Declaration in those Territories.

(4) The Special Committee's study proves that in Angola, Mozambique, Southern Rhodesia and Namibia there has been no diminution of the role of foreign economic and other interests; on the contrary, they have continued to dominate the economy of those Territories, acting in co-operation with, and supported by, the illegal and racist régimes. The opportunities for excessive profits and the protection offered by the colonialist and racist régimes continue to attract foreign economic interests, particularly those under the jurisdiction of certain Western Powers, to the colonial Territories in southern Africa. So great is the power and wealth of some of the companies that they control large areas and even possess their own police and security forces.

(5) The Special Committee, having reviewed new developments in regard to the Cabora Bassa dam project in Mozambique and the Cunene River Basin scheme in Angola, reaffirms its previous conclusions concerning these projects. The influx of foreign capital and the settlement of immigrants has resulted in the relegation of the indigenous population to remote arid regions or has compelled them to join the ever-swelling ranks of the unemployed. The racist régimes are granting extraordinarily favourable conditions to foreign companies, which, in return for assured profits and security, exert pressure on their respective Governments to support the policies of those régimes. A conspiracy of silence in certain capitals has ensured ignorance on the part of the public and has even encouraged the belief that the companies in question were making a positive contribution to the social and economic advancement of the indigenous populations, while in reality the most cruel and inhuman forms of repression - a genocidal war of annihilation - has been perpetrated by these régimes, as was made public in the recent report by the Reverend Adrian Hastings. 1/

(6) The Special Committee draws attention to the fact that the Cunene River Basin scheme represents a considerable investment for the sole purpose of sustaining the colonial presence of Portugal in Africa, serving as a booster to its colonial exploitation and repressive policies in the region. By increasing South Africa's economic involvement in Angola and also serving South Africa's interests in Namibia, the project has brought about increased co-operation between South Africa and the Portuguese colonial authorities. It has also helped to intensify the activities of foreign economic interests, including in particular those of the Federal Republic of Germany and of Japan which are either directly involved in, or trading with, the Companhia Mineira do Lobito, one of the enterprises which is depleting the Territory's reserves of iron ore at Cassinga. By arbitrarily regrouping and resettling the populations of southern Angola in connexion with the Cunene River Basin scheme, the régime has further consolidated its colonial presence in the region through the large-scale settlement of European immigrants. According to an official Portuguese publication, the Portuguese Government also intends "to install in the region African families now resident on the central plateau". The central plateau, the region of Angola which enjoys the most agreeable climate with ideal conditions for agriculture, has been the main target of European colonization. Thus, by removing the local population from the plateau, the Portuguese authorities will be able further to entrench European settlers in the region. Apart from being economically beneficial to the colonial economy, the regrouping of the local populations in the Cunene River Basin enables the Portuguese authorities to exercise a greater control over those populations with a view to preventing them from joining the liberation movements.

(7) The Special Committee confirms its previous conclusions concerning the Cabora Bassa dam and Cunene River Basin projects, which, when completed, will provide an economical source of electric power for Southern Rhodesia and South Africa, thereby strengthening the alliance between those countries and Portugal. The indigenous African populations have already been displaced from the vicinity

1/ A/9023/Add.3, para. 28.

of those projects, enabling more Europeans to settle in the Zambezi and Cunene River valleys, thereby creating a white buffer zone in southern Africa.

(8) The Special Committee notes with serious concern that the Lisbon-Salisbury-Pretoria axis is supported by big monopolies controlled from the United Kingdom, the United States, France, the Federal Republic of Germany and Japan. The financial and technological participation by these and other countries, particularly those within the framework of the North Atlantic Treaty Organization (NATO), in the exploitation of colonial Territories is strengthening the oppressive minority racist régimes in southern Africa. Foreign financial groups, lured by the bait of easy profits, have supported colonialist and racist régimes in their plans for genocide in southern Africa. By actively collaborating with international monopolies and other foreign companies and encouraging them to make large investments in the colonial Territories in southern Africa, the authorities of Southern Rhodesia, South Africa and Portugal have conspired to consolidate and strengthen their alliance and have increased the threat to the national liberation movements in the Territories as well as to neighbouring independent African countries.

(9) The Special Committee draws special attention to the fact that the employment conditions of the indigenous populations in the colonial Territories are in almost all cases substandard and are far inferior to those of non-Africans doing the same work. In Namibia, by resorting to the employment of migrant labourers on one-year contracts rather than employing permanent workers, the Government of South Africa minimizes its capital expenditure on the housing, schools and hospitals which would otherwise be required. Furthermore, a constantly changing, unskilled labour force discourages trade unions and political activity while simultaneously depressing wages. In the Territories under Portuguese domination, the authorities frequently intervene to repress workers at the request of employers and cases of extreme physical torture are not uncommon. Employers often fail to pay wages and commit other grave offences against which the workers have no redress. Another form of labour exploitation is the forced relocation of Africans in Angola, Mozambique and Guinea (Bissau) under various settlement and resettlement projects. This causes severe hardship because the labourers are often transferred to a subsistence economy different from that to which they are accustomed by tradition. Moreover, new discriminating measures relating to wages and social security are being enacted daily, and indigenous workers are unable to acquire skills because they are kept in a state of chronic illiteracy, their role being merely to provide a reservoir of cheap labour. It is evident that the policies pursued in the Territories under colonial racist domination are directed at perpetuating at best the status quo, if not at retrogression.

(10) 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 in several countries.

(11) With regard to the situation in other colonial Territories, including those in the Caribbean and Pacific areas, the Special Committee expresses its concern that large multinational corporations are depriving the indigenous peoples

of their rights to their own natural and human resources. Despite the appeal by the General Assembly, the administering Powers have failed to place restrictions on the economic exploitation of the indigenous populations in those Territories.

(12) The Special Committee concludes with deep regret that the colonial Powers have not implemented, even in a preliminary way, resolutions 2621 (XXV) and 2979 (XXVII) of the General Assembly. By ignoring those resolutions, they have added to the obstacles standing in the way of the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples.

Recommendations

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

(1) Reaffirm the inalienable right of the peoples of the colonial Territories to self-determination and independence and to the enjoyment of the natural resources of their Territories, as well as their right to dispose of those resources in their best interests;

(2) Reaffirm that the activities of foreign economic, financial and other interests operating at present in the colonial Territories constitute a major obstacle to the attainment of political independence as well as social and economic justice for the indigenous populations, and are impeding the implementation of General Assembly resolution 1514 (XV) of 14 December 1960;

(3) Reaffirm its previous recommendations, in particular those contained in General Assembly resolution 2979 (XXVII), and call upon the colonial Powers and States concerned to implement them fully and without delay;

(4) Strongly condemn the support given by colonial Powers and other States to foreign economic and other interests which are exploiting the natural and human resources of the Territories under colonial domination;

(5) Strongly condemn the construction of the Cabora Bassa dam project in Mozambique and the Cunene River Basin project in Angola, which would merely serve to consolidate the privileged position of Portugal and its foreign allies and would therefore constitute major obstacles to the speedy implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples and to the elimination of racism and apartheid;

(6) Affirm the right of the peoples of the colonial Territories to freely dispose of their own natural wealth and resources and affirm that the continued active support of foreign monopolies which exploit the natural and human resources of the colonial Territories impedes the social, cultural and economic development of dependent peoples;

(7) Condemn the role of foreign economic and other interests in the colonial Territories as impeding the implementation of the Declaration and the efforts to eliminate colonialism, apartheid and racial discrimination in southern Africa;

(8) Deplore the policies of those Governments which have failed to prevent or discourage their nationals and companies from participating in the economic exploitation of the natural and human resources of the colonial Territories without regard to the welfare of the indigenous peoples, thereby depriving them of the means of stabilizing their economies and achieving independence;

(9) Call once again on all States to ensure that their nationals or companies of their nationality refrain from all dealings with Portugal, South Africa and the illegal régime of Southern Rhodesia with respect to obtaining concessions in colonial Territories;

(10) Request the Office of Public Information to undertake an intensified campaign of publicity with a view to informing world public opinion of the facts concerning the pillaging of natural resources and the exploitation of the indigenous population by foreign monopolies and the support they give to the colonialist and racist régimes;

(11) Request the Secretary-General to undertake measures aimed at giving the widest possible publicity to the decisions of the General Assembly taken in connexion with the activities of foreign economic and other interests in colonial Territories;

(12) Request once again the colonial Powers and States concerned to comply fully with the provisions of resolutions 2621 (XXV) and 2979 (XXVII), 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;

(13) Recommend that the Fourth Committee of the General Assembly should hold a separate debate on the item during its twenty-eighth session and request the Secretary-General to present to the General Assembly at that session any further information which might be available on the activities of foreign companies operating in colonial Territories.

ANNEX *

REPORT OF SUB-COMMITTEE I

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

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* Previously issued under the symbol A/AC.109/L.893.

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 122nd to 124th and 126th meetings, held between 6 and 31 July 1973 (see A/AC.109/SC.2/SR.122-124 and 126).

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, Bermuda, Cayman Islands, Turks and Caicos Islands and Papua New Guinea (see appendices I-VIII below). It also had before it relevant information contained in the economic sections of the general working papers prepared by the Secretariat on various Territories.

3. In formulating its conclusions and recommendations on the item under consideration, the Sub-Committee was particularly guided by the related information provided by the representatives of national liberation movements of colonial Territories in Africa who had appeared before the Special Committee.

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 on the item at its 126th meeting on 31 July 1973. a/

5. 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 as orally revised by the latter body. They are reproduced in paragraphs 6 and 7 of the present chapter.

APPENDIX I

ANGOLA

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INTRODUCTION

1. At the request of the Special Committee, the Secretariat, in 1965 and 1966, prepared a series of seven working papers containing background information for the study undertaken by Sub-Committee I on the activities of foreign economic and other interests which are impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in 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. b/

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/ For the most recent, see Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 23A (A/8023/Rev.1/Add.1), annex, appendix III; ibid., Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1), annex, appendix II; and ibid., Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. V, annex, appendix I.

1. ECONOMIC EXPANSION AS COLONIAL EXPLOITATION

3. The Angolan economy is divided into a subsistence sector, which occupies the majority of the African population, and a market sector based on monetary exchange, which is under foreign exploitation and control. According to the United States Department of Labor, the total labour force in Angola in 1961 was estimated at 2 million, of whom about 1.7 million were engaged in subsistence agriculture. The market sector then included, according to the same source, approximately 300,000 Europeans who constituted the managerial and most of the technical and skilled labour force. Some 180,000 Africans in agriculture and mining were contract labourers. A reliable United States source estimated that, in 1969, of the 5 million inhabitants, about 4 million Africans lived in the traditional subsistence sector and were, in fact, outside the colonial market sector. The latter sector includes, in the estimate of the Hudson Institute, 300,000 whites, some 600,000 Africans and 100,000 persons of mixed racial origin. The Africans are employed as fishermen, construction workers, plantation hands, crane operators, truck drivers and local functionaries. c/ Thus, an analysis of the indicators of economic activity in the colonial market sector is, to a very large extent, an analysis of the scope and intensity of colonial exploitation.

4. According to Portuguese sources, the market sector under foreign control, expressed as the gross internal product of Angola at 1963 prices, grew from 8.8 thousand million escudos d/ in 1953 to 14.5 thousand million in 1963. Portuguese estimates for the subsistence sector at 1963 prices in the Third Development Plan (1968-1973) for Angola specify an additional 10 thousand million escudos approximately in the gross internal product for selected years between 1953 and 1963 to reach a very rough estimate of the total gross internal product of Angola. Thus, the series of data on the gross internal product for the 1953-1970 period appears to include approximately 10 thousand million escudos per year for the value of the output of the subsistence sector. e/ Since the subsistence sector reflects only increases in output related to population increase, it is generally stagnant, and the growth trends for the gross internal product express basically the acceleration of colonial exploitation in the market sector.

5. The average geometric rate of growth of the gross internal product for the 1953-1963 period was 3.9 per cent a year. For the 1963-1970 period the average geometric rate rose to 6.5 per cent f/ (see table 1 below). The second period

c/ Angola, Some Views of Development Prospects, vol. I, Hudson Institute, (Croton-on-Hudson, 1969), pp. 78-79.

d/ 25.50 escudos equal approximately \$US 1.00.

e/ Portugal Presidência do Conselho, III Plano de Fomento para 1968-1973, vol. I, Lisbon, 1968, pp. 264-265.

f/ The average geometric rate of growth was determined by the formula:

$$\frac{\text{logarithm of value of final year} - \text{logarithm of value of initial year}}{N \text{ (number of years)}} = \text{logarithm of } 1 + \text{rate.}$$

corresponds to the beginning of the struggle of the liberation movements in Angola. The accelerated expansion of the colonial market sector indicates that, despite the appeals of the United Nations, the economic exploitation of Angola continues unabated and foreign economic interests continue to expand their activities in the Territory.

6. The present report identifies some of the most important financial and industrial groups, whether from Europe, South Africa or the United States of America which participate in the accelerating exploitation for profit of the economic resources of Angola. This exploitation involves not only mining and commercial agriculture but also many other areas of economic activity. Thus, the focus of this report is mainly on the control of energy resources, the trends in the exploitation of non-renewable resources and the pattern of exploitation in the small but growing sector of capital intensive industries.

Table 1

Angola: Gross internal product at 1963 prices, 1953-1970^{a/}

<u>Year</u>	<u>Thousand million escudos</u>
1953	16.7
1954	16.4
1955	17.7
1956	17.2
1957	18.8
1958	19.8
1959	20.0
1960	20.9
1961	23.1
1962	22.1
1963	24.5
1964	...
1965	...
1966	28.6
1967	28.8
1968	30.3
1969	...
1970	38.0

Sources: Portugal Presidência do Conselho, III Plano de Fomento para 1968-1973, vol. III, Lisbon, 1968; ibid., III Plano de Fomento; Relatório de Execução em 1969-Ultramar, Lisbon, 1971.

a/ The method of least squares was used for the 1953-1963 period for the series of relatives with base 1963 = 100 of the gross internal product values. The trend equation with origin in 1958 equals $y_c = 80 + 3.2x$. Thus, the least square method gives a somewhat lower rate for the 1953-1963 period than the geometric average based on initial and final year values.

2. CONTROL OF ENERGY RESOURCES

7. Owing to the high rate of consumption of energy resources in the industrialized market economies, international groups, in co-operation with Portugal, are accelerating the exploitation of energy resources in Angola and thus providing Portugal with financial and political support to continue its policy of colonial domination.
8. In 1971, there were in the Territory 1,331 hydroelectric units in operation with an installed capacity of approximately 400,000 kW (for data in previous years, see table 2 below). The Portuguese authorities have estimated that, when the Cunene River Basin scheme and other hydroelectric projects planned for that area are completed, the Territory will produce some 28 thousand million kWh per year. Since local consumption is far below this amount, most of the energy to be produced appears to be meant for export.
9. Although there are many units producing hydroelectric power in Angola, this paper will consider only the most significant project under way, the Cunene River Basin scheme, which illustrates the pattern of exploitation of the hydroelectric potential of the Territory.
10. Petroleum exploitation, already a major source of revenue for the Portuguese Government, is being rapidly expanded. In 1971, the Portuguese Government in Angola collected at least \$US 12.4 million from the three concessionnaires already producing petroleum in Angola. Of this total, some \$US 6.0 million was from the Companhia de Petróleos de Angola, SARL (PETRANGOL), some \$US 5.7 million from the Cabinda Gulf Oil Company and some \$US 700,000 from the Sociedade de Lubrificação e Combustíveis, SARL (ANGOL). In 1972, payments from Cabinda Gulf alone amounted to at least \$US 61.0 million, which corresponds to 15 per cent of the Territory's estimated ordinary revenue for that year. As shown below, the success of petroleum concessionnaires already operating in the Territory has attracted a large number of additional companies.

Table 2

Angola: Electric energy, 1956-1970

<u>Year</u>	<u>Production of electric energy</u> (million kWh)	<u>Relatives</u> 1963=100	<u>Installed capacity</u> (thousand kW)	<u>Relatives</u> 1963=100
1956	77	35	47	18
1957	96	44	65	25
1958	117	53	68	26
1959	123	56	71	27
1960	143	65	88	34
1961	181	82	88	34
1962	196	89	262	100
1963	220	100	262	100
1964	260	118	265	101
1965	317	144	276	105
1966	351	159	281	107
1967	391	178	287	110
1968	457	208	289	110
1969	542	246	296	113
1970	644	293	312	119

Source: Statistical Yearbook, 1965 (United Nations publication, Sales No.: 66.XVII.1) and ibid., 1971 (United Nations publication, Sales No.: 72.XVII.1).

Cunene River Basin scheme

11. In 1969, the Governments of Portugal and South Africa signed an agreement on the joint use of the Cunene River concerning what is called "The First Phase Development of the Water Resources of the Cunene River Basin". g/ The total cost of the Cunene River Basin scheme has been estimated at 16 thousand million escudos (about \$ US 640 million), all of which is being supplied by the South African Government and South African companies in the form of non-reimbursable grants and long-term loans.

12. The Cunene River Basin scheme represents a considerable investment on which returns should not be measured purely in terms of profitability, but mainly in connexion with its role as a booster to Portuguese colonial exploitation and repressive policies in Angola. By increasing South Africa's economic involvement in Angola and serving South Africa's interests in Namibia, it will bring about increased co-operation between South Africa and the Portuguese colonial authorities. It will help to increase the activities of foreign economic interests, such as those of the Federal Republic of Germany and of Japanese companies directly involved in, or trading with, the Companhia Mineira do Lobito which is depleting the Territory's reserves of iron ore at Cassinga. By regrouping the nomadic populations of southern Angola, the Cunene scheme will free land for the large-scale settlement of immigrants. According to a Portuguese official publication, the Portuguese Government also intends "to install in the region African families now resident on the central plateau". The central plateau, the region of Angola which enjoys the best climate and offers the best conditions for agriculture, has been the main target of European colonization east of the coastal plain. Thus, by removing the local population from the plateau, the Portuguese authorities will be able to intensify further the European occupation of this region. Apart from being economically beneficial to the colonial economy, the regrouping of the local populations in the Cunene River Basin will also allow the Portuguese authorities to exercise a larger degree of control over those populations with a view to preventing them from joining the liberation movements.

13. The Cunene River Basin scheme will include the construction of 25 hydroelectric projects, of which 12 will be upstream from the Calueque pumping station and 13 downstream. As shown in table 3 below, the total net capacity of the reservoirs will be 13.5 thousand million cubic metres, the total power to be installed 1,607.5 mW and the total guaranteed power 6,797.3 gWh.

14. It will be recalled that the first phase of work on the Cunene scheme was begun in 1969. This included 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 Ruacanã, also by South Africa.

g/ For details, 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. 113-117.

Table 3

Angola: Cunene River Basin scheme: Hydroelectric projects

A. Schemes located upstream of the Calueque section

<u>Location</u>	<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-Minã	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
Total	6,878	297.5

B. Schemes located downstream of the Calueque section

Calueque	352	10
Jacavale	19	40
Luandegé	10	180
Ruacan	18	175
Ondorusu	60	50
Zebra	80	40
Epupa II	4,750	150
Epupa I	1	5
Baynes	250	160
Marien	720	180
Martman	225	90
Hombolo	200	135
Mcha	55	50
Total	6,740	1,310

C. Totals

Total net capacity: 13,546 million m³
 Total power to be installed: 1,607.5mW
 Total guaranteed power: 6,797.3 gWh

Source: The Financial Times, London, 8 August 1972.

15. The Calueque project was completed in 1971, and work was then begun on the Ruacanã project which was scheduled to be completed in 1973. The 1969 agreement for the joint use of the Cunene River provided that, although the construction of the Calueque project was a responsibility of South Africa, the operation of the works would be the responsibility of the Portuguese Government which would create a suitable entity designated as "the operating authority". It was agreed that the cost of operating the project would be borne by South Africa. In 1972, the Portuguese Government set up the Exploração de Aproveitamento do Calueque (EAC), the operating authority for the Calueque project (Decree 350/72, 7 September). The management of EAC will be the responsibility of a three-man board appointed by the Portuguese authorities and reporting to the Governor-General of Angola.

16. The Gove dam is scheduled to start operations in 1974. It will regulate the flow of the middle Cunene where the Matala power station's 51 mW capacity will be vastly increased. The Matala hydroelectric project already supplies power to all south-western Angola, including the cities of Nova Lisboa, Moçâmedes and Sá da Bandeira. A new high-voltage line will be built from Matala eastwards to the iron ore mines at Cassinga, where the Companhia Mineira do Lobito is scheduled to start soon its second phase of exploitation, using a pelletisation plant to process the immense reserves of low-grade and medium-grade ores (see below). The expanded Matala project will also supply power to the new Ovambo "homeland" in Namibia. In March 1973, the Portuguese Government signed a contract with the Portuguese company, ACTA-Actividades Eléctricas Associadas, SARL, for the installation of the high-voltage line between Matala and Manquete to supply power to the Companhia Mineira do Lobito. The total cost of the cable and a substation at Manquete was estimated at 73.4 million escudos (Decree 69/73, 6 March).

17. The areas of southern Angola which, under the Cunene River Basin scheme, will be irrigated for agriculture and ranching, h/ are reported to contain over 1.5 million head of cattle, mostly in the hands of semi-nomadic herdsmen. By regrouping these herdsmen, the Portuguese authorities will have more free land available for non-African ranching and more control over the cattle owned by the local population. Slaughter houses and freezing facilities already set up at Moçâmedes and Sá da Bandeira have not proven economic as the African herdsmen prefer to keep their better animals. In order to promote non-African ranching activities, the Portuguese Government has considered projects to increase the water supply. In 1972, the Portuguese authorities awarded Antero Filho, Lda., a Portuguese company with headquarters at Luanda, the contract for the construction of the first phase of the water supply network at Quiteve-Humbe (Portaria 559/72, 27 September). Expenditures under this contract will total 56.6 million escudos. The first phase of the Matunto scheme at Quiteve-Humbe is expected to bring 32,650 hectares into production. The full implementation of the Matunto scheme is expected to make available 93,000 hectares for agricultural production and 100,000 hectares for ranching.

h/ Ibid., Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. V, annex, appendix I, paras. 96-98 and table 10.

Petroleum

18. The increased production of crude petroleum in Angola is one of the most outstanding illustrations of the effort by the Portuguese Government to speed up its process of colonial exploitation of the Territory. Crude petroleum production in Angola increased from 537,000 tons in 1967 to over 6.5 million tons in 1972. This accelerated pattern of exploitation worsens colonial conditions in the Territory in at least three ways: (a) it depletes the Territory of an energy source which, as indicated above, is greatly important for its future economic development; (b) it provides the Portuguese authorities in the Territory with increased revenues which it badly needs to support its repressive activities against the liberation movements; and (c) it attracts more foreign economic interests to join those already operating there, thus accelerating even further the process of depletion of the Territory's natural resources.

19. As shown in table 4 below, revenue for 1972 from taxes on petroleum production (receitas resultantes do regime tributário especial das indústrias petrolíferas), collected by the Portuguese authorities in Angola, was estimated at 1,000 million escudos, which is more than twice the corresponding estimate for the previous year. This estimated revenue from petroleum taxes represents some 17 per cent of the total ordinary revenue estimates of the Territory. In order to step up the participation of the Portuguese Government in the results of petroleum exploitation, new legislation was introduced in 1972 reserving to the Portuguese Government the right to associate a government-owned company with the concessionaire on a joint-venture basis for the exploitation of deposits found by the concessionaire. Such provisions were already included in the contract between the Portuguese Government and the Argo Petroleum Portuguesa - Pesquisa e Exploração de Petróleos, SARL in October 1972 (see para. 33 et seq. below) and will reportedly be included in all future contracts, as well as revisions of contracts at present in force.

20. Early in 1973, the Portuguese Government determined that petroleum concessionaires must maintain a reserve of crude petroleum corresponding to at least one quarter of all locally produced petroleum products consumed in the Territory during the previous year.

Table 4

Angola: Revenue from the petroleum industry, 1966-1972
(million escudos)

<u>Year</u>	<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	512.8
1971	460.0	...
1972	1,080.0	...

Source: Bank of Angola, Annual Report and Economic and Financial Survey of Angola, 1970; and Angola, Diploma Legislativo 407C, 5 February 1971 and Diploma Legislativo 21, 19 February 1972.

Prospecting and mining

(a) Cabinda Gulf Oil Company

21. It is reported that total investment by the Cabinda Gulf Oil Company in Angola through 1972 amounted to \$US 209.0 million. In 1971, the Gulf Oil Corporation's net income from its activities in Angola was \$US 5.0 million or 1 per cent of the company's total net income that year. In 1972, the Gulf Oil Corporation's net income from Angola was expected to reach \$US 30.0 million.

22. In 1972, Cabinda Gulf paid the Portuguese authorities in Angola at least \$US 61.0 million, which included \$US 43.0 million in income taxes and \$US 18.0 million in royalties. Total payments by Cabinda Gulf to the Portuguese authorities in Angola over the period 1958-1972 amounted to \$US 96.7 million.

23. Cabinda Gulf is reported to have produced 6,297,985 tons of crude oil in 1972 of which 80,790 tons were supplied to the refinery in Luanda and the remainder exported to the following destinations:

	(metric tons)
Canada	2,269,161
United States and Trinidad and Tobago <u>a/</u>	1,807,647
Japan	1,327,488
Portugal	484,948
Spain	258,709
Denmark	69,272
<u>Total</u>	<u>6,217,195</u>

a/ Figures for each country available.

In January 1973, Cabinda Gulf exported 578,000 tons of oil which went to Canada, the United States, Japan and Portugal, in that order of importance. It was estimated that the oil exports of Cabinda Gulf in 1973 would reach 7 million tons.

24. Although the Gulf Oil Corporation has claimed that the activities of Cabinda Gulf benefit the people of the Territory, a report in the Portuguese press (A Província de Angola, 30 December 1972) said that they had led to an increased cost of living in Cabinda District, making living conditions "unbearable" for those living on wages. In an attempt to lessen inflationary conditions in the district it was reported that the Portuguese authorities had requested Cabinda Gulf's

foreign personnel to live in Luanda and commute by air to Cabinda. Thus, in fact, the presence of the company in Cabinda District; instead of raising the standard of living of the local population, has aggravated the situation.

25. In 1972, the Gulf Oil Corporation signed an additional contract with the Portuguese Government which entitles the company to include in its activities in the area of its concession the prospecting for and exploitation of sulphur, helium and carbon dioxide.

26. The activities of the Gulf Oil Corporation in Angola have been the target of protests by several international groups concerned with the colonial exploitation of the Territory. The Angola Comité of the Netherlands claimed responsibility for the decision of Gulf Netherlands to stop the import of oil from Angola. Imports into the Netherlands started declining in 1971 and came to a halt in 1972. In the United States, church and university student groups have been actively engaged in a boycott of all products of the Gulf Oil Corporation in a protest against the company's activities in Angola.

(b) ANGOL-PETRANGOL

27. As a result of their associations with other companies, PETRANGOL and ANGOL are involved in several petroleum prospecting activities in Angola: ANGOL alone; the PETRANGOL-ANGOL Association; the ANGOL-TOTAL Association (ANGOL and the Compagnie Francaise des Pétroles); and the PETRANGOL-ANGOL-TEXACO Association. i/

28. According to ANGOL's annual report for 1971, during that year ANGOL alone started prospecting off-shore in the Ambriz area and continued prospecting off-shore in the Congo area, where part of its prospecting activities were being carried out by a United States contractor, the Western Geophysical Company, a subsidiary of Litton Industries, Inc. ANGOL also continued prospecting activities in association with PETRANGOL, TEXACO and TOTAL. It was reported that, during 1971, the PETRANGOL-ANGOL Association undertook negotiations with a group of foreign companies to increase off-shore prospecting activities in the Cuanza area. There is no further information on the companies involved or on the outcome of the negotiations.

29. In 1971, production from the PETRANGOL-ANGOL Association dropped to 683,137 tons, from 688,058 tons in 1970. Of this total, 49,917 tons were from PETRANGOL's own concession and 633,220 tons from the concession held jointly by PETRANGOL and ANGOL, of which PETRANGOL's share was 316,610 tons.

i/ 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), annex, appendix III, paras. 37-46; ibid., Twenty-third Session, Annexes, agenda item 68 (A/7320/Add.1), annex, appendix III, paras. 16-23; and ibid., Twenty-fourth Session, Supplement No. 23 A (A/7623/Rev.1/Add.1), annex, appendix II, paras. 27-34.

30. ANGOL's net profit for 1971 was reported at 17.8 million escudos, and taxes paid to the Portuguese Government in Angola amounted to 22.4 million escudos. By the end of 1971, ANGOL's capital and reserves totalled 943.2 million escudos which included a registered capital of 380 million escudos and reserves in a Special Fund for Mining Activities amounting to 519.1 million escudos. ANGOL's capital is all held by Portuguese interests. PETRANGOL's net profit in 1971 was reported at 67 million escudos, and taxes and other contributions paid to the Portuguese Government in Angola amounted to 193.9 million escudos. By the end of 1971, PETRANGOL's capital and reserves totalled 926.6 million escudos.

31. In October 1972, ANGOL signed an additional contract with the Portuguese Government. Under this new contract, the company's annual contribution to the Overseas Mining Development Fund was doubled to 3.0 million escudos, and the company will have to pay bonuses to the Portuguese Government as production increases. From 1966 to 1971, ANGOL is reported to have spent over 1.1 thousand million escudos in prospecting and exploitation activities in Angola.

32. In 1972, production started from a new deposit, the Cabeça de Cobra in Zaire District. This new deposit is located in an area held by the PETRANGOL-ANGOL Association. In January 1973, a new petroleum finding was reported at Belas near Luanda, an area also held by the PETRANGOL-ANGOL Association. Further research was under way to determine whether this new finding could be commercially exploited.

(c) Argo Petroleum Portuguesa

33. In April 1972, the Portuguese Government granted a petroleum concession in Angola to the Argo Petroleum Corporation of Los Angeles (United States). ^{1/} The main provisions of the concession, which was approved by Decree 115/72 of 13 April, and signed in October 1972, differ slightly from the information originally available in the press.

34. Under the terms of the contract, the Argo Petroleum Corporation was required to set up a subsidiary in Portugal, Argo Petroleum Portuguesa, which is the official holder of the concession. According to the statute of Argo Petroleum Portuguesa, the company has its headquarters in Lisbon and an office in Angola. Its initial capital is 110 million escudos divided into 110,000 shares of 1,000 escudos each. The capital may be increased by the company, without any further government authorization, up to 500 million escudos. The territorial Government received free of charge 20 per cent of the original shares and will be entitled to 20 per cent of all subsequent capital increases.

35. The Argo Petroleum concession includes five areas totalling 12,139 square kilometres. The company was granted prospecting rights for an initial period of three years, which may be extended for another seven years. It will have production rights for a period of 30 years, which may be extended for two successive periods of 10 years each.

^{1/} See Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. V, annex, appendix I, paras. 39-41.

36. Prior to signing the contract, Argo Petroleum was required to deposit a security of 50 million escudos with the Portuguese Government as a guarantee of the fulfilment of its contractual obligations. Argo Petroleum is required to spend in prospecting some 110 million escudos during the first three years and about 300 million escudos in the subsequent seven years, thus totalling some 510 million escudos over a 10-year period. A rough calculation shows that surface rent on prospecting areas over the 10-year period will amount to some 54 million escudos. In addition, there will be a surface rent on areas demarcated for exploitation at the rate of 2,500 escudos per square kilometre during the first five years, increasing by 500 escudos each subsequent period of five years up to a maximum of 3,500 escudos per square kilometre.

37. Argo Petroleum was initially required to pay a bonus of some 9 million escudos to the Overseas Mining Development Fund and is required to contribute to the Fund 2 million escudos yearly during the first five years, increasing to 5 million escudos a year afterwards. It will also have to pay bonuses to the colonial Government as it reaches certain daily rates of production as follows: 30 million escudos at 50,000 barrels a day; 60 million escudos at 100,000 barrels a day; and 30 million escudos at each subsequent additional 100,000 barrels a day. Royalty payments will be at the rate of 12.5 per cent and income tax on net profits at 50 per cent. Apart from its other financial obligations, Argo Petroleum is required to spend in the Territory the following amounts: up to a production of 25,000 barrels a day, 0.25 per cent of the price per barrel; up to 37,500 barrels a day, 0.33 per cent of the price per barrel; and, over 37,500 barrels a day, 0.50 per cent of the price per barrel.

38. The company is required to give preference to the hiring of Portuguese personnel. After the first five years of the concession, not more than 20 per cent of its employees may be foreign personnel. This is to be further reduced to not more than 2 per cent after the first 10 years. As regards executive staff, after the first five years 50 per cent must be Portuguese nationals, increasing to 75 per cent after the first 10 years. The company is also required to give preference to Portuguese goods and services, particularly transport facilities.

39. The Portuguese Government must be given preference in the purchase of up to 37.5 per cent of the company output. In case of war or "serious emergency", the total output of the company must be placed at the disposal of the Portuguese Government.

40. Following demarcation of the first petroleum deposit, the Portuguese Government reserves for itself the right to celebrate an association between a government-owned company and Argo Petroleum on a joint-venture basis for the exploitation of the deposit. The government-owned company will hold an interest in the joint venture corresponding to 30 per cent of all rights and obligations under the concession contract.

Requests for new concessions

41. During 1972, at least six United States companies applied to the Portuguese Government for petroleum concessions in Angola. The Ranger Oil Company of Cheyenne applied for a concession to prospect for, and exploit petroleum deposits in, an area of Angola between parallels 11° 5' and 12° 5' adjacent to the PETRANGOL concession. The Superior Oil Company of Houston, applied for the concession of an area covering part of the continental shelf and the sea-bed. The Carlsberg Resources Corporation of Los Angeles applied for the concession of an area extending from Egipto Praia, north of Benguela, to the Novo Redondo area further north. The concession area includes part of the continental shelf and the sea-bed. The Milford Argosy Corporation of North Portland applied for the concession of an area lying between the border with the Republic of Zaire and the Cabinda Gulf concession in Cabinda District. Iberian Petroleum, Ltd., of Stamford applied for the concession of an unspecified off-shore area. Esso Exploration, Inc., of Houston, a subsidiary of Exxon Corporation, also applied for an off-shore area which has not been specified.

42. The Ecumenical Commission on Southern Africa, the Council for Christian Social Action of the United Church of Christ, and the American Committee on Africa, all organizations based in New York, expressed in separate letters to the Exxon Corporation their concern about Exxon's step towards involvement in the colonial economy of Angola. The American Committee on Africa called upon Exxon to withdraw its application, pointing out that Exxon would not only provide additional funds to the colonial régime but would also directly and adversely affect the lives of millions of people in Angola, Mozambique and Guinea (Bissau) who were working for political control over their own countries and resources. In his reply to the American Committee on Africa, a spokesman for Exxon said that his company had given long and hard thought to the issues raised but did not indicate any possibility of withdrawing its application. According to Exxon, a decision to seek exploration rights anywhere involved a complex evaluation of geologic, economic and political factors. There were increases in energy consumption all over the world with resultant supply pressures. Finding additional sources of supply was becoming steadily more difficult, and companies such as Exxon were pressed to broaden the search into new areas where geologic structures were promising. Seldom were the risks and conditions ideal, and they had to look for oil where it was likely to be, not where they preferred it to be. The Unitarian Universalist Association of Boston, which holds 6,000 shares of Exxon, has filed a resolution with the company urging Exxon to set up a committee to examine fully the implications of its proposed investments in Angola.

43. The Portuguese Government was reported to have offered the possibility of a concession to a Brazilian company and to be waiting for a response before taking a decision on the granting of further petroleum concessions in Angola. There is no information whether PETROBRAS, a Brazilian government-owned company which holds the monopoly of petroleum exploitation in Brazil, has applied for a concession in Angola.

Refining and processing

(a) PETRANGOL refinery

44. According to the company's report for 1971, the PETRANGOL refinery at Luanda processed 701,000 tons of crude oil, practically the same amount as that processed in 1970. The total production of refined products in 1971 amounted to 655,779 tons, including the following: k/

(metric tons)

Butane gas	7,043
Gasoline	52,385
Kerosene	18,449
Jet fuel	69,781
Diesel oil	100,807
Fuel 1500	388,846
Asphalt and cut-back	18,468

45. With the exception of fuel oil and butane gas, part of which were exported, all the other products were consumed in Angola. Nevertheless, the Territory had to import additional quantities of diesel oil, gasoline and kerosene to meet local needs.

46. Extension works on the PETRANGOL refinery, which were started in 1971, are scheduled for completion by mid-1973, two years later than originally scheduled. The refinery capacity is being increased to 1 million tons a year. In 1972, PETRANGOL announced plans to increase the capacity of its refinery to 2 million tons by 1975 and 3 million tons by 1979.

(b) ANGOL refinery

47. In 1970, ANGOL was authorized to establish a refinery in Angola which was expected to start operations by March 1975. Although ANGOL has already trained technicians for its future refinery at the Institut Français du Pétrole in France and at Portuguese refineries, work has not yet begun on the new refinery.

k/ Data on the refinery output in previous years appear in ibid., table 7.

1/ Ibid., para. 45.

3. TRENDS IN THE EXPLOITATION OF NON-RENEWABLE RESOURCES

48. Angola has known reserves of minerals important to the industrial process which have been attracting international capital to exploit them for export. Although diamonds are still produced only by the Angola Diamond Company (DIAMANG), there are five other companies prospecting for diamonds. As shown in table 5 below, DIAMANG production has continuously increased. Iron ore production, which reached a record high in 1971, is expected to increase even further with the exploitation of low-grade reserves at Cassinga and the start of exploitation at Cassalas and Quitungo (see below). As the information summarized below will show, Portuguese and other foreign interests are about to start depleting the Territory of other valuable minerals, particularly its reserves of phosphate in Cabinda.

49. Apart from the fact that mining activities are depleting the resources of the Territory under a colonial system of exploitation, mining has had little effect in raising the standard of living of the African population. m/ Although minerals account for the largest part of the Territory's exports, in 1970, out of a population of 5,673,046, only 36,082 persons n/ were employed in the mining sector, of whom 26,863 were workers in diamond operations, 8,138 in iron ore, 1,050 in salt and 31 in rock asphalt.

Diamonds

50. Since 1971, there have been six companies holding diamond concessions in Angola: (a) Angola Diamond Company (DIAMANG); (b) Consórcio Mineiro de Diamantes (CONDIAMA); (c) Companhia de Diamantes Ceste de Angola, SARL (OESTEDIAM); (d) Diversa-Internacional de Exploração de Diamantes, SARL; (e) Companhia Ultramarina de Diamantes, SARL (DIAMUL); and (f) Companhia Nacional de Diamantes, SARL (DINACO).

DIAMANG

51. Since the termination in April 1971 of its 50-year exclusive contract covering more than 1 million square kilometres, o/ DIAMANG has been allowed to retain 49,989.7 square kilometres corresponding to 27 claims which the company may continue to work for an unlimited time until the total depletion of the deposits.

52. In June 1972, speaking at the company's annual general meeting, the chairman of the Board of Directors of DIAMANG reviewed the company's policy and objectives. Describing the conditions in which DIAMANG operates in the Territory, he said, among other things, that,

m/ Ibid., para. 14.

n/ Revised figure. Previously reported as 34,400 persons.

o/ For details of DIAMANG's original contract, see Official Records of the General Assembly, Twentieth Session, Annexes, addendum to agenda item 23 (A/6000/Rev.1), chap. V, appendix, paras. 92-104.

Table 5

Angola: Mineral production, 1967-1971
(value in million escudos)

<u>Minerals</u>	<u>1967</u>		<u>1968</u>		<u>1969</u>		<u>1970</u>		<u>1971</u>	
	<u>Quantity</u>	<u>Value</u>	<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	2,413,021	1,701.8
Iron ore (tons)	1,154,303	41.0	3,218,712	456.4	5,477,657	1,085.4	6,090,888	1,318.8	6,157,819	1,293.0
Manganese (tons)	33,180	4.7	9,150	3.1	29,170	7.3	23,000	6.3	23,000	7.7
Rock asphalt (tons)	27,043	1.2	30,603	1.6	39,282	2.2	36,956	2.1	56,100	3.1
Salt (tons)	77,687	16.3	72,496	14.9	80,181	15.7	87,743	18.5	90,284	23.0

Sources: 1967: Angola, Anuário Estatístico, 1967.
1968-1971: Angola, Boletim Mensal de Estatística, December, for the respective years.

"The nature of the company's operation, scattered widely over vast and remote areas, and the dangers to the spiritual and physical well-being of those in charge - dangers inherent in keeping and looking after the valuable assets involved - mean that the results depend a great deal on the loyalty, the ability and the diligence shown in their work by the company's employees, who number tens of thousands;

"These same factors, plus the ever-present risk of subversion recklessly instigated by persons driven mad by ambition, make the success of our work increasingly dependent on the goodwill of the local population, which in turn depends on their well-being and social progress."

53. The chairman of the Board of Directors emphasized, as part of the company's effort to expand its activities, the need to help develop social conditions and economic activities of the local population to ensure its support for the interests of the company and to protect the profits of DIAMANG itself. This is reflected, for instance, in the following passage.

"And what of the growing social demands of the population living around our mines, the urgent necessity to do substantially more than the great deal the company has already done for them, whether for elementary reasons of security, out of concern for greater social justice, in order to carry out the nation's mission, or simply because it is obviously in the company's interest to recruit more dependable people and in seeing that the population, alone and also with our support, creates new sources of wealth that are now needed to supply us but may tomorrow have a self-sustaining economic life, a source of further development in which we can and must take part?"

54. Under a plan of action devised for the expansion of the company, particular attention is given to security. The main emphasis is to repress the illegal traffic of diamonds which deprives the company, therefore the Portuguese authorities, of additional income. It is obvious, however, that such measures may also be used to repress the activities of the nationalist movements. The plan of action includes, among other things, the following:

"... an increase in the volume and value of production, to be achieved in particular through the systematic elimination of any possibility of removing the company's property from the areas in which it operates, making intensive use of security experts, with a view to adopting strict preventive and policing measures and making all necessary technical arrangements for that purpose;

"... broad reform of labour relations between the company and its employees, something already begun in connexion with headquarters staff, in order to create a new spirit of solidarity and common interests and so bring about a free, more active and purposeful community, dedicated to building an edifice which all feel to be their own, in which they will find personal fulfilment and whose benefits they see and experience, both individually and collectively - without forgetting, indeed, showing particular concern for, the mass of our African labourers and especially those most in need;

"... wide-ranging measures to support health and education, to create urban and housing infrastructures and to promoting community development among the population living in the areas of our field operation, leading to an increasingly greater share for them in the benefits of our work of developing the wealth hidden in their lands."

55. The speech of the chairman reflects two dominant, related preoccupations in connexion with the company's expansion policy: (a) to strengthen security arrangements; and (b) to introduce social change and economic expansion in the areas of its activities. These preoccupations actually denote an intent to win over and control the local populations, thereby perpetuating the colonial exploitation of the Territory's manpower and natural resources.

56. In 1972, as part of its policy to expand its activities, DIAMANG applied for an exclusive concession to prospect for and exploit deposits of copper and other minerals, with the exception of diamonds, in an area adjacent to the Cuanza River. Also in 1972, DIAMANG accepted bids for a new hydroelectric project at Chicapa, 20 kilometres north of Henrique de Carvalho in Lunda District. Six Portuguese companies presented bids varying from 234.0 million to 278.3 million escudos. There is no information on which company was awarded the contract. The Chicapa project will have an installed capacity of three groups of 5 million volt-amperes each; two additional groups of 5 million volt-amperes are planned to be added in a later phase. Currently, the DIAMANG hydroelectric network supplying energy to the DIAMANG complex comprises the following projects: Luachimo, with an installed capacity of four groups of 3 million volt-amperes; Luxilo, with an installed capacity of two groups of 1 million volt-amperes; and Lucapa, with an installed capacity of two groups of 4.3 million volt-amperes.

57. In 1971, DIAMANG was still the only concern producing diamonds in the Territory. In that year, diamond production, at 2,413,021 carats, set a new record (see table 6 below). It was estimated that the 1972 output would be at least 2.1 million carats. According to a press report, the value of diamond exports in 1972 was 60.4 million escudos higher than in 1971, or 1,583.6 million escudos in 1972, compared with 1,523.2 million escudos in 1971.

58. The company's report for 1971, as reproduced in the Portuguese press, contained much less information than its annual reports of previous years. There was no information, for example, on the amounts paid to the Portuguese authorities during the year which, under the concession contract, corresponds to 56 per cent of DIAMANG's profits. It showed, however, that over the period 1964-1971 DIAMANG turned over to the territorial Government a total of 11.4 thousand million escudos in foreign currencies. Dividends paid out from 1971 profits amounted to 311.4 million escudos at the rate of 180 escudos per share, compared with 170 escudos for 1970 and 165 escudos for 1969. In November 1971, DIAMANG granted a loan of 500 million escudos to the Angola Foreign Exchange Fund to help the Portuguese authorities cover payments in arrear. The loan is for a three-year period at 3 per cent annual interest. The Angola budget estimates for 1972 included a revenue of 325 million escudos from participation in DIAMANG's profits.

Other companies

59. In November 1972, DIAMUL requested an extension of its concession for another two years. In 1969, the company had been granted a concession covering 5,286 square kilometres which could be extended for an additional period of two years but only over 50 per cent of the original area. There is no information as to whether DINACO, Diversa and OESTEDIAM have applied for extension of their concessions, which will also expire in 1973. There is no information on the mining activities of these companies.

Table 6

Angola: Diamond production of DIAMANG, 1967-1971

<u>Year</u>	<u>Production</u> (carats)	<u>Cuttable diamonds</u> (per cent)	<u>Uncuttable diamonds</u> (per cent)
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
1971	2,413,021	...	...

Source: Annual Report of the Angola Diamond Company for 1970, A Província de Angola, Luanda, 17 August 1971; and *ibid.*, Actualidade Económica, Luanda, 10 August 1972.

Iron ore

60. In 1971, iron ore production in Angola amounted to 6.2 million tons, compared with 6.1 million tons in the previous year. Exports valued at 1,188.2 million escudos were 234.3 million escudos less than in the previous year and ranked as the fourth largest export by value after coffee, petroleum and diamonds. The drop in the value of iron ore exports was attributed to fluctuations in the international market.

61. More than 95 per cent of the iron ore production comes from the Cassinga mines which are being exploited by the Companhia Mineira do Lobito. The remaining

production is from the deposits exploited by the Companhia do Manganés de Angola in Malanje District. p/

Companhia Mineira do Lobito

62. The Cassinga mines are situated in south-western Angola, some 500 kilometres from the coast, on the same latitude as the town of Moçâmedes. They comprise two mining areas: Jamba to the north and Tchamutete to the south. Cassinga reserves of iron ore have been estimated at 20 million tons of high-grade ore and 2 thousand million tons of low-grade ore.

63. According to an article by the Swiss journalist, Arnold Hottinger, of the Neue Zürcher Zeitung, in 1972 the Companhia Mineira do Lobito had at Cassinga 1,200 technical personnel and 3,600 African workers. The total population living in the mining complex was estimated at 13,000, of whom some 8,000 lived at Jamba and the remaining at Tchamutete. These two settlements were described as "a typical company town, in which mining regulates all life, since there is nothing else there".

64. In 1972, there were reports on various plans for expansion of the company's activities. According to a company spokesman, the reserves of high-grade ore that the company has been exploiting will guarantee a production rate of 6 million tons a year until 1976. By 1977, the company is expected to be ready to start exporting some 3 million tons a year of low-grade iron ore. The exploitation of low-grade ore reserves, which has been called by the company the "second phase" of the Cassinga project, will require the pelletization of the ore at Cassinga. In 1972, it was reported that tests for the pelletization of the Cassinga ore were going to be carried out on samples in France, Japan and the United States. It was also reported that the company, which is already part of a multinational consortium including interests from France, the Federal Republic of Germany, Portugal and South Africa, was negotiating a new association with an unidentified Japanese group to start the Cassinga "second phase". It will be recalled that, in March 1972, the Portuguese Government 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.

65. At the beginning of 1972, the share capital of the Companhia Mineira do Lobito was 1,200 million escudos, of which 68 per cent was held by the Portuguese Government. Later in the year, the company's general meeting approved a capital increase of 1.3 thousand million escudos, of which 800 million escudos were expected to be totally subscribed by the end of 1972.

p/ For details on these companies, see Official Records of the General Assembly, 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.

66. Another major development in connexion with the company's expansion plans in 1972 was the granting by the Portuguese Government of a new concession for an area in south-western Angola (Portugal, Portaria 389/72, 15 July). The area of the new concession, which lies adjacent to the concession area encompassing the Cassinga mines, extends from parallel 14° S in the north to the border with Namibia in the south and from the Atlantic Coast to meridian 14° 30' E. Prospecting rights are for a period of three years which may be extended for another two years. The company may retain 75 per cent of the original area during the first year of the extension and 50 per cent during the second year. It is required to spend a minimum of 5 million escudos a year in the concession area. It may become associated with or set up new companies to carry out prospecting and exploitation activities in the concession area.

67. In 1972 the Companhia Mineira do Lobito also became associated with the Bethlehem Steel Corporation of the United States and the Companhia de Urânio de Moçambique in a consortium which has been granted a mining concession in Mozambique (see appendix II below).

Companhia do Manganês de Angola

68. No date has been announced for the start of production at Cassalas and Quitungo in Cuanza-North District. Early in 1973, it was reported that the project would cost over 2 thousand million escudos, including 180 million escudos for railway extensions and 175 million escudos for the mineral port at Luanda. Funds for the project are being supplied by an unidentified Japanese group.

69. As a result of prospecting activities it is estimated that iron ore reserves at Cassalas and Quitungo amount to 80 million tons, of which some 33 million tons are high-grade ore (64-68 per cent commercial pellets).

70. There is no recent information on iron ore production from the deposits in Malanje District exploited by the Companhia do Manganês de Angola.

Phosphates

71. The Companhia dos Fosfatos de Angola (COFAN) holds a phosphate concession covering most of the district of Cabinda. q/ The company started prospecting in January 1969 and is now reported to be near the start of exploitation. The following information on the company's ownership and current activities was released by Mr. I. M. Cheney, one of its managers, at a press conference held in Luanda in October 1972.

q/ For a description of the company's contract with the Portuguese Government, see Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 23 A (A/7623/Rev.1/Add.1), annex, appendix II, paras. 47-51; and ibid., Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix II.A, para. 70.

72. COFAN was originally set up by the Espírito Santo Group of Portugal, the Rockefeller Group of the United States, and Mr. Cheney of the United Kingdom. Recently, the ownership was extended to new shareholders representing other groups from the same three countries. The Rockefeller Group is now represented by the Clark Canadian Exploration Company. Apart from an undisclosed financial group; the United Kingdom is represented by the industrial group, Bath and Portland. Portugal is now also represented by the Companhia União Fabril (CUF). Portuguese, United Kingdom and United States interests hold one third each of the share capital of COFAN.

73. As a result of the first phase of prospecting activities by COFAN, it is estimated that phosphate reserves in Cabinda amount to at least 100 million tons. For the second phase of prospecting activities, COFAN has hired a United Kingdom contractor, Constructors John Brown, Ltd. (CJB). CJB will be responsible for studies on the various aspects of the project, including mining, processing, transport and port facilities and marketing. The second phase is expected to be completed in 1973. COFAN is also planning to expand its activities to produce phosphoric acid and fertilizers.

74. In the first phase of its prospecting activities COFAN spent 50 million escudos in the Territory. It expected to spend another 10 million escudos in the second phase. The total cost of the project has been estimated at 1.7 thousand million escudos. As at October 1972, the company had some 700 employees.

Copper

75. In 1972, three copper deposits were discovered in the Territory. Two were found in the Cambambe concelho, Cuanza-North District, one by the South African geologist Mr. Cornelius Frank Vermaak, and another by Mr. Lobato de Faria. Both individuals applied for claims covering an area of 500 hectares each. The third copper deposit was discovered in the Capilongo region of Benguela District. Application for a 500-hectare claim was also filed, but the identity of the applicant has not been disclosed.

76. DIAMANG has applied for a concession to prospect for and exploit copper deposits (see paragraph 56 above). There is no information on the concession in Cuanza-North District for which the Great Lakes Carbon Corporation of New York applied in May 1972.

Gold

77. In 1971, the Companhia Mineira do Lobito started work on the installation of the necessary facilities for mining the gold deposits at M'Popo in Huíla District. r/

r/ See Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. V, annex, appendix I, para. 61.

Early in 1973, it was reported that a French geologist had arrived in Angola to advise the company on the economic viability of the project. Mining is expected to begin shortly. The gold reserves in this area were studied by foreign contractors, including the Société Française d'Etudes Minières (Soframines).

Other minerals

78. In July 1972, a South African consortium comprising the Dutch company Billiton Maatschappij, NV, a subsidiary of Shell Petroleum, NV, and a South African exploration company, applied for an exclusive concession to prospect for and exploit mineral deposits in an area of 220,000 square kilometres covering parts of the districts of Cuando-Cubango, Cunene and Huíla in southern Angola. In August, another South African company, the Consolidated Investment Company, Ltd. of Johannesburg, applied for an exclusive concession to prospect for and exploit all minerals, with the exception of diamonds, petroleum and any other mineral oil, in unspecified areas of southern Angola.
79. In December 1972, the Portuguese Government granted a mining concession to Mr. Rafael Rodrigues da Silva to prospect for and exploit all minerals, with the exception of radio-active minerals, petroleum, coal, diamonds and copper. The concession is situated between latitudes 11° 24' S and 11° 30' S and longitudes 14° 03' E and 13° 53' E. During an initial period of two years, the concessionaire is required to spend 1 million escudos a year. The concession may be extended for another three years (Portugal, Portaria 705/72, 5 December). It is not known whether Mr. Rodrigues da Silva represents any company.
80. The Portuguese Government also extended until the end of 1972 the concession of Ema-Explorações Mineiras Africanas, SARL. Since 1961, Ema has held an exclusive concession in south-eastern Angola to prospect for and exploit all minerals, with the exception of diamonds, petroleum, coal and radio-active minerals. Since 1969, this concession has been extended on a yearly basis. No information is available on the activities of Ema in the Territory.
81. Early in 1973, it was reported that the Companhia dos Asfaltos de Angola had signed a contract with the Riverwood Corporation of Midland, Texas for the exploitation of rock asphalt. The Companhia dos Asfaltos de Angola holds the concession of rock asphalt mines in the Libongo area of Luanda District. s/ In March 1973, it was reported that United States Steel International of New York had applied for an exclusive concession to prospect for and exploit all minerals with the exception of diamonds.
82. In the same year, it was reported that Mr. J. M. Matos Dias of the Portuguese Nuclear Energy Committee had discussed with the Brazilian Government the possible association of a Brazilian company in prospecting for uranium in Angola.

s/ Ibid., Twentieth Session, Annexes, addendum to agenda item 23 (A/6000/Rev.1), chap. V, appendix, annex I, para. 230.

4. PATTERN OF EXPLOITATION IN CAPITAL INTENSIVE INDUSTRIES^{t/}

Pattern of profit and control

83. Whereas mining has become increasingly important in the colonial exploitation of Angola, transforming industries continue to play a small role in the over-all economy of the Territory. The secondary sector still contributes less than 20 per cent of the total export value, compared with mining and agriculture which contribute some 40 per cent each. It will be noted that a large part of exports from the industrial sector consists of semi-processed raw materials such as cotton lint produced at the local ginneries. The limitations of the local manufacturing sector are reflected in the fact that the Territory still has to rely heavily on the import of consumer goods. Although there has been an increase in the import of capital goods, consumer goods still account for some 50 per cent of the total import value.

84. In recent years, the Portuguese Government has encouraged Portuguese and other foreign economic investment in the industrial sector with a view to replacing imports of consumer goods and increasing exports. This new policy dates from 1965 when the Portuguese authorities eased conditions regulating the establishment of new industries. Subsequently, various tax exemptions were authorized for new industries or for the expansion of established industries in the overseas Territories, including exemptions for up to six years from realty taxes, the industrial tax, the development tax and taxes on profits and dividends. u/

85. In recent years, the Portuguese authorities have introduced further measures to promote the establishment of industries in the overseas Territories. In 1970 and 1971, among other measures, the Portuguese Government introduced anti-dumping regulations, withdrew some restrictions on the manufacture and sale of alcoholic beverages and granted industries in the overseas Territories exemptions on import duties and other levies in a scheduled list of raw materials and equipment. v/ In 1970, the Portuguese authorities set up, at the territorial level, a Provincial Directorate of Industry Services, responsible for industrial licensing in Angola, and an Industrial Co-operation Council with representatives of the Directorate of Industry Services and a permanent representative of the Industrial Association of Angola.

t/ For purposes of this discussion industries are considered capital intensive if they had a capital investment per worker exceeding 10,000 escudos.

u/ See Official Records of the General Assembly, Twenty-first Session, Annexes, addendum to agenda item 23 (A/6300/Rev.1), chap. V, paras. 65-68; and ibid., Twenty-fifth Session, Supplement No. 23 (A/8023/Rev.1), chap. VII, annex I.B, para. 125.

v/ Ibid., Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix II.A, paras. 92-95.

86. Despite official measures to facilitate the development of transforming industries, industrial growth in Angola has been slow. According to official Portuguese statistics, total investment in new transforming industries in 1971 amounted to some 6 thousand million escudos w/ which was smaller than in Mozambique where it had already reached over 13 thousand million escudos in 1970 (see appendix II below). The actual investment in a given year is usually substantially below the investment authorized by the Government. In 1970, authorized investments in Angola amounted to 5,126.8 million escudos and in 1971 to 1,356.2 million escudos, whereas actual investments totalled only 471.6 million escudos and 531.9 million escudos in the respective years.

87. Although limited, the transforming industries in Angola constitute another aspect of colonial domination as most of them are capital intensive with an average investment per worker of some 58,000 escudos, as may be inferred from statistics available up to the end of 1971 (see table 7 below). It is evident, therefore, that the investment has not provided training opportunities and meaningful employment for the African population.

88. The problem of utilization of manpower is further aggravated by the concentration of the transforming industries mostly in the main urban areas of European settlement, particularly Luanda. Several studies on industrial development in Angola have recommended a broader regional distribution of industries to correct the over-concentration around Luanda. To remedy this situation, in 1967, the Portuguese authorities introduced a bonus system for industries located in the border regions. x/ In 1969, regulations were introduced providing for graded tax exemptions according to location. For this purpose, the Territory was divided into five zones as follows: Zone A, comprising the town of Luanda and including a radius of 50 kilometres; Zone B, comprising the towns of Lobito and Benguela, including a radius of 10 kilometres; Zone C, comprising other coastal towns and a radius of 10 kilometres from each; Zone D, the rest of the Territory; and Zone E, special areas to be detached from Zone D. All new industries established in these zones were to be exempt from all taxes, except the extraordinary defence tax, for a period of time depending on the particular zone and the amount of capital invested. In Zone A, a new industry with a capital of 50 million escudos would be exempt from all taxes for a 10-year period. The period of exemption would be increased by two years for Zone B; four years for Zone C; six years for Zone D; and eight years for Zone E. y/ In 1972, the Portuguese authorities in the Territory issued more comprehensive legislation which incorporated the provisions introduced in 1969 and extended the tax incentives (Diploma Legislativo, 76/72). The new legislation classified as special areas under Zone E the regions of Sá da Bandeira, Silva Porto,

w/ Approximate figure calculated on the basis of available statistics (see table 7).

x/ See Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. V, annex, appendix I, para. 69.

y/ Ibid., Twenty-fifth Session, Supplement No. 23 (A/8023/Rev.1), chap. VII, annex. I.B, paras. 126-127.

Table 7

Angola: New processing industries, 1961-1971^{a/}

<u>Year</u>	<u>Industrial establishments</u>	<u>Capital invested</u> (million escudos)	<u>New jobs</u>
Up to 1961	2,851	2,702.7	56,748
1961	136	273.5	1,680
1962	183	114.2	2,824
1963	432	112.9	3,292
1964	469	222.8	4,144
1965	342	130.0	2,566
1966	374	225.7	4,429
1967	322	359.8	4,351
1968	293	438.7	6,145
1969	238	264.6	4,131
1970	290	471.6	5,275
1971	313	531.9	4,530
Total	6,243	5,848.4	100,115

Sources: 1961-1970: Angola, Anuário Estatístico, for the respective years;

1971: Angola, Boletim Mensal de Estatística, December 1971.

^{a/} Includes only industries actually established during the period.

Cela, Carmona and Malanje. It provided for the extension of the tax exemption period for the various zones to the maximum of 18 years fixed for Zone E, made the tax exemptions also applicable to the reorganization or expansion of industries already in operation and established tax reductions for industries producing export goods.

89. As table 8 below shows, however, the tax exemption incentives have failed so far to bring about the industrial decentralization sought by the Portuguese Government which would help reinforce Portuguese control of areas which remain predominantly rural and part of the subsistence sector. Companies still prefer to locate new industries at Luanda (Luanda District in the table, but also part of Cuanza-North should be included here), Benguela and Lobito (Benguela District) and Nova Lisboa (Huambo District). In 1971, Cuanza-South exceptionally had the largest number of new industries, but that figure included 63 timber processing factories with a total capital of 27.3 million escudos.

90. As shown in table 9 below, over the period 1967-1971, food processing received the largest amount of new investment in the secondary sector. Other important areas include the beverage industry (which in 1971 accounted for the largest share of investments, amounting to some 27 per cent of the total), chemicals, textiles, manufacture of transport material, timber and cork. In 1971, the greatest industrial output was from food processing, which accounted for some 30 per cent of the total, textiles some 13 per cent and beverages some 11 per cent. It should be noted, however, that at least half of the textile output was ginned cotton for export. Other major areas of industrial production are chemicals, with some 7 per cent of the total industrial output in 1971; non-metallic minerals, with some 6 per cent; petroleum products with some 5 per cent; and paper, with some 4 per cent (see table 10 below).

91. Table 11 below is illustrative of the pattern of profit of the transforming industries in Angola. In 1971, the 31 companies for which information is available had an average percentage of profits over capital and reserves of some 20 per cent. The largest percentage of profits was reported by Agran-Agroquímica de Angola, SARL, a manufacturer of insecticides (87 per cent); Companhia Agrícola Arbor-Acres CUCA (AVICUCA, SARL), a poultry industry (51 per cent); Condrel-Fábrica de Condutores Eléctricos do Ultramar, SARL, a manufacturer of electric cables (36.6 per cent); and Fábrica de Conservas Atlântico, SARL, a fish-processing industry (34.1 per cent). The pattern of profits of the remaining companies in the sample shows that seven companies had a percentage of profits over capital and reserves ranging between 20 and 30 per cent; 11 had a percentage of profits ranging between 10 and 20 per cent; and only nine companies had a percentage of profits below 10 per cent.

92. Most of the transforming industries in Angola are subsidiaries or associates of a few foreign groups. Tables 11 and 12 are illustrative of the pattern of control of the transforming industries prevailing in the Territory. Probably the most vivid example of the role played by Portuguese and other foreign interests in controlling the industrial sector is the CUCA group, which was started in 1952 when the Companhia União de Cervejas Angola (CUCA) set up a brewery in Angola. Since 1965, CUCA has established a group of companies covering a broad range of activities.

Table 8

Angola: New capital in processing industries by region, 1967-1971

(million escudos)

District ^{a/}	1967		1968		1969		1970		1971	
	Number	Capital	Number	Capital	Number	Capital	Number	Capital	Number	Capital
Benguela	25	27.8	36	89.5	31	30.4	44	42.1	24	79.1
Bié	12	1.5	8	2.6	4	1.4	6	2.9	6	1.4
Cabinda	20	7.5	5	1.8	11	5.6	15	10.0	17	64.9
Cuando Cubango	2	0.9	2	1.6	5	7.6	2	1.3	-	-
Cuanza-North	30	10.5	28	7.6	21	7.7	21	9.6	15	105.1
Cuanza-South	15	8.6	24	18.7	11	7.9	29	20.5	96	47.8
Huambo	26	7.8	45	62.1	33	40.7	30	32.3	33	30.3
Huíla	14	4.0	12	43.2	5	2.3	4	6.3	3	10.3
Luanda	98	253.4	77	159.5	66	129.4	85	212.1	73	102.3
Lunda	-	-	1	0.1	-	-	-	-	-	-
Malanje	38	10.6	11	13.7	11	6.9	7	2.1	14	58.7
Moçâmedes	10	11.9	20	26.0	20	18.9	24	98.1	23	14.8
Moxico	3	1.0	2	0.3	2	0.1	-	-	1	8.0
Uíge	27	14.0	20	11.5	17	5.7	23	34.0	12	10.5
Zaire	2	0.2	2	0.7	1	-	-	-	-	-

Sources: 1967-1970: Angola, Anuário Estatístico, for the respective years.1971: Angola, Boletim Mensal de Estatística, December 1971.

^{a/} There are no separate data for Cunene District which was created in July 1970 by dividing Huíla into two districts: Cunene and Huíla.

Table 9

Angola: New capital in processing industries by activity, 1967-1971

(million escudos)

Industry	1967		1968		1969		1970		1971	
	Number	Capital	Number	Capital	Number	Capital	Number	Capital	Number	Capital
Food processing	123	105.8	124	180.1	80	80.4	128	162.9	142	125.0
Beverages	2	1.5	6	3.6	-	-	3	20.5	5	144.1
Tobacco										
manufactures	1	10.0	1	12.0	-	-	1	18.0	-	-
Textiles	2	1.2	10	38.4	3	17.1	2	3.0	-	-
Clothing and shoes	24	1.2	15	6.0	28	1.3	25	1.6	24	18.7
Timber and cork	34	16.1	26	14.8	21	19.2	17	19.9	15	15.1
Furniture	11	0.7	13	4.1	3	0.4	15	24.2	13	7.7
Paper	-	-	-	-	1	0.6	2	0.7	2	13.3
Printing	7	12.1	4	1.6	2	1.0	7	23.2	3	2.6
Tanneries	4	3.8	-	-	-	-	-	-	-	-
Rubber	7	112.0	1	0.5	5	2.7	2	8.3	2	0.4
Chemicals	7	5.8	13	55.9	11	9.4	6	32.7	24	70.6
Petroleum and coal products	-	-	-	-	-	-	-	-	1	3.0
Non-metallic minerals	8	42.2	7	17.5	12	6.1	16	17.0	6	29.1
Smelting	1	2.4	2	0.3	1	36.1	1	40.0	1	1.2
Metal products	23	12.9	6	16.1	9	10.8	14	39.5	12	62.1
Machinery	9	14.2	11	29.3	5	2.6	3	2.5	5	2.4
Electrical appliances and machinery	11	1.2	8	6.7	8	9.7	7	0.9	12	8.6
Manufacture of transport material	40	12.5	38	24.8	40	54.8	36	51.3	36	21.4
Others	8	4.3	7	26.6	9	12.3	4	5.2	10	6.4

Sources: 1967-1970: Angola, Anuário Estatístico, 1970.

1971: Angola, Boletim Mensal de Estatística, December 1971.

Table 10

Angola: Output of processing industries, 1967-1971

(million escudos)

Industry	1967		1968		1969		1970		1971	
	Tons	Value	Tons	Value	Tons	Value	Tons	Value	Tons	Value
Food processing	...	1,192.1	...	1,857.1	...	2,013.6	...	2,357.7	...	2,749.7
Beverages (thousand litres)	69,608	510.9	82,778	607.8	101,384	737.9	131,253	893.5	155,393	1,064.9
Tobacco manufactures	3,939	314.6	5,970	377.5	5,070	370.2	4,061	385.6	5,320	445.8
Textiles a/	...	392.1	...	720.9	...	854.7	...	1,003.6	...	1,188.7
Clothing and shoes	...	115.6	...	113.9	...	114.6	...	127.7	...	127.6
Timber and cork	...	22.3	...	32.1	...	30.1	...	38.6	...	56.0
Furniture b/	17,387	11.3	...	61.1	...	64.8	...	89.4	...	107.9
Paper	...	150.8	...	67.4	...	234.9	...	281.4	...	353.5
Tanneries	...	...	...	39.4	...	42.5	...	46.6	...	56.4
Rubber	...	32.7	...	147.5	...	179.1	...	220.4	...	269.9
Chemicals	...	366.4	...	404.9	...	688.8	...	689.3	...	692.4
Petroleum products	591,602	399.2	631,614	514.8	621,591	484.7	659,229	458.6	655,779	480.2
Non-metallic minerals	...	278.0	...	317.0	...	396.5	...	478.7	...	575.5
Smelting	8,491	35.9	12,019	58.8	22,702	118.1	32,608	192.2	38,843	235.5
Metal products	...	80.4	...	97.2	...	132.4	...	180.5	...	235.1
Machinery (units)	-	-	1,847	26.3	3,883	33.7	4,962	32.5	7,536	45.0
Electrical appliances and machinery	...	43.4	...	78.6	...	97.2	...	107.0	...	111.4
Manufacture of transport material c/	7,478	7.9	...	174.2	...	230.5	...	238.3	...	294.5
Others	...	51.2	...	59.0	...	91.9	...	143.5	...	219.5
Total		4,004.9		5,855.5		6,918.0		7,965.1		9,309.5

Source: 1967-1970: Angola, Anuário Estatístico, for the respective years.

1971: Angola, Boletim Mensal de Estatística, December 1971.

a/ Including sisal since 1968.

b/ Including metal furniture and rugs since 1968.

c/ Including the assembly of motor vehicles since 1968.

Table 11

Angola: Pattern of profit and control in the transforming industries; selected companies, 1971 a/

(million escudos)

<u>Company</u>	<u>Activity</u>	<u>Profit</u>	<u>Capital and reserves b/</u>	<u>Observations</u>
Companhia do Cimento Secil do Ultramar, SARL	Cement factory	62.6	433.3	Owned by the Portuguese group SECIL and FLS Overseas A/S and Ejendomsaktieselskabet Biblioteksgaarden
Companhia União de Cervejas Angola, SARL (CUCA)	Beer factory	38.8	324.0	Part of the CUCA group
Companhia do Assucar de Angola, SARL	Manufacture of sugar and palm and coconut oils	16.6	380.9	Profits include results of agricultural activities
Companhia Geral dos Algodões de Angola, SARL (COTONANG)	Cotton ginning, manufacture of cotton-seed oil	16.4	61.0	Profits include results of agricultural activities
Lupral-Lusalite e Previdente de Angola, SARL	Manufacture of cement products	13.8	78.6	Owned by a group including the Portuguese companies Companhia Previdente, SARL, and Fábrica das Antas, SARL, and the French companies Compagnie Financière Eternit, SA, and Eternit, SA
Condel-Fábrica de Condutores Eléctricos do Ultramar, SARL	Manufacture of electric cables	12.2	33.3	A subsidiary of CEL-CAT-Fábrica Nacional de Condutores Eléctricos, SARL of Portugal
Companhia Agrícola Arbor-Acres CUCA (AVICUCA), SARL	Poultry industry	11.1	21.7	Part of the CUCA group and partly owned by Arbor Acres (Pty.) of Southern Rhodesia
Fábrica de Conservas Atlântico, SARL	Fish processing	9.3	27.3	
Cimianto de Angola, SARL	Manufacture of cement and other construction materials	8.8	40.0	Partly owned by Fademac-Société pour la Fabrication de Matériaux de Construction, SA of Belgium
Companhia dos Cimentos de Angola, SARL	Cement factory	8.8	218.3	An associate of the Champalimaud group of Portugal
Companhia Angolana de Alimentação Animal "CUCA Protector", SARL	Processing of feed for animals	5.8	35.9	Part of the CUCA group
Companhia de Pólvoras e Explosivos de Angola, SARL	Manufacture of explosives	5.2	18.8	A subsidiary of the Sociedade Portuguesa de Explosivos, Ida., owned by the Fábrica Militar de Braço de Prata and the Fábrica Nacional de Munições e Armas Ligeiras of Portugal
CIPAL-Companhia Industrial de Plásticos de Angola, SARL	Manufacture of plastic goods	5.0	21.6	

Table 11 (continued)

<u>Company</u>	<u>Activity</u>	<u>Profit</u>	<u>Capital and reserves b/</u>	<u>Observations</u>
AGRAN-Agroquímica de Angola, SARL	Manufacture of insecticides	4.7	5.4	A subsidiary of the Sociedade Anónima Concessionária da Refinação de Petróleos em Portugal, SARL (SACOR), which is a subsidiary of the Compagnie Française des Pétroles, SA, of France
VIDRUL-Vidreira Ultramarina, SARL	Manufacture of glass bottles	4.5	27.1	Part of the CUCA group
Vinul-Sociedade Vinícola do Ultramar, SARL	Wine bottling	4.3	21.3	
META-Máquinas e Equipamentos Técnicos de Angola, SARL	Assembly and repair of industrial machines	4.1	35.2	
Indústria Transformadora de Frutos, SARL	Fruit processing	3.7	12.4	
SOREFAME DE ANGOLA, SARL	Shipyard	3.7	35.7	A subsidiary of SOREFAME Sociedades Reunidas de Fabricações Metálicas, SARL of Portugal which is a subsidiary of Neyrpic, SA of France
SOVAN-Sociedade Vinícola Angolana, SARL	Wine bottling	3.4	20	
FABIMOR-Fábrica de Bicicletas e Motorizadas, SARL	Bicycle factory	3.1	11.5	Owned by the Portuguese group SECIL and FLS Overseas A/S and Martin Søndergaard-Jensen
ETA - Empresa dos Tabacos de Angola, SARL	Tobacco manufacture	2.8	16.8	Owned by the Empresa Agro-Industrial de Angola (Emangola) and the British-American Tobacco Company, Ltd.
CAPSUL-Cápsulas Metálicas do Ultramar, SARL	Manufacture of bottle caps	2.2	11.9	Part of the CUCA group
COVIP - Companhia Vinícola Portuguesa, SARL	Wine bottling	2.1	15	
SIGA - Sociedade Industrial de Grossarias de Angola, SARL	Manufacture of textiles and plastic goods	2.0	60.9	Partly owned by the Portuguese companies Estabelecimentos Isidoro M. de Oliveira, SARL, SOGEFI - Sociedade de Gestão e Financiamentos SARL, which is a subsidiary of Companhia União Fabril (CUF), and Sociedade Marques, Seixas, SARL
Companhia de Celulose do Ultramar Portugues, SARL	Manufacture of paper and paper paste	1.7	250.0	Partly owned by Portugal's Banco de Fomento Nacional and SEFEL - Sociedade de Empreendimentos Financeiros e Económicos do Lobito, SARL
Sociedade Angolana do Acumulador Tudor, SARL (SADAT)	Manufacture of electric batteries	1.6	20.5	
Industrialização Ítalo-Angolana de Milho, SARL	Maize processing	1.6	20	

Table 11 (continued)

<u>Company</u>	<u>Activity</u>	<u>Profit</u>	<u>Capital and reserves b/</u>	<u>Observations</u>
Companhia Geral de Angola, SARL	Manufacture of vegetable oil and soap	1.4	188.2	A subsidiary of the Portuguese company Sociedade Santa Fé, SARL
Sociedade de Refrigerantes Vitória, SARL	Soft drink factory	1.4	30	Part of the CUCA group
Fabrica de Tintas e de Embalagens Metálicas, SARL	Manufacture of paints and metal packing material	1.0	13.3	A subsidiary of Angola Industrial (ANIAL), SARL

Source: Angola, Boletim Oficial, Series III, 1972.

a/ Companies with a profit in 1971 of 1 million escudos or over.

b/ Social capital and statutory reserves only.

Table 12

Angola: Recent major new capital in the
transforming industries a/
(million escudos)

<u>Company</u>	<u>Increase in capital</u>	<u>New capital</u>	<u>Remarks</u>
Cardoso e Coelho, Lda.		11.3	Soft-drink factory set up at Nova Lisboa by Portuguese interests. Equipment purchased from Crown Cork and Seal Company, Inc., of Baltimore, United States
CIFAL		100	Soluble coffee factory to be built at Lobito
Companhia Avícola Arbor-Acres-CUCA (AVICUCA), SARL	8		Part of the CUCA group. Poultry industry partly owned by Arbor-Acres (Pty.) of Southern Rhodesia, capital increased from 12 to 20 million escudos
Companhia de Cervejas do Sul de Angola		50	Beer factory to be built at Sá da Bandeira. Ownership includes Mr. Barreto de Lara, a deputy from Angola in the National Assembly, Mr. Venâncio Guimarães Sobrinho, a member of Angola's former Legislative Council, and the South African Breweries
Companhia Fabril e Comercial do Ultramar (COMFABRIL)		250	A subsidiary of CUF of Portugal plans to set up a sulphuric acid plant which will use phosphoric acid produced by COFAN (see below)
Companhia dos Fosfatos de Angola (COFAN) b/		1,700	COFAN, which is jointly owned by Portuguese, United States and United Kingdom interests, plans to set up a phosphoric acid plant in Cabinda
Companhia Industrial- Metalúrgica de Angola (CODUME)		25	Manufacturer of metal products. Located at Caala, near Nova Lisboa
Companhia de Liofilização de Angola (LIANGOL)	10		Part of the CUCA group. Soluble coffee plant; capital increased from 20 to 30 million escudos

a/ Industries reported in 1972 and up to March 1973 for which there was information on the planned amount of capital investment.

b/ See paragraph 73 above.

Table 12 (continued)

<u>Company</u>	<u>Increase in capital</u>	<u>New capital</u>	<u>Remarks</u>
Companhia de Produtos Avícolas-COPA, SARL		6	A subsidiary of Arbor Acres Farm, Inc., of Glastonbury, United States, and Poulex Establishment of Zurich, Switzerland. Part of the CUCA group
Companhia do Sisal de Angola (AGAVANGOLA)		60	Manufacturer of sisal logs to be set up at Cubal
Concor Industrial de Angola, SARL		20	Construction company partly owned by Cimianto de Angola, SARL, LUPRAL-Lusalite e Previdente de Angola, SARL, and Concor Moçambicana, Lda.
Cooper Angola		13.5	Factory for the manufacture of chemical products for animal feed and for industrial and home use built at Nova Lisboa by the WELLCOME Foundation Ltd., of the United Kingdom
Cooperativa Agrícola do Cuanza Central (COPERFRUTOS)		40	Pineapple processing for the manufacture of preserves and beverages. Being planned with technical assistance from Inter G of France
Cooperativa Agrícola de Malanje, SARL (COAGRIMA)		400	With the financial backing of foreign interests, COAGRIMA plans to set up a textile factory and a vegetable oil and fodder factory in Malanje District
Embalagem Holdain		34	A 50-50 partnership between Kohler Bros., Ltd. of South Africa and local interests plans to establish a cardboard box plant to supply to local fruit and fish-packing industries
JOMAR		30	A timber processing factory set up in Cabinda District
LUPRAL - Lusalite e Previdente de Angola, SARL	40		Portuguese company already operating in Benguela plans to set up new factory at Nova Lisboa for the manufacture of iron pipes
Nova Impresa de Cervejas de Angola (NOCAL)	9		Beer factory, capital increased from 76 million to 85 million escudos
PROPAN - Consórcio Português de Panificação		130	Yeast and beer factory to be set up by Portuguese interests

Table 12 (continued)

<u>Company</u>	<u>Increase in capital</u>	<u>New capital</u>	<u>Remarks</u>
Sociedade Agrícola e Industrial de Construções (SAGRICO)	38.4		Construction company, capital increased from 1.6 to 40 million escudos
Sociedade Industrial de Manufaturas de Papel (SIP)		6	Paper mill at Viana, near Luanda
Sociedade Industrial de Talcos de Angola (SITALCOS)		5	Talc industry with headquarters at Luanda
SOFRIO - Sociedade Frigorífica do Sul, Lda.	20.9		Food processing company; capital increased from 6.3 million to 27.2 million escudos
VINISUL - União Vinícola do Sul, SARL		5	New wine bottling company at Moçâmedes
...		700	Cement plant to be established at Lobito
...		120	Corrugated paper plant to be established at Benguela
...		30	Industrial <u>abattoir</u> under construction at Luanda by a South African contractor
...		900	Glass factory to be set up by a Portuguese company.
...		40	Smelting plant to be established at Nova Lisboa
...		70	Cigarette factory to be built at Lobito by Fábrica Velosa of Mozambique and the Cooperativa dos Tabacos de Benguela of Angola
...		275	380-room hotel to be built in Luanda. The hotel will be operated by ITT Sheraton Corporation of America, a unit of the International Telephone and Telegraph Corporation
...		29	Shipyard for repair of boats at Pedra do Feitiço near Santo António do Zaire. Total investment expected to amount to 137 million escudos

First, it established a fodder-processing plant, CUCA Protector, after which it extended its activities to the poultry industry and ranching with the creation of AVICUCA, SOFAP, Fazenda Cahombo and Sizaleira do Fumege. At the same time, CUCA expanded its industrial activities to related areas of the beverage sector. These include CAPSUL which makes bottle caps; Amalgamated Packaging Industries (API) of Angola, a manufacturer of cardboard packaging; and VIDRUL, a manufacturer of bottles and glass for construction. It has gained more control of the beverage market by establishing a wine-bottling factory, VINUL; four soft drink factories, Vitória, SOFANCO, Real and Angolana de Refrigerantes; and a fruit juice factory, PASSICUCA. More recently, it has begun to expand its control over other areas of activities, with the establishment of two companies for the supply of equipment goods, Vega and UNITECNICA; a fishery, known as IRA; and a floating fish-meal and fish-oil factory, PROTANGUE. It has also extended its activities through financial involvement in SOTUL, a company formed to build a new hotel in Luanda; in LIANGOL, a soluble coffee factory; and in Indústria Fosforeira Angolana, a match factory.

93. Companies in the CUCA group are either subsidiaries or associates of several foreign interests, including the Banco Comercial de Angola and the Companhia União Fabril (CUF) of Portugal; Arbor Acres of Southern Rhodesia; API of South Africa; Passi, Ltd., of Switzerland; and Arbor Acres Farm, Inc., Crown Cork and Seal Company, Inc. and International Protein Corporation of the United States. It was reported that Brazilian and Norwegian interests were involved in PROTANGUE, the floating fish-meal factory. In 1972, some 3,500 persons were employed by the CUCA group in the Territory, and the total value of the group activities was reported at some 1.2 thousand million escudos. In 1972, the group purchased a 360/22 computer from the International Business Machines Corporation (IBM) of the United States.

Exploitation of labour

94. Between 1961 and 1971, capital investment in the transforming industries in Angola increased some 115 per cent, whereas the number of jobs increased only some 71 per cent. This difference in rates of increase is reflected in the fact that the average investment per worker rose from approximately 47,000 escudos in 1961 to approximately 58,000 escudos in 1971 (see table 7 above).

95. There is no precise information on the number of Africans employed in the industrial sector. The data indicate, however, that Africans account for most of the unskilled labour, whereas most of the skilled workers are European immigrants. According to a study prepared by the Portuguese authorities in 1972, some 87 per cent of the active population of Angola is engaged in agriculture, which leaves only 13 per cent for all other activities.

96. In Angola, all unskilled workers come under the provisions of the Rural Labour Code for the overseas Territories (Decree 44,309, 27 April 1962). A rural worker is any worker whose "services involve no more than the performance of manual labour and the nature of such service does not place him in any class of salaried employment or specially skilled worker". z/ Rural workers may be paid mixed wages (salários mistos), i.e., wages which are partly paid in kind. Although the Rural Labour Code provides that 50 per cent of the wages shall be paid in cash, there has been evidence of workers receiving only 40 per cent of their wages in this form. aa/ In examining any wage statistics for the Territory, it must be taken into account that they do not necessarily reflect the actual cash wage paid to workers. Therefore, the average cash wages actually paid to unskilled workers in 1968 were probably less than the average wages shown in table 13 below.

97. In a petition presented on 20 April 1972 to the Governing Body of the International Labour Organisation (ILO), the Angola Comité of the Netherlands reproduced a classified study prepared in 1969 by Mr. Afonso Mendes, then head of the Angola Labour Institute, on prevailing labour conditions in the Territory. The study was prepared in response to a request by Portuguese authorities for suggestions on how to reduce the support of the Angolan people for the liberation movements.

98. According to Mr. Mendes, by 1970, Africans would constitute approximately 91 per cent of the Territory's population.

z/ International Labour Office: Report of the Commission appointed under article 26 of the Constitution of the International Labour Organisation to examine the complaint filed by the Government of Ghana concerning the observance by the Government of Portugal of the abolition of forced labour convention, 1957 (No. 105), Geneva, 1962.

aa/ Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 23 (A/7200/Rev.1), chap. VIII, annex II, para. 171.

"Nevertheless, almost all the wealth, all the positions of leadership, all the agricultural, livestock, industrial and commercial enterprises, and the real decision-making power will remain in the hands of the European segment of the population, which in 1970 will continue to form merely a small minority as has always been the case. The positions of leadership in the public administration in Angola are filled by this segment of the population as well."

Mr. Mendes points out in his study that "a large difference exists between the wages of the African worker and of the worker of European origin". He gives the figure of 600 escudos as the average monthly wage of an African worker, whereas European workers are paid six times as much. According to Mr. Mendes, African workers represent about three fourths of all the workers. Mr. Mendes reports that administrative authorities frequently repress workers at the request of employers and cases of extreme physical violence are not uncommon. Moreover, he also reports that "the non-payment of salaries and other grave offences committed by the employers are not punished effectively". He links the absence of an African middle class in the Territory to the fact that Africans do not participate in commercial and industrial activities.

99. Actually what the statistics indicate is that the few Africans who participate in the industrial sector are relegated to a very low wage level. As shown in table 13 below, there is a very wide gap between wages paid to skilled workers, mostly Europeans, and those paid to unskilled workers, mostly Africans. In 1970, minimum wages for workers of more than 18 years of age were 30 escudos a day for Luanda and Cabinda; 25 escudos for Carmona and São Salvador; and 20 escudos for other cities. When asked how it was possible to consider 30 escudos as sufficient to ensure a decent level of living for a head of family, the Deputy Head of the Angola Labour Institute said that 30 escudos was "the minimum of minimums". According to him, however, this minimum was being paid only to workers who had not yet acquired any specific skill, and one could not assume that all workers receiving the minimum wage were necessarily heads of family. His statement was challenged, however, in a press article published in the ABC-Diário de Luanda of 25 February 1970. According to this article, most Africans at 15 or 16 years of age had already assumed family responsibilities and most African workers were unskilled. The article added that the Government's laissez-faire policy did not offer any guarantee to the workers that something would be done to remedy the wage disparities resulting from the irregular development, both regional and by sector, of the Territory's economy.

100. In 1972, a United States visitor to Portuguese-controlled areas of the Territory reported his personal observations on prevailing labour conditions:

"The most pervasive racist practice, and the one that blacks come in contact with and feel the most resentment about, is unequal pay scales for black and white workers. It is the exception, not the rule, to find a black man's pay equal to that of a white man doing the same work.

"In a small furniture factory in Luanda, a black man and a white man sit beside each other engaged in identical labour making the legs of a chair. The black is paid 70 cents (\$US) a day; the white gets (\$US 3). The white man does not say he is more skilled. He explains the unequal pay by saying, 'This is not my country. I am from Portugal. These people were born here. They don't deserve as much as I do.'"

Table 13

Angola: Average daily wage of industrial workers;
selected sectors, 1968 a/
 (escudos)

<u>Sector</u>	1968		
	<u>Average wage</u>		
	<u>Skilled and</u> <u>unskilled</u>	<u>Skilled</u>	<u>Unskilled</u>
Fish processing (canning and freezing)	20.54	162.33	18.07
Sugar	21.31	122.07	15.94
Edible oils	60.74	140.72	39.32
Beer	88.71	251.68	51.52
Soft drinks	38.81	171.54	28.72
Tobacco	44.84	100.46	29.90
Cotton ginning	38.54	79.34	33.03
Cotton thread and cloth	49.34	60.74	37.41
Palm oil	20.77	41.54	19.40
Petroleum refining	408.77	517.63	48.34
Iron and steel sheets	114.00	147.04	40.07
Steel pipes	73.86	193.33	45.75
Electric appliances	72.12	119.38	35.60

Source: Portugal., Anuario Estatístico, 1970, vol. II.

a/ Latest year available.

APPENDIX II

MOZAMBIQUE

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INTRODUCTION

1. At the request of the Special Committee, the Secretariat, in 1965 and 1966, prepared a series of seven working papers containing background information for the study undertaken by Sub-Committee I on the activities of foreign economic and other interests which are impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples in 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. b/

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/ For the most recent, see Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 23A (A/8023/Rev.1/Add.1), annex, appendix III; *ibid.*, Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1), annex, appendix II; *ibid.*, Twenty-seventh Session, Supplement No. 23, (A/8723/Rev.1), chap. V, annex, appendix II.

1. ECONOMIC EXPANSION AS COLONIAL EXPLOITATION

3. As pointed out previously, approximately 88 per cent of the African population in Mozambique is engaged in the subsistence sector of the economy.^{c/} Thus, the market sector, based on monetary exchange, is the sector under foreign exploitation and control. An analysis of the indicators of economic activity in the Territory is, in fact, an analysis of the extent and intensity of colonial exploitation.

4. The present report identifies some of the more important financial and industrial groups, whether European, United States or South African, which participate in the accelerating exploitation for profit of the economic resources of Mozambique. This exploitation involves energy resources, mining, commercial agriculture and industry, as well as contracts for the export of African labour from the subsistence economy of Mozambique to South Africa, in particular. However, this report will not include information on commercial agriculture, which has been covered in previous reports ^{d/} and will be considered again in subsequent reports.

5. According to Portuguese sources, the market sector under foreign control, expressed as the gross internal product of Mozambique, grew from 10.5 thousand million escudos ^{e/} in 1958 to 25.1 thousand million escudos in 1968, computed with values at 1963 prices (see table 1 below). ^{f/} The computed trend for

^{c/} Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 23 (A/7623/Rev.1), chap. VIII, annex III, para. 36.

^{d/} Ibid., Twenty-first Session, Annexes, addendum to agenda item 23 (A/6300/Rev.1), chap. V, annex, appendix III.

^{e/} 25.50 escudos equal approximately \$US 1.00.

^{f/} Portuguese official sources frequently refer to gross internal product and not to gross national product. For purposes of presentation and analysis of the total output of a colonial Territory, the distinction in the technical literature is crucial. The gross internal product refers to the production occurring within a given geographical area, irrespective of whether the productive resources in question are owned by the nationals of that Territory or not. On the other hand, the gross national product is based on the productive activity of a specific group of nationals and their property. Therefore, in the case of a colonial Territory rich in natural resources owned and exploited by nationals of other countries the gross internal product may be very much larger than gross national product. The implications of this difference can be avoided by the appropriate manipulation of the legal definition of what constitutes a "national" enterprise, thereby obscuring the nationality of the true beneficiaries of the profits generated through colonial exploitation.

the 1958-1964 period indicates a rate of growth of 6.5 per cent a year. The period 1964-1968 reveals an acceleration of annual economic exploitation to 13 per cent a year. g/ The intensification of the rate of growth corresponds to the period in which the national liberation forces of Mozambique initiated their military activities.

6. Other indicators confirm the increasing rate of economic exploitation of the Territory. In particular, the consumption of electricity in million kWh has shown a very high rate of growth (see below). Total energy consumption also reflects the general trend (see table 1 below). Data on the gross internal product and on energy consumption are basic indicators of the trend of economic activity. The marked increase in the series related to gross internal product and energy consumption reflects the efforts of Portuguese and other interests to accelerate the economic exploitation of Mozambique. The data suggest that despite the appeals of the United Nations, the economic exploitation of Mozambique continues unabated and foreign economic interests continue to expand their activities in the Territory.

g/ Based on the series of relatives with 1963 = 100 and a least squares trend line for 1958-1964 equal to $Y_c = 85 + 6.5x$ with origin in 1961 and a trend line for 1964-1968 equal to $Y_c = 132 + 13x$ with origin in 1966.

Table 1

Mozambique: Gross internal product and total
energy consumption, 1958-1970

<u>Year</u>	<u>Gross internal product</u> (thousand million 1963 escudos)	<u>Total energy consumption</u> (million metric tons of coal equivalent)
1958	10.5	0.690
1959	11.3	0.680
1960	11.7	0.710
1961	12.5	0.937
1962	14.1	0.794
1963	15.4	0.672
1964	16.4	0.855
1965	18.8	0.740
1966	20.0	0.824
1967	21.2	0.752
1968	25.1	1.210
1969	...	1.245
1970	...	1.124

Sources: Banco Nacional Ultramarino, Boletim Trimestral, No. 85, 1971;
World Energy Supplies, 1958-1961 (United Nations publication, Sales No.: 63.XVII.4)
and ibid., 1961-1970 (United Nations publication, Sales No.: 73.XVII.2).

2. CONTROL OF ENERGY RESOURCES

7. The expansion of the market sector under colonial control depends on the availability of low-cost energy resources. The existence of natural resources and low-cost energy, particularly after the completion of the Cabora Bassa project, is expected to attract Portuguese and other foreign economic interests to intensify the colonial exploitation of Mozambique.

8. The rapid increase in installed capacity for the production of electricity and the current low indices of utilization of electricity in the Territory suggest a special effort by Portuguese authorities to attract foreign economic interests in Mozambique. In the period 1958-1970, the total consumption of electric energy in million kWh increased at the annual rate of 12.4 per cent. h/ In 1970, the installed capacity was 355,000 kW and total consumption of electricity was 430 million kWh (see table 2 below). Despite Portuguese efforts to expand the generating capacity and consumption of electricity in Mozambique, the utilization of installed electric generating capacity in terms of kWh produced per kW was very low in comparison with some neighbouring countries. In 1970, Mozambique was utilizing only 1,572 kWh per installed kW, while Southern Rhodesia was utilizing 5,378 kWh/kW and South Africa 5,099 kWh/kW. i/

9. The most flagrant example of Portuguese policy is the Cabora Bassa dam project which is expected to open up new areas of exploitation of non-renewable resources and is already attracting a number of foreign economic interests to the Territory, particularly in the district of Tete, where the dam is being constructed. Thus the future economic development of Mozambique, particularly in so far as the control of its energy resources is concerned, is being threatened by the increased exploitation of those resources by international groups in co-operation with Portugal.

10. Until the Cabora Bassa project becomes operational, the main domestic source of energy for Mozambique is coal. Lourenço Marques and Manica and Sofala j/ account for nearly 70 per cent of the total consumption of energy in the Territory. These areas, as has been previously reported, also contain over 50 per cent of the white population. k/

11. Although petroleum has not so far been found in Mozambique, prospecting is in the hands of three international groups representing interests in South Africa, the United States of America, France and the Federal Republic of Germany.

12. A summary of the activities of the major foreign economic interests in those sectors and their pattern of exploitation is given below.

h/ Computed by the least squares method, using the series of relatives based on 1963 and year of origin 1964. The trend equation is: $Y_c = 112 + 12.4x$.

i/ World Energy Supplies, 1961-1970 (United Nations publication, Sales No.: 73.XVII.2), pp. 297 and 302.

j/ Now divided into the districts of Beira and Vila Pery.

k/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. X, annex II.C, para. 3.

Table 2

Mozambique: Electric energy, 1958-1970

<u>Year</u>	<u>Installed capacity</u> (thousand kW)	<u>Total consumption</u> (million kWh)
1958	63	80
1959	105	130
1960	122	150
1961	159	189
1962	182	233
1963	211	249
1964	209	282
1965	210	314
1966	244	337
1967	270	361
1968	274	408
1969	332	470
1970	355	430

Sources: Statistical Yearbook, 1965 (United Nations publication, Sales No.: 66.XVII.1) and ibid., 1971 (United Nations publication, Sales No.: 72.XVII.1); World Energy Supplies, 1958-1961 (United Nations publication, Sales No.: 63.XVII.4) and ibid., 1961-1970 (United Nations publication, Sales No.: 73.XVII.2).

Cabora Bassa project

13. Detailed information on the Cabora Bassa project, describing the terms of the contract with Zamco-Zambeze Consórcio Hidroelétrico, Lda., and the agreement between Portugal and South Africa, as well as the names and nationalities of the concerns involved in the project, either directly as members of Zamco or in subcontracts and related works, appear in previous reports of Sub-Committee I for 1970, 1971 and 1972. 1/ New developments are summarized below.

1/ Ibid., Twenty-fifth Session, Supplement No. 23A (A/8023/Rev.1/Add.1), annex, appendix III, paras. 154, et seq.; ibid., Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1) annex, appendix II.B, paras. 81, et seq.; ibid., Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. V, annex, appendix II, paras. 69 et seq.

Construction of the dam

14. The first stage of the project is scheduled for completion in 1974 and the complete south bank power station, which will have a capacity of 1.2 million kW, is expected to become fully operational in 1975, with power beginning to be transmitted on a high voltage link, 1,930 kilometres in length, to the Apollo substation in Irene, South Africa.

15. Work on the building up of the dam wall began in June 1972, at the end of the rainy season, and the reservoir is expected to begin to fill by 1973. In September 1972, work was begun on laying concrete for the walls of the dam. It is estimated that 580,000 cubic metres of concrete will go into the building of the walls, requiring an average daily volume of 400 tons of cement which is supplied by the Companhia de Cimentos de Moçambique, SARL, a company associated with the Portuguese group known as Champalimaud. In order to cope with the increasing demands of the project, Companhia de Cimentos invested 400 million escudos in 1972 on the expansion of its plant at Nova Maceira (see para. 103 below).

16. According to one source, the work on the line linking Cabora Bassa and South Africa (see above) is a year ahead of schedule. The power line has been cleared to within 40 miles of Songo, and the dual power lines from South Africa have been erected as far as Vila de Manica, near Umtali.

Activities of the Zambezi Development Planning Office

17. According to a report issued by the Zambezi Development Planning Office, the government body responsible for supervising the Cabora Bassa project and for providing both central and regional services, 3.8 million escudos had been spent on the Cabora Bassa dam by the end of 1971. This figure includes disbursements of 2.3 million escudos and term payments, with corresponding pre-financing charges, amounting to 1.5 million escudos.

18. Actual expenditure by the Zambezi Development Planning Office during 1971 amounted to 241.2 million escudos, including personnel (66.6 million escudos); material (64.7 million escudos); and services and miscellaneous (109.9 million escudos).

19. In addition, during the 1971 fiscal year, the Office concluded a new agreement with the Federal Republic of Germany, raising its credit to 111.6 million marks, m/ to provide financing resources for the power conversion substation at Cabora Bassa. The contract was negotiated on the same basis as the export credits originally contracted.

20. For 1973, the Office has an estimated budget of 476.5 million escudos.

m/ 2.8 Deutsche marks equal approximately \$US 1.00.

21. Contracts awarded by the Zambezi Development Planning Office during 1972 included one for 496,000 escudos with ACTA-Actividades Eléctricas Associadas, SARL, n/ for supply and installation of telephone equipment in Tete, and one for 622,500 escudos with Comportel de Moçambique, which has its headquarters in Vila Pery, for services.

22. It was also reported in 1972 that the Caterpillar Tractor Company, a United States concern, has been selling construction equipment to the Zamco consortium since 1970. As reported in the company's house magazine, The Dealer (April 1972), Caterpillar, through its agent, Steia, sold equipment to Zamco which included 18 769B trucks, 10 wheel loaders, 8 track-type tractors, 2 14E motor graders and 3 industrial engines. In order to provide an operating support base for the dam site, the company established a branch store at Tete as well as a service facility approximately one mile from the construction site; it also acquired a twin-engine Piper Aztec airplane to pick up and deliver spare parts in extreme emergencies.

23. The company also made available to Zamco at the dam site the services of a mechanical engineer, two specialized servicemen and three parts men, providing each mechanic with radio-equipped vehicles.

24. In 1971, the total sales of Caterpillar amounted to \$US 2,127.8 million; its assets were \$US 1,813.6 million; and its net income was \$US 143.8 million. The company ranks forty-second among the 500 largest industrial corporations of the United States. o/

Security measures

25. As previously reported, the security cordon around the project is very strict and includes a triple defensive system of fencing and fortification for miles around, asphalted roads and escorts for traffic in and out of the project. Even the Portuguese press reports that, although there are no signs of destruction at either the construction or housing zones of Cabora Bassa, the material and armament coming from Tete, through a 130-kilometre road, are escorted by military vehicles "as a precautionary measure", Portuguese soldiers and African militia patrol a perimeter area of 200 kilometres. One Portuguese source noted that the military concentration in the vicinity of the project is sufficiently large to make a guerrilla attack impossible.

26. As described by official Portuguese sources, the Cabora Bassa dam is part of a multipurpose project to provide electric power, agricultural development, minerals development, navigation and flood control to an area of about 85,000 square miles with a population of 1.5 million people.

n/ ACTA is also involved in contracts relating to the Cunene River basin scheme in Angola (see appendix I above, para. 16).

o/ "The Fortune Directory: The 500 Largest Industrial Corporations", Fortune, May 1971.

27. For the national liberation movements, the project reflects the continuation of Portugal's colonial rule and a means of ensuring white domination and colonialist rule in southern Africa. For the Portuguese Government, however, the construction of the dam has become a great political challenge.

28. From the practical point of view, the dam is not a real necessity for Mozambique, which is already equipped with thermo-electric stations and small hydroelectric schemes which cover adequately its present needs. There are some 770 generating plants, of which 664 are privately owned. The most important plants are the Hidro-Eléctrica do Revuè, which supplies energy to the district of Manica e Sofala and the Umtáli region in Southern Rhodesia, and the thermo-electric plant which supplies Lourenço Marques.

29. Two other major schemes are under construction in the Territory: the Massingir River dam and the Chicamba Real dam. The Massingir River dam, on the Elefantes River, is being constructed at an estimated cost of 710 million escudos. It is scheduled for completion in 1975, and will have a reservoir with a capacity of 2.8 thousand million cubic metres. Located in the Gaza district, about 28 kilometres from the South African border and some 248 kilometres from Lourenço Marques, the Massingir dam will irrigate some 500,000 acres of land stretching from the Limpopo Valley to the Lower Limpopo Valley. The contract for construction of the dam was awarded to Constructora do Tâmega, Lda. in August 1971 (Portaria 413/71, 6 August). The territorial Government increased the public debt of Mozambique by 550 million escudos to finance the construction of the Massingir dam. No information is available regarding the origin of the capital and the direction of Constructora do Tâmega, Lda. The company is also involved in the Cabora Bassa dam project. The Chicamba Real dam, located at the Punquè River, near Vila Pery, an undertaking of the Sociedade Hidro-Eléctrica do Revuè (see also para. 70 below), is expected to have a storage capacity of 2.0 thousand million cubic metres when completed. The second phase of the project was concluded early in 1970.

30. A series of smaller projects are also under study, including some which are related to the Cabora Bassa project.

Petroleum

31. Despite intensive prospecting, no oil has yet been found in Mozambique, which still depends on crude oil imports for its liquid fuel needs. In order to meet the demand for refined oil fuels, Portuguese companies have increased the capacity of their refineries in Mozambique to 850,000 metric tons per year (see table 3 below).

32. During 1972, the following companies were involved in petroleum prospecting in Mozambique: (a) Mozambique Amoco Oil Company; (b) Aquitaine Moçambique-Companhia de Petróleos, SARL, Anmercosa-Companhia de Petróleos de Moçambique, SARL, and Gelsenkirchener Bergwerks Aktien-Gesellschaft; and (c) Hunt International Petroleum Company. p/

33. In January 1972, the exclusive concession held jointly by the Sunray Oil Company, Clark Oil and Refining Corporation and Skelly Oil Company (Sunray, Skelly and Clark) of the United States, was cancelled at the request of the concessionnaires. q/ In 1967, the three companies were granted a concession (Decree 47,990, 11 October), located between parallel 24°S and Mozambique's southern border with South Africa, an area of about 60,000 square kilometres, including part of the continental shelf up to 200 metres in depth. r/

34. No new concessions for petroleum prospecting are known to have been granted in 1972. Very little information is available on the activities of the five companies currently engaged in petroleum prospecting in Mozambique, except for the Aquitaine-Anmercosa-Gelsenkirchener consortium.

35. According to its annual report for 1971, s/ Aquitaine, which is the majority shareholder in the Aquitaine-Anmercosa-Gelsenkischener contract, concentrated its activities during that year in the Zambezi River basin. The company spent a total of 76.8 million escudos on its operations in 1971, as follows: drilling, 65.0 million escudos; geophysical surveys, 4.1 million escudos; geological surveys, 2.3 million escudos; and other operations, 5.4 million escudos. According to the report, the prospects for 1972 were not considered encouraging and the activities of the company were to be limited to an analysis of the results of the drilling operations.

36. No information is available on the activities of the Mozambique Amoco Oil Company or the Hunt International Petroleum Company.

p/ For a description of the concessions and the companies involved, see Official Records of the General Assembly, Twenty-third Session, Annexes, agenda item 68 (A/7320/Add.1), annex, appendix III, paras. 135-140. A map of the concessions appears in ibid., Twenty-fourth Session, Supplement No. 23A (A/7623/Rev.1/Add.1), annex, appendix II.

q/ Mozambique, Boletim Oficial, Series III, No. 9, 20 January 1972.

r/ For details on the terms of the concession, see Official Records of the General Assembly, Twenty-third Session, Annexes, agenda item 68 (A/7320/Add.1), annex, appendix III, paras. 122-134.

s/ Mozambique, Boletim Oficial, Series III, No. 72, 2 June 1972.

Table 3

Mozambique: Imports and refinery capacity of crude petroleum, 1961-1970

<u>Year</u>	<u>Imports</u> (thousand metric tons)	<u>Refinery</u> <u>capacity</u>
1961	490	570
1962	399	570
1963	437	570
1964	484	570
1965	535	570
1966	653	700
1967	677	850
1968	805	850
1969	837	850
1970	749	850

Source: World Energy Supplies, 1961-1970 (United Nations publication, Sales No.: 73.XVII.2).

Coal

37. Coal is Mozambique's most important energy resource. The only coal mines active in Mozambique until recently were the Moatize coal mines, operated by Companhia Carbonífera de Moçambique, a subsidiary of Companhia de Moçambique, which had produced an average of 300,000 tons of coal annually for the last decade, mostly for internal consumption. A small amount has been exported every year (see table 4 below). Recently the company announced that it would soon begin operations in the newly discovered mines in the region of Chupanga, Tete District. It is expected that production from the Chupanga mines will increase the annual coal production of the Territory to some 1 million tons. The company's profits in 1971 were expected to be about 5 million escudos. The dividends distributed to its shareholders amounted to 2.4 million escudos during the same period.

Table 4

Mozambique: Production and export of coal, 1958-1970

<u>Year</u>	<u>Production</u> <u>(thousand metric tons)</u>	<u>Export</u>
1958	250	050
1959	260	040
1960	270	060
1961	321	061
1962	298	053
1963	283	064
1964	245	062
1965	237	088
1966	295	086
1967	282	073
1968	414	068
1969	277	095
1970	351	108

Source: World Energy Supplies, 1958-1961 (United Nations publication, Sales No.: 63.XVII.4) and ibid., 1961-1970 (United Nations publication, Sales No.: 73.XVII.2).

3. TRENDS IN THE EXPLOITATION OF NON-RENEWABLE RESOURCES

38. The pattern of exploitation of non-renewable resources in Mozambique is reflected in the effort to increase exports of minerals and the lack of development in the industrial processing sector. This lack of development affects the wage-earning potential of the local population which is denied the opportunity for industrial employment and the acquisition of more complex skills.

39. Mozambique is known to have reserves of various minerals of industrial importance and, although mining does not yet play a major role in the economy, in the past few years there has been a growing influx of foreign capital investment in the mining sector, particularly in the district of Tete where the Cabora Bassa dam is being constructed.

40. Actual production, however, has not increased substantially. In 1971, the total mineral production of the Territory was 368,000 tons, with a market value, including export and domestic consumption, of 117.3 million escudos, accounting for only 2.5 per cent of the Territory's total value of exports. Mineral exports in 1971, valued at 89.6 million escudos, showed a drop of over 8 per cent from 1970. Exports of coal amounted to 22.3 million escudos, representing 24.7 per cent of the total value of mineral exports; microlite, columbo-tantalite and copper accounted for 20.9, 20.5 and 8.7 per cent respectively of the total value of mineral exports (see table 5 below).

41. The principal purchasers of the Territory's mineral exports were the United Kingdom of Great Britain and Northern Ireland (29.1 million escudos), the Federal Republic of Germany (23.0 million escudos) and Japan (21.3 million escudos).

New mineral concessions

Bethlehem Steel consortium

42. In September 1972, the Portuguese Overseas Minister granted an exclusive concession for mineral prospecting to a consortium formed by the Bethlehem Steel Corporation, the second largest steel producer in the United States, the Companhia Mineira do Lobito of Angola and the Companhia do Urânio de Moçambique, a subsidiary of the Companhia de Moçambique (Decree 349/72, 6 September). t/

43. The area of the concession covers several thousand square miles, extending from Djanguire (Chioco) to Changara, in the district of Tete. Under the terms of the contract, the granting of the concession does not invalidate mining rights acquired previously by other interests in the same area.

t/ For information on the Companhia Mineira do Lobito and Companhia de Moçambique, see Official Records of the General Assembly, Twenty-fourth Session, Supplement No. 23A (A/7623/Rev.1/Add.1), annex, appendix II.A, paras. 37 et seq. and ibid., Twentieth Session, Annexes, addendum to agenda item 23 (A/6000/Rev.1), chap. V, appendix, annex II, paras. 214-220.

44. The consortium has been granted prospecting rights for all minerals, including fluorite, except radioactive materials and its by-products, petroleum, coal and diamonds. The initial period of the concession is for three years, and may be extended for two more years. The consortium has been guaranteed mining rights for an initial period of 20 years which may be renewed for 15 more years. During the initial three-year period of the concession, the consortium must actively prospect the area of concession and spend at least 2.0 million escudos in the first year, 3.5 million escudos in the second and 3.5 million escudos in the third year.

45. The concessionnaire, which must be registered under Portuguese law and have its administrative headquarters in Portuguese territory, is to commence operations with an initial capital of 10 million escudos. The Government of Mozambique is to receive from the concessionnaire 50 per cent of the net profits from the concession, as well as direitos de concessão (royalties) calculated on the basis of the average international price of the principal world exporters. The company is required to pay to the Overseas Mining Fund a sum of 600,000 escudos annually. 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.

46. The company is exempt from all taxas, impostos e contribuições (fees, taxes and contributions) 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.

Lonrho Ltd.

47. In March 1972, Lonrho, Ltd. requested an exclusive concession for prospecting all minerals, except diamonds, hydrocarbons and its by-products and radioactive minerals, in an area of 210 square kilometres in the district of Vila Pery. There is no information on the outcome of the request.

48. Lonrho, Ltd. was registered in May 1909 as the London and Rhodesian Mining and Land Company, Ltd. It changed to its present name in 1963. In addition to its mining activities, the company is involved in construction, agriculture and engineering in southern Africa and in Europe, Mauritius and Sri Lanka. One of its subsidiaries is the Companhia do Pipeline Moçambique-Rhodesia, SARL. The company's registered capital in 1969 was £20 million. Its estimated net profit for the year ended September 1970 was £7.0 million.

49. Lonrho, Ltd. is very active in Southern Rhodesia, where, through its subsidiary, Coronation Syndicate, Ltd. (CORSYN), it is involved in the exploitation of gold, copper and scheelite.

Empresa de Minérios do Ultramar (EMUL)

50. In September 1972, the concern Empresa de Minérios do Ultramar requested an exclusive concession for prospecting for copper, nickel and iron ore in an area in Mozambique neighbouring Southern Rhodesia. u/ No details are available at present on the ownership of the company or on the outcome of its request.

Other concessions

51. A Portuguese source reported that a new company was established in April 1973 for the prospecting of minerals in the region of Honde, south of the Pungué River, where deposits of high-grade iron ore, magnetites and hematites, estimated at 120 million tons, were found in 1971. Some international concerns are reportedly interested in the deposits. According to the same source, these include Japanese and United States concerns. It has been further reported that the construction of a railway extension linking Vanduzi to Honde for the eventual transport of the minerals for export through Beira is under consideration.

Mining operations

Companhia Moçambicana de Minas (COMOCMIN)

52. As previously reported, v/ COMOCMIN was set up in December 1969 by a consortium formed by the Johannesburg Consolidated Investment Company, Ltd., of South Africa (JCI) (Johnnies), the Anglo-American Corporation of South Africa and Mr. Lionel Gomes dos Santos of Mozambique, to prospect for all minerals except petroleum, natural gas and its by-products, diamonds and iron ore, in an area of Tete District.

53. According to the company's annual report for 1971, COMOCMIN was active in the areas of Tchirodzi, Necungas, Mavudzi and Lupata, and invested 10.8 million escudos during the year. By the terms of its contract, the company was required to spend a minimum of 400 escudos per square kilometre in prospecting during that year. No information is available on COMOCMIN's net profits in 1971; however, the dividends distributed to its shareholders amounted to 4 million escudos.

Companhia do Urânio de Moçambique

54. The Companhia do Urânio de Moçambique holds three exclusive concessions for uranium prospecting in the district of Tete, one located at Moatize, and two others in the Domba and Changara regions, on the border with Southern Rhodesia.

u/ Mozambique, Boletim Oficial, Series III, 2 September 1972.

v/ Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 23A (A/8023/Rev.1/Add.1), annex, appendix III, paras. 131-138.

55. The area of the Moatize concession is known to have deposits of titanomagnetite; the Domba-Changara concessions are located in areas rich in various ores, particularly fluorite. Prospecting for fluorite, in fact, has been attracting new foreign capital, including the recently formed consortium referred to in paragraph 42 above.

56. In 1972, the Companhia do Urânio de Moçambique reported the discovery of 26 new uranium deposits in the Moatize zone and filed claims for all of them. There is no information on the company's recent capital and profits.

57. A number of other companies have also been actively participating in the exploration of the mineral resources of Mozambique in recent years. Amongst those for which there is no up-to-date information available are the following: Interminas Fluorites de Moçambique, SARL, which is associated with the Continental Ore Corporation and the Société du Luxembourg; Sociedade Mineira de Manica, Lda., a Southern Rhodesian concern; International Nickel Southern Exploration, Ltd., of Canada; and Edmundian Investments (Pty.), Ltd., of South Africa (copper exploration).

Table 5

Mozambique: Production and export of principal minerals, 1970-1971

Mineral	Production (tons)		Exports (tons)		Value of exports (million escudos)		Principal countries of destination a/	
	1970	1971	1970	1971	1970	1971	1970	1971
Asbestos	228.0	1,430.5	228.0	287.1	0.5	0.8	Fed. Rep. of Germany, France	Fed. Rep. of Germany, France, Italy, United States, Japan
Bauxite	7,146.0	7,713.0	7,138.0	7,776.0	0.4	0.5	Southern Rhodesia	Southern Rhodesia
Beryl	32.9	12.7	6.2	42.9	0.07	0.4	United States, Southern Rhodesia	United States
Bismutite	1.4	1.5	0.4	-	0.01	-	Netherlands, United Kingdom	
Coal	351,015.5	328,673.1	102,089.9	80,248.0	27.5	22.3	Kenya, Japan, Angola, Malawi	Japan, Kenya, Malawi, Angola
Columbium- tantalite	97.2	58.6	54.0	69.3	23.1	18.4	Netherlands, United Kingdom, Fed. Rep. of Germany, United States	United Kingdom, Fed. Rep. of Germany
Copper	-	1,654.4	-	1,676.3	-	7.9	-	Japan
Fluorite	1,136.4	8,218.4	1,104.3	3,143.5	1.2	3.0	Fed. Rep. of Germany, Australia	Fed. Rep. of Germany, Japan, Portugal
Mica	252.8	950.0	759.0	505.0	0.9	0.6	United Kingdom, Australia	United Kingdom
Microcline	63.6	15.0	116.0	69.8	31.5	18.8	United Kingdom, Fed. Rep. of Germany, Netherlands	Fed. Rep. of Germany, United Kingdom
Montmorillonite (bentonite)	5,492.8	5,453.9	5,039.3	4,821.6	3.9	4.0	United Kingdom, South Africa, Australia, Madagascar, Portugal, Sweden, Angola	South Africa, United Kingdom, Australia, Portugal, Angola, Sweden, Japan
Tourmalin	6.2	3.5	5.5	2.2	1.0	1.3	Fed. Rep. of Germany, Switzerland, South Africa	South Africa, Southern Rhodesia, Switzerland, Fed. Rep. of Germany, Australia
Others	17,251.3	16,673.9	1,162.9	3,322.6	7.5	11.6		
					97.5	89.6		

Source: Mozambique, Boletim Oficial, Series III, No. 70, 2 September 1970 and No. 112, 26 September 1971.

a/ In descending order of importance.

4. PATTERN OF EXPLOITATION OF CAPITAL INTENSIVE INDUSTRIES w/

Pattern of profit and control

58. As in the case of mining, the industrial sector of Mozambique is still limited and plays a small role in the over-all economy of the Territory, contributing about 14 per cent of the gross internal product of the Territory. Eight major branches of industries (food processing, textiles, petroleum refining, manufacture of transport equipment, timber, non-metallic minerals, tobacco and beverages) account for over 70 per cent of all production of the transforming industries. These are also the sectors in which there is heavy concentration of investments and which are generally controlled by Portuguese and foreign capital.

59. In 1970, there were 1,904 industries active in the Territory, of which 180 produced for export, and 1,724 for the internal market. The total value of investments in industry at 31 December 1970 was 13,157.9 million escudos, of which 52.3 per cent was in the export industries and 47.7 per cent was in the industries destined to the internal market.

60. Sugar accounted for over 40 per cent of all investments in the export sector, followed by sisal (12 per cent) and petroleum refining (10 per cent). Cement accounted for 13.1 per cent of investments in the industries destined for the internal market, followed by beer (9.2 per cent) and textiles (7.2 per cent).

61. As seen in table 6 below, nearly all industries in Mozambique are capital intensive. In 1969, the latest year for which complete industrial statistics are available, the total capital investment in industries was 12,500 million escudos, of which 70 per cent was concentrated in the sectors referred to in paragraph 58 above. The capital investment per worker in the eight branches was as follows: over 4 million escudos per worker in petroleum refineries; 359,000 escudos in the beverage industry; 282,700 escudos in non-metallic minerals; 204,200 escudos in the textile industry; 193,500 escudos in the tobacco industry; 140,800 escudos in food processing; 81,800 escudos in the manufacture of transport equipment; and 54,100 escudos in timber. For the industrial sector as a whole, the average capital investment per worker in 1962 was 102,600 escudos; in 1969 the average increased to 163,300 escudos.

62. Most of the companies involved in those eight branches of industrial activity, as well as in lower production industries, are interlocked in a complex system of subsidiaries and affiliated companies under a few financial groups in Portugal and other foreign countries.

63. With respect to the profit pattern, it is clear that profits have increased significantly in several sectors (see table 7 below). In 1962 only four sectors of industry had gross profits exceeding 100 million escudos; in 1969 the number had increased to nine industrial sectors.

64. The pattern of profit and control of the activities of the major companies involved is described below, by branch of activity.

w/ For the purposes of this report, industries are considered capital intensive if they have capital investment per worker exceeding 10,000 escudos.

Table 6

Mozambique: Transforming industries, 1962 and 1969

<u>Industry</u>	<u>Capital investment per worker</u> (thousand escudos)		<u>Number of workers</u>	
	<u>1962</u>	<u>1969</u>	<u>1962</u>	<u>1969</u>
Oil refineries	1,226.2	4,052.8	183	182
Chemical industries	206.8	475.3	1,723	1,013
Metallurgic industry	-	414.9	-	221
Beverage industry	404.6	359.5	610	1,675
Non-metallic minerals	139.9	282.7	3,677	3,609
Textile industry ^{a/}	103.6	204.2	11,126	8,658
Tobacco industry	124.5	193.5	527	520
Construction of non-electric machines	-	188.4	-	262
Manufacture of light metal products	46.7	174.5	2,498	2,547
Printing industry	70.9	165.4	1,421	1,972
Food processing	94.8	140.8	20,034	27,304
Construction of machines and electric appliances	70.4	89.2	367	604
Furniture	35.6	82.8	1,106	2,024
Manufacture of transport equipment ^{b/}	60.0	81.8	2,435	6,024
Rubber industry	75.1	70.2	643	903
Paper industry	18.5	62.8	97	274
Leather industry	33.3	61.8	126	203
Timber	32.9	54.1	11,118	11,165
Footwear	10.8	18.2	937	3,053
Other	115.2	112.9	462	831
Total			59,090	75,672

Source: Mozambique, Estatísticas Industriais, for the respective years.

a/ Mainly the processing of raw material, particularly cotton ginneries.

b/ Including repair of vehicles.

Table 7

Mozambique: Estimated gross profit in industry
before taxes, per sector, 1962 and 1969 a/
(million escudos)

<u>Sector</u>	<u>1962</u>	<u>1969</u>
Food processing industry	394.2	887.9
Textile industry <u>b/</u>	360.0	364.4
Tobacco	112.2	233.2
Beverage industry	126.0	212.8
Non-metallic minerals	75.2	176.7
Chemical industry	40.5	173.8
Oil refineries	70.8	135.1
Timber	41.9	129.0
Manufacture of transport equipment	-	109.7
Metallic minerals	37.7	75.0
Footwear	7.5	39.6
Printing industry	12.2	39.3
Construction of machines and electric appliances	7.6	34.1
Rubber industry	9.8	29.4
Furniture	5.2	25.5
Paper industry	5.0	3.3
Leather industry	0.2	3.3

Source: Mozambique, Estatísticas Industriais, for the respective years.

a/ Calculated from the value of output less wages, cost of raw material and cost of energy consumption. Cost of depreciation, obsolescence and interest payments not deducted for lack of data.

b/ Mainly the processing of raw material, particularly cotton ginneries.

Petroleum refinery

65. The only petroleum refining company operating in Mozambique is the Sociedade Nacional de Refinação de Petróleos (SONAREP), owned by the Sociedade Nacional de Petróleos (SONAP) of Portugal, which is itself reported in Who Owns Whom as a subsidiary of the French state-owned Compagnie Française des Pétroles. x/

66. SONAREP's subsidiaries in Mozambique include SONAP de Moçambique (SONAPMOC), SONAP Marítima, Lda. and OILCOM. The net profits of SONAREP in 1972 amounted to over 19 million escudos. Its registered capital and reserves are estimated at 573.9 million escudos. The registered profits of SONAPMOC in 1972 were estimated at 7.8 million escudos, with capital and reserves of 184.4 million escudos.

Cotton textiles

67. Up to 1965, as a matter of government policy, Portuguese capital had complete control over the cotton textile industry in Mozambique. y/ The only textile company then was Textáfrica, a subsidiary of the Sociedade Algodoeira de Fomento Colonial (SAFC), jointly owned by the Portuguese Government and metropolitan textile interests.

68. Since 1966, other companies have been authorized to establish cotton textile factories in Mozambique. The most important are: the Companhia Nacional Algodoeira, a subsidiary of the Companhia de Moçambique; Textil de Lourenço Marques (TEXLOM), SARL, which is controlled by Fábricas Associadas de Oleos (FASOL); União Fabril de Moçambique (UFA); União Industrial do Norte, Lda.; Textimpex-Sociedade Comercial Fazenda e Marques, SARL; and Transtext Fabrics (Pty).

(a) Sociedade Algodoeira de Fomento Colonial (SAFC)

69. In 1964, the company's registered capital was 200 million escudos, but actual capital investment was reported to be 514.4 million escudos by 31 December 1964. The company, which has its headquarters in Portugal, has a factory in Mozambique (Textáfrica) and one in Angola (Textang). Through its subsidiary, the Sociedade Algodoeira de Portugal, which is part of the group of companies controlled by the Banco Português do Atlântico and the Banco Comercial de Angola, the company was reported to have invested 250 million escudos in 1972 for the expansion of its plant at Vila Pery (Textáfrica) and 150 million escudos for a new plant to be established at Nampula.

x/ Who Owns Whom: Continental Edition, A Directory of Parent, Associate and Subsidiary Companies in Industries and Commerce, 1972/1973, vol. 2 (O. W. Roskill and Co. (Reports), Ltd., London).

y/ Official Records of the General Assembly, Twenty-third Session, Annexes, agenda item 68 (A/7320/Add.1), annex, appendix III, para. 189.

70. In addition to its cotton textile interests, the company holds controlling interests in the Sociedade Hidro-Eléctrica do Revuè which furnishes electric power to its factory; the Empresa Moçambicana de Malhas, a knitted goods concern; the Companhia de Seguros Ourique, an insurance company; the Cooperativa dos Produtores e Exportadores de Café of Angola; and the Sociedade Algodoeira do Zambeze, SARL.

(b) Companhia Nacional Algodoeira

71. This company was reported to have registered 4.1 million escudos in profits in 1972. Its capital and reserves were estimated at 84.1 million escudos. The company is also represented on the Board of Directors of the Empresa Moçambicana de Empreitadas and of the Sociedade Algodoeira do Zambeze.

(c) Textil de Lourenço Marques (TEXLOM)

72. In 1967, TEXLOM was authorized to establish a textile complex at Matola, Lourenço Marques, but financial arrangements were not complete until December 1970, when the company signed a contract in Paris with the Compagnie générale d'entreprises électriques, SA (CGEE) for supply of equipment and assemblage of the plant, with technical assistance to be provided by Schaeffer Engineering SA. Financial assistance was granted by the Banque française du commerce extérieur and the Banque de Suez et de l'Union des Mines, with the guarantee of the Sociedade Financeira Portuguesa, SARL and the Instituto de Crédito de Moçambique, both of which are also shareholders in the company. According to the terms of the contract, the plant was to begin operating in 1973. In 1970, TEXLOM had a registered capital of 80 million escudos, and had invested 8.8 million escudos in the project.

(d) União Fabril de Moçambique (UFA)

73. The ownership of UFA is not known. In 1972, the company registered profits of 200,000 escudos. Its capital increased from 5 million to 10 million escudos in 1971. No information is available on the activities of the União Industrial do Norte, Textimpex or Transtex.

Other textile products

(a) Companhia Têxtil do Punguè

74. This company is engaged in the manufacture of gunny sacks and other textile products made of kenaf and jute for use in agriculture. The company is a subsidiary of the Companhia de Seguros Império (which in turn is a subsidiary of the CUF group), z/ and the Sociedade Agrícola do Madal, an agro-industrial corporation in Mozambique representing French, Swiss and Norwegian interests. aa/ In 1969, the company had investments of over 300 million escudos and assets of 184 million escudos in the Territory.

z/ The Companhia União Fabril (CUF) is one of the largest industrial corporations of Portugal.

aa/ Official Records of the General Assembly, Twenty-first Session, Annexes, addendum to agenda item 23 (A/6300/Rev.1), chap. V, annex, appendix III, para. 138.

(b) Companhia Industrial de Cordoarias (CICOMO)

75. Established in 1965, with a registered capital of 50 million escudos, CICOMO is engaged in the large-scale manufacture of rope and other sisal products. Its largest shareholder is CUF, which holds a controlling interest. Other shareholders include the following: Companhia de Seguros Império; Companhia Agrícola João Ferreira dos Santos; Companhia do Boror; Empresa Agrícola do Monapo; and Companhia Textil do Punguè. In 1971, CICOMO registered a production of 9,900 tons; its sales amounted to 84 million escudos.

Beverage industry

76. The most important companies involved in the beverage industry in Mozambique are the following: Fábricas de Cervejas Reunidas de Moçambique; Fábrica de Cervejas da Beira; Consortium Maciana Agrícola; and Companhia de Cervejas e Refrigerantes McMahon, SARL.

(a) Fábrica de Cervejas Reunidas de Moçambique

77. This company, which is associated with the Sociedade Central de Cervejas of Portugal, produces beer and alcoholic beverages. In 1969, the company's registered capital was estimated at 200 million escudos.

(b) Fábrica de Cervejas da Beira

78. The ownership of the company is not known. It is engaged in the brewery industry and increased its registered capital to 90 million escudos in 1969. No information is available on its recent capital and profits.

(c) Consortium Maciana Agrícola

79. Established in 1971 by three beer companies in Mozambique, two of which were subsidiaries of the Sociedade Central de Engarraamento de Vinhos, the consortium is involved in the cereal malt industry. Its registered capital in 1971 was 10 million escudos. No information is available on its profits in 1971.

(d) Companhia de Cervejas e Refrigerantes McMahon, SARL

80. This company is reported to be locally owned. It produces beer and soft drinks and, in 1970, its registered capital was estimated at 85 million escudos.

Sugar refining

81. One of the largest agro-industrial activities in Mozambique is the growing and processing of sugar-cane. Under the complex quota system imposed by Portugal, until recently, up to one third of the sugar quotas allocated to the producers in

the overseas Territories bb/ could be supplied in the form of white sugar, the remainder being raw sugar for refining in Portugal. In 1970, out of a total production of 286,000 tons of processed sugar, 196,000 tons (68 per cent) was raw sugar; 86,000 tons (30 per cent) white sugar; and 6,000 tons (2 per cent) refined sugar.

82. The most important companies engaged in the sugar industry are the following: Açucareira de Moçambique, SARL; Marracuene Agrícola Açucareira, SARL (MARAGRA); Sena Sugar Estates, Ltd.; Companhia do Búzi; and Sociedade Agrícola do Incomáti, SARL.

(a) Açucareira de Moçambique, SARL

83. Açucareira de Moçambique was formed in 1964. The company is Portuguese-owned, since sugar is an industry subject to "national" regulation and the company has to be a "national" enterprise, subject to certain conditions. cc/ The company has received credit from the South African Industrial Development Corporation, in addition to the Banco Nacional Ultramarino and the Instituto de Crédito de Moçambique.

84. According to its report for 1971, Açucareira has been authorized to expand its facilities to increase its production from 100,000 to 110,000 tons per year. The project was entrusted to the French concern, Fives Lille Cail, and it was expected that production would reach 70,000 to 80,000 tons by the end of 1972. The company's net profits in 1971 were reported to be 12.5 million escudos and its capital and reserves 170 million escudos.

(b) MARAGRA

85. This company was established in 1963 by the Marracuene Agrícola e Comercial, Lda., with financial aid from the Banco de Fomento Nacional and the Industrial Development Corporation of South Africa. The company, however, is reported to be entirely Portuguese-owned. Since then, MARAGRA has received additional loans from the same sources, as well as from other Portuguese banks, totalling an estimated 800 million escudos. In 1966, the company's registered capital was reported to be 130 million escudos. No information is available on its recent capital and profits.

(c) Sena Sugar Estates, Ltd.

86. Sena Sugar Estates, Ltd. is predominantly British-owned, with 90 per cent of its capital, reported at 300 million escudos in 1964, held in the United Kingdom. In 1971, the company's net assets in Mozambique were reported to be £10.5 million, and its net profits £643,000.

bb/ Ibid., Twenty-second Session, Annexes, agenda item 24 (A/6868/Add.1), annex, appendix III, paras. 131 et seq.

cc/ Ibid., para. 5.

87. Apart from the processing of sugar in Mozambique, the company owns a refinery in Lisbon which is operated by its wholly owned subsidiary, the Sociedade Industrial do Ultramar (SIDUL). Sena accounts for an average of 63 per cent of all sugar produced in Mozambique. In 1970, its exports of sugar accounted for 17 per cent of the Territory's total exports in tonnage.

88. In addition to its subsidiary, SIDUL, Sena has a 49.5 per cent interest in the Companhia do Comércio de Mozambique. It also operates a cotton concession and a small copra plantation, is engaged in cement manufacture and the processing of timber for export and operates a shipping company.

(d) Sociedade Agrícola do Incomáti

89. One of the largest sugar producers in Mozambique, the Sociedade Agrícola do Incomáti was formed in 1952, when it was purchased from the British-owned Incomati Sugar Estates, apparently by Portuguese capital. In 1971/72, its raw sugar production was 53,600 tons, and the company's registered profits were 15.9 million escudos. Its capital and reserves were reported to be 234.6 million escudos.

(e) Companhia do Búzi

90. Companhia do Búzi, one of the largest agro-industrial corporations in Mozambique, is primarily engaged in sugar production, but is also diversified into various other crops, including cotton, rice, mapira, kenaf and peanuts. Its trading subsidiary, the Entrepósito Comercial de Moçambique, is in turn a subsidiary of the Companhia de Moçambique. Its reported profits for 1971 were 12.1 million escudos, and its capital and reserves were 234.6 million escudos.

Cashew processing

91. Although the cashew industry is expanding, it continues to be monopolized by the following seven multi-interest groups which control both its production and industrialization in Mozambique: Caju Industrial de Moçambique; Sociedade Industrial de Caju e Derivados (CAJUCA); Companhia Agrícola e Comercial João Ferreira dos Santos; Sociedade Comercial e Industrial de Caju (SOCAJU); Indústria de Caju Mocita, SARL; Companhia de Culturas de Angoche; and Spence and Pierce, Lda.

(a) Caju Industrial de Moçambique

92. Formed in 1950, Caju Industrial de Moçambique is the oldest cashew processing company in the Territory. Its principal shareholder is the Banco Nacional Ultramarino of Portugal. In 1972, Caju Industrial reported a loss of 2 million escudos. Its capital and reserves were estimated at 38.1 million escudos.

(b) Sociedade Industrial de Caju e Derivados (CAJUCA)

93. This company is owned by Portuguese and Italian interests, represented by the Companhia União de Cervejas de Angola (CUCA) and Oltremare Industria Prodotti Alimentari e Derivati, SPA. In addition, the Sociedade Agrícola do Madal, which is reported to be controlled by French, Swiss and Norwegian interests, is also represented on the Board of Directors of CAJUCA.

(c) Companhia Agrícola e Comercial João Ferreira dos Santos

94. This company, one of the largest agro-industrial companies in Mozambique, was founded in 1897 by the dos Santos family. It is reportedly entirely Portuguese-owned.

95. One of its branches, the Companhia Comercial João Ferreira dos Santos-Jorreirantos, deals with the cashew industry, and in 1971 had a registered capital of 110 million escudos. Its profits in the same period amounted to 78.3 million escudos.

96. Jorreirantos is also represented on the Board of Directors of the Sociedade Algodoeira do Niassa, the Companhia Industrial de Matola and the Sociedade Algodoeira do Zambeze.

(d) Sociedade Comercial e Industrial de Caju (SOCAJU)

97. This company was formed in 1965. It is controlled by Portuguese and local interests, among which are the Companhia de Seguros Império, which is part of CUF, the Sociedade de Máquinas de Descasque, Lda. and the Sociedade Geral de Comércio, Industria e Transportes, SARL.

98. In 1971, SOCAJU increased its registered capital from 70 million to 90 million escudos. For the past two years, however, the company has earned no profits. In 1971, for instance, it reported a loss of 21.3 million escudos.

(e) Indústria de Caju Mocita, SARL

99. Mocita was established in 1966, financed by South African and Italian capital (the Anglo-American Corporation of South Africa, Tiger Oats and National Milling Company, Ltd. and Oltremare Industria Prodotti Alimentari e Derivati, SPA). The Anglo-American Corporation of South Africa has a controlling interest in the company.

100. In 1970, Mocita increased its registered capital from 20 million to 42 million escudos. In addition, the company established a subsidiary in Mozambique, Indústrias de Caju Antenes, SARL, along with other partners, with a registered capital of 10 million escudos. No information is available on the company's profits during recent years.

(f) Companhia de Culturas de Angoche

101. The Companhia de Culturas de Angoche, which is reported to be partly Swiss-owned, is one of the major sisal producers of Mozambique. There is no information on the company's activities in 1970 and 1971. Its registered capital in 1962 was estimated at 50 million escudos, and by 1966 the company had invested 266.5 million escudos in the Territory.

(g) Spence and Pierce, Lda.

102. This company was established in 1962, and is largely owned by the British firm, Pierce, Leslie and Company, Ltd. In 1966 its registered capital was estimated at 3.5 million escudos. No recent information is available on its activities.

Other industries

(a) Companhia de Cimentos de Moçambique, SARL

103. This company, which is associated with the Champalimaud group, is the major producer of cement in the Territory and is responsible for the supply of concrete to the Cabora Bassa dam project. It has three active plants in Mozambique located at Matola, Lourenço Marques District; Nacala, Moçambique District; and in Nova Maceira (Dondo concelho), Beira District. The Nova Maceira plant is responsible primarily for the supply of cement to Cabora Bassa. In 1972, the company invested some 400 million escudos for the expansion of the Nova Maceira plant in order to meet the increasing demands of the dam project. The company's capital and reserves in 1972 were estimated at 545.1 million escudos and its profits at 1.5 million escudos.

(b) Cometal-Mometal

104. This company is engaged in the transport industry, particularly in the production of railway wagons, metallic structures, cranes and other transport equipment. Its ownership is not known. The company was originally founded by the Portuguese industrialist, João Batista da Silva. The company is not only active in Mozambique but has also received contracts from Purfina, of Angola, the Provincial Electric Power Board of Angola (Junta Provincial de Electrificação de Angola) and South Africa Railways.

105. According to the company's report for 1971, production of railway wagons during the year amounted to 334 wagons. It also received a contract from Serviços dos Portos, Caminhos de Ferro e Transportes de Moçambique for the supply of 17 cranes at an estimated cost of 58.6 million escudos. Its contract with Purfina was for the supply of well wagons (vagões-cisternas) for the Companhia de Combustíveis do Lobito; the value of the contract is not known. South Africa Railways was reported in June 1972 to have ordered 375 rail cars at a cost of 160 million escudos, of which 300 were of the fuel (diesel) type and the remaining 75 of the type improved by ammonia.

106. In 1971, Cometal-Mometal's capital and reserves were estimated at 89.1 million escudos and its profits at 9.4 million escudos.

(c) Lusalite de Moçambique, SARL

107. Lusalite de Moçambique is involved in the fibro-cement industry. The company is also a major shareholder in Concor Industrial, which produces tubing.

108. Lusalite is partly owned by the French concerns, Compagnie Financière Eternit, SA, and Fabrecin-Fabriques Réunies de Fibro-Cement, SA, and by Amindus Holding, SA. Its capital and reserves were estimated at 80.6 million escudos in 1971 and its profits at 4.6 million escudos.

109. Other financial groups have also been contributing to investment projects in Mozambique.

110. In 1972, the Swiss group, Alpina Investitions AG, which represents the Southern Trust Investment Corporation, signed contracts valued at 175 million escudos with the Mozambique Credit Institute. Another substantial investment was the loan granted by the United States Export-Import Bank, valued at 3.8 million escudos, to the Banco Comercial e Industrial de Lourenço Marques in July 1972.

Profit trend

111. The growing interest in investing in the transforming industries in Mozambique (see tables 8 and 9 below) is indicated in the high profits obtained by the companies for which information is available. The pattern of profit of the 30 companies listed in table 8 shows that one company had a percentage of profits over capital and reserves of over 70 per cent; 10 had profits ranging between 10 and 40 per cent; 10 showed profits varying from 5 to 10 per cent; and 6 had profits ranging from 3 to 5 per cent.

112. Large foreign-controlled enterprises which registered substantial profits in 1971 included: Entrepoto Comercial de Moçambique, a subsidiary of the Companhia de Moçambique, 21.5 million escudos profit, 151 million escudos in capital and reserves; Fábricas Associadas de Oleos (FASOL), vegetable oil industry, 12 million escudos profit, 65.6 million escudos in capital and reserves; Moçambique Industrial, also in the vegetable oil industry, 14.8 million escudos profit, 68.7 million escudos in capital and reserves; Embalagens de Moçambique Metal Box, light metal industry, a subsidiary of the Metal Box Company of South Africa, 9.2 million escudos profit, 25.9 million escudos in capital and reserves; and Companhia Industrial da Matola, food processing industry, 7.5 million escudos profit, 203.6 million escudos in capital and reserves.

113. The Companhia Industrial da Matola is part of the multinational group formed by Metallurgy South Africa (Pty), Ltd. of Johannesburg; Gesellschaft Für

Elektrometallurgie GmbH of Düsseldorf; London and Scandinavian Metallurgical Company of London; A. B. Ferrodegeringarn, of Stockholm; Metallurg, Inc., of New York; and Shieldalloy and Company, also of New York, all connected with the imports of ore.

114. A number of companies were formed in Mozambique in 1972, and some established companies increased their registered capital. The new investment reported in 1972 amounted to over 3,000 million escudos. A summary of the available information on these new industries, as well as the increase in capital of existing companies, is given below.

Table 8

Mozambique: Pattern of profit and control in the transforming industries: selected companies, 1971 a/

<u>Company</u>	<u>Activity</u>	<u>Profit</u> (million escudos)	<u>Capital and reserves</u> ^{b/}	<u>Observations</u>
Companhia Comercial João Ferreira dos Santos Jorreirantos	Cashew processing	78.3	110.0	Reported to be entirely Portuguese-owned
Entrepoto Comercial de Moçambique	Diversified enterprise	21.5	151.0	Subsidiary of Companhia de Moçambique
Sociedade Nacional de Refinação de Petróleos (SONAREP)	Petroleum refining	19.1	573.9	Associated with SONAP-SACOR
Sociedade Agrícola do Incomáti	Sugar	15.9	234.6	
Moçambique Industrial	Vegetable oils	14.8	68.7	Vumba-Gestão de Bens Imobiliários on Board of Directors
Sociedade Hidro-Eléctrica do Révuê	Energy	14.7	267.9	Sociedade Algodoeira de Fomento Colonial holds controlling interest
Companhia dos Algodões de Moçambique	Cotton	12.8	187.7	Lagos e Irmaos and Companhia Seguros Tranquilidade on Board of Directors
Açucareira de Moçambique	Sugar industry	12.5	170.0	Portuguese owned. Credit received from South African Industrial Development Corporation and Banco Nacional Ultramarino

Table 8 (continued)

<u>Company</u>	<u>Activity</u>	<u>Profit</u> (million escudos)	<u>Capital and reserves</u> ^{b/}	<u>Observations</u>
Companhia de Seguros Tranquilidade de Moçambique	Life insurance	12.3		On Board of Directors of Companhia dos Algodões de Moçambique
Companhia do Búzi	Sugar	12.1	261.7	Entrepoto Comercial de Moçambique is its trading subsidiary
Fábricas Associadas de Oleos (FASOL)	Vegetable oil	12.0	65.6	
Cometal-Mometal	Transport	9.4	89.1	
Embalagens de Moçambique Metal Box	Light metal industry	9.2	25.9	Subsidiary of The Metal Box Company of South Africa
Companhia do Boror	Copra/sisal	8.7	320.7	Ownership unknown. Reportedly German Federal Republic
Sociedade Nacional de Petróleos de Moçambique	Petroleum distribution	7.8	184.4	Associated with SONAP-SACOR. Subsidiary of SONAP, which in turn is subsidiary of Compagnie Française des Pétroles
Companhia Industrial da Matola	Food processing industry	7.5	203.6	Represents South African, United Kingdom, Swedish and United States capital

Table 8 (continued)

<u>Company</u>	<u>Activity</u>	<u>Profit</u> (million escudos)	<u>Capital and reserves</u> ^{b/}	<u>Observations</u>
Companhia Industrial João Ferreira dos Santos	Cashew/sisal	6.9	172.3	In Board of Directors of Sociedade Algodoeira do Niassa; Sociedade Algodoeira do Zambeze; Companhia Industrial da Matola; CUF group
Companhia Distribuidora de Automóveis	Automobile trade	6.8	17.9	
União Comercial de Moçambique	Automobile trade	6.4	44.6	
Fábrica de Condutores Eléctricos de Moçambique	Electricity	6.2	23.6	
Moçambique Florestal	Forestry	5.5	15.4	Subsidiary of Companhia de Moçambique
Sociedade Agrícola do Madal	Copra	5.2	60.0	French/Swiss/ Norwegian. Reported to be Norwegian controlled
Lusalite de Moçambique	Fibro-cement	4.6	80.6	Amindus Holding, SA, and Compagnie Financière Eternit, SA, are shareholders. Owns Concor Industrial
Companhia Nacional Algodoeira	Cotton	4.1	84.1	Subsidiary of Companhia de Moçambique
Moçacor-Distribuidora de Combustíveis Gas-CIDLA	Gas distributors	3.5	58.8	

Table 8 (continued)

<u>Company</u>	<u>Activity</u>	<u>Profit</u> (million escudos)	<u>Capital and reserves</u> ^{b/}	<u>Observations</u>
Sociedade Agrícola Algodoeira	Cotton	3.2	47.8	
Companhia de Cimentos de Moçambique	Cement	1.5	545.1	Associated with Champalimaud group
Boror Comercial	...	1.5	23.1	Subsidiary of Companhia do Boror
Empresa Moçambicana de Empreitadas	...	1.2	10.2	Companhia de Construções de Moçambique on Board of Directors
Sociedade Algodoeira do Niassa	Cotton	0.7	49.6	Companhia Comercial João Ferreira dos Santos on Board of Directors

Source: Mozambique, Boletim Oficial, Series III, 1972; Marchés Tropicaux et Méditerranéens, 1 and 8 September 1972.

a/ Listed in descending order of the size of the profits.

b/ Registered capital and statutory reserves only.

Table 9

Mozambique: Major new capital
in industry, 1972

<u>Company</u>	<u>Increase in capital</u> (million escudos)	<u>New capital</u>	<u>Remarks</u>
Adriano Maia (Sucessores) e Companhia, Lda.		12.4	Contract with Serviços dos Portos, Caminhos de Ferro e Transportes de Moçambique (CFM) for purchase of equipment
Babcock and Wilcox Moçambicana, SARL	32.9		Increase in capital from 332,500 to 33.3 million escudos
Búzi Imobiliária, Lda.		5.0	Real estate. Companhia do Búzi owns 4.9 million escudos in shares; Búzi Commercial owns 100,000 escudos
Cerâmica Brasil Moçambique, Lda.		40.0	Mosaic and brick factories to be located in Lourenço Marques. Cerâmica Jatobá, of São Paulo, Brazil
Cometal-Mometal		58.6	Transport contract with CFM for supply of 20 electric cranes for the port of Nacala
Companhia de Cimentos de Moçambique, SARL		400.0	Cement industry. Expansion of its plant at Nova Maceira. Associated with Champalimaud group
Companhia de Moçambique	250.0		Increase in capital from 150 million to 400 million escudos
Companhia Industrial do Monapo	25.0		Increase in capital from 35 million to 60 million escudos. Owned by Moçambique Industrial, SARL
Companhia Industrial de Pesca do Camarão		80.0	Contract with Sandock-Austral of South Africa for construction of 15 trawlers. Corbelt Enterprises of South Africa reported to have major interest in firm
Companhia de Tubagem de Moçambique, SARL (COTUBO)		10.0	Metal tubing

Table 9 (continued)

<u>Company</u>	<u>Increase in capital</u> (million escudos)	<u>New capital</u>	<u>Remarks</u>
Concor Industrial, SARL		5.0	Tubing. Owned by Lusalite de Moçambique, SARL and various partners from Lourenço Marques, Portugal, and South Africa
Construcções Técnicas, SARL		171.3	Contract with CFM for extension of Nacala pier
Entrepoto Comercial de Moçambique	40.0	2.4	Increase in capital from 80 million to 120 million escudos; contract with CFM for purchase of equipment. Subsidiary of Companhia de Moçambique
Estaleiros Frejalo, SA		60.0	Supply of 12 trawlers. Brazilian concern, financed by Banco do Brasil
Fábrica de Fixadores Elásticos para Carris, Lda.		1.0	Production of elastic rail spikes. Major shareholder is Elastic Rail Spike Company
Fábrica de Xaropes e Refrigerantes Vumba		10.0	Mineral water bottling. Plant to be established at Vila de Manica
F. Bridler e Companhia, Lda.		3.0	Contract with CFM for supply of equipment
Companhia Industrial de Pesca de Camarão, Lda. (IMPESCAL)		4.0	Shrimp industry. Jointly owned by V. Lopes and L. Corbett Investments (Pty), Ltd.
Industria Cerâmica e Betão do Ultramar (ICBUL)	5.0		Increase in capital from 10 million to 15 million escudos
Industrias Cerâmicas de Moçambique (ICM)		10.0	Ceramic industry. ICBUL and Empresa Moçambicana de Empreitadas are shareholders
Iron and Steel Corporation of South Africa (ISCOR)		63.7	Contract with CFM for supply of equipment to Ressano Garcia and Limpopo railways link
General Tire (through Mabor General)		250.0	Tire manufacturing. Construction of a factory to be located at Lourenço Marques

Table 9 (continued)

<u>Company</u>	<u>Increase in capital</u> (million escudos)	<u>New capital</u>	<u>Remarks</u>
Lusotufo de Moçambique		50.0	Upholstery. Factory to be established at Lourenço Marques. Technical assistance by Lusotufo-Irmãos Rolla-Indústrias Têxteis of Cortegaça, which owns 50 per cent of capital
Maris Setella, Lda.		1,000.0	Fisheries and fish preserve industry, to receive financial support (\$US 30 million) of FID of the United States
Moçambique Comercial e Técnica, Lda.		8.7	Contract with CFM for purchase of equipment
Moçambique Industrial	15.0		Increase in capital from 35 million to 50 million escudos
Phosphate Development Corporation, Ltd. (FOSKOR)		450.0	Authorized to establish factory for exploitation and production of phosphoric acid
Sociedade Algodoeira de Portugal (SOALPO)		400.0	Textile industry: 250 million escudos to be invested in expansion of plant at Vila Pery; 150 million escudos for new plant to be established at Nampula. SOALPO is part of group dependent upon Banco Português do Atlântico and Banco Comercial de Angola
Sociedade Algodoeira do Zambeze	8.0		Cotton ginning. Increase in capital from 12 million to 20 million escudos
Sociedade Comercial e Industrial de Caju (SOCAJU)	30.0		Increase in capital from 70 million to 90 million escudos
Sociedade Comercial e Industrial de Moagem (SOCIMOL)	3.5		Increase in capital from 26.5 million to 30 million escudos

Table 9 (continued)

<u>Company</u>	<u>Increase in capital</u> (million escudos)	<u>New capital</u>	<u>Remarks</u>
Sociedade Moçambicana de Gestão de Bens	5.0		Increase in capital from 15 million to 20 million escudos
Sociedade de Promoção Hoteleira, Lda. (FROMTEL)	11.6		Hotel industry. Increase in capital from 400,000 to 12 million escudos, equally shared by Sociedade Geral do Comércio and Southern Suns Hotels International of South Africa
Sociedade Técnica de Empreendimentos Industriais e Agrícolas, Lda.		5.3	Contract with CFM for supply of equipment
Sociedade Ultramarina de Administração	15.0		Increase in capital from 10 million to 25 million escudos
Standard Elektrik Lorenz, AG		256.8	Supply of equipment to CFM
União Comercial de Moçambique, SARL		12.3	Contract with CFM for supply of equipment

Exploitation of labour

General

115. As seen in table 10 below, despite the increase in capital investment per worker in the transforming industries, which nearly doubled from 1962 to 1969, and the influx of new investments in the industrial sector, the parallel increase in the number of workers and their wage rates was not very significant. In the same period, the number of workers employed in transforming industries increased by only 16,582, which represents an average increase of 2,000 workers per year. Similarly, the increase in wage rates was comparatively small. No information is available, however, on the number of Africans employed in the industrial sector. Generally, agriculture accounts for nearly 90 per cent of the total employment of the active African population (see A/9023/Add.3, annex I.C, para. 114).

116. In 1971, the minimum wage rates in Mozambique were revised. For industries, business and services the rates were set at 18 to 25 escudos per day (\$US 0.72 to 1.00, approximately), which were, generally, the average wage rates already being paid in 1969. It should be noted that under the provisions of the Rural Labour Code dd/ the salaries of workers are paid both in currency and in kind, the latter not to exceed half the amount paid in currency. This suggests that the effective cash wage may be lower than the nominal wages which appear in the official statistics.

Exploitation of Mozambican labour by South Africa

117. It will be recalled ee/ that an area in which African labour in Mozambique has traditionally been exploited is the recruitment of workers for the gold and coal mines of the Transvaal. This recruitment is monopolized by the Witwatersrand Native Labour Association (WNLA), a co-operative association of the Transvaal mines. Under the provisions of the Transvaal Mozambique Convention of 1928, Africans can legally go from Mozambique to work in South Africa only for the purpose of working in the Transvaal mines and only if contracted by WNLA. In return for permission to recruit mine workers from Mozambique, South Africa guarantees the transit through Lourenço Marques of 40 per cent of the total tonnage of commercial seaborne imports into what is referred to as the "competitive area", namely the industrial heart of the Transvaal. Some revisions were introduced in 1964. ff/

dd/ José de Albuquerque Sousa, Código de Trabalho Rural, art. 77 (Coimbra Editora, Lda., Coimbra, 1962).

ee/ Official Records of the General Assembly, Twenty-first Session, Annexes, addendum to agenda item 23 (A/6300/Rev.1), chap. V, annex, appendix V, paras. 14-22.

ff/ Ibid., para. 19.

118. The Convention recently came under severe criticism in the National Assembly in Lisbon by Mr. Max Fernandes, a deputy to the Assembly, who called for an urgent revision in the salaries of the Portuguese miners working in South Africa. He noted that, in 1971, according to South African official statistics, 724,000 persons were employed in the mines, of which 630,000 (87 per cent) were Africans, among which were a large number of "Portuguese citizens". gg/ By contrast, of a total payroll of 21.4 million escudos, the African workers, who by law are prohibited from occupying positions requiring skilled labour in South Africa, received only 6.2 million escudos. In other words, 71 per cent of the salaries were paid to 13 per cent of the skilled workers, and only 29 per cent of the salaries to the 87 per cent non-skilled African workers.

Disruption of the subsistence economy

119. Still another area of labour exploitation is the forced resettlement of Africans in Mozambique. hh/ This causes severe hardship because they are often transferred to a subsistence economy based on different skills than those which they have traditionally acquired. The most flagrant example of such exploitation is the resettlement of the African population from their home areas in the Tete District, which will be inundated when the Cabora Bassa dam is flooded.

120. The Portuguese authorities appear to be aware of the problems involved in such resettlement. For instance, in Tete, the regrouping of the population is being regarded as a "hypersensitive operation" because various ethnic groups are involved and some of the people who used to live along river banks will have to be moved to dry areas where they will have to learn new ways of living. ii/

gg/ According to the Anuário Estatístico of Mozambique, 1969, there were 132,244 Mozambican workers registered in Transvaal as follows: 85,084 in gold mines; 15,056 in coal mines; and 32,104 in mines, private services and other.

hh/ For a description of those schemes, see Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 (A/8423/Rev.1), chap. VIII, annex I.C, paras. 59 et seq.

ii/ Ibid., paras. 71-75.

Table 10

Mozambique: Average daily wages of industrial
workers per sector, 1962 and 1969

<u>Sector</u>	<u>Average wage per day (escudos)</u>	
	<u>1962</u>	<u>1969</u>
Oil refineries	132.10	217.20 ^{a/}
Tobacco industry	32.70	64.00
Printing	59.70	62.20
Construction of machines and electric appliances	55.60	57.70
Construction of transport material	-	57.50
Chemical industry	24.40	52.60
Beverage industry	29.80	51.60
Metallic minerals	42.90	46.10
Furniture	31.40	37.10
Paper industry	22.90	35.20
Non-metallic minerals	22.50	35.40
Rubber	24.10	29.30
Footwear	19.50	26.60
Leather	14.80	26.00
Textile	12.70	25.30
Food processing	15.20	21.30
Timber	12.40	19.60

Source: Mozambique, Estatísticas Industriais, for the respective years.

^{a/} According to the Anuário Estatístico of Portugal, vol. II, 1970, the average daily wage of workers in oil refineries in 1969 was 99.74 escudos.

APPENDIX III

SOUTHERN RHODESIA

CONTENTS

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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 seven 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 (A/9023/Add.1).
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 in Southern Rhodesia has been withheld by the illegal régime to protect the Territory from the impact of international sanctions. Information on these questions was further curtailed in 1969 by the introduction of the "Emergency Powers Regulations" which, inter alia, prohibited foreign economic and other interests operating in the Territory from "giving away economic secrets either deliberately or through negligence". Consequently, 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 diminution of the role of foreign economic and other interests as reported in the last special study; the economy continues to be dominated by those interests, acting in co-operation with, and supported by, the illegal régime.
3. According to data provided by the illegal régime, there were 211 foreign companies and 14,847 local companies registered in the Territory in 1972. Most of the major companies are subsidiaries of United Kingdom and South African interests, whose operations are largely interlocked. United States and western European interests are also involved, although to a lesser extent.
4. On the basis of data provided by the illegal régime there is no means of ascertaining the full extent to which foreign companies are exploiting the resources of the Territory. There are, however, some indications of the magnitude

a/ For the most recent, see Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23A (A/8423/Rev.1/Add.1), annex, appendix III; ibid., Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. V, annex, appendix III.

b/ For the most recent; see Official Records of the Security Council, Twenty-sixth Year, Special Supplement No. 2 (S/10229 and Add.1 and 2); ibid., Special Supplement No. 2A (S/10229/Add.2, annex III); ibid., Twenty-seventh Year, Special Supplement No. 2 (S/10852/Rev.1).

and profitability of foreign investments. On 1 April 1972, the illegal régime announced a decision to apply immediately two new taxes - a non-resident shareholders' tax and an additional tax on the Southern Rhodesian profits of branches of foreign companies - which together would reduce the outflow of earnings on foreign investments by \$R 6.5 million c/ to \$R 50 million in 1973/74. At the same time, the illegal régime would take steps to terminate existing double taxation agreements with the United Kingdom of Great Britain and Northern Ireland, the United States of America, France, the Netherlands, Switzerland, Denmark, Norway and Sweden. The double taxation agreement with the Republic of South Africa would, however, be retained.

5. Discussing the new taxes in the Southern Rhodesian "Parliament", Mr. John Wrathall, "Minister of Finance", denied that the taxes would drive away the investments the "Government" sought to encourage. He said the country would remain attractive to investors because of the possible return on investments, the potential market, the availability of labour, industrial relations and the general tax climate. Mr. Wrathall also stated that, up to the present, investments in the Territory had proved very profitable to foreign companies and that, as a consequence, the annual outflow of cash profits had increased substantially every year. This had aggravated the pressure on the country's foreign exchange resources.

1. OUTLINE OF RECENT ECONOMIC DEVELOPMENTS

6. In April 1973, the illegal régime published the Economic Survey of Rhodesia, 1973, in which it provided selected statistics on the state of the national economy for the previous year. According to the Economic Survey, in 1972 the gross domestic product rose to \$R 1,256.6 million, an increase of 12 per cent over the previous year (\$R 1,120.5 million). This compares with a growth rate of 13.6 per cent in 1971. In real terms, however, after adjusting for price increases, the growth rate was only about 8 per cent, compared with 9.5 per cent in 1971. According to the Economic Survey, the "moderate down-turn" was caused by a slight upward distortion of the previous year's statistics as a result of an exceptionally good agricultural season. Since the unilateral declaration of independence, the average rate of annual expansion has been about 6.5 per cent per annum in real terms.

7. According to the data presented by the illegal régime, the principal components of the gross domestic product are: manufacturing (about 22 per cent); distribution, hotels and restaurants (14 per cent); agriculture (17 per cent); and mining (about 6 per cent). The contributions of the various sectors to the gross domestic product, at factor cost, for the years 1968 to 1972, are set out in the following table:

c/ One Southern Rhodesian dollar (\$R 1.00) equals approximately \$US 1.67, or £0.65.

Table 1

Southern Rhodesia: Industrial origin of the gross
domestic product, 1968-1972

(million Southern Rhodesian dollars)

<u>Industry</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>
Agriculture and forestry	130.2	162.0	160.0	190.2	217.9
Mining and quarrying	48.4	62.1	67.2	68.7	72.2
Manufacturing	160.9	181.2	221.0	255.5	292.2
Electricity and water	26.4	29.6	30.4	32.4	34.0
Construction	49.0	56.2	59.5	63.2	71.4
Finance and insurance	15.1	20.0	21.6	25.0	30.3
Real estate	19.6	23.9	28.9	31.7	36.0
Distribution, hotels and restaurants	113.0	126.2	139.6	156.6	176.0
Transport and communications	57.9	70.2	67.0	77.8	87.2
Public administration	48.8	53.8	57.2	64.6	71.6
Education	29.1	31.8	34.0	39.3	42.7
Health	14.2	15.2	16.4	18.8	21.2
Domestic services	25.1	26.2	28.2	30.2	33.8
African rural household services	11.7	12.2	13.0	13.4	13.6
Other services	41.1	44.4	48.1	53.2	56.2
Total gross domestic product	790.3	915.0	992.0	1,120.5	1,256.6

Source: Economic Survey of Rhodesia, 1973 (Government Printer, Salisbury).

8. In 1972, the net balance of payments showed a surplus of \$R 5.5 million on combined current and capital accounts in contrast to 1971, when there was a deficit of \$R 24.5 million, indicating a greater volume of exports and higher prices. Capital inflow, however, was reduced from \$R 30 million in 1971 to \$R 1 million, owing to previous borrowing from abroad by corporate bodies.

9. As regards future prospects, the Economic Survey stated that, despite the severe drought in the 1972/73 season (see paragraphs 20-21 below), the value of agricultural exports in 1973 was not expected to fall much below the 1972 level, owing both to higher prices and the extent of reserves. Mineral exports were also

expected to rise because of higher prices, while the demand for manufactured goods both locally and abroad was expected to continue at a high level. The level of imports was also expected to expand, however, meaning that the balance of payments would remain under strain in 1973, and that the rate of growth of the economy would be slightly lower compared with the past few years.

2. LAND AND AGRICULTURE

General

10. It will be recalled that, on 17 November 1969, the "Legislative Assembly" of Southern Rhodesia adopted the so-called "Land Tenure Act" that supersedes the Land Apportionment Act of 1930, the original instrument dividing the country into different categories of land. Under the new "act", the Territory is divided into three categories of land: European land (45 million acres); African land (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 what was reserved under the Land Apportionment Act (the additional acres were formerly national land); the extent of the African area remains the same.

11. Since 1968, owing to the impact of economic sanctions, especially on tobacco, agriculture, which is traditionally the principal sector of the Southern Rhodesian economy, has fallen to second place behind manufacturing in terms of its contribution to the gross domestic product (\$R 217.9 million in 1972). Agriculture remains, however, the foremost employer of African labour, as well as the largest source of exports (49 per cent in 1971) and earner of foreign exchange. At present, the cattle industry, representing 21 per cent of the total output by value, has become the largest single contributor in the sector.

12. The agricultural sector is dominated by white settler interests and farming companies which together account for over two thirds of the value of the Territory's agricultural output. The remaining third is produced by Africans, the vast majority of whom are subsistence farmers. Of total African output, about 80 per cent is reserved for home consumption and only 20 per cent is marketed.

13. In February 1973, "Prime Minister" Ian Smith stated that, despite an increase of 70 per cent between 1963 and 1971, African agricultural output was still inadequate to provide for the increased African population or to make a significant contribution to the gross domestic product. Illustrating the discrepancy between African and European output, Mr. Smith pointed out that, despite the increase in value of African output, from \$R 41.0 million in 1963 to \$R 71.5 million in 1971, production none the less amounted to only one third of that produced by Europeans in 1971, which had increased only 45 per cent over the same period (from \$R 134 million in 1963 to \$R 204 million in 1971). During the same period, European sales increased from \$R 108 million to \$R 148 million (37 per cent) whereas African sales, which had almost doubled, amounted to only \$R 16 million in 1971, or 10.5 per cent of European sales.

14. Mr. Smith stated that, in view of the lack of sufficient progress, the "Government's" immediate task was to improve African agricultural output so that it would become a viable entity within the country's economy.

15. The value of agricultural produce grown and marketed by Africans and whites from 1965 to 1971 is set out in the following tables:

Table 2

Southern Rhodesia: Agricultural output, 1965-1971
(million Southern Rhodesian dollars)

<u>Year</u>	<u>European agriculture</u>	<u>African agriculture</u>		<u>Total</u>
	<u>Gross output</u>	<u>Sales through official agencies</u>	<u>Own consumption</u>	
1965	140.8	8.3	33.9	42.2
1966	144.4	9.8	39.3	49.1
1967	146.3	11.9	49.3	61.2
1968	134.1	6.7	48.3	55.0
1969	167.3	13.5	50.7	64.2
1970	166.1	10.8	56.7	67.5
1971	204.2	16.0	55.5	71.5

Source: Southern Rhodesia, Monthly Digest of Statistics, Central Statistical Office (January 1973), Salisbury.

Table 3

Southern Rhodesia: Sales of principal crops
and livestock, 1965-1972
(million Southern Rhodesian dollars)

<u>Year</u>	<u>European production</u>	<u>African production</u>	<u>Total</u>
1965	117.6	6.6	124.2
1966	112.1	8.0	120.1
1967	112.8	10.3	123.1
1968	93.5	5.5	98.0
1969	112.9	11.1	134.0
1970	117.9	8.5	126.2
1971	148.2	13.1	161.3
1972	184.4	20.4	204.8

Source: Southern Rhodesia, Monthly Digest of Statistics (January 1973).

16. There are no data available as to the quantities of crops grown by Africans or Europeans. A slight index to European production, however, is given in the Economic Survey. According to this source, European production of tobacco in 1972 rose by 8 per cent over 1971, maize by 17 per cent, cotton by 27 per cent, cattle slaughterings by 32 per cent and dairy produce by 15 per cent. Groundnut production more than doubled, and that of sorghum increased fivefold. Wheat was the only crop with a lower output than the previous year.

17. Until the imposition of sanctions, tobacco was the single most important crop in terms of the number of farmers devoted to its production, as well as the principal export (followed by sugar) and the most important source of foreign exchange. To compensate for the loss of its major tobacco markets resulting from the imposition of sanctions, the illegal régime has, through a system of subsidies, encouraged diversification into less profitable crops with particular emphasis on maize, wheat, cotton and cattle. As a result of these subsidies, the number of tobacco farmers was reduced from 3,000 in 1965 to 1,600 in 1971.

18. In 1971, Mr. David Smith, "Minister of Agriculture", stated that the battle to diversify agriculture had apparently been won and that fewer subsidies would be made available for this purpose in the future. In February 1973, however, Mr. Mike Butler, President of the Rhodesia National Farmers' Union (RNFU), stated that sustained profitability and diversification had been largely impossible in

most farming enterprises and that the debt burden had become increasingly heavy. In the past seven to eight years, agricultural indebtedness had risen by 98 per cent, while gross output had increased by only 44 per cent. Mr. Butler said that continued poor profitability would inevitably lead to a move away from the land. To corroborate Mr. Butler's assertion, it may be pointed out that in the 1972/73 budget estimates, a total of \$R 4 million was provided for the support of prices already approved for the maize crop and \$R 231,000 for soy bean subsidies, in addition to the \$R 20 million appropriated for tobacco (see paragraph 23 below).

19. Further evidence of the difficulties experienced by white farmers was contained in data on taxpayers provided by the Central Statistical Office. According to this information, in 1972, out of a total of 6,600 white farmers and farming companies, only 1,090 individual farmers, or about one out of seven, earned taxable incomes. Most of these, a total of 925 farmers, earned profits of less than \$R 10,000. Of the 468 farming companies which paid taxes, two made a profit of over \$R 200,000; one made between \$R 100,000 and \$R 200,000; 80 made between \$R 10,000 and \$R 50,000 and 204 earned profits of \$R 10,000 or less. There are no data on the per capita income of African farmers.

20. In January 1973, it was reported that the Territory was undergoing the most severe drought in 30 years. Losses already suffered during the growing season were conservatively estimated at \$R 20 million, and were expected to double unless good rains fell soon. As a result of the drought, the President of the Rhodesia Tobacco Association was said to expect tobacco production to fall short of the target of 145.5 million pounds (see paragraph 22 below). Farmers in some northern areas, where the bulk of the tobacco and maize crops are grown, were expected to lose about 75 per cent of their maize and 50 per cent of their tobacco crops; grazing conditions were also deteriorating. According to various sources, the loss of agricultural export earnings, the primary source of foreign exchange, would inevitably worsen the already precarious balance-of-payments situation.

21. On 8 March, the "Minister of Agriculture" announced a drought relief programme under which the "Government" would provide financial assistance equivalent to not less than two thirds of the crop and livestock losses sustained by farmers. The "Government" would start injecting funds into the drought relief scheme within the next few weeks, first to cattle ranchers and later, when crop losses were known, to growers. Mr. Smith stated that the grain crop had suffered the worst losses and that surveys of conditions in the northern areas had shown beyond doubt that the drought had made it impossible for growers to expect a reasonable profit for the season. There were hopes, however, for saving 70 per cent of the cotton crop.

Tobacco

22. For the 1972/73 season, the government-established quota for Virginia flue-cured tobacco was fixed at 145.5 million pounds. The guaranteed minimum support price paid by the illegal régime to growers was 23 cents (Rhodesian) per pound (51 cents per kilo), or a gross return to the 1,600 growers of \$R 33.4 million.

The quota, which was 500,000 pounds higher than that for the previous year and 13.5 million pounds higher than that established annually between 1966/67 and 1970/71 (132 million pounds), indicated that the illegal régime was succeeding in evading sanctions and that the quota was gradually running upwards towards the pre-sanctions level of 250 million pounds. This likelihood was lent further strength by two subsequent reports: (a) that during 1972 the tobacco stockpile, i.e., all tobacco unsold since sanctions, had been reduced by sales to foreign buyers from its peak of 250 million to 300 million pounds, to between 90 million and 100 million pounds; and (b) that the 1973/74 quota would be increased by 40 per cent over the previous year to 203.7 million pounds.

23. Despite its partial success in evading sanctions, however, the illegal régime was required to allocate a further \$R 20 million in its 1972/73 budget to meet the annual trading losses of the Tobacco Corporation, which since the unilateral declaration of independence has bought all tobacco from growers at the support price, for resale to buyers, usually at a considerable loss. Since 1966 a total of \$R 88 million has been allocated for this purpose.

24. In June, the "Ministry of Agriculture" announced that after seven years of controlled tobacco sales, the "Government", in view of increasingly improving sales, had agreed to a new marketing system for the 1973/74 season as a start to return to free enterprise in tobacco marketing. If successful, the new system would substantially lessen the need for government support of the tobacco industry. Under the new system, the growers would receive the actual sales price received by the Tobacco Corporation, even if higher than the support price, and one third of the crop would be completely unsupported by the State. The Tobacco Corporation would be the residual buyer only for a number of lower grades for which it would set a floor price to encourage the maximum amount of competition. The Government, however, would continue to guarantee a minimum return to growers of about \$R 9,000 per capita.

25. In March, Mr. David Smith, the "Minister of Agriculture", announced that, following a survey on the profitability of tobacco farming, the guaranteed national average price for tobacco had been raised from 51 to 55 cents (Rhodesian) per kilo. According to Mr. Smith, the survey had shown that tobacco farmers in Mashonaland made an annual average profit that was extremely marginal, from which they still had to meet capital repayments and living expenses. The increased tobacco price had been decided upon to improve the viability of their farming, which had been further aggravated during the present season because of the drought. If, despite the higher prices, a grower still showed losses as a result of the drought, he would qualify for financial assistance in terms of the drought relief scheme.

Sugar

26. Sugar is primarily grown on company-owned estates, of which the three most important, described below, belong to South African interests. There are no recent data available on the volume of sugar production. Following the imposition

of sanctions, sales of sugar, once the second most important export crop, declined sharply, resulting in the closing of one major plantation (see paragraph 30 below). Recently, however, improved profits have been reported by the principal growers, indicating a fresh upsurge in sales.

Hippo Valley Estates, Ltd.

27. The Anglo-American Corporation of South Africa (see paragraph 45 below) has the controlling interest in this estate, which is the largest sugar plantation in the Territory as well as a producer of citrus. Tate and Lyle Company, Ltd., of the United Kingdom (see paragraph 30 below) has minority participation in the corporation. In 1972, the company's net profits amounted to £R 2.8 million, an increase of \$R 1 million over the previous year and dividends of 10 cents (Rhodesian) per share, totalling \$R 1.1 million, were declared.

28. According to press reports, in June 1972, Hippo Valley's outstanding profits had increased prospects for massive new sugar investments in the Lowveld area, where the estate is situated and where sugar planters had already invested more than \$R 50 million. Over the next three years Hippo Valley itself was planning to invest \$R 2.8 million to expand its Chiredzi mill.

29. In connexion with its labour policy, the company's annual review for 1972 stated that over the past six years the company had exercised rigorous controls on labour costs; in 1972, however, salary scales for both Europeans and Africans had been raised. The report also stated that the company encouraged African employees to settle on its estates on a long-term basis and provided education and training to prepare permanent employees for advancement to skilled, semi-skilled and clerical positions.

Rhodesian Sugar Refineries

30. This company is the remaining investment in the Territory of the Tate and Lyle Company, Ltd. of the United Kingdom. It reported net profits of £R 286,461 in 1972 compared with \$R 232,969 in 1971. (The company's sugar plantation, Chirundu Sugar Estates, ceased production in 1967.) In 1972, the company stated that it was continuing to operate favourably in the domestic market and that profits accruing to the company held in a blocked account in Southern Rhodesia amounted to £250,000.

Triangle, Ltd.

31. The Huletts Corporation, the major sugar producing firm in South Africa, through its subsidiary, Sir J. L. Hulett and Sons (Rhodesia), Ltd., controls Triangle, Ltd., another of the important Southern Rhodesian sugar plantations. There is no information at this time regarding the company's operations in 1972. It will be recalled that, in 1971, Triangle reported a net profit of \$R 1.9 million, of which \$R 1.8 million was attributable to the Huletts Corporation.

Other crops

Rhodesian Corporation, Ltd. (RHOCORP)

32. The main agricultural activity of RHOCORP, a United Kingdom company with varied interests in the Territory (see paras. 61 and 90 below) is maize production. In 1971/72, the company reported that farming profits increased to \$R 92,580, compared with \$R 60,418 for the previous year. During the season, 2,991 acres were under cultivation, yielding 86,879 bags of maize. The company planted a further 251 acres with tobacco, which yielded a total of about 347,384 pounds.

Lonrho, Ltd.

33. Lonrho (see para. 51 below) holds over one million acres of ranching land and owns 60,000 head of cattle. The company's wattle interests in Eastern District cover about 180,000 acres.

Mazoe Citrus Estates

34. The Anglo-American Corporation controls Mazoe Citrus Estates, about which no detailed information is available.

3. MINERALS AND MINING

General

35. Although the mining sector constituted only 5.7 per cent of the gross domestic product in 1972 (\$R 72.2 million), it represents the largest concentration of foreign investment in the economy of Southern Rhodesia. No data are available on the magnitude of the total investment in the sector. However, according to a statement by the Chairman of Rio Tinto (Rhodesia), Ltd. (one of the principal foreign-owned companies operating in the Territory), about 80 to 90 per cent of the investment in mining derives from foreign sources.

36. Since 1964, production of base minerals, primarily copper and nickel, has replaced gold (now in fourth place) as the mainstay of the mining sector. Chrome, asbestos and tungsten are also mined on a large scale. Other minerals being exploited, although to a lesser degree, include refractory minerals such as wolfram, kyanite, flintclays and magnesite. In 1972, it was reported that there were 4 nickel mines, 40 copper mines and about 100 gold mines in the Territory, as well as 48 exclusive prospecting concessions covering 20,215 square kilometres.

37. In 1972, the value of mineral production reached a new record at mine value of \$R 108 million, an increase of 6.7 per cent over 1971 (\$R 101.2 million) and more than double the value of production in 1964 (\$R 53.0 million). According to official sources, the value of production would have been higher still, except for the two devaluations of the United States dollar on which most contracts are based.

38. The following table shows the increase in the value of mineral output for the period 1965 to 1972.

Table 4

Southern Rhodesia: Value of mineral output, 1965-1972
(million Southern Rhodesian dollars)

1965	64.0
1966	65.2
1967	66.8
1968	67.4
1969	87.7
1970	98.7
1971	101.2
1972	108.0

Source: Southern Rhodesia, Monthly Digest of Statistics
(January 1973).

39. Apart from gold, there is no indication of the value of any of the specific minerals produced in 1972; gold production was valued at \$R 18.5 million, an increase of \$R 5.5 million over 1971, and was unofficially estimated to amount to about 480,000 ounces. In a statement by Mr. I. B. Dillon, "Minister of Mines", it was indicated that during the year there had also been a significant improvement in the value of copper, nickel and chrome production. There were decreases, however, in the value of tungsten, precious stones and coal. Mr. Dillon also stated that, based on the expansion of existing mines and planned new projects, d/ it was expected that the value of production would increase by a further 10 per cent in 1973; he was confident that "short of a world depression" the value of mineral production would reach a target of \$R 200 million in the 1970's.

40. According to Mr. Craig Gibson, executive director of Rio Tinto (Rhodesia), Ltd., the \$R 200 million target referred to above will be attained primarily by extensive expansion of nickel, gold and platinum production. Mr. Gibson predicts that the value of nickel production will increase by \$R 35 million in 10 years' time as a result of output by new producers; platinum, which is not yet exploited, will bring in \$R 10 million; gold, a further \$R 12 million; and the continued expansion of well-established minerals, such as copper and chrome, a further \$R 37 million.

41. At the end of 1972, it was reported that, despite the undisputed progress of the mining sector during the year, there had been a decrease in the rate of spending by the major mining houses compared with an increase of 50 per cent in 1970 and a further rise of 40 per cent in 1971. The slowdown was attributed to the current period of lower mineral prices, rather than any long-term loss of momentum.

42. The growth of the mining industry has had little effect on the African standard of living. In 1971, some 53,900 Africans employed in the mining industry earned a total of \$R 19 million, or \$R 353 per capita. In contrast, the 3,670 Europeans, Asians and Coloureds employed in the same industry earned a total of \$R 17.7 million, or \$R 4,810 per capita. Furthermore, up to the present time all mining projects except one, have been located in "European" areas. Recently, however, officials of the illegal régime have stated that owing to modern methods of prospecting, it is envisaged that many new mines will soon be established in remote areas, including Tribal Trust lands. According to those officials, this decentralization will achieve a more balanced population distribution and stimulate economic development of African areas through the creation of more jobs. Despite the creation of new mines, however, Africans will presumably remain low-salaried employees of the mining companies rather than participants in the profits. At present, the Empress nickel mine, owned and operated by Rio Tinto (Rhodesia), Ltd. (see paragraph 53 below), is the only important mine known to be situated in a Tribal Trust land.

43. In an article in Africa Today dealing with United States investments in Africa, several general conclusions are formulated applicable to foreign investment in

d/ Mr. Dillon stated elsewhere that there were 10 new mining projects "on the go", 7 of them significant, but that details of all of them had to be kept secret.

mining in Southern Rhodesia irrespective of source. The authors point out that the emphasis by United States companies on extractive industries, i.e., petroleum and, to a lesser extent, mining, is excessive, and has had negative effects on the over-all economy of developing African countries. Because both these sectors are capital intensive and directed to foreign markets rather than the local economy, technologically superior enclaves are created which do little to benefit the rest of the economy and handicap the development of a skilled labour force. The authors also indicate that even if African Governments were to increase taxes substantially on foreign mining companies, foreign investment in Africa would still yield returns higher than world rates in general.

Activities of mining companies

44. The recent activities of the foreign companies engaged in mining in Southern Rhodesia as well as other activities relevant to minerals and mining are summarized below.

Anglo-American Corporation of South Africa

45. The Anglo-American Corporation of South Africa is primarily involved in the mining of nickel, copper and coal. It also has interests in iron, steel and ferrochrome production; general agriculture and forestry; and banking and investments. The total assets of the corporation in the Territory are estimated to exceed \$R 50 million. Mining operations are conducted through two principal subsidiaries: (a) the Rhodesian Nickel Corporation, Ltd. (RHONICK), in which the Rand Selection Trust Corporation of South Africa also has an interest, operates the Trojan Nickel Mines, Ltd., Madziwa mines, Ltd., and Bindura Smelting and Refining Company, Ltd., and (b) the Wankie Colliery Company, Ltd., which owns and operates the only coal mine in the Territory. In 1970, the Anglo-American Corporation reported that its nickel prospecting claims in the Territory totalled 6,000 square miles and that it was also seeking copper, clay and other minerals.

46. In 1972, RHONICK's net profits fell to \$R 1 million, compared to \$R 3.5 million in 1971, owing to currency realignments resulting from the devaluation of the United States dollar and the fall-off in the world demand for nickel. No dividends were paid. Production from the Trojan and Madziwa mines also declined compared with the previous year (6,300 tons of refined nickel in 1971). In September, it was reported that recent drilling had shown a probable increase of 5 million tons in ore reserves at the Trojan mine at an average grade of 0.7 per cent nickel, which would extend the life of the mine to about 25 years. Previously, the Trojan ore reserves had been estimated at 7.7 million tons, giving the mine a 12-year life expectancy.

47. Wankie Colliery also reported decreased net profits of \$R 1.8 million in 1972 (\$R 2.6 million in 1971). The decrease was ascribed to the loss of the Zambian market and the local ceiling imposed by the illegal régime on coal and coke prices until the end of the year. Sales of coal dropped by 300,000 tons to 2.8 million tons, but coke sales increased slightly to 297,000 tons. Cutput was also affected

by the loss of the No. 2 colliery, where an explosion, on 6 June, resulted in the deaths of 490 miners, 95 per cent of whom were Africans (see A/9023/Add.1, annex, para. 233). To compensate for the loss of this colliery, Wankie has announced plans to sink shafts and equip a fourth colliery, expected to be in operation by the end of 1973, at a cost of \$R 6.5 million. Over the next few years, the company envisages a total capital expenditure of \$R 13 million for a variety of improvements including the No. 4 colliery.

48. In July, Mr. Roger Hawkins, "Minister of Transport and Power", announced the illegal régime's decision to have Wankie Colliery proceed with the construction of a \$R 240 million thermal power station, the final installed capacity of which would be 1,320 mW, sufficient to reduce considerably Southern Rhodesia's dependence on the Cabora Bassa dam in Mozambique. The project, which is scheduled for completion by 1982, would require Wankie to double coal production to nearly 8 million tons annually, thereby becoming one of the largest coal producers in Africa.

49. In July, it was reported that the Anglo-American Corporation and Rhodesia Chrome Mines, Ltd., a subsidiary of the Union Carbide Corporation (see para. 66 below) and Rio Tinto (Rhodesia), Ltd. (see para. 53 below), were involved in prospecting for platinum-bearing ores in the Great Dyke area where recent prospecting had indicated ore reserves of 400 million tons of ore, containing the platinum group as well as other strategic minerals. The stepped-up pace of exploration was ascribed to the decision of United States automobile manufacturers to increase their use of platinum in car exhausts.

50. In February 1973, it was reported that Prospecting Ventures, an Anglo-American exploration company, had applied to the "Ministry of Mines" for exclusive rights for fireclay prospecting in the Bulawayo area.

Lonrho, Ltd.

51. Lonrho, Ltd., a United Kingdom company, through its wholly owned subsidiary, Coronation Syndicate, Ltd. (CORSYN), controls three of the four principal gold mines in Southern Rhodesia, as well as the Inyati copper mine, which in the past few years, owing to the low price of gold, has accounted for over half of the company's profits. It also mines scheelite, the base ore of tungsten. (The Territory's total scheelite production in 1971 was valued at \$R 2 million). In 1972, owing to improved gold prices on the world market, the combined working profits of the Arcturus, Muriel and Mazoe gold mines rose to \$R 1.3 million. On the other hand, working profits at the Inyati copper mine decreased to \$R 1.1 (\$R 1.3 million in 1971). CORSYN's total working profits increased by 9.7 per cent, from \$R 2.2 million to \$R 2.4 million.

52. In late 1972, it was reported that Homestake Mines, a Lonrho subsidiary outside CORSYN, had reopened the Shamva gold mine, one of the Territory's largest disused gold mines, where existing reserves are believed to exceed 9.6 million tons of ore. Assuming a reserve of this size and a milling rate of 40,000 tons a month, it is envisaged that gold production could amount to 2.3 million grammes a year, worth

\$R 3.7 million if gold maintains a minimum price of \$US 67 per ounce. This would exceed the value of production at what is at present the Territory's largest mine, the Dalny mine owned by the Falcon Corporation (see para. 60 below).

Rio Tinto (Rhodesia), Ltd.

53. Rio Tinto (Rhodesia), Ltd., a subsidiary of Rio Tinto Zinc of the United Kingdom, is another of the foremost producers of nickel and copper in the Territory. It is also involved in the exploitation of gold and, in 1971, branched out into the exploitation of chrome. In 1972, the company reported a net profit of \$R 545,000 from its principal nickel mine, the Empress, which was opened in 1969. This represented a decrease of \$R 1.9 million from net profits of the previous year. The drop was attributed to the temporary closing of the smelter for renovation, compounded by the slackening demand for nickel on the world market and the devaluation of the United States dollar. Ore reserves at the mine are estimated at just under 19 million metric tons, which, based on the present milling rate, gives the mine a life expectancy of 19 years. The company's second nickel/copper mine, the Perseverance, which became operative in March 1972, has estimated reserves of 1 million tons of ore. It is envisaged that its 1973 production will offset the company's anticipated over-all decline in revenues resulting from a lower sales price per ton. There is no information concerning the company's two active gold mines.

54. Net profits for the group as a whole (including Tinto Industries and other companies as well as the nickel and gold mines) amounted in 1972 to \$R 1.5 million (\$R 2.7 million in 1971).

55. It will be recalled that, in 1971, Rio Tinto (Rhodesia) acquired Rhodesian Mining Enterprises (Pvt.), Ltd., and the Great Dyke chrome mines, comprising a total of 291 chrome claims; it also obtained an option over the 160 claims belonging to Frances Mine (Pvt.), Ltd. According to a statement at its annual meeting in May 1972, the company was actively investigating the newly acquired properties and had made plans for their exploitation. The company was also seeking "government" approval for the establishment of a smelter for the production of ferrochrome. The company plans that the smelter, to be situated near Gatooma, will be operative by 1975.

Messina (Transvaal) Development Company, Ltd. (Messina)

56. Messina, a South African company, through its subsidiary MTD (Mangula), Ltd., owner of the Mangula mine, is the largest producer of copper in Southern Rhodesia. Messina owns three other copper mines under its own name (Alaska, Gwai River and Shackleton), and, through a second subsidiary, Messina Smelting and Refining Company, Ltd., operates a smelter at the Alaska mine which produces refined copper for the entire group. The Anglo-American Corporation has an interest of about 10 per cent in Messina.

57. In 1972, MTD reported sales of 18,258 tons of copper and net profits of \$R 4.4 million, an increase of \$R 200,000 over the previous year. The known ore reserves of the mine are 18 million tons.

58. The output of the Gwai River, Alaska and Shackleton mines combined is less than that from Mangula. For the six-month period ending in March, their joint output amounted to about 6,500 tons of refined copper, unchanged from the previous year.

59. Since 1970, Messina has also exploited the Beardmore scheelite mine for which no production figures for 1972 are available. In February 1973, it was reported that the Messina (Rhodesia) Development Company, another subsidiary of Messina, had applied to the "Department of Mines" for an exclusive prospecting permit for copper covering 97 square miles in the Salisbury area.

Falcon Mines, Ltd.

60. Falcon Mines, Ltd., of the United Kingdom, is among the largest gold producers in Southern Rhodesia. In 1972, the company reported profits of \$R 479,937, an increase of about \$R 120,000 over the previous year, owing to the higher gold price. Tonnage milled at Dalny, the major mine, decreased by 34,500 tons from 1971 to 195,000 metric tons. During 1972, the company stated that, in view of the higher gold price, steps were being taken to reappraise sections of the Dalny mine that had previously been classified as unpayable, and that it was investigating reserves at the Venice mine which, if proven feasible, would be opened for production at a cost of \$R 60,000. The dewatering of the Turkois mine, at Chakari, was in progress.

61. Falcon is one-third owned by RHOCORP which, as previously noted (see para. 32 above), also has extensive agricultural interests in the Territory (43,000 acres in 1963) as well as a share in Rhodesian Brick and Potteries (see para. 90 below). Falcon and RHOCORP each own a one-third interest in Olympus Consolidated Mines, which produces tungsten, scheelite and wolfram and reported net profits of \$R 100,000 in 1972.

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

62. The projected opening by Johnnies of a \$R 27 million copper and nickel mine at Shangani, potentially the largest mine in the Territory, was noted in the previous report of the Special Committee. In February 1973, it was reported that work on the mine and nickel smelter, which had been delayed pending further investigation, was about to be started. It is envisaged that initial foreign exchange earnings from the production of an estimated 4,500 tons of refined nickel annually will reach \$R 7 million per year, this sum to be augmented by the sale of the relatively small amount of copper produced as a by-product. Johnnies is also reported to be continuing its explorations at Damba, in Inyati District, about 20 miles from Shangani, where further extensive nickel/copper deposits have been located. Reports indicate that the combined production from these two locations,

with an estimated ore body of 25 million metric tons averaging 1.5 per cent nickel, could equal or surpass the joint output of the Trojan and Empress mines and raise Johnnies' foreign exchange earnings to \$R 20 million annually.

63. In October 1972, it was reported that Johnnies had been granted a permit for superficial prospecting for diamonds in the Wankie National Park area. According to Mr. Dillon, 'Minister of Mines', the permit had been granted on the understanding that Johnnies would not necessarily be given the right to work claims in the area if diamond deposits were located.

Turner and Newall, Ltd.

64. No new information has been received concerning the activities of Turner and Newall, Ltd., of the United Kingdom which, through its subsidiary, the Rhodesia and General Asbestos Corporation, is the principal producer of asbestos in Southern Rhodesia, accounting for 63 per cent of the Territory's total output in 1969. In January 1972, the company had announced that its new \$R 25 million asbestos mill, located at King mine, Mashaba (161 miles from Bulawayo), was expected to start production in April of that year and to reach full capacity by the end of the year. The mill, which is believed to be the largest single private development project ever undertaken in Southern Rhodesia, was financed by profits blocked in Southern Rhodesia since the unilateral declaration of independence. It is expected that, as a result of expansion, the King mine will rise from fourth to first place among the group's mines. Expansion of the group's Shangani mine, heretofore the principal producer in the Territory, is also under way. Turner and Newall have estimated their losses as a result of sanctions at \$R 20 million.

Gold Fields of South Africa

65. During 1972, Gold Fields of South Africa, one of the largest gold mining groups in the world, was reported to have initiated prospecting operations in Southern Rhodesia. The company, which plans to seek copper, zinc and nickel deposits, applied for exclusive prospecting orders in Bulawayo District (65 square miles) and Gwelo District (101 square miles).

Chromium ore

66. Southern Rhodesia reputedly has the 3rd largest reserves of high-grade chromium ore in the world. These are concentrated in the Great Dyke which extends from the Gwanda area, south-east of Bulawayo, to the banks of the Kariba River, north of Salisbury. Twenty chrome mines are reported to be active at present in the Territory, of which five, accounting for 70 per cent of the total output, are owned and operated by the Union Carbide Corporation of the United States through its subsidiary, Rhodesia Chrome Mines, Ltd. Other companies include: Rhodesian Vanadium Corporation (a subsidiary of Foote Mineral Company of the United States); Inyala Chrome Company (Pvt.), Ltd., a subsidiary of the Associated Ore and Metal Corporation, Ltd., of South Africa (itself a subsidiary of the Anglo-Transvaal Consolidated Investment Company, Ltd.); Rhonda Chrome Mines; and Rhodesian Cambrai Mines; as well as Rio Tinto (Rhodesia), Ltd. (see para. 55 above).

67. In 1972, Mr. Dillon stated that, in order to raise the value of chrome exports, the country was establishing additional plants for the production of ferrochrome, which is used in the manufacture of stainless steel. A recent discovery of a large body of limestone assured adequate supplies for this operation.

68. It will be recalled that, on 25 January 1972, the United States Treasury Department, under the terms of an amendment to the Military Procurement Act, 1972 (known as the Byrd amendment), formally lifted import restrictions on shipments of chrome ore and "other strategic and critical materials" from Southern Rhodesia. A total of 14 minerals, including asbestos, nickel, copper, manganese, tin and tungsten, are covered by the act. According to the fifth report of the Security Council Committee established in pursuance of resolution 253 (1968) (S/10852), as at 1 October 1972, the United States had acknowledged the import of nearly 60,000 tons of chromium ore: 33,560 tons of ferrochrome; 962.6 tons of nickel cathodes; 1,649 tons of high-carbon ferrochrome; 1,651 tons of low-carbon ferrochrome; 3,873 tons of ferrochrome silicon; 160 tons of asbestos fibres; and 27 tons of beryllium ore. In April 1973, the Supreme Court of the United States refused to consider an appeal by several members of the United States Congress to halt chrome imports. Previously, in November, the United States Court of Appeals had judged that the Byrd amendment showed "blatant disregard of our treaty undertakings" as a member of the United Nations, but said that it was powerless to intervene.

69. On 19 May 1973, it was reported that Mr. Charles Diggs, a United States congressman, was conducting a congressional inquiry into what role, if any, was being played by the illegal régime, through the Rhodesia Information Office in Washington, D.C., in lobbying for the passage of the Byrd amendment. Under United States laws relating to sanctions, any activity "which promotes or is calculated to promote Rhodesian imports" is subject to a fine and/or a jail sentence. On 22 May, bills to repeal the Byrd amendment were introduced in the United States Senate and House of Representatives. The bills, which were sponsored by 24 Senators and 78 congressmen respectively, would negate the statutory language authorizing the United States Government to import chrome and other "strategic" minerals.

70. On the same day, the Security Council adopted resolution 333 (1973) by which it requested States with legislation permitting importation of minerals and other products from Southern Rhodesia to repeal it immediately.

4. MANUFACTURING AND RELATED ENTERPRISES

General

71. Since the illegal declaration of independence in Southern Rhodesia, manufacturing has exhibited the fastest growth rate of all sectors of the economy. From 1968 onwards, it has replaced agriculture as the largest contributor to the gross domestic product. In 1972, the contribution of manufacturing to the gross domestic product increased by 14.4 per cent over the previous year to \$R 292.2 million, or 23.2 per cent of the gross domestic product. The main impetus behind the expansion and diversification of the sector has been the need to produce goods locally which had been imported prior to the imposition of sanctions, and simultaneously to conserve foreign exchange. As a consequence, most of the productive capacity of the Territory is directed to the manufacture of goods for local consumption. An increasing percentage of production, however, is reportedly being exported. Principal manufactures are clothing, textiles, footwear, food products and metal, iron and steel products.

72. According to information provided by the illegal régime, in 1970, there were 1,160 industrial establishments, an increase of 180 compared with 1966.

73. In 1971, the gross output of the manufacturing sector amounted to \$R 785.7 million, an increase of 12.3 per cent over 1971 (\$R 738.1 million). Volume increases of over 10 per cent were reported for all sectors except foodstuffs (7.7 per cent); wood and furniture (4 per cent); and transport equipment.

74. Detailed statistics of output by industrial sectors are not yet available for 1972. The contribution of each sector for 1971, by value and volume (taking 1964 as the base year), is shown in the following table:

Table 5

Southern Rhodesia: Gross output by manufacturing groups, 1971

<u>Sector</u>	<u>Value</u> (thousand Southern Rhodesian dollars)	<u>Percentage of</u> <u>total value</u>	<u>Index of</u> <u>volume</u> (1964=100)
Metals and metal products	170.0	23.0	203.1
Foodstuffs	158.9	21.5	175.3
Chemical and petroleum products	105.2	14.3	166.1
Textiles, including cotton ginning	63.6	8.6	254.5
Clothing and footwear	50.7	6.9	144.9
Beverages and tobacco	48.1	6.5	114.7
Transport equipment and workshops	44.5	6.0	112.1
Non-metallic mineral products	28.9	3.9	238.2
Paper and printing	26.6	3.6	155.3
Wood and furniture	24.5	3.3	161.3
Others	7.1	1.0	124.4
Total	738.1	100.0	168.5

Source: Southern Rhodesia, Monthly Digest of Statistics (January 1973).

75. As may be seen from the table above, the greatest expansion in terms of output has taken place in the textile sector, followed by non-metallic minerals, metals and metal products and foodstuffs.

76. According to figures provided by the illegal régime, gross fixed capital formation in manufacturing in 1971 amounted to \$R 33.3 million, almost triple its 1966 level (\$R 13.4 million). During the year, a total of 172 manufacturing companies were registered, the lowest-number since 1968, and 20 fewer than in the peak year of 1970. The decline appears to reflect the increasing difficulties being encountered by industry as a result of strict controls over foreign currency allocations to non vital industries introduced by the illegal régime in 1970 as a result of foreign currency shortages.

77. The total nominal capital of companies registered in 1971 amounted to \$R 4.7 million, a decrease of 50 per cent compared with 1970 (\$R 9.4 million). The average amount of capital invested per new industry decreased to \$R 27,000, compared with an average of \$R 49,000 in 1970.

Table 6

Southern Rhodesia: Registration of new manufacturing
companies and nominal capital 1965-1971

(thousand Southern
Rhodesian dollars)

<u>Year</u>	<u>New companies</u>	<u>Total nominal capital</u> (thousand Southern Rhodesian dollars)	<u>Average investment per company</u>
1965	102	4,866	47.7
1966	119	3,220	27.0
1967	133	4,004	30.1
1968	178	6,020	33.8
1969	188	6,740	35.8
1970	192	9,402	49.0
1971	172	4,675	27.0

Source: Southern Rhodesia, Monthly Digest of Statistics (January 1973).

78. Despite its dominant position in terms of the gross domestic product, manufacturing employs about one third the number of Africans in agriculture, (105,800 workers in 1971). Average wages for Africans were \$R 485 annually which is above the national average of \$R 313 and almost four times greater than in agriculture (\$R 124 in 1971).

Manufacturing companies by fields of activity

79. Available information concerning specific manufacturing companies in the Territory is summarized below in accordance with their fields of activity.

Food and beverages

80. According to data published in 1972, Rhodesian Breweries, Ltd. (RHOBREW), a subsidiary of South African Breweries (62 per cent), in turn, a subsidiary of the Anglo-American Corporation, is the largest industrial company in the Territory, with total assets of \$R 28.3 million. The company also has 15 per cent participation in Hippo Valley Estates, Ltd. (see para. 27 above), and wholly owns Chibuka Holdings, which in turn controls Heinrich's Chibuku Breweries, manufacturers of African beer and food products, and the Rhodesian Food Corporation (Pvt.) Ltd. In 1971/72, the company reported net profits of \$R 3.2 million, an improvement of \$R 679,000 over the preceding year.

81. During the year, RHOBREW reported that it had agreed to participate, together with three other large commercial enterprises, and the Tribal Trust Land Development Corporation (TILCOR), in a project designed to provide modern shopping facilities in various Tribal Trust areas. The first complex, at Chisumbanje in the lower Sabi area, was opened in March 1972. RHOBREW is also involved in developing a chain of tourist hotels of international standard.

82. In 1972, Lever Bros., affiliated with the United States company of the same name, stated that its sales of processed foods had increased 60 per cent since 1969, and that there had been growth as well as diversification.

83. Palte-Harris Industrial Holdings, Ltd., associated with Tiger Oats and National Milling Company, Ltd., a South African food manufacturing group, is involved in flour milling as well as the manufacture of stockfeed, cereals, malt and general food products. In 1972, the company reported net profits of \$R 410,363, a decrease from 1971 (\$R 424,305).

Tobacco processing

84. In 1972, Rothmans of Pall Mall Rhodesia, Ltd., a subsidiary of a United Kingdom company, reported that its operations in Southern Rhodesia had earned a net profit of \$R 823,192 (\$R 707,949 in 1971), and that reserves had increased to \$R 2.8 million (\$R 2.3 million in 1971). The company manufactures and sells cigarettes and pipe tobacco, and also has an investment in African Distillers. During the year, Rothmans purchased four blocks of land in a

heavy industrial area with the intention of transferring its box-making department to the new site thereby making way for general expansion at the existing factory. Contingent on its foreign reserve allocation, the company also intends to develop a printing and lithographic department.

85. B. A. T. Central Africa, Ltd., associated with the British-American Tobacco Company, Ltd. of the United Kingdom, is the second largest tobacco processing company in the Territory. The company reported that in the period 1970-1972 its tobacco processing operations in Salisbury showed declining profits. In 1971, taxed profits amounted to \$R 560,000.

Cement

86. The Salisbury Portland Cement Company, Ltd., which is connected with Associated Portland Cement Manufacturers, Ltd. of the United Kingdom and with White's South African Portland Cement Company, Ltd. of South Africa, reported net profits of \$R 396,000 for 1971; 1972 profits were expected to be substantially higher owing to increased government and municipal expenditure, sustained building activity and the needs of new immigrants. The company was in the process of a \$R 1.6 million expansion programme which it expected to be completed by 1973.

87. Rhodesia Cement Ltd., connected with the Pretoria Portland Cement Company of South Africa, is one of the 20 largest industrial companies in the Territory. Its principal source of revenue is its subsidiary, the United Portland Cement Company (Pvt.) Ltd. Operations at the latter's two factories resulted in earnings of \$R 835,000 in 1972, an increase of 23 per cent over 1971. Rhodesia Cement also has interests in the following companies: Portland Cement Company (Malawi), Ltd. (53 per cent); Mineral Research (Pty.), Ltd., of Botswana, a wholly owned subsidiary involved in the mining of gypsum for use in cement; Rhocem Industries (Pvt.), Ltd., of Southern Rhodesia, involved in sand extraction for use in cement; Dunstan-Rhocem (Pvt.), Ltd. (49.9 per cent), which earned net profits of \$R 72,080 in 1972, of which \$R 14,962 was attributable to the parent company; and Fort Concrete Holdings (Pvt.), Ltd. (23.3 per cent), involved in the manufacture of prestressed reinforced concrete products.

Glass

88. Plate Glass Industries (Rhodesia), Ltd., an affiliate of Plate Glass of South Africa, manufactures glass products for the automotive and furniture industries. It reported a distributable profit of \$R 964,700 in 1972 (\$R 876,361 in 1971). According to its directors, the company has become a substantial exporter and foreign exchange earner and intends to maintain a high rate of reinvestment in the Territory. In 1971, more than \$R 200,000 was invested in fixed assets, plant and equipment in the Salisbury factory of Plate Glass Industries.

Furniture

89. Springmaster Corporation, Ltd., a subsidiary of the Associated Furniture Companies (AFCOL) of South Africa, reported net profits of \$R 179,738 for 1971/72, an increase of 43 per cent over the preceding year. The company operates six factories in the Territory, one of which was completed in 1971 at a cost of \$R 600,000.

Bricks

90. The Rhodesian Brick and Potteries Company, Ltd., in which RHOCORP (see paragraphs 32 and 61 above) has a 17 per cent interest, reported profits of \$R 237,504 in 1971, increasing to \$R 268,290 in 1972. In 1972, the company reported a 9 per cent decrease in earnings from its brickmaking and pottery divisions, which had been offset by the earnings of its subsidiary, Moweld Fencing and Wire Products (Pvt.), Ltd., acquired in October 1971. During the year, capital expenditure amounting to \$R 79,000 was incurred. Two kilns were commissioned at Bulawayo, one for pottery and the other for bricks, and additions were made to African housing.

Steel

91. Stewarts and Lloyds of South Africa, a steel group in which the British Steel Corporation has 23 per cent participation, operates in Southern Rhodesia through a subsidiary known as Tubemakers of Rhodesia. In 1971, the manufacturing capacity of Tubemakers was reported to have been increased through the construction of a new, fully integrated fabricating shop and galvanizing unit.

Textiles

92. David Whitehead and Sons, a subsidiary of Lonrho, Ltd. (65 per cent), is the largest textile manufacturer in the Territory. According to press reports, the company has been engaged since 1971 in a capital expenditure programme involving \$R 350,000 annually. Net profits for the half year ending 31 March 1972 were \$R 655,000, compared with \$R 542,000 for the same period in the previous year.

Fertilizers

93. The principal manufacturer of nitrogenous fertilizer in the Territory is Sable Chemical Industries, Ltd., principally financed by Sable Chemical Industries (South Africa) and the South African Industrial Development Corporation. There is some Southern Rhodesian participation. As noted previously, the plant, when completed, will cost at least \$R 34 million and will constitute the largest single investment project in Southern Rhodesia since the unilateral declaration of independence.

94. In 1972, the illegal régime voted \$R 8.5 million in loans and subsidies to the company, to be used for capital development and to subsidize the local price of fertilizer. It was reported that, owing to rising costs, the fertilizer plant

at Que Que was costing about 30 per cent more than originally envisaged and that as these circumstances were beyond the control of the sponsors, the "Government" was making up the difference. According to Mr. Jack Mussett, "Minister of Commerce and Industry", despite cost increases and delays, the plant's output had saved the illegal régime over \$R 10 million in foreign exchange since 1969, and would recover the cost of the plant and equipment by mid-1973.

5. EXPORTS AND IMPORTS

95. In 1972, the total value of exports increased by 19 per cent over 1971 (\$R 290.1 million) to \$R 345.0 million, exceeding for the first time, in money terms, the level before sanctions of \$R 323.0 million. The value of imports decreased in value to \$R 274.2 million (\$R 284.4 million in 1971), mainly because of delays in the delivery of imported capital equipment. As a result, there was a visible trade surplus of \$R 62.8 million in 1972, compared with \$R 0.8 million in 1971 and \$R 23.7 million in 1970. According to the illegal régime, the increase was accounted for largely by agricultural exports, although there was a stronger demand for other commodities as well. Over-all, the terms of trade (the cost of imports versus the cost of exports), improved by 1.6 per cent, largely as a result of currency devaluation by a number of trading partners. No specific data are provided by the illegal régime on the destination of exports, but according to the Rhodesian Credit Corporation, Southern Rhodesian export goods reached 66 countries in 1972.

96. In May 1973, Mr. John Wrathall, "Minister of Finance", predicted that the Territory's 1973 exports would exceed the 1972 level, although the balance of payments would remain under strain. Mr. Wrathall said that although there would probably be a decrease in agricultural exports, the mining and manufacturing sectors would more than compensate for the decrease.

6. POPULATION, EMPLOYMENT AND EARNINGS

97. The following table shows the de facto population of Southern Rhodesia for the years 1968-1972.

Table 7

Southern Rhodesia: Population, 1968-1972
(thousands)

<u>Year</u>	<u>Africans</u>	<u>Europeans</u>	<u>Asian</u>	<u>Coloureds</u>	<u>Total</u>
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	5,310	255	9.4	17.2	5,590
1972	5,490	267	9.6	17.8	5,780

Source: Economic Survey of Rhodesia, 1973.

98. As may be seen from the above table, the African population has increased by 700,000 over the five-year period, representing an average annual rate of growth of about 3.6 per cent, attributable almost entirely to natural increase. It is estimated that if the present rate continues, the African population will double within the next 18 years; at present, more than half the Territory's African population is under 15 years of age. Over the same period, the European population increased by 36,000, the largest part attributable to immigration, which reached a peak of 14,743 in 1971, falling to 13,966 in 1972. Emigration of Europeans reduced the net increase to 9,400 in 1971 and 8,820 in 1972. Natural net increases account for only about 2,500 persons annually.

Table 8

Southern Rhodesia: Increase of European population, 1968-1972

<u>Year</u>	<u>Immigrants</u>	<u>Emigrants</u>	<u>Net Increase</u>	<u>Natural Increase</u>	<u>Total</u>
1968	11,864	5,650	6,210	2 358	8,568
1969	10,929	5,890	5,040	2,456	7,496
1970	12,227	5,890	6,340	2,725	9,065
1971	14,743	5,340	9,400	2,738	12,138
1972	13,966	5,140	8,820	2,564	11,384

Source: Southern Rhodesia, Monthly Digest of Statistics (January 1973).

99. Eighty-two thousand immigrants have entered Southern Rhodesia since 1964; in 1972 therefore, about one third of the European population were "newcomers". According to press reports, in order to delay majority rule as long as possible the "Government" has encouraged immigration by various means, including assisted passages and relaxed citizenship requirements.

100. In 1972, African employment increased by 63,000 over 1971 to 848,000, representing an over-all increase of almost 30 per cent (or 200,000 new jobs) since the unilateral declaration of independence. Of the new jobs created, however, 35,000 were in agriculture where wages are 40 per cent of the average African wage. Including Europeans and Coloureds, employment rose by a total of 7.6 per cent to 960,500. Total earnings from employment rose by 12.6 per cent over 1971, from \$R 613.1 million to \$R 690.6 million. Excluding agriculture, wages were reported to have increased by 6 per cent for Africans compared with 8 per cent for whites, Coloureds and Asians. In 1971, total wages paid to Africans amounted to \$R 244.4 million, or an average of \$R 313 per capita. Europeans in employment (108,000) earned a total of \$R 365.1 million, or an average of \$R 3,377 per capita, slightly over 10 times more than Africans.

101. Despite the increase in African wages, over 50 per cent of employed Africans continue to earn less than the average African wage and therefore fail to meet the financial qualifications for voting (\$R 400 in 1971). As may be seen from data provided by the illegal régime in 1971, 38 per cent of employed Africans (308,400), the largest single group, were engaged in agriculture where the average wage was \$R 124 per annum. A further 14.5 per cent (114,200) who were employed as domestics, the second largest sector, earned \$R 260 per annum. During that year, the illegal régime itself noted in the Economic Survey that agricultural wages had shown negligible improvement over the preceding 10 years and that, as a result, labour shortages on farms were reaching serious dimensions. According to the Economic Survey, unless conditions of labour could be improved, the shortages were likely to become more acute and the more general problem of providing acceptable employment for an increasing number of African work seekers would be exacerbated. According to data provided by the illegal régime, the discrepancy between the highest average wage received by Africans (\$R 744 in finance, insurance and real estate), and the lowest wage received by a European (\$R 2,650), was \$R 1,900 per annum.

102. The distribution of Africans in employment and wages received are set out in the following table.

Table 9

Southern Rhodesia: African employees by industrial sector, 1971

<u>Sector</u>	<u>Number of Africans employed (thousands)</u>	<u>Average annual wage (Southern Rhodesia dollars)</u>	<u>Total yearly earnings (million Southern Rhodesia dollars)</u>
Agriculture	303.4	124.0	37.7
Mining	53.9	353.0	19.0
Manufacturing	105.8	485.0	51.3
Electricity/water	4.2	486.0	2.0
Construction	49.2	478.0	23.5
Finance, insurance, real estate	2.8	744.0	2.1
Distribution, restaurants, hotels	50.2	480.0	24.1
Transportation and communications	18.2	717.0	13.1
Public administration	26.9	476.0	12.8
Education	20.4	659.0	13.4
Health	7.9	619.0	4.9
Domestics	114.2	260.0	29.7
Other	23.8	452.0	10.8
Total	781.0	313.0	244.4

Source: Southern Rhodesia, Monthly Digest of Statistics (January 1973).

APPENDIX IV

NAMIBIA

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INTRODUCTION

1. The present working paper supplements the previous studies on foreign economic activities in Namibia which the Secretariat prepared for Sub-Committee I in 1964 and for the years 1967-1972. 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 their profits and their nationality and the role they play in the exploitation of the Territory.
2. Namibia, like the other colonial Territories in Africa, has a dual economy, with most of the African population engaged in the subsistence sector. Therefore, data on the market sector and in particular on the gross domestic product provide the basis for an analysis of the colonial domination and exploitation of the Territory's resources and people which impedes their advance to freedom and independence.
3. In 1965, the latest year for which official figures are available, the gross domestic product of Namibia was R 214 million. b/ According to estimates, the gross domestic product has been increasing since that year at the rate of 10 per cent per annum, which would place the gross domestic product for the year 1972 at an approximate figure of R 417 million. Nevertheless, in 1970 the Namibian gross domestic product was estimated to be only 3 per cent of that of South Africa.
4. There were considerable variations in growth in the different sectors of the economy. Over the period 1965-1970, mining sales, excluding diamonds, expanded at about 24 per cent per annum, while the rate of expansion in the agricultural sector was only 6.5 per cent, and fishing was considered to be static. Public spending was reportedly increasing at a rate of 24 per cent per annum, which contributed to a 10 per cent per annum increase in private building.
5. In 1971, it was reported that the South African Government was launching a five-year development plan for Namibia involving a total expenditure of up to R 90 million. Approximately R 30 million was to be devoted to water and power projects.
6. In 1973, it was reported that there was strong world demand for the raw materials produced in Namibia. A rise in the dollar price of diamonds was announced in mid-February which fully offset the decreased value of the dollar with respect to the rand; fish-meal prices were running at record levels and Italian buyers of karakul pelts were expected to pay more in Italian lira as a result of the weakness

a/ For the most recent, see Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 A (A/8423/Rev.1/Add.1), annex, appendix I, and ibid., Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1) chap. V, annex, appendix IV.

b/ One rand (R) equals \$US 1.50.

of that currency. However, the proceeds in rands of base metals from Namibia sold in the United Kingdom of Great Britain and Northern Ireland and the United States of America were expected to be slightly reduced.

7. It was also reported that political considerations were leading to considerable investment in property in the Republic of South Africa and to a large and continuing outflow of cash from Namibia. At the same time, residents of Namibia and investors were said to be steadily moving their rand balances into South Africa, as a result of political considerations. For the same reason, considerable investment in property in South Africa was taking place.

General

8. As has been noted in previous reports of the Special Committee, the South African Government consolidates statistics for Namibia into those of the Republic of South Africa, and prohibits the release of official information on mining production and investment in Namibia.

9. It will be recalled that Security Council resolution 283 (1970) of 29 July 1970 called on Member States to discourage private companies from investing or obtaining concessions in Namibia. Moreover, the Council's resolution 301 (1971) of 20 October 1971 declared that concessions granted in Namibia by South Africa since the adoption of General Assembly resolution 2145 (XXI) of 27 October 1966 were not subject to espousal by States against a future lawful Government of Namibia. Nevertheless, at the end of 1972, 34 foreign-owned companies and organizations were actively engaged in prospecting in Namibia. By nationality of origin, these companies and organizations were distributed as follows: South Africa (16); United States (11); United Kingdom (3); Canada (2); France (1); Greece (1).

10. Twenty-five of the companies were involved solely in prospecting activities, while nine were already established in Namibia. An additional five foreign-owned companies were concentrating on their existing mining operations and were not, as far as is known, involved in any significant prospecting activities.

11. Early in 1972, the South African Government introduced a "Mines, Works and Minerals in South West Africa Amendment" bill. At the second reading, the Minister of Mines said that the bill had been drawn up as a result of representations made by the Association of Mining Companies of South West Africa which played a role similar to that of the Chamber of Mines in the Republic of South Africa itself. The purpose of the amendments was to simplify the procedures stipulated in the original ordinance of 1968 relating to applications for prospecting and mining licences in Namibia. According to the Minister, the changes introduced would facilitate the task of prospectors, particularly if they only wished to make a

geophysical survey to determine whether the possibilities of the land in question justified an application for exclusive prospecting rights. The Minister pointed out, however, that inasmuch as the rights to prospecting, mining, and disposal of all minerals on all land in "South West Africa", excluding land situated in the African areas, was vested in the State, private owners of land in the Territory were not consulted prior to the granting of prospecting or mining rights on their land.

12. The following paragraphs bring up to date the previous information on mining operations and prospecting activities in Namibia.

Diamonds

13. As has been the case for many years, the extraction of diamonds continues to be the most important mining activity in Namibia in terms of revenue, as well as the most important single industry in the Territory. In 1971, it accounted for approximately 68 per cent of the net profits derived by the various companies from mineral production.

14. The diamonds produced in Namibia, especially by Consolidated Diamond Mines of South West Africa, Ltd. (CDM) consist of approximately 90 per cent gems by weight, the highest percentage of gems of any major producer in the world. Namibia's diamond production ranks fourth in the world after Sierra Leone, South Africa and Ghana and, in terms of value, accounts for slightly over one tenth of the world total.

15. Since the closing of the mine of Strathmore Diamonds, Ltd., in 1971, CDM has been virtually the sole producer of diamonds in Namibia. CDM is a subsidiary of De Beers Consolidated Mines, Ltd., of South Africa, the largest producer of gem diamonds in the world, which is closely associated with the Anglo American Corporation of South Africa. Anglo American owns at least 26 per cent of the shares in De Beers Consolidated Mines, Ltd. and the two companies have a common chairman. In addition, De Beers owns an important shareholding in the Anglo American Corporation itself and also has an investment in a number of companies in the Anglo American group. In addition to diamond mining, De Beers is involved in the wholesale marketing of diamonds of other producers. At the end of 1972, however, De Beers was mainly engaged in the sale of diamonds mined by companies within the De Beers group. No information on the 1972 profits of CDM is yet available.

16. According to reports, Mr. Aristotle Onassis, a Greek industrialist and shipowner, visited Namibia in the early part of 1972 and obtained a concession to prospect for diamonds in Damaraland, in an area between Walvis Bay and Swakopmund.

17. No further information is available on the prospecting activities of the Marine Diamond Corporation and Tidal Diamonds (SWA) (Pty.), Ltd.

Metals

18. After diamonds, base metals are the second most important category of mining activities in Namibia. They are also the second most important source of revenue in the Territory. Production of the principal base metals mined in Namibia is shown in table 1 below.

Table 1Namibia: Base metal production, 1967-1972

(metric tons)

<u>Metal</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>
Cadmium	181	156	238	205	159	5 ^{a/}
Copper (mine production)	33,800	30,200	25,500	22,800	25,900	17,000
Copper (smelted)	31,700	30,200	28,000	27,300	28,100	25,600
Lead (mine production)	70,200	60,800	75,700	70,500	73,200	60,000
Lead (refined)	69,400	55,400	69,300	67,900	69,800	62,700
Tin (mine production) ^{b/}	700	700	700	700	1,000	600 ^{c/}
Zinc (mine production)	22,600	23,200	38,200	46,100	48,900	25,000
Zinc (slabs) ^{d/}	-	-	8,700	26,900	42,400	47,300

^{a/} January-March only.^{b/} Weight of recoverable tin.^{c/} January-September only.^{d/} Production of both Namibia and South Africa.Mining operations(a) Tsumeb Corporation, Ltd.

19. The major producer of base metals in Namibia remains the Tsumeb Corporation, which is owned by American Metal Climax, Inc. and the Newmont Mining Corporation, both of the United States, and by the O'okiep Copper Company, Ltd. of South Africa in which the same two United States companies are major shareholders. As a further indication of foreign control, it should be noted that the Newmont Mining Corporation also manages the Tsumeb Corporation. Newmont and American Metal Climax each possesses a 29.2 per cent holding in Tsumeb. Among other shareholders, the South West Africa Company, Ltd. (SWACO), of the United Kingdom owns 2.5 per cent of Tsumeb. The profits earned by the company in recent years, as well as the quantity of metals sold by it, are shown in tables 2 and 3 below.

Table 2

Namibia: Profits of the Tsumeb Corporation, 1968-1971

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

Table 3

Namibia: Metal sold by the Tsumeb Corporation, 1970-1971

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

20. Branching out into a completely new activity, in 1972, the Tsumeb Corporation began to import lead concentrates from Alaska for smelting at the Tsumeb plant. The first shipment of 210,000 tons of lead concentrates arrived at Walvis Bay in October and by the beginning of February 1973, the processing of this shipment had been completed and was ready for transshipping, presumably in the form of metallic lead.

(b) South West Africa Company, Ltd. (SWACO)

21. For many years, SWACO, of the United Kingdom, has operated a lead/vanadate/zinc mine at Berg Aukas and a tin/wolfram mine at Brandberg West. Approximately 30 per cent of the shares in SWACO are owned by Vogelstruisbult Gold Mining Areas, Ltd., of South Africa; a further 30 per cent by New Consolidated Gold Fields, Ltd., of the United Kingdom; and the remaining 40 per cent by the Anglo American Corporation and Charter Consolidated, Ltd. of the United Kingdom. Charter Consolidated, Ltd. and the Anglo American Corporation are interlinked in that each of the two companies owns a substantial block of shares in the other company while the chairman of Charter Consolidated is also a director of the Anglo American Corporation.

22. The profits of SWACO for 1971/72 and preceding years are shown below:

Table 4

Namibia: Profits of SWACO, 1968-1972

	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>
	(pounds sterling)				
Gross profit before taxes	339,000	373,000	387,000	767,000	...
Taxes paid mainly to the South African Government	69,000	99,000	164,000	286,000	...
Net profit	270,000	274,000	223,000	481,000	88,000

23. In the year ending June 1972, SWACO produced approximately 41,000 metric tons of concentrates representing 6,000 tons of lead/vanadate; 11,000 tons of zinc/lead sulphates; 23,000 tons of zinc silicate from Berg Aukas; and 635 tons of tin/wolfram concentrates from Brandberg West. There was a considerable drop in lead/vanadate production compared with 1971, when 8,000 metric tons were produced. This, as well as the drop in profits, was reportedly the result of a strike of contract workers which broke out in December 1971 (see paragraph 76 below).

24. In recent years, SWACO has obtained a substantial part of its profits from the Tsumeb Corporation in which it has a 2.5 per cent holding. Although there is no up-to-date information on the profits of the Tsumeb Corporation itself, dividends to SWACO from this source declined from £208,000 in 1971/71 to £67,000 in 1971/72. This was also attributed to the strike of contract workers.

25. It was also reported that, as a result of an agreement between the United Kingdom and South Africa on double taxation, which was extended in 1967 to cover Namibia after the termination of the mandate, SWACO obtained full relief from taxation paid to the South African Government on its operations in Namibia. In 1970/71, the company's pre-tax profits amounted to £767,000. The United Kingdom Government had charged the company £286,000 in corporation taxes and the South African Government had charged it £184,000 in mining taxes. As a result of the double-taxation agreement mentioned above, the United Kingdom Government granted a tax rebate equivalent to the South African tax.

26. In 1970, SWACO applied to the United Kingdom Treasury for permission to transfer its management from London to Namibia on the grounds that the company was conducting most of its business in Namibia. However, in August 1972, the company decided to withdraw this application.

27. At the annual general meeting of SWACO, held in November 1972 in London, it was reported that a small copper deposit lying within one of the company's concession areas at Asis Ost was about to be exploited and that production was expected to commence in June 1974. The company's share of 25 per cent in the over-all capital cost of this venture was reported to amount to £82,000. Of this amount, approximately \$27,000 would be spent in 1972/73.

(c) Kiln Products, Ltd.

28. Set up in 1969 by a consortium of South African companies, including Gold Fields of South Africa, Ltd., and the Anglo American Corporation, Kiln Products, Ltd., purchases residues and concentrates from SWACO's mines at Berg Aukas, and produces zinc oxide which is sold exclusively to the Zinc Corporation of South Africa (ZINCOR). ZINCOR, in turn, has a contract to supply the entire zinc requirements of South Africa's government-controlled Iron and Steel Corporation of South Africa (ISCOR). c/

(d) Klein Aub Copper Company

29. The Klein Aub Copper Company is owned by the General Mining and Finance Corporation, Marine Products, Ltd., both of South Africa, and Federale Volksbeleggings (Bpk.), which is a large South African group with diverse interests. The company is administered by the General Mining and Finance Corporation, which is in effect a subsidiary of Federale Mynbou Bpk., also of South Africa. In 1969, the most recent year for which such information is available, the company's gross profit before taxes amounted to R 2.5 million. The company paid R 430,000 in taxes to the South African Government; its net profit after taxes was R 2.07 million.

(e) Uis Tin Mine

30. This company is operated in the Damara "homeland" by ISCOR. In 1971, it was reported that the Uis Tin Mine was supplying approximately 63 per cent of ISCOR's requirements of tin. No figures are available on the profits and sales of the mine.

(f) Khan Mine (Pty.) Ltd.

31. The Khan Mine (Pty.), Ltd., with a mine located in the area between Rössing and Welwitschia, is reported to be a wholly owned subsidiary of the Ohlthaver and List Mining Company. No recent information is available concerning this mine. Towards the end of 1972, it was announced that the Ohlthaver and List group as a whole would not pay any dividend for 1972.

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

32. As has been noted above, the zinc mines of SWACO are a major source of this metal for South Africa. Another major source is the Rosh Pinah Mine of IMCOR Zinc. The Rosh Pinah Mine, which is located in the southern part of Namibia, north-east of Oranjemund, was opened in June 1969 with an investment of R 5 million. The company is owned by ISCOR (51 per cent) and the Moly Copper Mining and Exploration Company, SWA, Ltd. (49 per cent). In 1970/71, the Rosh Pinah Mine produced

c/ For details of these arrangements, see Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. V, annex, appendix IV, paras. 38-40.

38,000 tons of zinc concentrates with a yield of 20,000 tons of metallic zinc, which was shipped to ISCOR. d/

(h) Navarro Exploration Company

33. The Navarro Exploration Company has a small copper mine near Okahandja which, towards the end of 1969, was producing about 200 tons of ore per day. No financial information is available thus far on this mine. However, according to 1972 reports, this company is owned by the Zapata Corporation, also of the United States.

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

34. The Oamites Mining Company (Pty.), Ltd., officially began mining operations in November 1971 following an investment of R 4.8 million, 75 per cent of which was provided by Falconbridge Nickel Mines, Ltd., of Canada and 25 per cent by the Industrial Development Corporation (IDC) of South Africa. The mine was reported to be highly mechanized and throughout 1972 was advertising for engineers, fitters and miners, all of whom were expected to be white.

(j) Cape Cross mine

35. In the course of 1972, available information indicated the existence of a mine in the area of Cape Cross, north of Swakopmund. The mine is reported to be producing petalite and the total output is believed to be for export.

Prospecting activities

36. As reported in paragraph 9 above, 34 foreign companies were prospecting for copper and other metals in 1972. Of these, 21 were searching for copper and other metals, and 11 were searching for petroleum.

(a) Copper

37. In 1972, a prediction was made by one of the directors of ISCOR that the southern part of Namibia and the north-western part of the Cape Prov. of South Africa would become one of the world's great copper-producing areas. It pointed out that it was not generally known that the area contained large mineral deposits which were not then easily accessible to transportation.

38. The discovery of a copper deposit lying 27 kilometres north-east of Windhoek, at Otjihase, was announced in June 1972 in a joint statement by the Johannesburg Consolidated Investment Company, Ltd., of South Africa (JCI) (Johnnies) and Minerts Development (Pty.), Ltd. The two companies had been involved in a joint prospecting venture in that area. The company was reported to have spent over

d/ Further details on this corporation appear in ibid., paras. 47-49.

R 2 million on exploration and prospecting in Namibia before the discovery of this particular deposit. It was reported that 35,000 square kilometres had been prospected.

39. At a press conference held in February 1973, Sir Albert Robinson, the Chairman of Johnnies, announced that the proposed mine was expected to be the third largest in Namibia after those of CDM and the Tsumeb Corporation. He said that the deposits consisted of some 16 million tons of copper-zinc ore and zinc and silver in recoverable quantities, and that millions of rand would be required to develop the mine. The mine was expected to start production in 1975 at the rate of 100,000 metric tons a month. However, the company had not yet decided whether to smelt or refine the extracted copper in Windhoek or elsewhere in Namibia, or whether to export the copper concentrates for refinement. The mine, with 24 bore-holes drilled thus far, was expected to employ about 200 whites, and 1,500 non-whites who, in accordance with the policy of Johnnies, would be accommodated as far as possible in Windhoek. Only essential service personnel would be housed at the mine itself.

40. According to press reports, the Otjihase mine will be financed as follows: Johnnies, 52.5 per cent; Continental Ore Company of the United States, 23.8 per cent; and Fedmar of South Africa, an unstated percentage, believed to be the balance. It should be noted that Fedmar is a subsidiary of Federale Volksbeleggings, a large South African group with diverse interests (see also paragraph 59 below). Minerts Development (Pty.), Ltd., which had been a partner with Johnnies in the original prospecting venture, will be responsible for marketing the output of the proposed mine and, through its association with Continental Ore, will have access to world markets.

41. No new information is available on the prospecting activities of Falconbridge Nickel Mines, Ltd., of Canada or on FEDSWA Prospekterders, the joint venture established by Tsumeb Corporation, the Sarusas Development Corporation and several other smaller concerns.

42. During 1972, Africa Triangle Mining, Prospecting and Development Company (Pty.), Ltd., which holds a number of separate concessions covering some 1,500 square miles in the vicinity of Rehoboth and Gobabis, underwent a reorganization. As a result, Prieska Copper Mines (Pty.), Ltd., located in South Africa, ceased to be a subsidiary of Africa Triangle, and the Anglo-Transvaal Consolidated Investment Company, Ltd. (ANGLOVAAL), assumed responsibility for repayment to the United States Steel Corporation of a sum of R 1.2 million, representing part of a loan originally made to Africa Triangle for various exploration and mining projects conducted by its subsidiaries. Simultaneously, Africa Triangle became a debtor of ANGLOVAAL for the same amount.

(b) Uranium

43. Gold Fields of South Africa, Ltd., a subsidiary of New Consolidated Gold Fields, Ltd., of the United Kingdom, obtained a uranium prospecting concession at Trekkopje near Rössing. Expenditure on exploration in 1972 was expected to amount to R 1 million. It was reported that large areas were being prospected through geophysical and geological surveys.

44. Two other companies were prospecting for uranium in the Trekkopje area in 1972: the O'okiep Copper Company, Ltd., and a company known as Desert Finds (Pty.), which has been active in prospecting for various minerals in Namibia.

45. Uranium was also being sought at another location near Spitzkop in Damaraland by four organizations: Bantu Mining Corporation, Ltd. of South Africa, a government-controlled body; ANGLOVAAL (operating through a subsidiary known as the DiGamma Mining Company); David Graaff Investments; and the organization of Mr. Peter le Riche.

Petroleum

46. At the beginning of 1972, seven international petroleum companies were reported to be developing concession areas in Namibia: Shell Petroleum Company; British Petroleum Company; Chevron Oil Company; Etosha Petroleum Company (Pty.), Ltd.; De Beers Consolidated Mines, Ltd.; Société Nationale de Pétroles d'Aquitaine; and B. J. H. du Preez. Available information on the Chevron Oil Company and the Etosha Petroleum Company is given below. There is no new information on the operations of the other concerns.

47. The Chevron Oil Company of the United States, operating in a consortium with the Regent Company, also of the United States, has been prospecting in the southern part of Namibia. At the end of 1972, the president of the company expressed high hopes of finding economic quantities of oil off the coast of Cape Province, South Africa. He referred to reports that the prospective oil-bearing areas off the Orange River delta, on the border between Namibia and South Africa, were in such deep water that new techniques would have to be developed to exploit them and said that his company already had equipment which could exploit oil wells more than 500 metres beneath the surface of the sea. This operation would reportedly require an expenditure of \$US 5 million.

48. The Etosha Petroleum Company, a subsidiary of Brilund Mines, Ltd., of Canada, holds a very large concession area in the northern part of Namibia covering some 117,000 square miles. The company has announced on several occasions that potential oil structures have been found in the concession area, but no substantial activity was reported by the company in 1972. According to a report, Tiefbohr (Pty.), Ltd., a subsidiary of a company of the same name in the Federal Republic of Germany, has been employed by Etosha for drilling operations.

49. As to new concessions, it may be pointed out that in February 1972, Mr. B. J. H. du Preez, a South African business man, obtained the former Shell/British Petroleum concession in the north-western part of Namibia covering an off-shore area of 50,000 square kilometres, extending from the Cunene River to a point south of Walvis Bay.

50. At the time of Mr. Onassis' visit to Namibia with Mr. du Preez (see paragraph 16 above), it was reported that he was interested in petroleum and diamonds. In July it was announced that Mr. Onassis was entering into a formal partnership with Mr. du Preez to prospect for petroleum in Namibia. In the following month, the South West Africa People's Organization (SWAPO) wrote to Mr. Onassis protesting

his proposed economic involvement in Namibia and citing the advisory opinion of the International Court of Justice, e/

51. In June 1972, the South African government organization known as the Southern Oil Exploration Corporation (South West Africa) (Pty.) (SWAKOR) awarded a new concession to a group consisting of four companies: Getty Oil Company, Continental Oil Company, Philips Petroleum Company and Aracca Exploration, Ltd. The Société Nationale de Pétrole d'Aquitaine of France is also reported to have obtained a new concession area during 1972.

Other minerals

52. In 1972, the Bantu Mining Corporation, Ltd., of South Africa completed a geological exploration of a deposit of sodalite, a semi-precious stone, in the Cunene complex in the northern part of Namibia. A decision was taken to start mining operations in conjunction with two African entrepreneurs with the Bantu Mining Corporation providing financial and technical assistance for both mining and marketing.

53. During 1972, the Nord Mining and Exploration Company (Pty.), Ltd., which is owned by Nord Resources of the United States, continued to search for wolframite at the Krantzberg mine in the region of Omaruru.

2. FISHING

General

54. After mining, the fishing industry is Namibia's next most important economic asset. It is also controlled by white interests with Africans providing the labour. There are nine commercial fishing companies or groups registered in the Territory, nearly all of which are owned directly or indirectly by South African interests. In 1971, the total profits of the major fishing companies amounted to \$US 11.5 million after \$US 4.9 million had been paid in taxes.

55. The year 1972 was reported to have been an exceptionally profitable year for the fishing industry. It was a record canning season and the price of fish meal (\$US 200 per ton) was considerably higher than that obtained in 1971. The entire production of fish oil, estimated at 16,000 tons, was sold to United Kingdom interests. A total of 5.7 million cartons of canned fish were placed on the world market, of which fish factories in Walvis Bay produced 2.5 million cartons.

e/ Legal Consequences for States of the Continued Presence of South Africa in Namibia (South West Africa) notwithstanding Security Council resolution 276 (1970), Advisory Opinion, I.C.J. Reports 1971, p. 16.

56. For the 1972 season, the total catch off the Namibia coast amounted to 368,000 metric tons of pilchards and 161,000 metric tons of "other species", a total of 429,000 metric tons. The total permitted quota had been 995,400 tons (338,700 tons for pilchards and 656,700 tons for other species). As previously reported, in order to prevent over-fishing, particularly of pilchards, the fishing industry operates on a quota system. In 1972, each of the nine companies was again allocated an individual quota of 90,000 tons (36,000 tons for pilchards and 54,000 tons for other species). It was reported that only about 25 per cent of the quota for other species had been landed. The pilchard quota, which is the more profitable product when canned, was filled without any difficulty. For the 1973 fishing season, which commenced on 1 March, the fishing quota for the Territory, based on the recommendation of the Fishing Development Advisory Council, was held at approximately the same level as that for 1972, i.e., 995,400 metric tons, divided equally, however, between pilchards and other species, thus permitting 495,000 metric tons to be caught in each category.

57. Available information on the activities of some of the principal fishing companies in Namibia is summarized in the following paragraphs. f/

SWAPROM (Pty.), Ltd.

58. This company was formed by a merger early in 1972 of the Willem Barendsz Ltd. and three other fishing companies operating in Namibia. As part of this merger, it was agreed that the factory ship Willem Barendsz, together with another factory ship, the Suiderkruis, would both be removed from the coastal waters of Namibia and South Africa. SWAPROM was expected to make a profit before taxes of about R 3 million in 1972.

Marine Products, Ltd.

59. This company, which is part of the Federale Volksbeleggings group, derives its profits from fishing along the coast of Namibia and the western part of Cape Province, South Africa. For some years, the company's profits before taxes averaged approximately R 5.0 million, which rose to R 5.6 million in 1970, followed by a downturn in 1971. Through its policy of diversification, however, the company's profits before taxes from other interests increased from R 1 million in 1967 to R 2 million in 1970, again followed by a slight downturn in 1971. It was expected that the company would continue its policy of diversification.

Angra Pequena Fishing Corporation, Ltd.

60. This company is indirectly controlled by a large South African financial institution, the Trust Bank of Africa, Ltd. It was expected that profits before taxes for 1972 would amount to approximately R 800,000, a substantial increase

f/ For information on fishing companies, see also Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. V, annex, appendix IV, paras. 109-114.

over the preceding year. In January 1973, Angra Pequena began to diversify its interests with the purchase of a controlling share in Amalgamated Laundries of Cape Town.

Ovenstone South West Investments, Ltd. (OSWIL)

61. As reported last year, the company's net profits after taxes have shown a gradual decline, from R 1.1 million in 1968 to R 940,000 in 1970. The company has continued to diversify its activities, entering new fields, notably property ownership, retail motor sales, tourist resorts, financing and hotels (involving a link with the Holiday Inns Company of the United States). OSWIL also has one overseas activity. At the end of 1972, 60 per cent of the activities of OSWIL were reported to be outside the fishing industry.

Sea Harvest Corporation (Pty.), Ltd.

62. In September 1972, it was announced that a new white-fish factory was to be built in Walvis Bay by a company known as Sea Harvest Corporation (Pty.), Ltd., a joint venture of Imperial Cold Storage of South Africa and Spanish interests. Imperial Cold Storage is reported to have extensive farming interests in Namibia.

Federal Marine, Ltd.

63. In August 1972, a meeting was held in Walvis Bay of all the agents in southern Africa of Federal Marine, Ltd., the organization responsible for the marketing of canned fish produced by the Walvis Bay canning industry. The purpose of the meeting was to plan a strategy for increasing sales of canned fish in southern Africa, particularly in Namibia, South Africa, Swaziland and Botswana.

3. AGRICULTURE AND LIVESTOCK

General

64. Commercial farming is the third principal economic sector in Namibia. This sector, which is also controlled by whites, consists almost entirely of cattle and sheep raising. Some maize is grown in the Otavi and Grootfontein areas. Little detailed information is available on agricultural activities in the Territory.

Livestock

65. Cattle are raised mainly for export to government-controlled markets in South Africa by means of a quota scheme. Some carcasses are exported directly (outside the quota scheme) from Namibia to countries other than South Africa. No data are available for 1972. Sales figures for cattle and small stock for 1967-1971 are shown in the following table:

Table 5

Namibia: Cattle and small stock sales 1967-1971

<u>Year</u>	<u>Cattle</u>		<u>Total sales</u>	<u>Small stock sold in South Africa</u>
	<u>South Africa</u>	<u>Namibia</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

Meat packing companies

66. Most of the cattle sold commercially are raised by individual white farmers scattered across the so-called "white" area of Namibia. The slaughtering of the cattle and the processing of the meat is handled almost exclusively by two large organizations based in South Africa. Before the Second World War the export of frozen meat through Walvis Bay had been a mainstay of the Namibian economy. This activity had nearly ceased, however, when, several years ago, the Meat Trade Control Board of South Africa took charge of the marketing of meat in Namibia. By 1971, some beef was already being exported from Namibia to markets other than South Africa.

Vleissenstraal

67. At the beginning of 1972, the Suid-Afrikaanse Vleisprodusente (Sentraal Kooperatief) Bpk., known as Vleissenstraal, took over the municipal abattoir in Windhoek and in March of the same year it acquired the impala factory at Otavi. Vleissenstraal, which is established as a co-operative, shipped about 1,000 tons of frozen beef to the United Kingdom in 1972.

Afrikaanse Sake-ontwikkelings Korporasie (ASOKOR)

68. ASOKOR is constituted as a commercial corporation. Towards the end of 1971, a company known as African Meat Cannery, which had been operating at a very low level at Okahandja, was taken over by ASOKOR. By March 1973, improvements costing some R 250,000 had been completed and it was reported that the company planned to export meat directly to Europe. In 1972, ASOKOR began sending meat from Namibia to Cape Town from where it was exported to Greece and the United Kingdom. Two subsidiaries of the ASOKOR group (Karoo Meat Packers and Karoo Livestock) are also reported to be active in Namibia.

Karakul fur

69. The production of karakul fur which is variously known as "Persian lamb", "astrakhan" or "Swakara", is the second largest agricultural activity in Namibia. Most of the fur is exported to countries other than South Africa. Reports indicate that there are now about 4.4 million karakul sheep in Namibia and 1.8 million in South Africa. The pelts from these sheep are shipped by co-operatives to two London auction houses which market their output in February, May, July, September and November.

70. The main markets for karakul fur are the Federal Republic of Germany, which takes about 60 per cent of the combined Namibian/South African output, and Italy, which takes about 20 per cent. The Karakul Board, which is responsible for marketing both Namibian and South African karakul fur, launched intensive sales promotions in 1972 in Japan and Spain where it was believed there was a considerable potential market. The price of made-up coats has risen by about 20 per cent over the past decade and the retail price for a coat now varies from R 700 to R 1,600. The increase in karakul exports from Namibia and South Africa over the past 11 years is shown in the following table:

Table 6

Namibia and South Africa: Karakul exports, 1960 and 1968-1971

<u>Year</u>	<u>South Africa</u>	<u>Namibia</u> (million pelts)	<u>Total</u>	<u>Average price per pelt</u> (rand)	<u>Total value</u> (million rand)
1960	0.8	2.0	2.8	4.38	12.0
1968	1.4	3.4	4.8	5.58	27.2
1969	1.7	3.6	5.3	5.94	31.6
1970	1.8	3.3	5.1	5.78	29.8
1971	2.0	3.4	5.4	8.09	45.6

71. The year 1972 was reported to have been one of "unequalled prosperity" for karakul farmers in Namibia, as the average price per pelt, which had been R 9.9 in July, rose to over R 10.0 for the first time in August. Namibian farmers are reported to earn some R 15 million per annum from karakul, while the South African Government obtains about R 9 million in taxes and the London auction houses receive about R 750,000 in commissions. Approximately 20,000 Africans work on the karakul farms, mainly as migrant labourers on contract; their wages are reported to be about R 3 per month.

72. Nearly all karakul furs are marketed abroad by three auction houses representing three companies 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; and (c) the Hudson's Bay Company of Canada, representing the Farmer's Co-operative Wool and Produce Union, Ltd., of South West Africa. In May 1972, Hudson's Bay and Anning merged their operations. Their joint auction house in London is known as Hudson's Bay and Annings. As a result of the reduction in the number of outlets, some karakul farmers have begun to sell their pelts through a Danish auction centre.

73. As in the case of cattle farming, the karakul industry is also reaching a limit. Opening the Karasburg Agricultural Show in September, Mr. B. J. Van der Walt, the "Administrator of South West Africa", stated that the number of karakul sheep in Namibia was already at the saturation point in terms of conservation farming and warned that "our soil cannot take more sheep".

4. CUNENE RIVER BASIN SCHEME

74. As previously reported, this 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 the construction of a number of irrigation works. The major part of the financing was to be provided by the Republic of South Africa. g/ In September 1972, it was reported that the first water to reach Ovamboland from the Cunene River Basin scheme had flowed into a reservoir dam. It was also reported that the African population would derive very little benefit from the scheme.

75. It was further reported that strict secrecy was being preserved regarding the names of companies which had tendered for work on the hydroelectric station at Ruacana Falls on the Cunene River. According to the same report, companies wished to keep secret the fact that they had tendered for work on the project for fear of becoming targets of protest campaigns as in the case of the Cabora Bassa project in Mozambique. Fuller details on the Cunene River Basin scheme are contained in appendix I above.

5. EMPLOYMENT CONDITIONS AND WAGES

General

76. The strike of migrant workers from Ovamboland and the terms under which it was settled were described in the previous report of the Special Committee. h/

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

h/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. V, annex, appendix IV, paras. 4-8; and ibid., chap. IX, annex I, paras. 96-111.

Although the South African Government hailed the settlement as a major step forward, the fact that responsibility for recruiting migrant workers for service on contract in the "white" area had been transferred to the "government" of the "homelands" failed to bring major changes. In essence, the system remained the same: men, unable to survive in the subsistence economy of the "homelands", were forced by pressure of circumstances to sign contracts to work at grossly discriminatory wage rates as unskilled labourers in the "white" area. The mining industry, the principal industry in Namibia, does not permit the employment of Africans as qualified miners.

77. The only real changes brought about in the settlement, of secondary importance, were that: future contracts would be more specific about hours of work, overtime and conditions of service; home leave during the period of the contract would be permitted; free medical treatment would be provided; and, in theory at least, the worker acquired the right to change his employment. Owing to restrictions on residence and movement in the "white" area, however, a worker had exceptional difficulty in exercising this right.

Conditions of migrant workers

78. In May 1973, a series of articles dealing with the employment conditions of 50,000 migrant labourers in Namibia, mostly Ovambos, was published in The Guardian (Manchester). According to these articles, the living conditions in the migrant labour compounds, in which labourers are required by law to live throughout the Territory, are in almost all cases seriously substandard and inferior to those provided in the Republic of South Africa. As an indication of those conditions, it was pointed out that the workers' compound in the African township of Katutura outside Windhoek, where 5,000 Ovambos are housed, had been recommended for demolition as a matter of urgency by the local authority because of its general squalor. Funds for its derolition, and presumably for the construction of new quarters, have been withheld, however, by the Department of Bantu Administration and Development.

79. According to the articles, wages are often below the minimum wage recommended by the Non-European Affairs Department in Windhoek. According to the head of that Department, R 15 per week is the minimum on which a worker with dependants can live decently. This sum is well below what is considered to be the poverty line in South Africa, although the cost of living in the Territory is higher.

80. The articles pointed out that the Government and those employers who sought cheap unskilled labour benefit almost exclusively from the migrant labour system. By resorting to the employment of migrant labourers on one-year contracts, rather than employing permanent workers, the Government minimizes its capital expenditure on the housing, schools and hospitals which would otherwise be required. Furthermore, a constantly changing, unskilled labour force discourages trade unions and political activity while simultaneously depressing wages. It was also pointed out that migrant workers in the Territory are not protected by minimum wage legislation as they are in the Republic; wages are set by employers' associations which act in unison to prevent competition for labour.

81. The articles also enumerated a number of British companies active in the Territory, some of which were reported to be paying wages below the recommended minimum. Among those listed were African Oxygen (a subsidiary of British Oxygen); Metal Box Acrow Engineers; SWACO; and Stewarts and Lloyds, in which the British Steel Corporation has a minority shareholding. According to the articles, African Oxygen, located near Windhoek, employs some 50 Africans, of whom the lowest paid receive R 7.60 per week after inclusion of an attendance allowance. On completion of the year's contract, a bonus of an additional R 1 per week is also paid. Metal Box, located at Walvis Bay, employs 350 Africans who, according to company spokesmen, receive a basic wage of R 14.30. According to the workers, however, the basic pay is R 6.30, which, when supplemented by production and attendance bonuses, increases to a maximum of R 9.30. Stewarts and Lloyds, which employs about 40 Africans, almost all of whom are housed in Katutura, at present pays a minimum wage of just over R 12 per week. The British Steel Corporation was reported to have announced in April 1973, however, that Stewarts and Lloyds was one of its three South African associate companies which had agreed to review wages to make sure that all employees received a "proper living wage".

82. Reviewing the employment policies of the mining companies, the largest employers of migrant labour in the Territory, the articles pointed out that conditions varied greatly from mine to mine, with the best standards, in terms of wages and living conditions, obtaining at CDM. It was envisaged that the lowest paid worker at CDM would be earning R 52 per month by June 1973 and that average wages would be almost R 79 per month, an increase of almost 200 per cent in two years. Living conditions at the compound in Oranjemund were described as clean and tolerable and it was noted that literacy courses and technical training were provided.

83. The lowest wages at Tsumeb and at the Berg Aukas mine were reported to be R 23 and R 20 per month respectively; conditions at the living compounds were reported to be inferior to those prevailing at CDM.

International reaction

84. Reports of conditions in the Territory have produced growing concern abroad.

85. At the annual meeting of Charter Consolidated in London, some shareholders called for the company to withdraw from southern Africa. The chairman of Charter Consolidated said that although shareholders desired to see an improvement in the wages and living conditions of Africans in southern Africa, he considered that the company's withdrawal "would help no one" and that the African wages "although unquestionably low by the standards of industrialized nations are higher than the average in Africa and Asia".

86. Proposed legislation to deny United States government contracts to corporations that do not pay equal wages to their black and white employees in their South Africa operations, was expected to be introduced in the United States Congress in 1973, as it had been in 1972. In this connexion, it was reported that

the Newmont Mining Corporation was maintaining a "near feudalistic labour system" in which it recruited workers from poverty-stricken tribal areas, bound them to a one-year, non-renewable contract, paid them about \$US 40 a month and then returned them to their areas of origin. The report did not state clearly whether it covered the operations of the Newmont Corporation in South Africa or in Namibia.

6. REACTION BY CHURCHES AND OTHER ORGANIZATIONS TO ACTIVITIES OF FOREIGN ECONOMIC AND OTHER INTERESTS IN NAMIBIA

87. A number of organizations, including churches, have made known their opposition to the involvement of some of the companies whose activities are described in this paper.

88. In September 1972, as a protest against the involvement of Hudson's Bay and Annings in Namibia, members of the Anti-Apartheid Movement demonstrated outside the auction rooms in London where karakul pelts from Namibia were on sale. The demonstrators claimed that the exports of karakul from Namibia were illegal.

89. In the same month, the Commissioners of the Church of England, generally known as the Church Commissioners, sold a major stockholding in the Rio Tinto Zinc Corporation valued at an estimated R 3 million. In a statement issued in this regard, the Commissioners said that they were opposed to Rio Tinto's involvement in uranium mining in Namibia.

90. Subsequently, a campaign was mounted within the Church of England, in early 1973, to persuade its Central Board of Finance to sell a holding of 70,000 shares in Consolidated Gold Fields, Ltd. This action followed the publication in November 1972, by a British organization known as Counter Information Services, of a report which accused Consolidated Gold Fields of grossly underpaying its black workers and claimed that the company had a history of "brutal and inhuman exploitation which still continues".

91. Participation by the Philips Petroleum Company in a petroleum concession in Namibia led to a stockholders' resolution which was presented in January 1973 at the annual meeting of the company by a group consisting of members of the National Council of Churches of the United States, the Episcopal Church, the United Methodist Church, the United Presbyterian Church and the Unitarian Universalist Association. The resolution called upon the company to refrain from any exploration on concessions in Namibia. No information is available on the results of the presentation of the resolution.

92. On 2 May 1973, Mr. William Johnston, President of the Episcopal Churchmen for South Africa, in his statement as a petitioner before the 170th meeting of the United Nations Council for Namibia, said that his group, which had been concerned for 17 years with problems in southern Africa, particularly in Namibia, was a shareholder in American Metal Climax, Inc. and the Newmont Mining Corporation, owners of the Tsumeb mine in Namibia. In 1972, his group had submitted three resolutions for consideration at the companies' annual general meetings of the two

companies. The first two resolutions, calling on the companies to recognize and deal with the United Nations and to put into escrow the profit from their operations in Namibia against the day when they would deal with the Government of Namibia, had been rejected by the United States Securities and Exchange Commission. The third resolution, requesting information on the companies' operations in the Tsumeb mines, had been put to the meetings. Although the resolution had been overwhelmingly defeated, it had served to place the matter before the public, and the companies themselves had been seriously disturbed by the group's challenge to their presence and operations in Namibia.

APPENDIX V

BERMUDA

Introduction

1. Basic information on 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-seventh session. a/ The latest working paper prepared by the Secretariat for the current session of the Special Committee contains recent information on general economic conditions in the Territory (A/9023/Add.6, chap. XXIII, annex, paras. 29-53). Supplementary information on the activities of foreign economic interests is set out below.

1. Land

2. An accelerated rate of development and a substantial population increase (from ~~42,640~~ in 1960 to 52,609 in 1971) have led to a general increase in land values, and considerable effort is being made to enlarge the total usable area of the Territory by filling in coastal shallows and marshland. The density of the population was estimated at close to 2,900 people per square mile, among the highest in the world.

3. According to a report published by the Bermuda Planning Department in August 1972, if the present rate of building continues, all land suitable for housing development will have disappeared in 10 years' time. An area of 2,200 acres remains which could be developed, but the Department holds the view that 68 per cent of that land should not be touched because of its amenity and beauty. The remaining 700 acres could be used for building purposes.

4. Owing to the shortage of housing and land available for building, the administering Power considers that preference should be given to Bermudians in the purchase of land and houses, particularly for medium and lower priced properties. The policy controlling the purchase of land by non-Bermudians deals separately with: (a) those who have been gainfully employed for three or more consecutive years; and (b) those who are not gainfully employed.

5. Applicants in category (a) may be permitted to purchase: (i) land (with no building erected), provided the purchase price is not less than \$B 18,000; b/ (ii) land with housing on which the annual rental value is not less than \$B 1,584; and (iii) an apartment, the purchase price of which is not less than \$B 36,000. Applicants in category (b) may be permitted to purchase: (i) land (with no building erected), provided the purchase price is not less than \$B 24,000; (ii) land

a/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. V, annex, appendix VI.

b/ One pound sterling (£) was equivalent to 2.40 Bermuda dollars (\$B) until 29 July 1972. See also para. 22 below.

with housing on which the annual rental value is not less than \$B 2,016; and (iii) an apartment, the purchase price of which is not less than \$B 48,000.

6. Non-Bermudians wishing to purchase land or housing must apply to the Department of Immigration and Labour. In April 1972, the Legislative Council passed the Finance Act which called for a 10 per cent tax on the purchase of land by non-Bermudians, retroactive to 26 February 1972. Replying to objections that the tax would discourage outsiders from buying property in the Territory, Mr. R. M. Gorham, the Parliamentary Secretary for Finance, was reported to have stated that the tax was "designed precisely to discourage people from buying land" because "of all the things in short supply ... land was the shortest". The second object, he had said, was to "discourage and reduce and deflate the price of real estate" in the Territory.

2. Tourism

7. The tourist industry continues to provide the Territory with its major source of revenue, accounting in 1971 for 44 per cent of the gross domestic product, or about \$B 102 million. A total of 420,950 persons visited the Territory in 1972, compared with 412,947 in 1971; over 95 per cent of the visitors come from North America.

8. Responsibility for the promotion of tourism rests with the Department of Tourism headed by the Minister for Tourism. c/ The Department has branch offices in London, New York, Chicago and Toronto. In order to protect the industry, the Government has decided that future development should be carried out in phases and controlled to ensure an orderly expansion and to preserve those qualities which have attracted visitors. Restrictions on hotel expansion will continue until 1975. The Government estimates that, by 1975, 1,580 new beds will have been added to the number now licensed (8,581) through the implementation of plans previously approved. In early 1972, however, the Government announced that it would relax its limitations on hotel expansion in order to allow Bermudians to open small guest houses with a maximum capacity of 10 beds.

9. In 1970, the Territory had, under government license, 16 hotels (25 to 900 beds); 63 guest-houses (6 to 91 beds); two clubs (65 to 121 beds); 11 cottage colonies (24 to 110 beds); and 20 housekeeping cottages (12 to 148 beds). d/ In 1971, the Holiday Inn, with 600 beds, was completed, and work on the Southampton Princess, with 400 beds, was expected to be completed towards the end of 1972. Most of the major hotels and other large establishments concerned with the tourist industry are reportedly owned by non-Bermudian interests.

10. According to a recent report of the Planning Department, 90 per cent of the work force has been fairly consistently employed in the service industries because of the flourishing tourist trade, an indication of the extent to which jobs are bound up with tourism. In 1970, the labour force totalled 27,200. Half of the labour force is consistently employed in personal services; of this group, about

c/ In accordance with the latest constitutional amendments, the Executive Council was restyled as a cabinet on 18 April 1973, and its members were designated as ministers.

d/ West Indies and Caribbean Yearbook, 1972.

one third are directly employed by hotels and guest houses. Over 9,000 people in the labour force are foreign born of whom 2,000 have Bermudian status. According to the report, the employment of a large number of foreign workers has been necessary because the rapid growth of employment had outpaced the ability of the resident labour force to fill the jobs available.

11. In 1972, the Territory experienced serious industrial strife, particularly over the question of seasonal lay-offs of Bermudian hotel workers while many non-Bermudians enjoyed the year-round employment guaranteed by their labour agreements. The Bermuda Industrial Union claimed that non-Bermudians were holding jobs in hotels for which they were ineligible, because under the immigration law foreigners cannot work in Bermuda unless their skills cannot be found among residents. Sir Walter Robinson, the Leader of the Opposition, was reported to have said in March 1973 that tourism was not beneficial to many Bermudians because Europeans were being brought in to fill most of the senior positions in the industry where they worked under favourable conditions.

3. Financial developments

12. Bermuda, as a leading tax haven, has recently made substantial progress in developing an international finance industry. There are four banks in the Territory, the largest being the Bank of Bermuda, Ltd., established in 1889 and incorporated in 1890. In 1972, its total resources increased by \$B 17 million to \$B 336 million (\$B 137 million in 1967). In March 1973, the bank announced the incorporation of a wholly owned subsidiary in the Channel Islands, namely, the Bank of Bermuda (Guernsey), Ltd., with a capital of £500,000. The bank is the sole depository in Bermuda of the territorial government and maintains correspondent relationships with major banks throughout the world.

13. The second largest is the Bank of N. T. Butterfield and Son, Ltd., established in 1858 and incorporated in 1904. It was reported that during the year ended June 1972, deposits increased by almost \$B 30 million to \$B 251.2 million. Total resources gained almost \$B 36 million to a record \$B 272.5 million (\$B 115 million in 1967). Its operating earnings per share increased by 27 per cent to \$B 1.26 per share. Shareholders received a total of \$B 700,000 for the year (\$B 600,000 in 1970/71). The bank has subsidiaries in the Cayman Islands, Toronto, Canada and Tortola, British Virgin Islands. In March 1973, it was announced that the bank had entered into an agreement with Baring Brothers and Company, Ltd., whereby the latter would acquire a 50 per cent interest in N. T. Butterfield and Son (Channel Islands), Ltd., Guernsey, formed in September 1972. The name would be changed to Barfield Trust Company, Ltd., subject to approval by appropriate authorities. The paid up capital would be increased to £500,000 and the company would be owned equally by Baring and Butterfield.

14. The Bermuda Provident Bank, Ltd., incorporated in 1969, is associated with Barclays Bank International, Ltd., which owns approximately 32 per cent of the shares. Forty per cent of the shares are owned by Bermudians. The bank's resources in 1971 were \$B 35 million.

15. The Bermuda National Bank, Ltd., incorporated in 1969, is affiliated with the Bank of Nova Scotia which owns 40 per cent of its shares. The rest are owned by Bermudians. The bank's resources in 1971 were \$B 31 million.

16. It is reported that subject to government approval, the City Finance and Investment Company, Ltd. (several of whose directors are members of the United Bermuda Party in the House of Assembly), has proposed to set up a new bank to be called the Bermuda City Bank. The Bank of Bermuda, Ltd. and the Bank of N. T. Butterfield and Son, Ltd. have joined in opposing the proposed bank, 60 per cent of which would be owned by the City Finance and Investment Company, Ltd. and 40 per cent by the First National City Bank of New York. The application for setting up the bank is at present under consideration by the Special Joint Select Committee of the legislature.

17. The number of international companies registered in Bermuda rose from 758 in 1961 to 1,891 at the end of 1971 and 2,107 at the end of 1972. Owned mainly by Canadian, United Kingdom and United States interests, over 75 per cent were "exempted companies" incorporated in the Territory; the remainder were resident foreign companies operating from Bermuda. Both categories of companies conduct their business from "off-shore" - that is, outside the Territory. The principal business of exempted companies consists of finance, insurance, mutual funds and unit trusts.

18. On 24 June 1972, after conducting a survey in the Territory for the Bermuda International Business Association (whose members include the four banks referred to above), a team of economists from the Cambridge Research Institute of Massachusetts (United States) published a report concerning the contribution to the Bermuda economy being made by international companies incorporated in the Territory. In its report, the team noted the tremendous expansion of Bermuda as an off-shore financial centre as indicated by the fact that revenues from international business grew at a rate of 31 per cent per annum from 1966 to 1971. It believed that such business could be expected to increase in importance to the over-all economy in the period 1972-1976. A growth rate of 10 per cent a year is anticipated over this period, or twice the estimated annual growth rate of the economy.

19. According to the team's report, international business contributed an estimated 13 per cent, or \$B 30 million, to the gross national product of Bermuda in 1971, thus becoming the second most important sector of the economy after tourism. Companies conducting such business employed directly 1,330 people during the year, or 6 per cent of all full-time jobs available. Of this total, 630 persons were engaged in servicing this type of business, while the remainder was employed by 195 companies with their own operating offices in the Territory. International business spent a total of about \$B 11 million on such items as rents, office supplies and salaries. In the fiscal year 1971/72, it provided at least \$B 1.5 million in revenue to the Government, accounting for 21 per cent of the total net of customs duties. Approximately \$B 4 million was directly attributable to tourist business generated by visiting corporate representatives in 1971.

20. Other contributions made by international business to the economy included: (a) helping to maintain the Territory's positive balance of payments; (b) providing a large number of highly qualified professionals; (c) developing advanced skills in the available labour force, especially in the fields of accounting, banking, law, management and computer skills; (d) building the banking resources of Bermuda; and (e) stimulating capital investments.

21. After the team had completed its survey in the Territory, three important developments affected the operation of international companies. The first was a

decision taken by the United Kingdom Government on 23 June 1972 to free the pound sterling from its fixed rate and to introduce exchange control between the United Kingdom (including the Isle of Man and the Channel Islands) and the countries of the sterling area, except the Republic of Ireland. Under the new exchange control regulations, United Kingdom residents are now required to obtain permission to make direct investments in these countries (including Bermuda).

22. Following this decision, and after consultations with the United Kingdom Government, the Government of Bermuda decided to peg the exchange rate of the Bermuda dollar to the United States dollar instead of the pound sterling from 29 July. The Bermuda Government also announced that the new exchange parity for the local currency would be 0.818513 grams of fine gold, and that this was the same gold value as that of the United States dollar, so that for practical purposes the Bermuda dollar would equal one United States dollar. On 25 August, Mr. Jack H. Sharpe, then a member of the Executive Council for Finance and at present Minister of Finance, stated that the recent action of the United Kingdom Government had led the Bermuda Government to develop a new system of exchange control which would treat transactions with the whole of the rest of the world, including the former sterling area, on an equal basis. Under this system, international trusts and companies registered in Bermuda and their non-Bermudian executive staff could be classified as "external". They, therefore, would not be subject to Bermudian exchange control and would be completely free to move their funds if they so desired.

23. The effect of the above-mentioned measures is to make the Territory less attractive to United Kingdom residents. As a result, many international companies owned by United Kingdom interests have been liquidated or are in the process of liquidation, having found it more advantageous to move to another jurisdiction (the Channel Islands and Switzerland). In July 1972, it was reported that about one sixth of all international business carried on from Bermuda had come from the United Kingdom, whose share was declining.

24. The second important development was the adoption in late 1972 by the United States Government of amendments to the Interest Equalization Tax Act. The amended act makes it feasible for a United States company to provide financing for an overseas dealer, distributor or customer through a Bermuda subsidiary. This act, accompanied by the new monetary and foreign exchange policies being pursued by the Bermuda Government, is considered likely to enable the Territory to become a popular centre for overseas financing by United States companies. According to a booklet issued in November by the Bank of Bermuda, Ltd., a number of large United States multinational organizations have chosen Bermuda as a base for international financing activities. They have created bona fide lending and financing companies in the Territory and are obtaining, often with the assistance of the Bank of Bermuda, Ltd., Euro-dollars, Asian "dollars" or European currencies for their operations. It is believed that a Bermuda financing subsidiary, financed from foreign sources and operating within the applicable provisions of the United States Internal Revenue Code and Regulations could successfully avoid any current United States income tax, as well as any interest equalization tax.

25. The third important development was the introduction in the House of Assembly on 1 December, by Mr. Sharpe, of a bill entitled "The Exempted Companies, Exempted Partnerships and Non-Resident Corporate Bodies (Increase of Annual Fees) Act, 1972".

The bill would increase annual fees charged to international companies by about 50 per cent in some cases and by more than 100 per cent in others. For the first time, the new scale of fees would distinguish between various types of companies registered in Bermuda. The bill was read a second time on 8 December (see below) and was expected to become law on 1 January 1973. Until then, both exempted and resident foreign companies were required to pay a fee of \$B 480 to the Government prior to the commencement of business and annually thereafter. e/

26. In moving the second reading of the proposed legislation, Mr. Sharpe announced that, after intensive consultations with the two bodies most concerned in international business (the Bermuda International Business Association and the International Companies Division of the Bermuda Chamber of Commerce), the Government had accepted their recommendations on the fees which should apply to exempted and "permitted" companies. In their case, the annual fees paid to the Government would range from \$B 650 to \$B 1,000, depending on the class of the company, and in the case of exempted partnerships, they would be at the rate of \$B 650.

27. Earlier in his speech, Mr. Sharpe elucidated the benefits derived from international companies, as indicated by a report recently published by an economic team from the Cambridge Research Institute (see paragraphs 18-20 above). He said that in preparing this report, the team had held consultations with some government departments, and believed that its conclusions were reasonably correct. He drew particular attention to the large percentage of Bermuda's gross national product derived from international business during 1971. He nevertheless considered that it was fair to readjust their annual fees which had remained unchanged since 1935. He further stated that the Government did not intend to undertake any further revision of such fees payable under the proposed new legislation more frequently than every five years.

28. During the debate on the proposed legislation, the opposition Progressive Labour Party (PLP) expressed the view that if international companies were believed to have made such a valuable contribution to the economy, the Government should provide the facilities and services required by them, with the objective of strengthening their competitive position. The Opposition maintained that the \$B 30 million received from these companies did not move "far enough from the harbour front" and that the bulk of it was handled by very few people. It considered that the Government should initiate a policy whereby those companies would be encouraged or required to use some of their funds to accelerate economic development in the Territory. The Opposition also raised the question as to whether international companies were moving away from Bermuda and, if so, whether this had anything to do with the proposed higher fees payable by them. Finally, the Opposition considered that the Government was somewhat inflexible in not adapting to changing events by giving an undertaking not to increase such fees over the next five years.

e/ For this and other information concerning the Companies Act, 1969, see Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. V, annex, appendix VI, paras. 5-9.

29. Replying, Mr. Sharpe said that only about 10 per cent of the 2,000 international companies registered in Bermuda were operating from the Territory and that they did not use the Territory's facilities in such a way as to impose any strain on them. Stressing the benefits for Bermuda, he pointed out that "this type of business permeates right through the community". He added that the Government proposed to make it possible and convenient for international companies to use some of their funds for financing public or private investment projects, but not in a way that would require them to do so. With regard to the criticism about the undertaking given by the Government not to increase the proposed fees in the next five years, Mr. Sharpe considered it to be reasonable that the Government had not proposed to make further changes in such fees since no changes in this respect had been made in the past 37 years. He also considered it necessary to give such an assurance to the companies.

30. Following the debate on the proposed legislation, Mr. Sharpe was reported to have commented on the liquidation of certain international companies. He said that a number of companies had been wound up, most of them owned by United Kingdom interests, because they had found that Bermuda had disadvantages through not being part of "the limited sterling area". For others, he added, this might be an advantage in remaining in the Territory. He noted that up to December 1972, a total of 108 companies had been liquidated or were in the process of liquidation, while 236 others had been formed, and that the steady flow of new companies was being well maintained.

APPENDIX VI
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-seventh session. a/ In addition, the latest working paper prepared by the Secretariat on the Cayman Islands for the current session of the Special Committee contains recent information on general economic conditions in the Territory. (See A/9023/Add.6, chap. XXIV, annex, paras. 20-45.) Supplementary information on the activities of foreign economic interests is set out below.

1. Financial developments

2. Because of its status as a tax haven, its accessibility and stability, the Territory has recently witnessed the rapid development of an international finance industry. The number of financial institutions in the Cayman Islands increased from about 1,870 in 1969 to over 2,300 in 1970 and 3,472 in 1971. At the beginning of 1973, it was estimated that there were more than 5,000 such institutions, mostly owned by interests in Canada, the United Kingdom of Great Britain and Northern Ireland and the United States of America. This total included approximately 80 banks, 600 trusts and 4,400 international finance companies. The contribution of the industry to the gross domestic product is growing at an annual rate of 75 per cent and provides 30 to 40 per cent of government revenue. The industry gives employment to an increasing number of Caymanians, although the majority of the senior positions are still occupied by foreigners.

3. The following are the principal factors contributing to the growth of the industry: (a) the completion by Cable and Wireless (West Indies), Ltd., a subsidiary of British Cable and Wireless, Ltd., of a programme for considerable expansion of telecommunications facilities, including in particular the installation in February 1972, at a cost of \$CI 3.5 million, b/ of a submarine cable connected with a satellite earth station in Jamaica; (b) the interest shown by most of the world's major banking and trust institutions in establishing branch

a/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. V, annex, appendix VII.

b/ For an explanation of the currency, see paragraph 12 below.

offices in George Town, the capital, from which to conduct international finance business; and (c) the carrying out of the Government's policy of promoting and safeguarding such business. This policy is embodied in the following legislation: the Companies Law of 1960, as amended; the Tax Concession Law of 1963; the Exchange Control Regulation Law of 1966; the Banks and Trust Companies Regulation Law of 1966; and the Trusts Law of 1967, as amended. The main provisions of these laws are outlined in the previous report of the Special Committee. c/

4. Banks of various sizes have played a part in the development of the Cayman Islands into an important international finance centre. Today, there is an increasing number of medium-size and small private banks and, like the branches of major international banks, all have affiliated trust companies or themselves carry on trust business. The main classifications of banks and trust companies in the Territory are permitted under the law, and there are various categories of licences which determine their activities.

5. The first is a Class A licence, which gives the holder the right to carry on banking and/or trust business either inside or outside the Cayman Islands and without any limit as to customers. A bank holding a Class A licence would normally be able to deal in gold and foreign exchange.

6. A Class B licence is subdivided into unrestricted and restricted categories. A Class B unrestricted licence gives the holder the right to carry on such business anywhere outside the Territory in return for an undertaking not to deal with the local populace. Such an operator would normally be classified as a non-resident for exchange control purposes, and would not normally be appointed a dealer in gold and foreign exchange. A Class B restricted licence holder has the right to do business anywhere outside the Territory but with specific clients, listed by name; the list must be short and may be increased to a limited extent. The restricted licence holder would similarly be classified as a non-resident for exchange control purposes, and would not normally be appointed as a dealer in gold and foreign exchange.

7. Banks which hold Class A licences are usually branches of major international banks, and trust companies holding Class A licences are usually subsidiaries or affiliates of international banks, although a small number of private banks and trust companies hold Class A licences. At the beginning of 1973, Class A licence holders were as follows:

Arawak Trust Company (Cayman), Ltd.	Caribbean Bank (Cayman) Ltd.
Bahamas International Trust Company, Ltd.	Cayman International Trust Company, Ltd.
Bank of Montreal	Channel International Bank (VI), Ltd.,
Bank of Nova Scotia	First National City Bank
Bank of Nova Scotia Trust Company (Cayman), Ltd.	Mercantile Bank and Trust Company (Cayman), Ltd.
Bank of Virginia (Grand Cayman), Ltd.	Royal Bank of Canada

c/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. V, annex, appendix VII, paras. 2-7.

Barclays Bank International, Ltd.
Bank of Montreal Trust Corporation
(Cayman), Ltd.
Butterfield's Bank and Trust Company,
Ltd.
Canadian Imperial Bank of Commerce
Canadian Imperial Bank of Commerce
Trust Company (Cayman), Ltd.

Royal Bank Trust Company (Cayman), Ltd.
Sterling Bank and Trust Company, Ltd.
Swiss Bank and Trust Corporation, Ltd.
Trust Corporation (Cayman), Ltd.
World Banking and Trust Corporation
(Cayman), Ltd., a subsidiary of the
Bank of America

8. All Class A licence holders maintain fully staffed offices and offer the full range of banking or trust services and, in some cases, both. Class B licence holders are, by the terms of their licences, confined to "off-shore" business and are usually incorporated in the Territory as exempt companies with a tax-free undertaking from the Government. Until recently, most operated through agents, although many are now opening fully staffed offices. At the beginning of 1973, there were about 50 Class B licence holders and the number was increasing rapidly.

9. On 19 December 1972, the Legislative Assembly passed an amendment to the Banks and Trust Companies Regulation Law of 1966, by which the annual fees for Class A licences were increased from \$CI 1,000 to \$CI 15,000 and for Class B licences from \$CI 500 to \$CI 2,500.

10. Most of the other financial institutions incorporated in the Cayman Islands are either holding companies or off-shore investment funds, which operate on the lines of a unit-trust in the United Kingdom. Such funds provide a medium by which their shareholders participate in the ownership of a portfolio of securities or other property under expert management. A unit trust scheme therefore involves two legal entities: a trust company in which the property is vested and a management company which purchases or sells securities on its behalf. Among the well-known international investment funds registered in the Cayman Islands as exempt trust with tax-free status are: the Australian and General Exempt Fund, the Atlantic Exempt Fund, the Target Offshore Fund and the Nihombashi Fund.

11. Although the investment companies are likely to remain in the majority for some time to come, more and more international manufacturing and trading corporations have discovered the benefits of marketing and invoicing goods from one country to another through a country with the status of a tax haven. It is also becoming more usual for the larger international companies to minimize their insurance costs by self-insuring through a tax-haven subsidiary and feeding back only the excess risks to the conventional insurance market. In December 1972, it was reported that the International Marine and Mortgage Insurance Company, a new off-shore insurance firm, with total estimated assets of over \$US 650,000, had been formed to provide coverage against the loss of principal and interest on mortgage loans throughout the Commonwealth countries of the Caribbean.

12. As previously noted, a Cayman Islands currency was introduced on 1 May 1972. The unit is the Cayman Islands dollar with an exchange rate of \$CI 2 to the pound sterling. Following the decision of the United Kingdom to free the pound sterling from its fixed rate and to introduce exchange controls with most countries of the sterling area, the Cayman Islands allowed its new currency to float with the pound and amended its exchange control regulations to enable free trade to continue with the countries affected by the United Kingdom action, except for outward capital movements in local currency, which must be approved by the Controller of Exchange. d/

13. Although the Territory was formerly within the sterling area, people living in other currency areas were always eligible for designation as non-residents for exchange control purposes. A company registered in the Cayman Islands, owned by such people and engaged in business exclusively outside the sterling area could also qualify for non-resident status and would therefore be free from exchange control. Residents of the sterling area have hitherto been bound by the usual constraints in the Cayman Islands and, in their case, it is likely to be some time before the full implications of the amended law become clear.

2. Turtle farming and sea-whip harvesting

14. Mariculture, Ltd., formed in 1969 by a group of investors from the United Kingdom and the United States, has established a sophisticated turtle farm near George Town. The company has thus far invested a total of \$CI 3.0 million in the project (compared with \$CI 1.7 million between 1969 and 1972). Output from the farm is expected to be worth \$CI 1.2 million in the calendar year 1973 and the company expects to make its first profit in 1974. Most of the turtle products are exported to the United Kingdom.

15. Capitalized at \$CI 1.1 million, the company has over 180 shareholders, the largest being the Commonwealth Development Finance Company, Ltd. (CDFC) of London, with 27 per cent of the equity. The CDFC has guaranteed a \$CI 500,000 overdraft with the Bank of Nova Scotia; another \$CI 850,000 for working capital was raised in March 1972 by a right issue of 10 per cent convertible loan stock.

16. For many years, the Upjohn Company has experimented with prostaglandins, a family of naturally occurring chemicals derived from sea-whip coral, which show possibilities for medical use. In February 1973, the company was reported to have signed an agreement with the Government and Mariculture, Ltd., to harvest sea-whip from the North Sound of Grand Cayman.

d/ See also Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. V, annex, appendix VII, and A/9023/Add.6, chap. XXIV, annex, paras. 27-30.

APPENDIX VII

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-seventh session. a/ In addition, the latest working paper by the Secretariat on the Turks and Caicos Islands prepared for the current session of the Special Committee contains recent information on general economic conditions in the Territory (A/9023/Add.6, chap. XXIV, annex). Supplementary information on the activities of foreign economic interests is set out below.

1. Real estate development and tourism

2. On Grand Turk and South Caicos, most of the land is privately owned, although some Crown land is also available. On the other islands of the Caicos group and on Salt Cay the majority of the land is owned by the Crown. As previously reported, b/ the Government of the Territory has entered into agreements with private enterprises (mainly foreign-owned interests) for the development of 11,670 acres of Crown land. Further action is envisaged for the development of another 16,340 acres, which would bring the total to 28,010 acres, or 35 per cent of all Crown land on eight islands of the Territory.

3. Land adjudication was completed in 1971, and it has now become possible to ascertain the ownership of all land in the Territory. The purchase of private land is subject to personal negotiation and is not controlled. The present policy with regard to Crown land is to part with freehold title only after an agreed amount of permanent improvement has taken place. Such land would therefore be issued on a conditional purchase lease. Fulfilment of the conditions is usually phased over a period of five years and some progress must be shown within two years. The Government would bind itself to grant freehold title at the end of the lease, provided the agreed development has taken place. If this condition is not met within the stipulated period, the land reverts automatically to the Crown.

4. In its previous report, the Special Committee noted the existence of a number of private projects for the development of tourism and property in the Territory. c/ The larger projects have included those on Providenciales

a/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. V, annex, appendix VIII.

b/ Ibid., chap. XXII, annex, sect. F, para. 23.

c/ Ibid., chap. V, annex, appendix VIII, paras. 2-9.

(4,000 acres of Crown land at a cost of \$J 2 million) d/ and North Caicos (1,500 acres of Crown land), to which conditional leases were granted. The two projects have been undertaken by the Provident Limited Company of the United States of America and Axford and Associates of Canada respectively.

5. A third international concern, the Cays Development Company, Ltd., had acquired 740 acres of Crown land on Pine Cay under a conditional lease from the Government in the early 1960s. The company invested \$J 2 million in the development of a resort for the "super-rich". In February 1972, a spokesman for the company said that Byrne and Robertson, an architectural firm based in Nassau, the Bahamas, had been named to design the Maridian Club for his company. The firm is to design members' villas, apartments, a restaurant and a cocktail lounge, a marina, an ocean-front pavilion, tennis courts and related facilities. The Club is to occupy 425 acres of land on Pine Cay and the northern part of the island would be commercially developed along the lines of a new town concept. The firm has been charged with the responsibility of planning and executing a major development that would enhance the natural beauty of the island and preserve its tranquillity.

2. Industry

6. In March 1972, talks regarding the possibility of establishing an oil refinery on the uninhabited island of West Caicos were held in the Territory between the representatives of Esso Inter America, an Assistant Under-Secretary of State from the United Kingdom Foreign and Commonwealth Office and a consultant for the petroleum industry. It was reported that the company's potential investment could amount to \$US 3 million and that the project, the first of its kind, could eventually provide employment for 2,000 persons. According to reports, the main factors conducive to the establishment of the refinery in the Turks and Caicos Islands were the absence of corporate and personal taxes and the availability of very deep water near the shore, which would facilitate the discharge of crude oil by super tankers and the shipment of refined oil to the Atlantic coast of the United States.

7. Further talks were held in April with the State Council and the territorial Government concerning problems relating to housing and other facilities for the 450 employees of the company, who would be based on Providenciales in the first

d/ Two Jamaican dollars (\$J) were equivalent to one pound sterling (£) or \$US 2.63 until 23 June 1972, when the United Kingdom Government decided to free the pound sterling from its fixed rate. This decision led Jamaica to take action to allow its currency to swing with the pound sterling. Emphasizing the importance of putting into effect the second phase of its economic programme, the Government of Jamaica, on 16 January 1973, decided to cease to float the Jamaican dollar with the pound sterling and to fix a new par value for the local currency of \$J 1.00 = \$US 1.10.

phase of the proposed project. It was agreed that the total number of people for whom housing would have to be provided would be about 2,700. On a visit to London at the end of May, the Administrator held discussions with the United Kingdom Government concerning possible sources of financing for the new community which would come into existence on Providenciales if the project were to be carried out. In June, an official of the company accompanied by a representative of the Standard Oil Company of New Jersey visited the Territory to assess local opinion on the proposed refinery and to determine whether the large foreign staff involved would be welcome.

8. At an informal meeting, held on 18 April, the State Council approved the various arrangements made between the Government and Esso Inter America regarding the possible establishment of the refinery on West Caicos with a completely integrated housing project on Providenciales to serve the industry. Subsequently, it was reported that the company had yet to take a final decision on the implementation of these arrangements.

3. Establishment of a tax haven

9. It will be recalled that in late 1969, following discussions with the Government of the Turks and Caicos Islands, the United Kingdom Government appointed a working team headed by Sir Derek Jakeway, former Governor of Fiji, to inquire into the Territory's potential for future economic development. A summary of the recommendations made by the team in its report (which was published in March 1970) appears in the previous report of the Special Committee. e/ On the basis of these recommendations, the territorial Government enacted the Companies Ordinance, 1970; declared that no corporation, personal or withholding taxes would be imposed in the Territory for at least 20 years; and was reportedly negotiating with the United Kingdom Government to obtain the status of a tax haven.

10. In June 1972, it was reported that the Territory had been established as a tax haven, and that its financial attractiveness almost equalled that of the Cayman Islands. At the end of July 1971, a total of 160 locally registered companies were reported to have violated either section 39 or section 48 of the Companies Ordinance.

11. Under section 39 of the Ordinance, every company is obliged to file an annual list of shareholders, specifying their addresses and occupations and the number of shares held by each. Such a list must reach the registrar within 28 days after the ordinary general meeting, to be held at least once a year; a payment of \$J 50 should also accompany each list. The penalty for disregarding this section is a fine of \$J 20 for every day the default continues. Section 48 requires every company to have a registered office in the Territory; failure to comply involves a daily fine of \$J 10. It was believed that by applying the full force of the law, the Government of the Turks and Caicos Islands could receive about \$J 1 million in company fines for breaches of the Ordinance.

e/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. XXII, annex, sect. F, paras. 5-41.

APPENDIX VIII

PAPUA NEW GUINEA

Introduction

1. The present working paper supplements previous studies on the economy of Papua New Guinea which the Secretariat prepared for Sub-Committee I from 1967 to 1972, 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 section of the economy in which there is foreign investment.

1. General

2. In 1969/70, private fixed investment in the Territory's monetary sector increased from \$A 53 million b/ to \$A 129 million, or 140 per cent over the previous year, mainly because of construction on Bougainville in connexion with the copper mining industry. In 1970/71, there was a further rise of more than 70 per cent to \$A 222 million. The year 1972 saw the completion of major projects on Bougainville and private fixed investment during that year fell by about one third, according to the Reserve Bank, which also reported that capital expenditure on new plants had continued to rise; the value of new construction approved in the latter part of 1972 was well above that during the same period of 1971. The Reserve Bank's Quarterly Statistical Bulletin, in its over-all economic analysis, showed a general slowing down in the business sector, following a period of expansion.

Investment Corporation

3. The Investment Corporation was created to provide the mechanism by which the people of the Territory as a whole could invest in foreign-owned companies. According to press reports, the Investment Corporation of Papua New Guinea has obtained a 20 per cent interest in the Australia New Guinea Company (ANG) through its purchase of 497,000 preference shares of \$A 1 each with an interest rate of 9 per cent. The shares are convertible to ordinary shares at any time, or when the ordinary dividend exceeds 12.5 per cent a year for two years. At the same time, an option exists to increase the holding to 26 per cent on conversion to ordinary shares. This is the fifth major investment by the corporation in foreign-owned business in Papua New Guinea.

a/ For the most recent, see Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. V, annex, appendix IX.

b/ One Australian dollar (\$A 1.00) equals approximately \$US 1.42.

4. On the basis of the acquisitions made so far by the Investment Corporation, "unit trust" holders will gain a stake in the major trading and plantations group, Burns Philp and Company, as well as in the Commonwealth New Guinea Timber Corporation, Watkins Consolidated (building and real estate interests), Bougainville Copper Pty., Ltd., and ANG, which has, among other things, important tea and coffee interests in the highlands, a construction division and timber interests. ANG is made up of leading banks, institutions and companies.

5. Beginning with a loan of \$A 500,000 in April 1972, from the Commonwealth of Australia through the territorial Administration, the Investment Corporation has built up assets of more than \$A 5.8 million. Where major capital has been required, finance generally has been found through loans from the companies involved. Thus, when the corporation obtained its 1.5 million shares in Burns Philp, the company put up a loan of \$A 1 million which the corporation will repay over a three-year period from dividends received. Other funds to set up the corporation came in the form of capital grants and loans amounting to \$A 2.2 million from the Commonwealth Government. The Burns Philp shares represent 12.5 per cent of the capital, and two corporation nominees, representing the people of Papua New Guinea, are to sit on the board. The corporation has still to meet its prime function: to obtain local participation in the equity. With this in mind, the 1973 "unit trust" issue will be strictly controlled to ensure that shares go to indigenous inhabitants and enterprises.

2. Government policy on foreign investments

6. During the year under review, the National Coalition Government launched a campaign to restore the confidence of Australian financiers in investment in the Territory. In this context, Mr. Michael Somare, the Chief Minister, gave an assurance that his Government would honour past and future agreements with foreign investors. These assurances, however, did not rule out the possibility of re-examining some agreements previously made. The Finance Minister specifically denied rumours of a withholding tax and affirmed that the Territory would repay all its loans in Australian dollars.

7. The Administration reserves the right to hold an equity in any foreign-owned business in Papua New Guinea. There is no fixed share, but in practice, where it has taken up an option, it has varied between 20 and 50 per cent. Also, in order to prevent foreign-owned companies from avoiding company tax in the Territory, by selling raw material to a parent company at a minimal sum or by inflating production costs, the Government can establish guidelines for minimum f.o.b. prices based on world prices, and on the advice of such authorities as the International Finance Corporation. A company's export prices would be reviewed by agreement in this way every two or three years. The Government would rely on the Commissioner of Taxes for protection against inflated claims for import replacements and head office charters. In the last resort it has the power to revoke mining, timber, agricultural and fishing leases; furthermore, the Ordinance for Exports (Control of the Proceeds), 1958, gives it the power to revoke export licences against which there is no appeal.

8. On 6 March 1973, Mr. Julius Chan, the Minister for Finance, made a statement to the House of Assembly outlining the attitude of the Papua New Guinea Government towards foreign investment and giving an indication of the Government's strategy for investment. The Minister, quoting the Deputy Chief Minister, declared:

"We need investment in our country and we will encourage all investment. I assure all investors, both those already in the country and those who are looking at Papua New Guinea with thoughts of investing here that they are welcome. There will be no expropriation, no ultimatum and no veiled threats against private enterprise in this country under this Government."

He also reiterated the Chief Minister's declaration of 15 December 1972 that government control and involvement would be restricted to major national activities such as aviation and banking to promote commercial ventures in certain parts of the country where foreigners or Papua New Guinea businessmen operating on a straight profit motive do not wish to participate. Mr. Chan also asserted that the Government would not discriminate against expatriate businesses and would not impose controls on the repatriation of funds from Papua New Guinea.

9. On 6 June, at the fortieth session of the Trusteeship Council, Mr. Chan gave more details concerning his Government's policy on foreign investments:

"I am pleased to inform the Council that my Government is reaching finality with its investment guidelines and this will be presented to the House of Assembly for endorsement in September. Concomitant with this exercise is the creation of an investment authority, whose specific function is to simplify, co-ordinate and implement the types of investment in line with negotiated separate agreements. Already the Cabinet has approved a basic mining policy which will apply to all future mining agreements in Papua New Guinea. The main points of our new policy will be:

- "(1) Royalty of 1 per cent of value, out of which land owners and local and district governments may receive payment;
- "(2) Dividend withholding tax on income payable abroad;
- "(3) Company tax, based on profits, to gain approximately 50 per cent of mine income for the Government;
- "(4) The Government can require companies to make feasibility studies of processing, including smelting and refining;
- "(5) The Government may take options for equity in major mines and in addition, any Government contribution to infrastructure associated with a mine will normally entitle the Government to a proportionate share of equity;
- "(6) No tax holidays, and finally
- "(7) Major clauses of mining agreements will be subject to review at 10-year intervals."

3. Land

10. 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 is waste and vacant. Absolute individual ownership represents less than 1 per cent of a total land area.

11. One of the initial aims of the Papua New Guinea Government has been to obtain complete control of the administrative and policy aspects of land development. In this connexion, it supported the House of Assembly's motion of June 1972 to set up a Commission of Inquiry into Land which is to present its report to the Administrator during the month of September 1973. Meanwhile, the Australian Government has transferred all control of land questions to the Papua New Guinea Government, with the exception of those relating to the following:

(a) Land held by virtue of registered leasehold or freehold title (predominantly in the hands of expatriate interests);

(b) Land occupied by Australian government departments and instrumentalities for the purposes of government in Papua New Guinea;

(c) Land still vested in the Custodian of Expropriated Property for which titles have not yet been transferred or for which, if no title can be made, compensation has yet to be negotiated.

According to the report of the Administering Authority, the Australian Government is giving consideration to the transfer of those remaining controls to the Papua New Guinea Government.

12. The Commission of Inquiry into Land was requested in particular to investigate and report on the problems associated with alienated land, especially in areas where there is a shortage of land available for use by Papua New Guineans or where there is acute social tension. It was directed to give particular attention to possible legislative changes designed to facilitate the acquisition of alienated land for the benefit of Papua New Guineans and the approximate cost of carrying out a programme of acquiring alienated land in short areas.

4. Japanese interests in Papua New Guinea

13. During the ministerial committee meetings between Australian and Japanese authorities in Canberra in October 1972, the major subject affecting Papua New Guinea related to the joint development of raw material resources in the Territory. The meetings, at which Papua New Guinea was represented by Mr. Somare, its Chief Minister, and other ministers, covered trade and currency issues, transportation problems and energy resources development projects. The Japanese team, headed by Foreign Minister Masayoshi Ohira, promised more economic aid to be worked out in future negotiation. Although Mr. Somare favoured further economic ties with Japan, some members of the Papua New Guinea Government did not appear to share his enthusiasm.

14. In 1960/61, Papua New Guinea received 6.5 per cent of its imports from Japan, which was fifth behind Australia, the United Kingdom of Great Britain and Northern Ireland, the United States of America and the European Economic Community (EEC). In 1972/73, Japan was second only to Australia, with 17.2 per cent of the Territory's total imports, including the following: cement, radiograms and small work vehicles, 93 per cent; transistor radios, 94 per cent; tinned fish, 95 per cent; utility trucks, 81 per cent; and heavy duty trucks, 71 per cent. As an importer from Papua New Guinea, Japan's position has also changed but less dramatically. Its share doubled from 5.5 per cent to 11.1 per cent in 10 years, but Japan remains the fifth largest market for products from Papua New Guinea. In 1970/71, the value of exports from Japan to Papua New Guinea amounted to \$A 44 million, compared with \$A 12 million in imports.

15. Japanese companies hold a controlling interest in the timber and fish resources of the Territory. One company is also negotiating to develop interests in the palm oil industry and to purchase some of the Territory's surplus coffee.

16. Timber was the first resource to attract large-scale Japanese investments. Two logging companies are operating on New Britain. One is the Stettin Bay Lumber Company, Ltd. (assets of \$A 2-\$A 3 million), 80 per cent of which is owned by the Nyssho-Iwai Company, Ltd. It exports logs and will soon produce veneers. The company is also investigating the possibility of woodchip production. The other Japanese logging company is Pacific Lumber Exports, Ltd. (Complex), with an investment of \$A 2.3 million in East New Britain. Pacific Lumber is owned in equal parts by a New Guinea company, Whirlwind Enterprises, Ltd., and the Shin Asahigawa Company, Ltd., which is expected to buy out its partner soon. A third company, Japan New Guinea Timber, Ltd. (JANT), is situated at Gogol near Madang, and expects to be in full operation by 1974. Through two Japanese banks (the Japanese Overseas Economic Corporation and the Japan Overseas Development Corporation), the Honshu Paper Company, Ltd., a parent company of JANT, has raised \$A 9.9 million towards the project for which the Papua New Guinea Development Bank has provided nearly \$A 1 million in loans. The Administration of the Territory has a 20 per cent equity in the venture. At the end of 1972, another project was under negotiation to build a logging, sawn timber, veneer and woodchip complex in the Open Bay area on New Britain. Sobu Adachi, a subsidiary of the Heiwa Sogo Bank, Ltd., was to provide 40 per cent of the capital for the project; the Tonan Trading Company, a subsidiary of the Nippon Steel Corporation, 10 per cent; and the balance was to be held by Thiess Holdings, Australia, which proposed 20 per cent of its equity to the Administration.

17. Since 1971, three joint venture companies registered in the Territory have been conducting feasibility studies on skipjack tuna in the surrounding waters: (a) Gollin Kyokuyo (Niugini) Pty., Ltd., a partnership of Gollin Pty., Ltd., and Kyokuyo Company, Ltd., based at Kavieng; (b) New Guinea Marine Products, Pty., Ltd., owned by the Nippon Suisan Company, C. I. Itoh and Hokuko Marine of Japan, based at Madang; and (c) Carpenter Kaigai (Niugini), owned by W. R. Carpenter (Papua New Guinea) Pty., Ltd., and Kaigai Gyogyo, based at Rabaul. In each of the three companies, there is an option of 20 per cent local equity.

18. In secondary industry, 19.3 per cent of the Territory United Brewery is held by Asahi Breweries, Ltd., and Mitsui and Company, the large Japanese trading house, which was to open a branch in Port Moresby on 1 November 1972. It is the first of three Japanese traders expected to set up branches in the Territory during 1973. Nyssho-Iwai, which sent a financial executive of its Australian branch to visit the Territory on a preliminary survey, is also expected to open an office in Port Moresby. Finally, in addition to other Japanese concerns ready to open offices in the Territory, the Japanese Government has expressed an interest in setting up a consulate in the Territory.

5. Other foreign investments

Mining

19. A new policy directed specifically at future mining projects was announced in the House of Assembly on 24 November 1972. In the 13-point programme evolved to implement the policy, it is stated that Papua New Guinea should normally hold a majority equity in all mining ventures and that the equity should be purchased from future profits of those ventures rather than through expensive loans. It also declares that mining agreements should include formulae agreed to by both parties for "changing circumstances", such as price fluctuations, variations in profitability and the development of new technology. A fourth provision states that disputes between mining companies and the territorial Government should be resolved according to Papua New Guinea law and not by resorting to outside arbitrators. A fifth clause stipulates that the offering of tax holidays should be balanced against the nation's revenue needs. It should be recalled in this connexion that the 1967 Bougainville agreement does not conform to any of the five main points.

20. The Papua New Guinea Government earned \$A 4.7 million from the operations of Bougainville Copper in 1972: \$A 1.2 million in royalty payments, \$A 2.2 million from its 20 per cent interest in the company, and \$A 1.3 million in withholding tax on the dividend of \$A 8.8 million paid to Bougainville Mining, Ltd., which holds the remaining 80 per cent of Bougainville Copper. Net earnings by Bougainville Copper in 1972 amounted to \$A 27.7 million.

21. Mining production in 1972 amounted to 46 million tons of ore and waste, from which 21 million tons were milled and 123,961 tons of copper produced. In his annual report, the Chairman of the Board said that he looked forward to a successful future for the mine despite adverse factors in 1972, such as the introduction of a 15 per cent withholding tax by the Papua New Guinea Government, and the downward movement of the British pound sterling in relation to the United States and Australian dollar. Production for the year 1973 is estimated at 175,000 tons of copper in concentrates. The mine is also expected to produce a substantial amount of gold and silver.

22. Following investigations which indicated a sedimentary basis, new oil drillings were to start in April 1973, 20 miles north-east of Goodenough Island in Milne Bay District. Three companies are involved in the venture: the Amoco Australia Exploration Company (50 per cent); the Australian Oil and Gas Corporation, Ltd. (33 1/3 per cent), and Southern Pacific Petroleum (16 2/3 per cent).

Power

23. On 9 November 1972, the Papua New Guinea Cabinet approved an agreement with the Nippon Koei Company, Ltd., to make a further study of the Purari River in Gulf District, for a major hydroelectric project. A uranium enrichment plant, a copper and aluminium smelter and a fertilizer industry using vast natural gas resources are among the industries considered for the area. The initial stages of the project would cost an estimated \$A 500 million. A possible user of power from the Purari River would be Bougainville Copper, although company officials argue that copper smelting requires relatively small amounts of electricity and that if their ore is to be smelted in Papua New Guinea as the Government wishes, it would be best to install the necessary plant on Bougainville Island. Other international companies have expressed an interest in using Purari River power, which would be available by 1982.

Transport and communications

24. In September 1972, plans were released for a Papua New Guinea national airline in which Papua New Guinea, Ansett Transport Industries, Trans-Australian Airlines (TAA) and Qantas would be equal partners, with Qantas providing the management staff and operating the Port Moresby-Australia service. In March 1973, however, senior ministers of both Australia and Papua New Guinea revealed after consultations that their respective Governments had rejected the proposal. An alternative plan submitted by Ansett and accepted by the Papua New Guinea Cabinet, which would give Papua New Guinea and Ansett equal third shares, with Qantas and TAA combining to take the remainder, was strongly opposed by Mr. Jones, the Australian Minister for Civil Aviation and Transport, who declared that his Government would not tolerate any proposition in which Ansett held a larger share than Qantas. Chief Minister Somare suggested later that the Papua New Guinea Government should have a majority holding of 52 per cent, with 24 per cent for Ansett and 12 per cent each for Qantas and TAA, but the proposal did not receive the approval of Mr. Jones. Instead, he informed the Papua New Guinea Government that if it did not accept the original Australian proposal, the negotiations would have to begin anew. He also warned the Papua New Guinea Government that, if it chose either of these alternatives, it would have to pay for its own airport development. In his condemnation of the latest proposal, Mr. Jones had the full support of Mr. Morrison, the Minister of State for External Territories. The two ministers indicated in a joint statement that Ansett should be excluded from the Papua New Guinea national airline, and that it would not be appropriate for the two Australian domestic airlines (TAA and Ansett) to participate in the new national airline of an independent State. They believed that Australia's assistance should be provided through its international

airline, Qantas, which had had considerable experience in helping developing countries, such as Fiji, Malaysia and Singapore, to set up their own airlines.

25. On 18 May 1973, the Papua New Guinea and Australian Governments reached an agreement on the structure of the airline and its ownership. The main points of the agreement are as follows:

(a) The Australian Government would "immediately consider" a long-term, low-interest loan to pay for Papua New Guinea's shareholding;

(b) Papua New Guinea would own 60 per cent of the airline;

(c) The Australian Government nominees would hold 24 per cent of the shares;

(d) Ansett would be offered 16 per cent;

(e) The Papua New Guinea Government would have the right to buy out TAA and Ansett shares at par;

(f) Papua New Guinea would have four directors on the airline's board including the Chairman; TAA would have two and Ansett one;

(g) The new airline would absorb all TAA and Ansett staff in Papua New Guinea who wished employment;

(h) The assets of the Department of Civil Aviation in the Territory, valued at \$A 24.5 million, would be transferred to the Papua New Guinea Government at no cost;

(i) The airline would start operating on or before 1 December 1973.

CHAPTER V

(A/9023 (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 902nd meeting, on 23 February 1973, the Special Committee, by adopting the sixty-eighth report of the Working Group (A/AC.109/L.841), decided to refer 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" to Sub-Committee I for consideration and report.

2. The Special Committee considered the item at its 939th and 940th meetings, on 17 and 20 August 1973.

3. In its consideration of the item, the Special Committee took into account the relevant resolutions of the General Assembly, in particular paragraph 3 (5) of 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)", and paragraph 10 of resolution 2906 (XXVII) of 2 November 1972, by which the General Assembly called upon the colonial Powers to "withdraw immediately and unconditionally their military bases and installations from colonial Territories and to refrain from establishing new ones". In formulating its conclusions and recommendations, the Special Committee was particularly guided by the related information provided by the representatives of national liberation movements of colonial Territories in Africa who had appeared before the Special Committee.

4. At the 939th meeting, on 17 August, the Chairman of Sub-Committee I, in a statement to the Special Committee (A/AC.109/PV.939), introduced the report of that Sub-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 940th meeting, on 20 August, following a statement by the representative of Sweden (A/AC.109/PV.940), the Special Committee adopted the report without objection and endorsed the conclusions and recommendations contained therein (see paras. 6 and 7 below), it being understood that the reservations expressed by members would be reflected in the record of the meeting. Statements were made by the representatives of Venezuela and Australia.

B. DECISION OF THE SPECIAL COMMITTEE

6. The text of the conclusions and recommendations adopted by the Special

Committee at its 940th meeting, on 20 August, to which reference is made in paragraph 5 above, is reproduced below:

Conclusions

(1) Having studied the military activities and arrangements by the colonial Powers in Territories under their administration during the year under review, the Special Committee finds that the main characteristics, objectives and purposes of those activities, as described in its previous reports, remain unchanged. The colonial Powers and minority racist régimes have continued to defy the resolutions of the General Assembly, in particular resolutions 2621 (XXV) of 12 October 1970 and 2908 (XXVII) of 2 November 1972, which call for the cessation of all military activities and arrangements in colonial Territories and for the immediate and unconditional withdrawal of all military bases and installations from such Territories.

(2) The Special Committee concludes that the military activities of the colonial Powers, particularly in the larger Territories, are aimed at subjugating the colonial peoples and also at repressing their liberation movements which are fighting for their legitimate right to freedom and independence. Strategic military considerations are an important factor in prolonging colonial rule in many parts of the world, particularly in the smaller Territories. Far from dismantling their military bases in those Territories, the colonial Powers and their allies are increasing their military activities and arrangements, as well as expanding existing bases and building new ones. Not only is this an impediment to the process of decolonization, but it inevitably leads to interference with the economic development of the Territories concerned, both through the extensive alienation of land for military purposes and by drawing the population away from productive activities, as in the case of the Seychelles.

(3) The Special Committee strongly deplores the situation prevailing in the colonial Territories in southern Africa as a result of the intensification by the colonial and racist régimes of their military activities and arrangements in those Territories, aimed at stifling the true aspirations of the peoples of the Territories to achieve their freedom and independence, as also at ensuring the protection of foreign economic interests operating in the Territories. In particular, the régime in Lisbon is waging a barbaric and inhuman colonial war against the peoples of Angola, Guinea (Bissau) and Cape Verde and Mozambique: Portugal's military expenditure during the year under review increased to 40 per cent of all public expenditure; appropriations for military expenditure in Mozambique are also nearly double those of the previous year.

(4) The Special Committee strongly condemns the continued massacres of villagers, as well as the wholesale destruction of their property by Portuguese military forces in Mozambique and elsewhere, as indicated in the report made to

the Committee by the Reverend Adrian Hastings on 20 July 1973. 1/ According to information furnished to the Special Committee by the representatives of the national liberation movements, the Portuguese military authorities have further intensified their genocidal wars by resorting to massive and indiscriminate bombing of villagers. The testimony given by the representatives of the peoples of Angola, Guinea (Bissau) and Cape Verde and Mozambique has disclosed the all-out war effort of Portugal in those Territories. Other reports indicate that further acts of atrocity are being committed by Portugal against the people of Guinea (Bissau) and Cape Verde, particularly in the liberated sector of Tombali, where napalm and other incendiary bombs have caused the death of men, women and children. In its efforts to suppress the national liberation movements in the Territories under its domination, Portugal also continues its systematic use of chemical substances, including herbicides and defoliants, against the peoples of the Territories. The use of such substances in the liberated areas of Angola has resulted in the complete destruction of almost two thirds of the crops produced in those areas. The use of chemical substances has also been reported in Guinea (Bissau) and Cape Verde and in Mozambique.

(5) The illegal minority régime of Southern Rhodesia likewise is increasing its military and police forces for the purpose of repressing African freedom-fighters; its present establishment is reported to comprise a regular army of 3,500 men; an air force of 1,200 men; a territorial force of 10,000 men; and a paramilitary body responsible for internal security comprising 8,000 active members and 35,000 reservists. In January 1973, the illegal régime extended the period of initial service training from nine months to one year and the period of mandatory service in the territorial reserve from four to six years. The 1972/73 military budget of the illegal régime provides for an expenditure of \$R 43.1 million 2/ compared with \$R 22.2 million in the 1964/65 period.

(6) The racist régime of South Africa also increased its military budget considerably during the year under review. Its budget for 1972/73 provided for a total military expenditure of R 361 million, 3/ an increase of R 45 million over 1971/72. The growing military strength of South Africa was clearly indicated when, in 1972, the South African Minister of Defence stated that his Government was selling arms to other countries. It is also reported that, since 1971, South Africa has been in a position to make its own nuclear weapons.

(7) The Special Committee condemns in the strongest possible terms the increased collaboration between the Governments of Portugal and South Africa and the illegal régime of Southern Rhodesia in order to perpetuate their colonial and racist domination of the Territories concerned; the military authorities of these régimes continue to hold regular meetings to collaborate with one another. Another example of the collaboration was the arrival in Southern Rhodesia, at the

1/ A/AC.109/PV.929. See also A/9023/Add.3, para. 28.

2/ One Southern Rhodesian dollar (\$R 1.00) equals \$US 1.67 or £0.65.

3/ One rand (R) equals approximately \$US 1.50.

beginning of 1973, of an additional 4,000 south African troops which were deployed along the Zambian border to fortify the military forces of the illegal régime. The Special Committee condemns this military involvement by the Government of South Africa which aims at extending that Government's presence and influence in other parts of southern Africa. The Committee considers that such collaboration between the colonial and racist régimes, together with the continuing escalation of their armed repression against the national liberation movements of the colonial Territories in the area, poses a grave and ever-increasing threat to the security of independent African States as well as to international peace and security.

(8) The Special Committee is convinced that it is primarily owing to the vigorous political, military and economic support which, despite United Nations appeals and decisions, they continue to receive from certain States, mainly within the framework of the North Atlantic Treaty Organization (NATO), that the régimes of Portugal and South Africa and the illegal régime in Southern Rhodesia have been able to step up their colonialist policies of repression in the Territories under their domination. The Committee notes that the States involved do not restrict their collaboration to indirect support of the repressive régimes in southern Africa. It is known, for example, that certain allies of Portugal, e.g., the United States of America, the United Kingdom of Great Britain and Northern Ireland, the Federal Republic of Germany and Spain are in varying degrees providing the Government of Portugal with military equipment and war material, such as weapons, helicopters, vehicles, aircraft and warships which Portugal uses in the prosecution of its colonial wars. South Africa has also agreed to produce military aircraft under a French licence. The Special Committee notes that such support helps the colonial and racist régimes to increase considerably the size of their military forces and to equip themselves with modern weapons, thereby enabling them to pursue their policies of armed repression and oppression of colonial peoples.

(9) In the smaller Territories, such as Guam, the Trust Territory of the Pacific Islands and Bermuda, among others, the colonial Powers and their allies have continued to maintain military bases and other installations, contrary to the interests of the peoples of those Territories. The Special Committee notes, for example, that the Governments of the United Kingdom and the United States have reached an agreement providing for the joint use of any military facilities eventually to be constructed in the so-called "British Indian Ocean Territory". According to reports, a subsequent agreement provides that the United States Government would be entitled to construct, maintain and operate a naval communications facility on Diego Garcia, the largest island in the Chagos group, for the purpose of providing a link in its defence communications and also to furnish improved communications support in the Indian Ocean for ships and aircraft owned or operated by, or on behalf of, either Government. The facility is the first foreign military installation to be established in the Indian Ocean to be entirely financed by the United States at an estimated cost of \$US 19 million. The Committee also notes that the largest military installations in the Non-Self-Governing Territories of the Caribbean region are situated in Bermuda, the Turks and Caicos Islands and the United States Virgin Islands, and are operated by the authorities of the United Kingdom and the United States. In other smaller

Territories, the colonial Powers concerned have stationed troops, established air and naval bases and constructed test sites and other military installations.

(10) The Special Committee reaffirms its conclusions of the previous year in regard to military activities and arrangements by colonial Powers and foreign military bases in the Territories under their administration. It confirms once again that such activities, besides creating a threat to international peace and security, are also a serious impediment 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, are thus contrary to the aims and purposes of the Charter of the United Nations and are an abuse by the administering Powers of their responsibilities towards the peoples under their administration.

Recommendations

7. On the basis of the foregoing, the Special Committee recommends to the General Assembly that it:

(1) Reaffirm the recommendations contained in its previous report and emphasize once again that the 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) Demand the immediate cessation of wars of oppression against the peoples of the colonial Territories in Africa and their national liberation movements, as well as the urgent withdrawal of all foreign forces from colonial Territories and the dismantling of military bases there.

(3) Strongly condemn once again the military and political collaboration between the Governments of South Africa and Portugal and the illegal régime of Southern Rhodesia, which, by the use of force, seek to prevent the indigenous peoples from exercising their inalienable right to self-determination and independence.

(4) Urge all Governments to take concerted action with a view to putting an immediate end to the criminal acts of repression by Portugal against the indigenous peoples of Angola, Guinea (Bissau) and Cape Verde and Mozambique.

(5) Strongly condemns the genocidal wars perpetrated by the Government of Portugal and its use of chemical weapons, including napalm and defoliants, against the peoples of Angola, Guinea (Bissau) and Cape Verde and Mozambique.

(6) Condemn the policy of those States which extend their military assistance to the colonial Powers and the repressive racist régimes in southern Africa, thus aiding and abetting the policies of colonialist domination in the area and threatening the peace and security of the region.

(7) Demand the immediate cessation of all wars against colonial peoples.

(8) Call upon all States, particularly the members of NATO which continue to maintain relations with the Governments of South Africa and Portugal and the illegal régime of Southern Rhodesia, to withhold from those régimes all support and assistance, including in particular the supply of arms and military equipment, and assistance in the production of arms and ammunition and in the training of military personnel, as well as economic and other assistance.

(9) Requests 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 paragraph 3 (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), and paragraph 10 of resolution 2908 (XXVII); and request those States to discontinue all military activities which impede the implementation of the Declaration and to withdraw all armed forces from the above-mentioned Territories.

(10) Deplore once again the alienation of land in Non-Self-Governing Territories for military installations and the utilization of local economic and manpower resources to service such installations, which hinder the economic development of the Territories and are contrary to the interests of the indigenous population; and call upon the colonial Powers to cease forthwith from alienating land and to return land already alienated to its rightful owners.

(11) Request the Office of Public Information to undertake an intensified campaign of publicity with a view to informing world public opinion of the facts concerning military activities and arrangements by colonial Powers in the Territories under their administration which are impeding the implementation of resolution 1514 (XV).

ANNEX *

REPORT OF SUB-COMMITTEE I

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

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* Previously issued under the symbol A/AC.109/L.903.

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 124th, 125th and 127th meetings, held between 13 July and 15 August 1973 (see A/AC.109/SC.2/SR.124, 125 and 127).
2. The Sub-Committee had before it working papers prepared by the Secretariat containing information on military activities and arrangements in the following Territories: Bermuda, Turks and Caicos Islands and United States Virgin Islands; Namibia; Papua New Guinea, Guam and the Trust Territory of the Pacific Islands; Seychelles; Southern Rhodesia and Territories under Portuguese administration (see appendices I-VI below). It also had before it the relevant information contained in the general working papers prepared by the Secretariat on the various Territories (A/9023/Add.1-6).
3. In formulating its conclusions and recommendations on the item under consideration, the Sub-Committee was particularly guided by the related information provided by the representatives of national liberation movements of colonial Territories in Africa who appeared before the Special Committee.

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 conclusions and recommendations on the item at its 127th meeting on 15 August 1973. a/
5. 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 paragraphs 6 and 7 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 1967 is contained in earlier reports of the Special Committee. Since 1968 the Secretariat has prepared a special series of supplementary working papers on military activities and arrangements in the Territories under Portuguese administration. a/ This report should be read in conjunction with information on recent developments contained in the current background papers on these Territories (see A/9023/Add.3, annex I).

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; *ibid.*, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. VI, annex, appendix I.

1. Military policy and organization

2. In order to repress nationalist forces in their struggle for the liberation of the Territories under its administration, the Portuguese Government has involved practically all sectors of activity in the colonial wars in the areas of the Territories still under its control (see also A/9023/Add.3, annex I). Although details on the Portuguese strategy of repression are usually kept secret, an article in Revista Militar b/ revealed in some detail the organization and functioning of the repressive colonial machinery in Angola.

3. According to that article, the Portuguese Government has devised a system of co-ordination between the colonial civil administration and the military hierarchy, known as the "counter-subversion structure". The organization and functioning of this system in Angola are regulated by special legislation. Although this legislation is not available in the Secretariat, its listing, as reported in Revista Militar, gives an idea of the scope of the state of war in Angola and the preparedness of the repressive machinery. Two basic documents spell out the organization of and the general policy governing "counter-subversion" activities: The *Orgânica da Contra-Subversão* (Organic Law of Counter-Subversion) and the *Directiva Geral de Contra-Subversão* (General Directive on Counter-Subversion). These two documents are supplemented by specific rules governing various areas of relevance to colonial repression, namely:

- (a) *Normas de Auto-Defesa das Fazendas e das Explorações Florestais* (Self-defence rules for plantations and forestry enterprises);
- (b) *Normas sobre Milícias de Regedorias e Auto-Defesa das Populações Rurais* (Rules concerning district militias and self-defence of rural populations);
- (c) *Normas sobre o Condicionamento de Trânsito de Pessoas e de Circulação de Veículos* (Rules for the control of movement of persons and of vehicle traffic); and
- (d) *Normas de Reordenamento Rural e do Reagrupamento das Populações* (Rules for rural reorganization and the relocation of populations).

4. The only legislation on "counter-subversion" on which some detail is available is the *Directiva Geral*. It provides for the co-ordination of all "counter-subversion" activities undertaken by the military commands, civil authorities, companies operating in the Territory and individuals. It governs in detail all communication, psychological action and intelligence activities. Among other things, it provides for: (a) the preparation of studies on the population; (b) security arrangements in connexion with the self-defence of rural communities by militia corps, as well as the self-defence of plantations, forestry enterprises

b/ No. 8-9 (August-September 1972), Lisbon.

and areas considered either critical or of major importance; (c) control of the population through the issuing of residence certificates and house and village records; (d) control of the movement of persons, including the movement of contract labourers and the traffic of vehicles in guerrilla areas, as well as the traffic of goods with a view to preventing them from falling into the hands of "subversive" agents; and (e) protection of the population against abuses related to "public services, relations between ethnic groups, trade exploitation, use of marijuana, labour questions and delicate land questions".

5. The "counter-subversion structure" consists of councils and committees corresponding to the various levels of the civil administration and military hierarchy. There are three levels of civil administration in Angola: the territorial, the district and the local. c/ Basically, the military hierarchy consists of three corresponding levels: the Commander-in-Chief of the Armed Forces in Angola, the sector military commander (which corresponds to the administrative district) and the military units at the local level. The military hierarchy also includes two special military zones, which are actually war zones, the East Military Zone and the North Military Zone. The special military zones come above the sector or district level and are headed by a zone commander.

6. The Provincial Counter-Subversion Council is at the top of the "counter-subversion structure". The membership of the Provincial Council includes the Governor-General, the Provincial Secretary-General, the provincial secretaries, the Commander-in-Chief of the Armed Forces, and the commanders of the three branches of the armed forces. Under the Provincial Council, at the district sector level, there are district counter-subversion councils. Members of the district councils are the district governor, the sector commander and civil service chiefs. At the local level, there are local counter-subversion committees. A local committee may be set up at any of the local administrative divisions, namely the concelho, the circunscrição, the freguesia and administrative post. Members of local committees are local civil, military and police authorities.

7. In the "counter-subversion structure", decisions are jointly made by civil and military authorities. Although the local committees have limited authority, they are considered particularly important as they are "in more direct contact with the population". In the north and east military zones, there are "counter-subversion" councils for special military zones which co-ordinate all military and civil sectors in the zone. Members of these councils are the zone commander and the district governors. The zone commander is responsible for all activities related to "communications, security and counter-subversion".

8. Areas in which there has been more intense activity by nationalist forces have been placed under a special security régime by the Portuguese authorities.

c/ For details on the civil administration in Angola, see Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 23, (A/8023/Rev.1) chap. VII, annex I A, paras. 26-46, and annex I B, paras. 3-34.

In such areas, the sector commander assumes all functions of the district governors. According to Revista Militar, in 1972 there were three districts under special security régimes: Cabinda, Moxico, and Uíge. According to legislation enacted in 1972, however, the districts of Cuanza-North and Zaire, as well as certain areas of Luanda District were also placed under a special security régime (A/9023/Add.3, annex I. B, para. 53). The Revista Militar reports that the special security régime is generally understood by the population as an indicator of serious difficulties in the area. It also reinforces current public opinion in the Territory that the war being waged in Angola is a "war of the military", not of the people, and a war that the military desires to continue.

9. Apart from the co-ordinating councils and committees, the "counter-subversion" structure includes intelligence and psychological action offices. The intelligence offices are responsible for the co-ordination of information on "subversive situations". Psychological action is described as a means to check anti-colonial information and return to colonial control those who "collaborate with subversion". A permanent working group on itineraries and landing strips is responsible for the planning of transport and communications projects in the Territory. Members of the working group are representatives of the army, the air force, the autonomous roads board, and the Civil Aeronautics Department.

10. One of the main colonial weapons used by Portuguese authorities to repress the population is the relocation of the population into aldeamentos (strategic hamlets). The "counter-subversion structure" in Angola also provides for co-operation between civil and military authorities in connexion with rural relocation projects. The Revista Militar points out that "in the presence of conditions of active subversion, which require the relocation of the population for security reasons, i.e., their transfer from one area to a more secure one in which it is no longer possible to conform to their original distribution, the co-operation of civil authorities requested by military units is particularly valuable". This co-operation is ensured by the participation of a representative of the Commander-in-Chief of the Armed Forces in the Territory's Technical Committee for Rural Regrouping. Moreover, the annual programmes prepared by the Technical Committee must be submitted to the Commander-in-Chief, who decides on the order of priorities of the various projects according to "security and counter-subversion" needs. Also, representatives of the respective commands may sit in the regional and local rural regrouping committees. Before their submission to the Technical Committee, the reports on rural regrouping prepared by the district governors must be submitted to the sector commanders.

11. "Counter-subversion" activities are the object of long-term plans and annual programmes prepared at the district level. Usually long-term plans cover a period of four years and are required mainly for the districts "more threatened by subversion". The main aspects taken into account in planning and programming "counter-subversion" activities are: (a) social control in connexion with education, health, economic development and local improvements; (b) communications; and (c) "self-defence" of rural communities. For the purpose

of planning repressive measures, the Territory is divided into four zones as follows: (a) zones of "active subversion"; (b) zones surrounding the areas of "active subversion"; (c) zones of "latent subversion"; and (d) zones free of "active subversion". The Portuguese colonial military strategy assigns priority to zones surrounding the areas of "active subversion" with a view to preventing the further territorial expansion of the liberation forces.

2. Military expenditure

12. Official figures are not yet available for Portugal's total military expenditure for 1972. The original total estimates for the year amounted to 7,583.4 million escudos. d/ Past reports have shown, however, that the estimates often provide only half of the total expenditure because additional allocations are made during the year. Budgetary estimates for 1973 amounted to 7,715.8 million escudos.

13. In 1971, out of a total budget of 36,647.8 million escudos, 15,311.7 million escudos were devoted to military expenditure, representing over 40 per cent of all public expenditure. According to official Portuguese sources, the increase of 11.6 per cent in military expenditure in 1971 was mostly due to increases in military defence, which amounted to 1,575.5 million escudos. The increase in expenditure for security was considered "moderate".

14. The military budgets for the Territories also continued to increase, with total allocations for the overseas Territories for 1973 amounting to 4,540.9 million escudos, an increase of nearly 30 per cent over the previous year. This was due particularly to the substantial increase in the budgetary allocation for army expenditure in Mozambique, which was nearly double that for the previous year.

d/ 25.50 escudos equal approximately \$US 1.00.

Table 1

Overseas Territories: Military budgets, 1967-1973

(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
1973	1,595.6	311.0	130.7	2,037.3
<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
1973	1,831.1	267.0	106.6	2,204.7
<u>Guinea</u> <u>(Bissau)</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
1973	48.0	58.6	90.2	196.8
<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
1973	24.6	2.7	15.2	42.5

Table 1 (continued)

<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
1973	9.1	2.2	3.7	15.0
<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
1973	51.4	-	3.0	54.4
<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
1973	3,559.8	641.5	349.4	4,550.7

Source: Portugal, Diário do Governo, Series I, 1967-1973.

a/ Revised figures.

Table 2

Portugal: Defence expenditure, 1966-1972

(United States dollars)

	<u>Defence expenditure</u> (millions)	<u>Defence expenditure per capita</u>	<u>Defence expenditure as percentage of gross national product</u>
1966	--	-	6.3
1967	-	-	7.2
1968	302	32	7.4
1969	336	35	6.7
1970	398	41	6.5
1971	398	41	6.3
1972	459	-	-

Source: The Military Balance (London, The Institute of Strategic Studies), for the years 1966-1972.

3. Armed forces, equipment and supplies

15. As reported in The Military Balance, 1971-1972, the total strength of the Portuguese armed forces was 218,000 men, of whom 60,000, including those locally enlisted, were in Angola, 45,000 in Mozambique, and 25,000 in Guinea (Bissau). The army had a total strength of 179,000 men, the navy, 18,000 men, including 3,300 marines, and the air force 21,000 men and 150 combat aircraft (see table 3 below).

16. Other sources estimate that there are now between 180,000 and 230,000 Portuguese troops in Angola, Mozambique, Guinea (Bissau) and Cape Verde, as follows:

Angola:	60,000 to 80,000, plus special local forces ranging from 10,000 to 20,000
Mozambique:	60,000 troops, plus special local forces, totalling some 20,000
Guinea (Bissau):	26,000 to 45,000 troops
Cape Verde:	approximately 3,000 troops

17. In April 1973, it was reported that an additional 10,000 troops were being sent to Mozambique, mainly specially trained infantrymen and parachute troops. In addition, in April and May 1973, 830 Mozambican soldiers were sworn in at Lourenço Marques and 400 African parachutists were added to the Grupos Especiais Paraquedistas (GEP). e/

18. In May 1972, a spokesman for the Portuguese Government denied a report by the Movimento Popular de Libertação de Angola (MPLA) that "German and United States mercenaries as well as South African troops and pilots" were helping Portuguese troops in Angola.

19. According to one report, Portuguese officers who took part in a code-named operation carried out in Guinea (Bissau) had participated in an anti-guerilla commando course at Fort Bragg in the United States of America, under the direction of the Green Berets.

Table 3

Portugal: Army, navy and air force personnel, 1962 and 1967-1972

	<u>Army</u>	<u>Navy</u>	<u>Air force</u>
1962	58,000	9,300 ^{a/}	12,500
1967	120,000	15,000 ^{a/}	13,500
1968	150,000	15,000 ^{a/}	17,500
1969	148,000	16,500 ^{a/}	17,500
1970	150,000	18,000	17,500
1971	179,000	18,000	21,000
1972	179,000	18,000	21,000

Source: The Military Balance, for the respective years.

a/ Including 500 marines.

Army

20. According to recent reports, the Portuguese army is composed of 2 tank regiments; 8 cavalry regiments; 35 infantry regiments; and 17 coastal artillery regiments. The same source indicates that about 25 infantry regiments and supporting units are deployed in the overseas Territories.

21. According to The Military Balance, 1972-1973, the Portuguese army is equipped with M-47 and M-4 medium tanks; M-41 light tanks; Humber Mark IV and EBR-75

e/ For details concerning GEP, see Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 23 (A/8723/Rev.1), chap. II, annex, appendix III, para. 16.

armoured cars; AML-60 scout cars; FV-1609 and M-16 half tracks armoured personnel carriers; and 105 mm. and 140 mm. howitzers. A recent source reported that Portuguese troops in Angola are also using M-16 rifles for the first time.

Navy and air force

22. The estimates of the number and types of units available to the navy and air force made by usually well-informed sources (see tables 4-6 below) reveal considerable discrepancies. Therefore these data should be interpreted with caution; their essential value, however, lies mainly in indicating order of magnitude rather than a precise enumeration of material.

Table 4

Portuguese naval units, 1971-1973

	<u>Total number</u>		
	<u>Source 1</u>	<u>Source 2</u>	<u>Source 3</u>
Submarines	4	4	7
Frigates	11	8	17
Corvettes	6	6	6
Coastal patrol vessels	16	15	-
Ocean minesweepers	12	4	5
Patrol launches	37	36	44
Coastal minesweepers	-	12	12
Survey ships (including 2 launches)	-	7	6
Fishery protection vessels	-	4	5
Landing craft	-	66	7
Supporting ships and auxiliaries	-	4	-
Destroyers	-	-	1
Training ship	-	1	1
Gunboat	-	-	1
River gunboats	-	-	2
Fleet oilers	-	-	2
Diving tender	-	-	1
Lighthouse tender	-	-	1
Depot ship	-	-	1

Source 1: The Military Balance, 1972-1973.

Source 2: Robert C. Sellers, ed., Armed Forces of the World, a Reference Handbook, third edition (New York, Praeger, 1971).

Source 3: Jane's Fighting Ships, 1972-1973.

Table 5

Portugal: Air force weapons systems, 1972/73

	<u>Source 1</u>	<u>Source 2</u>
Combat aircraft ^{a/}	150	
Light bomber squadrons:		
B-52 invaders	2	2
PV-2 harpoons	-	36
Fighter bomber squadron with F-84 G	1	18
Light strike squadrons with G-91	2	20
Interceptor squadron with F-86 F	1	18
Counter-insurgency flights with armed T-6	6	-
Maritime patrol squadron with P-2V5	1	-
Transport planes:		
Noratlas	22	15
C-47	16	40
DC-6	11	6
C-45	15	16
Reconnaissance trainers:		
T-33	13	-
T-37	25	-
T-6	35	-
Other aircraft:		
DO-27	11	70
Alouette II/III helicopters	-	78
SA 330 Puma helicopters	85	12

Source 1: The Military Balance, 1972-1973.

Source 2: Robert C. Sellers, op. cit.

a/ A combat squadron has 10-25 aircraft.

Table 6

Portuguese Air Force: Aircraft in 1971-1973, by manufacturer and nationality

<u>Type of aircraft</u>	<u>Manufacturer</u>	<u>Nationality</u>
DO-27 liaison	Dornier GmbH	Federal Republic of Germany
Broussard liaison	Max Holste, Société des Avions	France
Alouette II/III helicopter	Société Nationale Industrielle	France
Noratlas transports	Société Nationale de Constructions Aeronautiques-Nord Aviation	France
SA-330 Puma helicopters	Société Nationale Industrielle Aerospatiale/Westland Helicopter, Ltd.	France/United Kingdom of Great Britain and Northern Ireland
G-91 strikers	Societa per Azioni Fiat	Italy
T-6 armed	Construcciones Aeronauticos, SA	Spain
B-26 invaders	On Mark Engineering Company	United States
PV-2 harpoons	Lockheed Aircraft Corporation	United States
F-84G light bombers	The Republic Aviation Corporation	United States
F-86 F interceptors	North American Aviation, Inc.	United States
P2-V5 harpoons	Lockheed Aircraft Corporation	United States
C-47 transports	Douglas Aircraft Company	United States
DC-6 transports	Douglas Aircraft Company	United States
C-45 transports	Douglas Aircraft Company	United States
T-33 trainers	Lockheed Aircraft Corporation	United States
T-37 trainers	Cessna Aircraft Company	United States

Sources: The Military Balance, 1972-1973; Robert C. Sellers, op. cit.

Aircraft and helicopters

23. As previously reported, f/ the role played by both military and civil airplanes and helicopters in combat and transport in the wars waged by the Portuguese Government in the overseas Territories has continued to grow.

24. In August 1972, the Portuguese Government authorized an allocation of 102.4 million escudos for the re-equipment of the air force infrastructures in Guinea (Bissau), Angola and Mozambique, with 63.4 million escudos to be spent in 1972, and 20 million escudos each in 1973 and 1974. The air force was further authorized to sign contracts with Portuguese and other foreign concerns for the purchase of equipment. Recent information on purchase of planes, helicopters and parts is summarized below.

Angola

25. According to a report of the Angola Comité of the Netherlands, in 1972 the Dutch Fokker VFW Company supplied two F-27 Friendship aircraft to Portugal for use in Angola. The two aircraft will be flown by the state-owned Divisão de Exploração de Transportes Aéreos de Angola (DTA). The 1972 Yearbook on World Armaments, published by the Stockholm International Peace Research Institute (SIPRI), reported that DTA aircraft were being used by the Portuguese Government for military transport.

26. An article in L'Humanité (Paris) of 23 June 1972 reported that South African troops based in the interior of Angola were using armoured vehicles made in France as well as Mirage fighters, Alouette and Super-Frelon helicopters. In March 1972, three French SA-330 helicopters were delivered to the Portuguese armed forces in Angola. The SA-330 helicopters can carry at least 20 men and are armed with electronically fired 40 mm cannons, rocket launchers, and air-to-ground missiles.

27. According to Mr. Antonio Alberto Neto, MPLA representative in the Scandinavian countries, there has been a strong flow of Italian weapons to Portugal through the North Atlantic Treaty Organization (NATO).

Mozambique

28. In December, 1972, it was reported that the Portuguese authorities were going to purchase 12 helicopters from a United States concern for use in Mozambique, primarily for the Territory's public services. The total value of the contract was reported to be 54 million escudos. In April 1973, the Territory was authorized to sign a contract with the Portuguese financial group, Sociedade Financeira Portuguesa, for a credit of 46.8 million escudos in Swiss francs and United States

f/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. VI, annex, appendix I, paras. 17-26.

dollars earmarked for the purchase of the 12 helicopters. The first six helicopters, supplied by the Bell Helicopter Company of the United States, arrived in Lourenço Marques in April 1973. Four others were expected to be delivered in May or June 1973. According to a report, the helicopters would be used in civilian operations and would be based at Lourenço Marques, Beira, Nampula g/ and Lumbo.

29. In April 1973, the Government issued regulations concerning the exploitation and utilization of the helicopters, which will be under the jurisdiction of a public enterprise in which the Government maintains control of 40 per cent of the capital. The remaining 60 per cent is equally shared by Caminhos de Ferro de Moçambique, Junta Autónoma de Estradas, and Correios e Telégrafos, each with 20 per cent of the capital.

30. It was also reported in April that an unidentified Portuguese concern with headquarters in Lisbon, had been authorized to set up a plant in Mozambique for the production of light airplanes. The plant, which is to have an initial investment of 25 million escudos, is expected to have an annual capacity of 40 aircraft.

31. In addition, another concern, located near Beja, Portugal, was reported to be planning to construct turbo-reactors and bimotor planes with a cargo capacity of four tons for use in Angola and Mozambique. The company has a contract to supply planes to Angola and Mozambique and will have an initial capacity to construct 48 planes with a maximum speed of 400 kilometres per hour.

32. Another indication of the strengthening role of airplanes and helicopters in the Territory was the reported purchase by the Mozambique domestic airlines, Direcção de Exploração dos Transportes Aéreos (DETA), of a flight simulator for Boeing 737's at an estimated cost of some 45 million escudos, to train airline pilots locally. According to one source, pilots had previously been sent to the United States for training.

33. In April 1973, the Provincial Secretary of Communications of Mozambique visited the United States where he was reported to have established close contacts with Island Helicopter Incorporated of New Jersey.

Guinea (Bissau) and Cape Verde

34. According to one report, the United States has placed Dakota aircraft, specially adapted for the spraying of toxic substances, at the disposal of the Portuguese command in Guinea (Bissau).

g/ Nampula, in Moçambique district, is the headquarters of the Mozambique military region. In May 1973, the district of Moçambique, with a population of 1,735,206, was divided into two districts. One of these became the district of Nampula, with the town of Nampula as its capital; the other became the district of Ilha, with the town of Moçambique as its capital. However, the division will not enter into force until 1 January 1974 and until then the district of Moçambique retains its previous boundaries.

35. In May 1973, the Portuguese authorities in Cape Verde were authorized to purchase two Hawker Siddeley 748s (short medium range turbo-prop airliners) from the United Kingdom concern of Hawker Siddeley Aviation, Ltd.

Chemical warfare

36. Portugal is reported to be continuing the use of chemicals in its colonial wars, particularly herbicides and defoliants. In Angola, MPLA had repeatedly reported that Portuguese forces have used herbicides and defoliants in the areas under its control, destroying almost two thirds of the crops cultivated.

37. In November 1972, Mr. Samuel Abrigada, a member of the Frente Nacional para a Libertação de Angola (FNLA), also reported that for the last three years the Portuguese forces had been waging chemical warfare in Angola. Chemicals have been used mainly against the civilian population of liberated areas. Herbicides were sprayed from the air, destroying food crops and also causing severe health damage to the population.

38. In Mozambique there were reports that Portugal was using defoliants in the northern part of the Territory, including Convolvotox, a mixture containing 2,4D, which is reportedly manufactured in South Africa by Agricura Laboratório (Pty), one of the several wholly owned subsidiaries of Sentrachem, Ltd., in which the British Petroleum Company, the Industrial Development Corporation of South Africa (IDC) and Federale-Volksbeleggings Bpk, hold interests (A/9023/Add.3, annex I.C, paras. 62-63).

39. The position of the United States Government however, was stated by Mr. James Noyes, Deputy Under-Secretary for Near East, African, and South Asian Affairs of the United States Department of Defense, as follows:

"The United States Government does not provide any defoliant or defoliant-related equipment or training to the Portuguese military. Of course, defoliants, like fertilizers, are readily available on the open market from a number of commercial sources, both United States and foreign.

"We have no direct information of defoliants being used ... Such a purchase would entail simply buying these things easily in Europe or in the open market in the United States, without stirring up problems for themselves."

40. Mr. Noyes also reaffirmed that, since 1961 the United States Government has required formal assurance from the Portuguese authorities that any military material provided by the United States Government will be restricted to use in NATO areas. h/

h/ Testimony before the Sub-Committee on Africa of the Committee on Foreign Affairs of the United States House of Representatives on 27 September 1971.

41. According to official statistics, the United States has sold the following herbicides to Portugal since 1969:

	<u>Herbicides not elsewhere classified</u>		<u>Herbicidal preparations</u>	
	(pounds)	(United States dollars)	(pounds)	(United States dollars)
1969	22,050	57,330	23,590	22,210
1970	33,200	17,125	229,320	28,205
1971	109,297	202,195	-	-
1972 <u>a/</u>	18,203	9,664	239,268	234,696

Source: United States Department of Commerce, Foreign Trade Journal 410. Exports, Schedule B, Commodity by Country.

a/ January-June 1972.

42. According to Major Imoniee, MPLA commander of the northern front, Portugal is also beginning to manufacture napalm with the assistance of NATO.

4. Military co-operation with other countries

43. In his statement to the Special Committee on 13 June 1973 (A/AC.109/PV.915), Mr. Jorge Rebelo, a member of the Central and Executive Committees of the Frente de Libertação de Moçambique (FRELIMO) reported that the United States had recently provided Portugal with 12 helicopters, six of which are already in Mozambique (see above). He added that the Governments of France and the Federal Republic of Germany were actively supporting Portuguese colonialism through the provision of weapons, vehicles and aircraft, without which Portugal would have been forced to give up the war.

44. A recent Portuguese source revealed an intensification of the debate within Portuguese government circles regarding the expansion of the national manufacture of armaments. The main argument in support of domestic production of armaments was that it helped to save foreign exchange and eliminated the difficulties of obtaining supplies from sources under political pressure from the international community, particularly as a consequence of the recommendations of the United Nations.

45. A report in the Wall Street Journal in January 1973 revealed that the Chrysler Corporation was involved in the export of equipment to be used by the Portuguese army, presumably in its operation in the African Territories under Portuguese administration. The United States Government authorities were reported to have charged Chrysler with making two shipments of "militarized" engines (type HT361-212) especially designed for use in the Portuguese versions of the amphibious armoured car known as the XM-706. One shipment in 1968 consisted of 40 engines, valued at approximately \$US 76,000 and the other, made in 1970, consisted of 60 engines, valued at approximately \$US 100,000.

APPENDIX II

SOUTHERN RHODESIA

Introduction

1. Basic information on military activities and arrangements in Southern Rhodesia up to 1972 is contained in previous reports of the Special Committee. a/ Supplementary information is set out below.

Military policy

2. Since the unilateral declaration of independence, the policy of the illegal régime has been to maintain its security forces at full strength in order to combat "counter-insurgency" threats, or, in other words, to suppress the activities of the national liberation movements. Since the increase in African nationalist activities in December 1972 (see paragraph 19 below), the illegal régime has greatly intensified the pace of militarization by calling up large numbers of army reserves, and increasing the size of the British South African Police (BSAP). According to reports, the illegal régime has also resorted to the use of air power against freedom fighters, as well as to cruel and unprecedented methods of psychological warfare against the local inhabitants to deter them from co-operating with the freedom fighters (A/9023/Add.1, annex).

Armed forces and armaments

3. According to The Military Balance, 1972-1973 b/ the Southern Rhodesian military establishment at present comprises the following: (a) a regular army of 3,500 men, divided into one battalion of light infantry, one black battalion with white officers (the Rhodesian African Rifles), one Special Air Services Squadron, and one artillery battalion; (b) an air force of 1,200 men; (c) a Territorial Force (reserves), composed of 10,000 men who have completed their army service; and (d) BSAP, a paramilitary body responsible for internal security, which comprises 8,000 active members, two thirds of whom are Africans, and 35,000 reservists, three fourths of whom are white.

4. Comparing this data with data provided in The Military Balance, 1970-1971, it appears that the size of the army has been increased by 100 men, the reserves by 6,000 men and BSAP by 8,100 men (1,600 active and 6,500 reserves) in the three-year period.

5. As at 1 January 1973, the illegal régime extended the period of initial service training in the Southern Rhodesian forces from nine months to one year and the period of liability for service in the Territorial Force from four to six years. The "Government's" decision to extend the period of service, under a bill adopted in August 1972, was made only a few days before the outbreak of the current wave of African nationalist activity (see below).

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 I; ibid., Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. VI, annex, appendix II. See also A/9023/Add.1, annex.

b/ London, The Institute for Strategic Studies.

6. Announcing the decision, Mr. Jack Howman, "Minister of Defence", stated that the "Government" had lately received undoubted evidence of the existence of "terrorists" in Botswana and of co-operation between "terrorists" based in Zambia and the forces of the Frente de Libertação de Moçambique (FRELIMO) in Mozambique. In the light of these developments, the illegal régime, in addition to patrolling the Zambian border as it had for the past eight years, was compelled to patrol the Mozambique and Botswana borders as well, a total of 2,000 miles, compared with 400. The extension of the term of military service was necessary to ensure the continued extensive and effective patrolling of the whole of the border and the capability of immediate action if there were any "penetration or deterioration".

7. Following the outbreak of activities of the national liberation movement in the north-eastern part of the Territory (bordering Mozambique) and the continued failure of the security forces to bring them to an end, in March 1973, Mr. Howman introduced two new measures aimed at increasing and maintaining the active strength of the armed forces. These measures would: (a) enlarge the size of BSAP by allowing draftees to complete their 12 months' continuous service there with the police, rather than in the regular army where manpower requirements were already met; and (b) provide bonuses of \$R 150 c/ annually to regular police and armed forces personnel to induce them to extend their tours of duty.

8. Mr. Howman's assertion regarding the fulfilment of the army's manpower requirements was contradicted in an article in The New York Times of 13 May 1973. According to the article, although most able-bodied white male citizens were enlisted in either the army or the police reserves, their full mobilization would cripple the economy. As a consequence, only limited numbers of reserves were called up at one time, meaning, in effect, that a manpower shortage continued to exist.

9. According to The Military Balance, 1972-1973, the Southern Rhodesian army is equipped with 20 Ferret Scout cars and model 56 (105 mm.) pack howitzers.

10. The air force is reported to comprise 45 combat aircraft, as well as one squadron each of transports, trainers and helicopters. The combat aircraft are as follows: one light bomber squadron with 10 Canberra B-2s (United Kingdom of Great Britain and Northern Ireland); one fighter/ground attack squadron with 12 Hunter F5A-9s (United Kingdom); one fighter/ground attack squadron with 11 Vampire FB-9s (United Kingdom); and one reconnaissance squadron with 12 T-52 Jet Provosts (United Kingdom). Other types of aircraft include one transport squadron with C-47s (United States of America) and one Beech 55 baron (United States); nine Aermacchi-Lockheed AL-60 F 5s (Italy) and three Canberra T-4 trainers (United Kingdom); and one helicopter squadron with 12 Alouette III's (France).

11. As far as is known, there have been no major additions to the Southern Rhodesian air force since 1965, following the imposition of sanctions by the Security Council. d/ It has been pointed out by various commentators, however,

c/ One Southern Rhodesian dollar (\$R 1.00) equals \$US 1.67 or £0.65.

d/ According to a statement by the "Director-General of Operations of the Air Force", the illegal régime had no hope of re-equipping the air force with new and sophisticated aircraft until the political situation was solved.

that if the illegal régime had not been successful in evading sanctions, at least to the extent of obtaining spare parts, the aircraft, which date back to 1965, would have been grounded. The fact that the illegal régime has been successful in evading sanctions was confirmed by a statement by the "Minister of Defence" in April 1973 to the effect that the sources of arms supplies for Southern Rhodesia were assured. It will be recalled that, on 15 April 1973, the Territory received three Boeing 720 passenger jets (see A/9023/Add.1, annex, paragraph 210).

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 service between 1964/65 and 1972/73 as shown in the following table.

Southern Rhodesia: Annual appropriations for the armed forces and police, 1964-1973

(thousand Southern Rhodesian dollars)

<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	15,400 <u>a/</u>		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
1972/73 <u>b/</u>	15,356	9,718	18,066	43,140

Source: Southern Rhodesia, Budget statements by the Minister of Finance, (Salisbury, Government Printers) for the years indicated.

a/ Combined estimates for army and air force.

b/ The appropriations for 1972/73 comprise the original estimated allocations, plus supplementary allocations voted on 3 April 1973.

Military co-operation with South Africa and Portugal

13. Since August 1967, the armed forces of the illegal régime have been reinforced by a detachment of about 3,000 members of the South African Police. According to statements by the South African Government, the purpose of this detachment, which is deployed near the Zambian border, is to defend the Territory against nationalists based in Zambia, whose ultimate objective is entering South Africa.

14. On 6 January 1973, following the closing by the illegal régime of its 400-mile frontier with Zambia, the Zambian Government charged that some 4,000 additional South African troops had arrived in Southern Rhodesia and had been deployed along the Zambian border in support of forces belonging to the illegal régime. Although the charges were denied by the Governor-General of the South African Defence Force, Mr. B. J. Vorster, the South African Prime Minister, has said that his Government is unconditionally opposed to terrorism and will render any assistance within its means to Governments seeking help in their fight against terrorism. Subsequently, in April 1973, some sources reported that the illegal régime was recruiting small numbers of South Africans to augment its regular army.

15. The military co-operation between South Africa and Southern Rhodesia includes regular meetings between defence leaders of the two countries, the most recent of which took place on 26 October 1972. At that time, Mr. P. W. Botha, South African Minister of Defence, together with Admiral H. H. Biermann, Commandant-General of the South African Defence Force, met with Mr. Howman, "Minister of Defence", and Lieutenant-General G. P. Wells, "Chief of the General Staff", for four days of talks in Salisbury. According to press reports, one of the urgent reasons for the meeting was to discuss the military situation in Mozambique.

16. During 1972, there was considerable military co-operation between Southern Rhodesia and Portugal. In August 1972, Mr. Howman affirmed that it was probable that the illegal régime would send security forces into Mozambique if requested by Portugal. It was subsequently reported in the press, and confirmed by FRELIMO, that Southern Rhodesian security forces were operating secretly alongside Portuguese forces in Tete District in Mozambique, and had been responsible for two raids in August and September.

17. On 3 January 1973, a press report, citing an unofficial but well-informed source, stated that Southern Rhodesian security forces had helped the Portuguese army in its Christmas-New Year's offensive against FRELIMO in Tete (see A/9023/Add.3, annex I.C, paragraphs 31, 32).

Military and other measures taken by the illegal régime
against the national liberation movement

18. As described in the working paper on Southern Rhodesia (see A/9023/Add.1, annex), the resurgence of African nationalist activity since December 1972 is centred in the north-eastern quadrant adjacent to Mozambique (north-east of Salisbury). According to statements by the illegal régime, as well as press reports, unspecified numbers of well-armed and well-trained guerrillas are re-entering the Territory primarily from Tete in Mozambique with the aim, so far successful, of establishing contact with the local population, carrying out hit-and-run attacks on whites, and avoiding direct confrontations with the security forces. According to statements by the security forces, between December and May 1973, African nationalist forces killed 11 members of the security forces, two South African policemen and six white civilians. At least 43 freedom fighters were killed by the security force and an undisclosed number were captured. On 3 May 1973, Senator Philip van Heerden, the "Minister of Lands", stated that security forces had also killed three Africans who

were not "terrorists", but who were acting in a "suspicious manner" and had burnt down five African dwellings. According to white missionaries, quoted in The New York Times of 13 May 1973, the number of African civilians shot is probably considerably higher.

19. Owing to the extensive co-operation of the African population with the freedom-fighters, which "Prime Minister" Ian Smith first acknowledged in a statement on 18 January 1973, in addition to its relatively unsuccessful search-and-destroy operations aimed against armed guerrillas, the illegal régime has fallen back on extreme repressive measures against civilians, including psychological warfare. Measures already reported (A/9023/Add.1, annex, paras. 159-163) include: (a) the imposition of collective fines against communities in which any individual is suspected of aiding guerrillas or failing to report their presence; (b) sentences of up to 20 years' imprisonment for any African harbouring or failing to report a "terrorist" or any person he has reason to believe may be a "terrorist"; (c) the closing of all hospitals, schools, churches, African businesses and corn-grinding mills, in at least two northern areas (the Chiweshe Tribal Trust land, 80 kilometres north of Salisbury, and the Chesa Purchase area further to the north-east); (d) the closing of schools at St. Albert's German Jesuit Mission; and (e) the rounding up of thousands of Africans behind barbed wire for interrogation. Since 16 February, the illegal régime is known to have arrested at least 200 Africans on charges of aiding or harbouring terrorists or failing to report their presence; and to have sentenced to death five Africans convicted of "terrorism". On 23 May, three of these Africans were executed by the illegal régime and the appeals of the two others were denied.

20. On 19 May it was reported that, in a further extreme attempt to cut off support for the nationalists, the illegal régime was evacuating the African population from vast areas along the north-eastern border and had authorized the Commissioner of Police to confiscate, seize or destroy property which he considered might be useful to the guerrillas. The evacuated people were to be "screened" and resettled in an undisclosed area. It was also reported that the illegal régime had imposed new curfew measures and had "indemnified" all members of the security force "acting in good faith" against responsibility for deaths or injuries in fighting "terrorists".

21. According to informed sources, the new repressive measures against the civilian population demonstrate the desperation of the illegal régime because of its lack of military success in its fight against the nationalists, who are able to evade detection not only because of the assistance offered by the civilian population, but also because of the protection offered by the terrain. An article in The Guardian of 7 April 1973 reported that between 1,000 and 1,500 troops have been concentrated in the Mt. Darwin-Centenary area to fight the far smaller number of freedom-fighters. The latter, who are said to be armed with automatic rifles and rocket-propelled anti-tank grenades with seven-pound warheads, were referred to by one Southern Rhodesian officer as having "outgunned" the security forces. Other officers assert, however, that the "sophisticated" weapons of the Southern Rhodesian forces are "definitely superior".

22. In February 1973, the illegal régime was reported, for the first time, to have launched a rocket attack against suspected guerrilla bases along the Mozambique border. No casualties were reported.

APPENDIX III

NAMIBIA

Introduction

1. Basic information on military activities and arrangements in Namibia up to mid-1972 is contained in the previous reports of the Special Committee. a/ Supplementary information is set out below.
2. Namibia derives its strategic importance to the Republic of South Africa from three factors: a long common frontier between the two countries; a long coastline on the South Atlantic Ocean; and common borders with Angola and Zambia to the north and Botswana to the east. Such a unique location explains in part the importance of the military activities and arrangements undertaken by South Africa in the Territory with a view to the continuation of a South African presence and administration in Namibia.

South African military presence in Namibia

3. As previously noted, 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. b/ No detailed information is available concerning the numbers, composition and equipment of the South African military forces stationed in Namibia; however, developments indicate that a large part of those forces have been deployed in Namibia to maintain control and suppress opposition.

South African military budget

4. In the financial year 1972/73, total South African military expenditure, according to the budget, was set at R 361 million, c/ an increase of R 45 million over 1971/72. These expenditures covered operations both in Namibia and in South Africa.

Dimensions of the South African military establishment

5. The strength of the South African military establishment has increased steadily over the past seven years, as shown in the following table:

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 II; ibid., Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. VI, annex, appendix III. See also A/9023/Add.2, annex.

b/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 22 (A/8722).

c/ One rand (R) equals approximately \$US 1.50.

South Africa: Armed forces and armaments, 1966/67 and 1972/73
(thousand rand)

	<u>1966/67</u>	<u>1972/73</u>
Military Expenditure	256,000	361,000 (budget)
<u>Personnel</u>		
Army: Regular (volunteers)	5,700	10,000
Citizen force (conscripts)	10,500	22,000 ^{a/}
Reservists	55,000	80,000
Navy: Regular	3,000	2,300
Reservists	...	9,000
Air Force: Regular	3,000	5,000
Reservists	...	3,000
Paramilitary forces: Commandos (part-time militia)	51,500	75,000
"Anti-terrorist" police	-	3,000 ^{a/}
<u>Armaments</u>		
Army: Tanks (all types)	150 ^{b/}	120
Armoured cars	...	850
Armoured personnel carriers	-	250
Navy: Submarines	-	3
Destroyers and frigates	8	6
Minesweepers	12	4
Other vessels	13	6
Navy citizen force destroyers and frigates	-	5
Navy citizen force minesweepers	-	7
Air Force (regular):		
Bombers, Fighter bombers, fighters and interceptors	67 ^{b/}	80
Helicopters	80 ^{b/}	100
Transport and other aircraft	56 ^{b/}	57
Citizen air force (conscripts):		
Fighters	46 ^{b/}	-
Light aircraft	250 ^{b/}	260 ^{c/}
Surface-to-air missiles	-	...
Paramilitary forces:		
Kommando light aircraft	250 ^{d/}	...
Police armoured cars and/or armoured personnel carriers	80 ^{b/}	80 ^{a/}

Source: The Military Balance (London, The Institute for Strategic Studies), for the years indicated.

a/ 1971/72.

b/ 1968/69.

c/ Being introduced in 1972/73.

d/ Estimated, privately owned.

6. Although, numerically, the South African Defence Force is not the largest in sub-Saharan Africa, it is reported to be by far the most heavily equipped. The overwhelming majority of the Defence Force is white and conscription is exclusively for whites.

7. In mid-1972, it was reported that 15 Kommando units were under arms at the General de Wet Training Area in the Orange Free State. The object of the exercise was to train men in anti-terrorist warfare. Some time earlier, Mr. P. W. Botha, South African Minister of Defence, had stated that "much higher status" was to be given to Kommando training.

Acquisition and development of arms by South African forces

8. In June 1971, it was announced that the Atlas Aircraft Corporation, a company owned by the South African Government, was to assemble and later manufacture under licence the French Dassault Mirage F-1 fighter, an aircraft comparable to the American Phantom and the Soviet Mig 23. Subsequently, it was stated by Professor Hendrick Johannes Samuels, President of the Arms Board of South Africa, that the Mirage F-1 would be in service within 18 months and that South African technicians were currently being trained in France. At the same time, the Arms Board disclosed that the Atlas Aircraft Corporation was to build an advanced subsonic fighter and a light transport plane. The new fighter was to be a single seater designed for ground support and slightly smaller than the Mirage type. Professor Samuels also stated that South Africa was in a position to meet its helicopter requirements. He hinted that South Africa had been receiving ample supplies from overseas so that it had not been necessary to start production locally.

9. In April 1973, it was announced that the first Dassault Mirage F-1 fighter would be delivered to the South African Air Force in the course of the year. At about the same time, Mr. Botha stated that South Africa was to acquire a new generation of fighter aircraft for its Defence Force. While confirming that negotiations for their acquisition had been concluded, he did not specify their type or country of origin.

10. At a meeting of the Institute for International Politics at Rotchefstroom University, on 1 August 1972, an article was distributed which expressed interest in the purchase from the United Kingdom of Great Britain and Northern Ireland of Nimrod maritime reconnaissance aircraft. The meeting was attended by Admiral Hugo H. Biermann, Commandant General of the South African Defence Force.

11. In the past two years South Africa has also begun to seek assistance from other countries in order to expand its navy. In November 1971, The Star (Johannesburg) reported that South Africa was asking Spanish shipyards to build a number of naval vessels. As a result of this report, in August 1972, the editor of The Star was brought to trial charged with contravening a section of the South African Defence Act.

12. Early in 1972, South Africa reportedly ordered from Portugal the hulls of six fast 1,250-ton João Coutinho-class Corvettes. These ships were to be equipped with guided missiles and other electronic equipment from an unnamed source.

13. According to Mr. A. J. A. Roux, the Chairman of the Atomic Energy Board of South Africa, South Africa has been theoretically in a position to make its own nuclear weapons since 1971. Since then, South Africa has pressed ahead with the development of a uranium mine at Rössing in Namibia.

14. The growing military strength of South Africa was made clear by Mr. Botha, who told the South African Parliament in June 1972 that South Africa was selling arms to other countries.

15. Early in 1973, it was announced that the South African Armaments Board had developed an anti-landmine vehicle which, it was hoped, would prevent policemen on border guard duty from being killed by mines.

New installations and equipment

16. In March 1973, South African Prime Minister Vorster opened the new Maritime Operational and Communications Headquarters at Silvermine, near Simonstown. The Headquarters form part of "Project Advocaat", a computer system for the assimilation and display of information on maritime and air traffic in an area stretching from the south polar region to North Africa and from South America to Bangladesh. Describing the benefits of the system, the Prime Minister stated:

"We have now the capability to carry out our responsibilities in respect of the 'Organization for Naval Control and Shipping' by linking in with the Western Defence Communications System. We have established fixed radio links with military centres in the West for the exchange of shipping intelligence."

17. On 20 June 1973, the State President of the Republic of South Africa celebrated the opening in South Africa of a new submarine base known as SAS Dromedary.

Involvement of South African army, navy, air and police forces in Namibia

18. The limited scope of specific information on the presence of South African military forces in Namibia has been indicated above (see paragraph 3 above). In general terms, however, it should be noted that, in early 1970, the number of South African troops in Namibia was estimated at 15,000 men; moreover, in mid-1970, 500 white policemen of the South Africa Police were reported to be in Namibia, together with 300 non-white policemen who were believed to be members of the same organization. These figures were in addition to municipal police forces. A principal South African military base, equipped with an airfield, is located at Katima Mulilo in the eastern part of the Caprivi Strip.

19. During 1972, an extensive policy of repression in Namibia was pursued by the South African forces. These actions, which were directed against freedom-fighters

as well as civilians and peaceful demonstrators, have been described in detail in the working paper prepared by the Secretariat for the Special Committee (A/9023/Add.2, annex, paras. 85-97).

20. In May 1972 it was reported, for the first time, that black South African policemen were being used to fight guerrillas in the Caprivi Strip.

21. In June, a contingent of non-white South African policemen, including Africans, was dispatched from Pretoria for service on the border of the Caprivi Strip. This was stated to be the second detachment of non-white policemen to be sent to augment the border police. According to reports, the non-white policemen were armed with automatic weapons.

22. From 19 February to 10 March 1973, some 7,000 men from the South African Citizen Force took part in the largest military exercises ever held in the Namibia area, in a stretch of desert near Walvis Bay. The exercises featured the use of South African made "Eland" armoured cars, equipped with 60 mm and 90 mm cannons, South African made 3.5 inch "Entac" anti-tank missiles and South African made R-1 assault rifles. Aircraft, helicopters and heavy mortars were also used, and part of the exercise consisted of a simulated nuclear explosion.

Confrontation with the national liberation movement

23. Despite the heavy military occupation of the Territory by South Africa, the South West Africa People's Organization (SWAPO) has been conducting an armed struggle for the liberation of Namibia since 1966.

24. Speaking in Mogadiscio in April 1972, Mr. Sam Nujoma, the President of SWAPO, stated that his organization was determined to continue and intensify strong resistance against the racist and fascist régime in South Africa until it was completely overthrown. Mr. Nujoma also stated that SWAPO had been operating in the northern and eastern parts of the country since 1966, and was now introducing the struggle in the central and southern regions. The liberation forces, he said, had made great progress in fighting the South African forces. He added that the imperialists were providing massive assistance to the South African régime, and that their aid had reached the extent of making it possible for South Africa to manufacture its own nuclear weapons.

25. Addressing a meeting of the Council of Ministers of the Organization of African Unity (OAU) in Rabat in June 1972, Mr. Nujoma stated that the armed struggle had become complementary to popular action to a much larger extent than it had been earlier. During the preceding eight months the struggle had developed considerably, both with regard to technique and to success scored on the battlefield. In August, Mr. Nujoma announced that, as a result of the actions of the liberation forces, the South African Government had been forced to recruit blacks, Coloureds and Asians from South Africa into its army.

26. At the beginning of 1973, Mr. Peter Nanyemba, the Secretary for Defence and Transport of SWAPO, reviewing the movement's armed struggle since 1966, noted that

SWAPO had already been able to establish underground units in every region, and that its forces were concentrating on the Caprivi Strip, Kavangoland and eastern Ovamboland, with some operations being carried out in the Kaokoveld and near the eastern border with Botswana.

27. According to other reports, in November 1972, elements of the People's Liberation Army of Namibia (PLAN), SWAPO's military wing, destroyed four South African trucks on the road between Ishesha and Malombe; 11 South African soldiers were killed and 27 others wounded. The wounded were transported to military hospitals in the Transvaal. On 3 December, 3 South African military camps were attacked; 6 military vehicles were destroyed by landmines; and more than 60 South African soldiers were killed or wounded.

28. Towards the end of 1972 it was announced that the South African authorities were going to tar the main road through the Caprivi Strip, reportedly in an attempt to prevent its being mined by SWAPO forces.

29. In January 1973, there were reports that fighters of PLAN had launched an attack on the South African military camp at Kamenga in the Caprivi Strip; 160 South African soldiers were killed or wounded; a petroleum store and an ammunition dump were set on fire; and a radio communications tent, 5 military transport vehicles and 6 jeeps were destroyed. Later, 9 South African soldiers were reported to have been killed in an ambush.

Military co-operation between South Africa and other countries

30. South Africa's military co-operation with Portugal and Southern Rhodesia aims primarily at consolidating the colonial and settler régimes in southern Africa. As can be seen from the above paragraphs on South Africa's acquisition and development of arms, the Republic's military co-operation with these minority régimes and other countries takes several forms. These patterns of co-operation are illustrated below.

Co-operation with Portugal

31. According to a statement made in Kampala, on 17 May 1972, by Mr. Filipe Floribert, a member of the Military and Political Co-ordinating Committee of the Movimento Popular de Libertação de Angola (MPLA), South Africa had sent a company of troops to Angola, where it was based near Luso in the north eastern part of the Territory. South Africa was also providing aircraft pilots and war materials. Later, in August, two more companies of South African troops were reported to have arrived in the southern part of Angola where they were placed under the orders of the Portuguese command.

32. During 1972, the need for an alliance to defend the South Atlantic was emphasized by both South African and Portuguese spokesmen. Colonel Hermes de Oliveira, for instance, suggested in the course of a lecture tour in Brazil in August, that Brazil, Portugal and South Africa should form an

alliance for the defence of the South Atlantic. At the August meeting of the Institute for International Politics (see paragraph 10 above) Admiral Biermann declared that "the whole of the southern hemisphere needed the protection of an umbrella of nuclear deterrent against aggression". He added that southern Africa and its surrounding ocean was the only part of the southern hemisphere which did not "enjoy this protection from the West and particularly from the United States". However, during a visit to South Africa, Mr. Rui Patricio, the Portuguese Minister for Foreign Affairs, stated that there was no plan at present or envisaged in the future to form a military alliance between Portugal and South Africa.

Co-operation with Southern Rhodesia

33. As has been reported on a number of occasions, South Africa has for some time maintained a police force of 4,000 to 8,000 men in Southern Rhodesia to assist the illegal régime.

34. In October 1972, Mr. Botha, the South African Defence Minister, together with Admiral Biermann, travelled to Salisbury for discussions with Mr. Jack Howman, Southern Rhodesian "Minister of Defence", and security officials. It was reported on this occasion that a new phase of co-operation might be initiated among South African, Southern Rhodesian and Mozambique authorities, going beyond the exchanges of intelligence information which have been taking place for the last five years.

Co-operation with the United Kingdom

35. Visiting South Africa in November 1972 as the guest of the South African Defence Force, Admiral Sir Edward Ashmore of the Royal Navy stated that the facilities afforded at the Simonstown Naval Base under the Simonstown Agreement were fundamental to maintaining British warships in the Indian Ocean economically and at peak efficiency. Admiral Ashmore said he did not foresee an increase in the number of joint British-South African naval exercises, but he added that the two fleets had to help to keep each other up to date by regular exercises.

Other co-operation

36. During 1972, the third of a group of three French-built submarines of the Daphne class arrived in Simonstown from France. The submarine, the Johanna van der Merwe, which had been built at the French naval base at Toulon, called at Walvis Bay before reaching South Africa.

37. Other military co-operation in 1972 included the visit of two French warships to Capetown in April 1972, and a visit to Namibia by retired General Luijk of the Netherlands in November 1972 as a guest of the South Africa Foundation. A member of the Africa Foundation, he was reported to be making a fact-finding tour of Namibia.

APPENDIX IV

SEYCHELLES

1. Basic information concerning military activities and arrangements in the Seychelles is contained in the previous report of the Special Committee. a/ Supplementary information is set out below.

"British Indian Ocean Territory"

2. It will be recalled that, 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, formerly part of Mauritius, were set up as the "British Indian Ocean Territory", administered by a Commissioner who is also Governor of the Seychelles. The islands are widely scattered, the Chagos group lying about 1,100 miles to the east of Mahé, the main island of the Seychelles, and Aldabra, Farquhar and Desroches between 100 and 600 miles to the south-west of Mahé.

Construction of a naval communications facility on Diego García

3. In December 1966, the Governments of the United Kingdom of Great Britain and Northern Ireland and the United States of America reached an agreement providing for the joint use of any military facilities eventually to be constructed in the "British Indian Ocean Territory". b/

4. A subsequent agreement, dated 24 October 1972, c/ provided that the Government of the United States would be entitled to construct, maintain and operate a limited naval communications facility on Diego García, the largest island in the Chagos group, for the purpose of providing a link in its defence communications and also

a/ See Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. VI, annex, appendix IV.

b/ 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, Treaty Series No. 15 (1967) Cmd.3231 (London, HM Stationery Office, 1967).

c/ 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 a Limited United States Naval Communications Facility on Diego García, British Indian Ocean Territory, Treaty Series No. 126 (1972), Cmd.5160 (London, HM Stationery Office, 1972).

to furnish improved communications support in the Indian Ocean for ships and aircraft owned or operated by, or on behalf of, either Government. The facility, to be entirely financed by the United States at an estimated cost of \$US 19 million, would consist of transmitting and receiving services, an anchorage, airfield, associated logistic support and supply and personnel accommodation. The arrangement would remain in force for as long as the 1966 agreement continued in force (50 years, renewable for a further 20 years), or until such time as no part of Diego García was required for the purposes of the naval communications facility.

5. The agreement also stipulated: (a) that access to Diego García, which has been occupied by copra plantations, would be restricted to authorized personnel; (b) as far as possible, there would be no interference with the flora and fauna of the island; and (c) commercial fishing or oil or mineral exploitation would be prohibited for the duration of the agreement, unless such activities were agreed not to be inimical to the defensive use of the island. It was reported in November 1972 that the copra plantations on Diego García, as well as those on Solomon and Peros Banos (also in the Chagos group) had been shut down and the 128 inhabitants evacuated to Mauritius for resettlement.

6. The naval communications facility, the first foreign military installation to be established in the Indian Ocean, came into operation on 23 March 1973. According to a press report in The New York Times of 18 June 1973, officials of the United States Department of Defense said that no public announcement was made at the time in keeping with a "low-key" guideline aimed at preventing concern among nations bordering on the Indian Ocean that the area might become a region of strategic competition among the major Powers.

7. At its twenty-sixth session, the General Assembly, in its resolution 2832 (XXVI) of 16 December 1971, solemnly declared that the Indian Ocean, within limits to be determined, together with the air space above and the ocean floor subjacent thereto, was designated for all time as a zone of peace. It also called upon the great Powers to enter into immediate consultation with the littoral States of the Indian Ocean with a view to halting further escalations and expansion of their military presence in the Indian Ocean and eliminating from the Indian Ocean all bases, military installations and logistical supply facilities and any manifestation of great Power military presence conceived in the context of great Powers rivalry. In resolution 2992 (XXVII) of 15 December 1972, the General Assembly established an ad hoc committee to study the practical measures that may be taken towards the establishment of the Indian Ocean as a zone of peace.

United States tracking and telemetry facility on Mahé

8. A United States tracking and telemetry facility is located on the island of Mahé. The facility was constructed in accordance with an agreement concluded between the United Kingdom and the United States on 30 December 1966. As noted in the working paper on the Seychelles (A/9023/Add.4, chap. X, annex, para. 38) spending by personnel from the tracking station is reported to constitute a significant source of the Territory's revenue.

APPENDIX V

BERMUDA, TURKS AND CAICOS ISLANDS AND UNITED STATES VIRGIN ISLANDS

Introduction

1. Basic information concerning military activities and arrangements in 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 Bermuda, the Turks and Caicos Islands 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 1973 made to the United Kingdom Parliament in February, b/ the Secretary of State for Defence said that two helicopter-carrying frigates, each with a detachment of Royal Marines, were maintained by the United Kingdom in the Caribbean area. These ships were occasionally augmented by other units for exercises and trials. He also said that a small garrison stationed in Belize provided a force for the external defence of the Territory and, when required, assistance to the civil authorities in the maintenance of law and order. The garrison currently consisted of a battalion headquarters, two infantry companies and supporting arms.

4. The eighth Commonwealth Caribbean Heads of Government Conference was held from 9 to 12 April 1973 in Georgetown, and was attended by the heads of government or representatives of the 12 member States of the Caribbean Free Trade Association (CARIFTA). According to a communiqué issued after the closing of the Conference, it was decided to establish a Caribbean community (embracing a Caribbean common market), on 1 August 1973, to be made up of the four independent States (Barbados, Guyana, Jamaica and Trinidad and Tobago). Belize, c/ Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent would become

a/ For the most recent, see Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. VI, annex, appendix V.

b/ United Kingdom: Statement on the Defence Estimates, 1973, Cmnd. 5231 (London, HM Stationery Office, February 1973).

c/ On 1 June 1973, by an Order-in-Council of the United Kingdom Government, the name of British Honduras was officially changed to Belize.

participants on 1 May 1974. The points of agreement on which this decision was based are embodied in a document known as the Georgetown Accord, which was signed on 12 April 1973 by the heads of government or delegation of all the members of CARIFTA, except Antigua and Montserrat. Antigua gave no reason for not signing. The signatory Governments welcomed the declared intention of the Government of Montserrat to give urgent consideration to the signing of the Accord. They also welcomed the forthcoming attainment of independence by the Bahamas in July and looked forward to its participation in the proposed Caribbean community.

5. At the Conference, the delegations of the four independent States adopted a resolution, with the spirit of which the delegates of seven other countries (Belize, Dominica, Grenada, Montserrat, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent) wished to be identified. By this resolution, the Governments of the independent States, conscious of their commitment to the establishment of the Caribbean community and mindful that the political independence and territorial integrity of member States were prerequisites for the achievement of the economic objectives of the community, gave attention to the need for a régime of mutual assistance against external aggression directed against any member of the community. The resolution also referred to the standing committee of foreign ministers to be established under the community treaty and the preparation of a scheme of mutual assistance designed to secure the political independence and territorial integrity of members of the community and the safety and well-being of their peoples.

Bermuda

United States Naval Air Station and King's Point Naval Station

6. In accordance with the Agreement of 27 March 1941, as amended (1948-1971), between the Governments of the United Kingdom and the United States, the latter operates two military bases in Bermuda, the Naval Air Station (formerly Kindley Air Force Base) and King's Point Naval Station. At present, the two bases occupy 2,297 square miles, or about one tenth of the total area of the Territory. The details of the relevant arrangements made by the Governments concerned are contained in the report of the Special Committee to the General Assembly at its twenty-seventh session. d/

(a) United States servicemen stationed in Bermuda

7. According to the census of 1970, there were 3,000 United States servicemen stationed in the Territory. On 2 November 1972, Sir Edward Richards, then Government Leader (a designation changed by a constitutional amendment to that of Premier on 18 April 1973), announced that the United States Government had agreed

d/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. VI, annex, appendix V, paras. 7-9.

to spend \$B 9.3 million e/ on the construction of 250 housing units at the Naval Air Station, on which work was expected to start in June 1973. He believed that this action would go a long way towards easing Bermuda's housing problem, bearing in mind that United States military personnel occupied approximately 500 housing units in the Territory. On 31 January 1973, Mr. Donald B. McCue, the United States Consul-General, denied reports that there would be a considerable reduction in personnel at the Naval Air Station with the end of the Viet-Nam conflict.

(b) Development of landing facilities at the Naval Air Station

8. This station, the only airfield in Bermuda, was constructed during the Second World War by the United States Government, to which it is leased for a period of 99 years ending in 2040. Since 1948, it has been open to civil aircraft, which are handled in a subleased area at the western end of the Station. Both military and civil aircraft use the same runways and technical facilities. On 16 February 1972, the United States Navy announced that it was setting a deadline for stopping all Boeing-747 jumbo jets from landing at the Naval Air Station because of the damage being done to the runway shoulders at take-off.

9. Two days later, this matter was discussed in the House of Assembly. During the discussion, a member from the Progressive Labour Party (PLP) emphasized the importance of the air facilities to Bermuda's economy and expressed the view that if it decided to do so, the United States could close down the Station without consulting the Bermuda Government. He therefore proposed that measures should be taken to train Bermudians to take over the air controls, thereby enabling the Territory to have a greater say in running the airfield. He felt that if this objective could not be achieved through negotiation, only independence could guarantee that there would be no interruption of air service at any time. Mr. James Pearman, then member of the Executive Council for Aviation, f/ replied that "independence would not help Bermuda much" because, in his opinion, the Government wished to honour the Agreement of 27 March 1941 as amended, to which Bermuda was a party. He also said that it might not even be in the Territory's economic interest to seek to take over the airfield.

10. The United States Navy first set a deadline of 10 April for all Boeing-747 jet landings at the Naval Air Station to stop, but, after negotiations, the deadline was extended to 10 June. The problem was solved by the signing on 26 May of an agreement between the Governments of the United States and Bermuda to carry out two work programmes for the improvement of the main runway at the Station. Under the agreement, the Government of Bermuda guarantees to make available funds totalling \$B 126,000 for financing these programmes, to be

e/ One pound sterling (£) was equivalent to 2.40 Bermuda dollars (\$B) until 29 July 1972. On that date, the local currency was pegged in terms of the United States dollar instead of the pound sterling. As a result, the Bermuda dollar is now valued at approximately \$US 1.00.

f/ On 18 April 1973, when certain constitutional amendments came into effect, the Executive Council was replaced by a Cabinet and its members named ministers.

implemented under the supervision and control and subject to the approval of the Commanding Officer of the Station. According to the agreement, these arrangements do not affect the present or continuing use or exercise of the rights, powers or authority of the United Kingdom and United States with respect to the leased base areas, including the civil air facilities. The agreement was reportedly made without prejudice to the provisions of the 1941 Agreement and was not to be considered as a precedent for the future.

West Indies Station

11. Bermuda continues to be 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. On 3 November 1972, Premier Sir Edward Richards announced in the House of Assembly that the United Kingdom Government, with a small naval establishment in the Territory, was being asked to help alleviate Bermuda's housing shortage by providing accommodation at its base.

Canadian military personnel and exercises

12. On the same day, Sir Edward informed the House of Assembly that Canadian military personnel, who occupied about 80 off-base units, were being urged by the Bermuda Government to build accommodations at the Canadian base.

13. In early 1972, the Canadian submarine HMCS Objibwa and military aircraft, including the Tracker and Argus squadrons, had conducted training exercises in the Territory. In November, the same submarine, together with two destroyers, the HMCS Margaree and the HMCS Nipigon, took part in operational training exercises in local waters. These ships were joined by four tracker aircraft and two jets of the VS 880 squadron, Shearwater. During the exercises, the fleet operational support ship, the 24,840 ton HMCS Preserver, fuelled both destroyers and received light stores and personnel from the Margaree and heavy stores from the Nipigon. As in the past, the United States Government allowed the above-mentioned Canadian military aircraft to operate from the Naval Air Station in Bermuda while they were participating in the 1972 exercises.

Turks and Caicos Islands

14. The United States maintains a Coast Guard Station on South Caicos. On Grand Turk, about 575 acres of land have been leased to the United States Government, including a naval facility on the northern tip of the island and an air force base and a telemetry station to the south. As previously noted, the Governments of the United Kingdom and the United States initiated a review of their agreement concerning the two bases in 1967. g/ According to the information transmitted by

g/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. VI, annex, appendix V, para. 11.

the United Kingdom, an agreement was reached with the United States authorities for the opening of the air force base to use by civil aircraft in 1971. The base is the only airfield in the Territory, apart from a number of landing strips.

United States Virgin Islands

Naval base and exercises

15. It will be recalled h/ that early in 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.

16. On 1 March 1973, Mr. Jerome Saul, Executive Director of the United Service Organization (which acts as liaison with the United States Navy for ships visiting the Territory), was reported to have denied reports that an order had been issued closing St. Thomas to naval visits. He added that, owing to a cutback in appropriations for the United States Department of Defense, fewer ships had visited the island in 1973 than in the previous few years. With one exception, all the naval ships scheduled to visit the island during "Operation Springboard" had made such visits, in addition to three other non-scheduled ships. Operation Springboard is a training and exercise manoeuvre of the United States Navy in the Caribbean. Mr. Saul noted that, in previous years, it had run for a period of three months with as many as 100 ships involved, but that under the new naval policies, it ran for only five weeks and not more than 25 ships were involved.

Military Selective Service System

17. Until January 1970, the male population of the Territory was subject to the United States Military Selective Service Act of 1967. On 27 January 1973, Mr. Melvin R. Laird, then United States Secretary of Defense, announced that the Government had brought the military draft to an end. As a result of the announcement, men born in 1953 and after will not be subject to conscription, and men born before 1953 but not yet drafted will have no further liability to the draft. The authority of the President of the United States to conscript troops into the military expired on 30 June 1973.

18. Nevertheless, the Military Selective Service System remains in existence. In a comment thereon made in late February 1973, Colonel J. A. Christmas, Director of Selective Services for the United States Virgin Islands, said that although draft calls had ended, the Military Selective Service Act of 1967, as amended, would still require men in the Territory to register for the draft when they reached the age of 18, and that the Selective Service local boards would continue to process some of those men in order to have a "readily available pool in the event of a national emergency".

h/ Ibid., para. 12.

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 1972 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 1972, obligations accepted by Australia under the Charter of the United Nations and the Trusteeship Agreement require that it remain responsible for the defence of the Territory until independence. The defence forces in Papua New Guinea are constituted and regulated under the Defence Act, 1903-1970, of Australia. According to the report, the future development of the defence forces during the period until independence must be shaped, in consultation with Papua New Guinea government ministers, to the needs of that country following independence.
3. In February 1972, Mr. D. Fairbairn, the Australian Minister of State for Defence, announced that it had been decided to form a Joint Force Headquarters to replace the existing three service command arrangements. This decision was taken to facilitate economical and effective administration and control of the forces. Such a headquarters, under one commander, is considered by the administering Power to be practical for the size of force Papua New Guinea is likely to require in the near future.
4. The administering Power also states in its report that increasing attention is being given to measures to associate the Papua New Guinea government authorities with defence matters affecting the Territory. In June 1972, the Australian Minister for Defence foreshadowed in discussions with territorial ministers the appointment, should it be desired, of a defence spokesman in the Papua New Guinea House of Assembly.
5. The Minister said that development of the Papua New Guinea Defence Force and the defence relationships between Australia and Papua New Guinea after independence would be a matter for elaboration and agreement between the two countries at that time. According to the Minister, it was expected that Australia's contribution to the training, organization and support of local forces, the supply of equipment and the development of infrastructure might well be required to continue, possibly at significant levels. Australia would be prepared to help in this way, if so desired by the Government of Papua New Guinea.

a/ For the most recent, see Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), chap. VI, annex, appendix VI.

6. During talks in August 1972 between the Government of Papua New Guinea and Mr. Andrew Peacock, the Minister of State for External Territories, it was agreed that the position of ministerial spokesman for defence in the House of Assembly should be created. The post was established the following month and initially Mr. Michael Somare, the Chief Minister, assumed responsibility for it. Subsequently, a Defence Branch was created in the Department of the Chief Minister and Development Administration to support the defence spokesman.
7. At a ceremony held in Port Moresby on 26 January 1973, the armed forces in the Territory were redesignated as the Papua New Guinea Defence Force.
8. Mr. David Hay, the Special Representative of the Administering Authority, informed the Trusteeship Council at its fortieth session (T/PV.1407, p. 61) that the future role of the armed forces in Papua New Guinea would not be decided until the Papua New Guinea Government itself had formulated its views. The Chief Minister had reported on the initial discussions in his own Cabinet on this matter; discussions between his own officials and those of the Australian Government were about to take place.
9. Subsequently, the Special Representative informed the Trusteeship Council of a statement made by Mr. L. Barnard, the new Australian Minister for Defence in the Australian Parliament on 30 May 1973 (T/PV.1411, pp. 16-17). In his statement, the Defence Minister stated that, on 17 May 1973, following consultations between officials from both countries, the territorial Cabinet had agreed on policy guidelines on which planning was to proceed for Papua New Guinea's defence arrangements after the achievement of independence. Based on these guidelines, further discussions had taken place between officials of both Governments.
10. Army units are under the command of the Headquarters Army Component Papua New Guinea which is part of the Papua New Guinea Defence Force. At 30 June 1972, the regular units, together with support troops, numbered 3,426 men, of whom 2,819 were Papua New Guineans, including 38 officers and 1,020 indigenous non-commissioned officers. The majority of officers in the command are Australian, but are being steadily replaced by Papua New Guineans.
11. According to the latest annual report of the administering Power, the Naval Component, comprising five patrol craft, has continued its primary task of assisting the civil administration in maritime surveillance throughout the island area. The present indigenous membership of the Component is 228, including recruits and officer cadets at the Marine Cadet School on Lae. Of this number, 25 are officers or petty officers.
12. The Royal Australian Air Force is represented within the Air Component by its Commander, an Air Operations Officer, a Joint Planning Officer and a detachment of 27 personnel equipped with three Caribou aircraft.

Guam

13. 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 Department of the Navy 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.

14. As indicated in earlier reports of the Special Committee to the General Assembly b/ the Territory continues to be an important United States naval and air force base in the Western Pacific. Before the United States military withdrawal from the Republic of Viet-Nam, it was reported that the United States Air Force had sent nearly 10,000 men to Andersen Air Force Base to fly and service as many as 200 B-52 aircraft, thereby, increasing the base population to about 14,000, not including dependants. The air force base is part of the United States Eighth Air Force.

15. The United States naval installations on Guam include a major weather station, a supply depot, a ship repair facility and a large communications centre, all of which support the United States Seventh Fleet. There is also a naval air station and a nuclear submarine base. It is reported that the naval strength on the island is about 6,300 men. Both the United States Marine Corps and the Coast Guard also maintain establishments on the island.

16. Recently, naval personnel began to transport bombs for B-52 aircraft 23 miles across the island from the docks to the air base. As a result, Senator Paul Bordallo introduced a resolution in the Guam Legislature requesting Governor Carlos G. Camacho to take steps to curb what was described as an unsafe operation. In the resolution it was recommended that trucks and tanks carrying inflammable material travel in convoy during hours when the road was not otherwise heavily travelled. The resolution was reportedly adopted by the Eleventh Guam Legislature.

17. At the beginning of 1973, it was reported that military installations on the island envisaged the transfer of 4,000 to 5,000 men from Guam in connexion with the cease-fire in the Republic of Viet-Nam.

Sella Bay project

18. The controversy concerning Sella Bay, referred to in last year's working paper on this item, has not yet been resolved. c/

b/ Ibid.

c/ Ibid., para. 14. For more recent developments, including a description of land claims against the United States Navy, see A/9023/Add.5, chap. XVIII, annex, paras. 100-110.

Military expenditures

19. Andersen Air Force Base reportedly purchased supplies and services totalling \$727,560 in December 1972. d/ In addition, Governor Camacho accepted a federal defence preparedness grant of \$10,000 for a training and educational programme to meet emergencies. The University of Guam was expected to introduce courses in civil defence management, plans and operations, as well as emergency training exercises. Part of the grant would also be used to prepare for such emergencies as floods, fire, tidal waves, nuclear attack, air and water pollution and civil disturbances.

Trust Territory of the Pacific Islands

20. Movements of population related to military activities in the Trust Territory are described in the most recent report of the Trusteeship Council to the Security Council. e/

21. According to the report of the Trusteeship Council f/ consultations on the future status of the Trust Territory were held between representatives of the Mariana Islands and the United States in December 1972, and subsequently in May and June 1973.

22. The representative of the Administering Authority informed the Trusteeship Council at its fortieth session (T/PV.1412, pp. 16-17) that the two series of meetings with the Marianas Political Status Commission had led to swift agreement on the shape of a future political relationship that would bring the Mariana Islands far closer to the United States than was now envisaged by the Joint Committee on Future Status of the Congress of Micronesia. The second meeting had just ended. The proposed relationship would vest sovereignty over the Mariana Islanders in the United States Government and permit maximum control by the Mariana Islands over local affairs, including the drafting and approval of a constitution. There was also a tentative understanding that the United States would have responsibility for defence and foreign affairs.

23. Representatives of the Mariana Islands reportedly acknowledged the United States need for land for defence purposes. They also agreed to negotiate those requirements in good faith. These and other questions, including citizenship and land, would be the subject of continuing negotiations. Ultimate implementation of

d/ The local currency is the United States dollar.

e/ Official Records of the Security Council, Twenty-eighth Year, Special Supplement No. 1 (S/10976). (See also A/9023/Add.5, chap. XX, annex.)

f/ Ibid., para. 243.

any agreements reached in the negotiations would depend upon their approval by the Mariana Islands District Legislature, the Congress of the United States and, most importantly, the people of the Marianas, in an act of self-determination.

24. The final joint communiqué emanating from the most recent consultations stated the following concerning the future uses of land in the Mariana Islands:

"1. The two delegations devoted several meetings to discussions of the question of land and concluded that a firm basis for further progress in this important substantive area had been established. Both sides agreed that it has been possible to develop meaningful understanding as to the significant principles involved although a number of important questions still remain to be resolved in future discussions.

"2. With regard to public land, the United States reiterated its prior commitment to return to the people of the Marianas the land now held in public trust just as soon as questions of a legal, technical, administrative and timing nature can be resolved. These are now being examined as part of public land in all the districts of Micronesia. If that study is delayed, priority attention will be given to the Marianas.

"3. The United States agreed to work with the Marianas Political Status Commission to establish an effective means for preventing land in the Marianas from being alienated to persons not of Marianas ancestry.

"4. With regard to United States military land requirements, the Marianas Political Status Commission again acknowledged the oft-stated United States need for land in the Marianas for defense purposes and agreed to negotiate with the United States in good faith on meeting that need. The United States agreed to approach the matter in the same spirit. The Marianas Political Status Commission agreed in principle to make land available to the United States, with the question of the extent of such land and the terms under which it is to be made available still to be negotiated.

"5. The Marianas Political Status Commission agreed in principle that a small, uninhabited and inaccessible island could be made available as a United States target area, as Farallon de Mendinilla is now being used. The United States would continue its joint use of Isley Field on Saipan. Other needs are still under discussion.

"6. It was the understanding of both delegations that the Marianas Political Status Commission would be prepared to negotiate with respect to that portion of Tinian required by the United States for military purposes. In this connexion, means would have to be found to assure that social and economic conditions evolve in a manner compatible with the mutual interests of both the civilian and military communities.

"7. During the forthcoming recess in formal talks between the two delegations, further discussions will be held at a technical level to clarify and refine the United States proposals in detail. In this connexion, the United States has agreed to further examine its proposals for military land requirements in the light of the comments of the Marianas Political Status Commission. Similarly the Marianas Political Status Commission has agreed to give further consideration to the United States military land proposals.

"8. The United States will send a small group of engineers to the Marianas to make necessary preliminary on-the-spot surveys. These actions are necessary in order to facilitate the planning process. In this regard, the United States offered assurances that it has no intention of taking further action to implement its military land proposals so long as this matter is still under negotiation with the Marianas Political Status Commission.

"9. The parties agreed to establish a consultative group to discuss the detailed plans for military and related land use in the Marianas as they are developed and to consult with the people directly affected by those plans. The people of Tinian will be represented in such a group."

25. Subsequently, it was reported that Mr. Franklin H. Williams of the United States delegation had stated at a press conference that the United States wished to acquire land for military use, and that this was an important part of all future negotiations. Plans called for acquisition of the entire island of Tinian, two thirds for military use and one third for civilian use. Other military plans included the acquisition of approximately 31,000 acres of Babelthuap (Palau District) in addition to Farallon de Mendinilla and the retention of the Charley Dock area of Saipan.

26. Statements on this question were also made at the fortieth session of the Trusteeship Council by Misses Susan Costello and Bertha Faust and by Messrs. Joaquin I. Pangelinan and Benjamin T. Manglona in amplification of written petitions. g/

g/ See T/PV.1415 passim; T/PET.10/76 and Add.1, T/PET.10/77 and T/PET.10/79 and Add.1; T/PET.10/75 and T/PET.10/78 also dealt with this subject.

CHAPTER VI

(A/9023 (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 902nd meeting, on 23 February 1973, the Special Committee, by approving the sixty-eighth report of the Working Group (A/AC.109/L.841), decided, inter alia, to establish a working group to follow the implementation by the specialized agencies and the international institutions associated with the United Nations of the Declaration on the Granting of Independence to Colonial Countries and Peoples contained in resolution 1514 (XV) of 14 December 1960 and other relevant resolutions of the United Nations. The Special Committee further decided to take up the item separately and to refer it to the above-mentioned Working Group on the item for consideration and report.

2. The Special Committee considered the item at its 912th and 923rd meetings, on 14 May and 27 June, and its 937th, 939th, 941st, 942nd, 945th and 946th meetings, between 18 and 28 August.

3. In its consideration of the item, the Special Committee took into account the provisions of General Assembly resolution 2980 (XXVII) of 14 December 1972, concerning the implementation of the Declaration by the specialized agencies and the international institutions associated with the United Nations. Paragraphs 7, 10 and 12 of the resolution read as follows:

"The General Assembly,

...

"7. Requests the specialized agencies and other organizations within the United Nations system, in consultation with the Organization of African Unity, to ensure the representation of the colonial Territories in Africa by the national liberation movements concerned, in an appropriate capacity, when dealing with matters pertaining to those Territories;

...

"10. 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;

...

"12. Requests the Special Committee to continue to examine the question and to report to the General Assembly at its twenty-eighth session."

4. The Special Committee was also guided by the relevant provisions of other General Assembly resolutions, particularly paragraph 4 of resolution 2918 (XXVII) of 14 November 1972, concerning the question of Territories under Portuguese administration; paragraph 7 of resolution 2945 (XXVII) of 7 December 1972, concerning the question of Southern Rhodesia; and paragraph 10 (b) of resolution 3031 (XXVII) of 18 December 1972 concerning the question of Namibia, by which the Assembly requested 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 concerned all the moral and material assistance necessary to continue their struggle for the restoration of their inalienable right to self-determination and independence.

5. The Special Committee also took into account the provisions of resolution 1804 (LV) of the Economic and Social Council, adopted at its 1876th plenary meeting, on 7 August 1973, paragraph 5 of which reads as follows:

"The Economic and Social Council,

...

"5. Draws the attention 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 present resolution and to the discussions that have taken place at the fifty-fifth session of the Council on the subject;" 1/

In addition, the Committee took into account the results of the consideration of the item by the Administrative Committee on Co-ordination (ACC). 2/

6. Further, the Special Committee took into consideration (a) the views expressed by the representatives of OAU and by the representatives of the national liberation movements of the colonial Territories concerned who participated in its work during the year; (b) the related provisions of the programme of action adopted by the International Conference of Experts for the Support of Victims of Colonialism and Apartheid in Southern Africa, held at Oslo in April (A/9061); and (c) the relevant statements made during the special meeting held by the Committee on 23 May 1973 (A/AC.109/PV.914) in observance of the Week of Solidarity with the Colonial Peoples of Southern Africa and Guinea (Bissau) and Cape Verde Fighting for Freedom, Independence and Equal Rights.

7. During its consideration of the item, the Special Committee had before it a report submitted by the Secretary-General in response to the request addressed to him by the General Assembly in paragraph 11 (a) of resolution 2980 (XXVII) (A/9051 and addenda).

1/ E/AC.24/SR.506-510 and E/SR.1876.

2/ E/5289 (Part I), paras. 12, 53-59 and 137.

8. At the 912th meeting, on 14 May, the Chairman of the Working Group on the Implementation by the Specialized Agencies and the International Institutions Associated with the United Nations of the Declaration on the Granting of Independence to Colonial Countries and Peoples and other Relevant Resolutions of the United Nations, in a statement to the Special Committee (A/AC.109/PV.912), introduced the first report of the Working Group (A/AC.109/L.866). The report contained, inter alia, a recommendation of the Working Group that the Special Committee should consider dispatching a special mission, consisting of not more than four members, for the purpose of holding consultations with the executive heads of the following agencies and organizations: International Labour Organisation (ILO), Geneva; Food and Agriculture Organization of the United Nations (FAO), Rome; United Nations Educational, Scientific and Cultural Organization (UNESCO), Paris; World Health Organization (WHO), Geneva; United Nations Development Programme (UNDP), New York; United Nations Children's Fund (UNICEF), New York; and World Food Programme (WFP), Rome.

9. At the same meeting, following statements by the representatives of Australia, Indonesia, the Ivory Coast and the United Republic of Tanzania, as well as by the representatives of the ILO, FAO and UNESCO (A/AC.109/PV.912), the Special Committee adopted the above-mentioned report without objection. At the same meeting, the Committee, on the proposal of the Chairman, decided that the special mission referred to in paragraph 8 above should consist of Bulgaria, Iraq (Chairman), Sweden and Tunisia. Statements in that regard were made by the Chairman and by the representative of India (A/AC.109/PV.912).

10. At the 923rd meeting, on 27 June, Mr. Riyadh Al-Qaysi (Iraq), in his capacity as Chairman of the Working Group and Chairman of the Special Mission established by the Special Committee at its 912th meeting (see paragraph 9 above), in a statement to the Committee (A/AC.109/PV.923 and Corr.1 and 2), gave an outline of the activities of the two bodies. The reports of the Working Group and of the Special Mission were circulated on 9 August (see annex I to the present chapter).

11. At the 937th meeting, on 15 August, the Vice-Chairman of the Special Committee, in a statement to the Special Committee (A/AC.109/PV.937 and Corr.1), submitted the report on the consultations he had held on 25 July with the Chairman of the Co-ordination Committee of the Economic and Social Council (see annex II to the present chapter), and gave an account of the consideration of the related item by the Economic and Social Council during its fifty-fifth session.

12. At the same meeting, the representative of the ILO made a statement (A/AC.109/PV.937 and Corr.1).

13. Statements relating to the item were made as follows: at the 939th meeting, on 17 August, by the representative of WHO and by the representatives of Iraq and Tunisia (A/AC.109/PV.939 and Corr.1); at the 941st meeting, on 21 August, by the representative of Bulgaria (A/AC.109/PV.941); and at the 942nd meeting, on 22 August, by the representative of FAO and by the representatives of Sweden, the Ivory Coast and Czechoslovakia (A/AC.109/PV.942 and Corr.1).

14. On 23 August, a draft resolution on the item, sponsored by Bulgaria, Chile, Czechoslovakia, Ethiopia, India, Indonesia, Iran, Iraq, Mali, Sierra Leone, the Syrian Arab Republic, Tunisia, the United Republic of Tanzania and Yugoslavia, was circulated (A/AC.109/L.913). The text of the resolution is reproduced below:

The Special Committee,

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 all other relevant resolutions of the General Assembly and the Security Council,

Having examined the report of the Working Group on the Implementation by the Specialized Agencies and the International Institutions Associated with the United Nations of the Declaration on the Granting of Independence to Colonial Countries and Peoples and other Relevant Resolutions of the United Nations, established by it at its 902nd meeting, on 23 February 1973, as well as the report of the Special Mission, established by it at its 912th meeting, on 14 May 1973, 3/

Taking into account the report of the Secretary-General on the item, 4/ and the report of its Vice-Chairman 5/ on his consultations with the Chairman of the Co-ordination Committee of the Economic and Social Council, as well as the relevant section of the report of the Administrative Committee on Co-ordination, 6/

Having heard the statements of the representatives of the national liberation movements of the colonial Territories in Africa, who had, in conformity with the relevant decision of the General Assembly, participated as observers in its work relating to their respective countries, and having been fully apprised of the latest developments in these Territories and in particular of the urgent and pressing need of the peoples concerned for specific assistance from the specialized agencies and other institutions associated with the United Nations in the administration of their countries and the reconstruction programmes being undertaken by their national liberation movements,

3/ See annex I to the present chapter.

4/ A/9051 and addenda.

5/ See annex II to the present chapter.

6/ E/5289 (part I), paras. 12, 53-59 and 137.

Reiterating its conviction that, having regard to their avowed responsibility to combat poverty, deprivation and other basic human sufferings, it is incumbent upon the specialized agencies and other organizations within the United Nations system to provide competent assistance to meet the urgent needs of the peoples in all colonial Territories, particularly those of the populations in the liberated areas of the Territories and their national liberation movements, and convinced that, within the existing framework of their respective activities and spheres of competence, these organizations are indeed in a position to provide such assistance,

Recognizing the urgency for all specialized agencies and other institutions within the system of the United Nations to take further and more effective measures, within their respective spheres of competence, to ensure the full and speedy implementation of the Declaration and other relevant resolutions of the General Assembly, the Security Council and the Special Committee, and stressing the importance of the role to be played in that regard by their respective Executive Heads and the secretariats concerned,

Expressing its appreciation to the General Secretariat of the Organization of African Unity for the continued co-operation and assistance extended by it to the United Nations system of organizations in connexion with the implementation of the relevant decisions of the General Assembly and the Special Committee, and in particular, for its active participation in the work of the Special Mission established by the Committee at its 912th meeting,

Noting once again with deep 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 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 taken or are taking steps to formulate, in consultation with the Organization of African Unity, concrete programmes of assistance, within their spheres of competence, to the peoples of the colonial Territories in Africa striving to liberate themselves from colonial domination,

1. Expresses its appreciation of the work accomplished by the Working Group on the Implementation by the Specialized Agencies and the International Institutions Associated with the United Nations of the Declaration on the Granting of Independence to Colonial Countries and Peoples and other Relevant Resolutions of the United Nations and the Special Mission established by the Special Committee at its 912th meeting, and approves their respective reports; 7/

7/ See annex I to the present chapter.

2. 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 the necessary moral and material assistance to the peoples of the colonial Territories, including especially the populations in the liberated areas of those Territories and their national liberation movements;

3. Expresses once again 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 and other relevant resolutions of the General Assembly;

4. Urges all specialized agencies and institutions associated with the United Nations and all States to render, as a matter of urgency, all possible moral and material assistance to the colonial peoples in Africa struggling for their liberation from colonial rule, and in particular, recommends the following:

(a) The specialized agencies and other organizations concerned should initiate and broaden contacts and co-operation with the above-mentioned peoples in consultation with the Organization of African Unity and, in particular, work out and 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 Angola, Guinea (Bissau) and Cape Verde, Mozambique, Southern Rhodesia and Namibia, including, in particular, the peoples in the liberated areas of those Territories and their national liberation movements;

(b) The Organization of African Unity should be invited to take appropriate measures to maintain continued contacts with Governments with a view to facilitating the sponsoring and the preparation of the necessary assistance projects in this regard;

(c) The International Bank for Reconstruction and Development should be requested to consider, in consultation with the Organization of African Unity, all forms of support which the Bank might be able to extend to the Governments concerned for the purpose of assisting these peoples;

(d) The Governing Council of the United Nations Development Programme should be requested to consider at its seventeenth session, inter alia, waiving the counterpart obligations normally required of the sponsoring Governments in respect of projects to the peoples concerned;

5. 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 those refugees, and, in that connexion, to introduce the greatest possible measure of flexibility in their relevant procedures; and, with a view to increasing the flow of assistance to refugees, invite the Governments of the countries of residence to pay special attention, as far as possible, to projects carried out in co-operation with the organizations of the United Nations system which are beneficial to the peoples concerned, as well as to grant refugees from the colonial Territories the legal status provided for under the relevant international instruments;

6. Urges once again the specialized agencies and other organizations within the United Nations system, in accordance with the relevant resolutions of the General Assembly and the Security Council, to take all necessary measures to withhold any financial, economic, technical or other assistance from the Governments of Portugal and South Africa and the illegal régime in Southern Rhodesia, and to discontinue all collaboration with them until they renounce their policies of racial discrimination and colonial oppression;

7. Requests the specialized agencies and other organizations within the United Nations system, in consultation with the Organization of African Unity and the Special Committee, to take all necessary measures to ensure that the peoples of the colonial Territories in Africa are represented by their national liberation movements, in an appropriate capacity, when dealing with matters pertaining to those Territories;

8. Recommends that all Governments should intensify their efforts in the specialized agencies and other organizations within the United Nations system of which they are members to ensure the full and effective implementation of the Declaration and other relevant resolutions of the United Nations, and in that connexion should accord priority to the question of providing assistance, on an emergency basis, to peoples in the colonial Territories and to their national liberation movements;

9. Recommends that, with a view to facilitating the implementation of paragraph 8 above, the General Assembly should urge the Executive Heads of the specialized agencies and other organizations within the United Nations system 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 the full implementation of the relevant United Nations decisions, in particular specific programmes of all possible assistance to the peoples in colonial Territories and their national liberation movements, together with a comprehensive analysis of the problems, if any, confronted by the 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 previous report in implementation of the relevant resolutions of the United Nations, 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-ninth session;

11. Draws the attention of the Economic and Social Council to the present resolution, as well as to the related discussions in the Special Committee and the relevant documentation on the item, particularly the reports of the Working Group on the Implementation by the Specialized Agencies and the International Institutions Associated with the United Nations of the Declaration on the Granting of Independence to Colonial Countries and Peoples and other Relevant Resolutions of the United Nations and the Special Mission of the Special Committee established at its 912th meeting; 8/

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;

13. Decides to maintain the Working Group for further consultations and contacts, as appropriate, with the organizations within the United Nations system;

14. Decides, subject to any directives the General Assembly might wish to give at its twenty-eighth session, to continue to examine the question and to report to the General Assembly at its twenty-ninth session.

15. At the 945th meeting, on 27 August, the representatives of Bulgaria and United Republic of Tanzania introduced a revised draft resolution (A/AC.109/L.913/Rev.1), on behalf of the sponsors, which now included the Congo.

16. At its 946th meeting, on 28 August, following a statement by the representative of Sweden (A/AC.109/PV.946), the Special Committee adopted the revised draft resolution without objection (see paragraph 18 below). At the same meeting, statements were made by the representatives of Venezuela, Bulgaria and Fiji, as well as by the Chairman (A/AC.109/PV.946).

8/ See annex I to the present chapter.

17. On 6 September, the text of the resolution was transmitted to all States, to OAU and to the specialized agencies and other organizations within the United Nations system.

B. DECISION OF THE SPECIAL COMMITTEE

18. The text of the resolution (A/AC.109/437) adopted by the Special Committee at its 946th meeting, on 28 August, to which reference is made in paragraph 16 above, is reproduced below:

The Special Committee,

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 all other relevant resolutions of the General Assembly and the Security Council,

Having examined the report of the Working Group on the Implementation by the Specialized Agencies and the International Institutions Associated with the United Nations of the Declaration on the Granting of Independence to Colonial Countries and Peoples and other Relevant Resolutions of the United Nations, established by it at its 902nd meeting, on 23 February 1973, as well as the report of the Special Mission established by it at its 912th meeting, on 14 May 1973, 9/

Taking into account the report of the Secretary-General on the item, 10/ and the report of its Vice-Chairman 11/ on his consultations with the Chairman of the Co-ordination Committee of the Economic and Social Council, as well as the relevant section of the report of the Administrative Committee on Co-ordination, 12/

Having heard the statements of the representatives of the national liberation movements of the colonial Territories in Africa, who had, in conformity with the relevant decision of the General Assembly, participated as observers in its work relating to their respective countries, and having

9/ See annex I to the present chapter.

10/ A/9051 and addenda.

11/ See annex II to the present chapter.

12/ E/5289 (part I), paras. 12, 53-59 and 137.

been fully apprised of the latest developments in these Territories and in particular of the urgent and pressing need of the peoples concerned for specific assistance from the specialized agencies and other institutions associated with the United Nations in the administration of their countries and the reconstruction programmes being undertaken by their national liberation movements,

Reiterating its conviction that, having regard to their avowed responsibility to combat poverty, deprivation and other basic human sufferings, it is incumbent upon the specialized agencies and other organizations within the United Nations system to provide competent assistance to meet the urgent needs of the peoples in all colonial Territories, particularly of the populations in the liberated areas of these Territories and their national liberation movements, and convinced that, within the existing framework of their respective activities and spheres of competence, these organizations are indeed in a position to provide such assistance,

Recognizing the urgency for all specialized agencies and other institutions within the United Nations system to take further and more effective measures, within their respective spheres of competence, to ensure the full and speedy implementation of the Declaration and other relevant resolutions of the General Assembly, the Security Council and the Special Committee, and stressing the importance of the role to be played in that regard by their respective executive heads and the secretariats concerned,

Expressing its appreciation to the General Secretariat of the Organization of African Unity for the continued co-operation and assistance extended by it to the United Nations system of organizations in connexion with the implementation of the relevant decisions of the General Assembly and the Special Committee, and in particular, for its active participation in the work of the Special Mission established by the Committee at its 912th meeting,

Noting once again with deep 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 discontinuing all kinds of support to 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 taken or are taking steps to formulate, in consultation with the Organization of African Unity, concrete programmes of assistance, within their spheres of competence, to the peoples of the colonial Territories in Africa striving to liberate themselves from colonial domination,

1. Expresses its appreciation of the work accomplished by the Working Group on the Implementation of the Specialized Agencies and the International

Institutions Associated with the United Nations of the Declaration on the Granting of Independence to Colonial Countries and Peoples and other Relevant Resolutions of the United Nations and the Special Mission established by the Special Committee at its 912th meeting, and approves their respective reports; 13/

2. 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 the necessary moral and material assistance to the peoples of the colonial Territories, including especially the populations in the liberated areas of those Territories and their national liberation movements;

3. Expresses once again 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 and other relevant resolutions of the General Assembly;

4. Urges all specialized agencies and institutions associated with the United Nations and all States to render, as a matter of urgency, all possible moral and material assistance to the colonial peoples in Africa struggling for their liberation from colonial rule, and in particular, recommends the following:

(a) The specialized agencies and other organizations concerned should initiate and broaden contacts and co-operation with the above-mentioned peoples in consultation with the Organization of African Unity and, in particular, work out and 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 Angola, Guinea (Bissau) and Cape Verde, Mozambique, Southern Rhodesia and Namibia, including, in particular, the peoples in the liberated areas of those Territories and their national liberation movements;

(b) The Organization of African Unity should be invited to take appropriate measures to maintain continued contacts with Governments with a view to facilitating the sponsoring and the preparation of the necessary assistance projects in this regard;

(c) The International Bank for Reconstruction and Development should be requested to consider, in consultation with the Organization of African Unity, all forms of support which the Bank might be able to extend to the Governments concerned for the purpose of assisting these peoples;

13/ See annex I to the present chapter.

(d) The Governing Council of the United Nations Development Programme should be requested to consider at its seventeenth session, inter alia, waiving the counterpart obligations normally required of the sponsoring Governments in respect of projects beneficial to the peoples concerned;

5. 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 those refugees, and, in that connexion, to introduce the greatest possible measure of flexibility in their relevant procedures, and, with a view to increasing the flow of assistance to refugees, invites the Governments of the countries of residence to pay special attention, as far as possible, to projects carried out in co-operation with the organizations of the United Nations system which are beneficial to the peoples concerned, as well as to grant refugees from the colonial Territories the legal status provided for under the relevant international instruments;

6. Urges once again the specialized agencies and other organizations within the United Nations system, in accordance with the relevant resolutions of the General Assembly and the Security Council, to take all necessary measures to withhold any financial, economic, technical or other assistance from the Governments of Portugal and South Africa and the illegal régime in Southern Rhodesia, to discontinue all kinds of support to them until they renounce their policies of racial discrimination and colonial oppression, and to refrain from taking any action which might imply recognition of the legitimacy of these régimes' colonial and alien domination of the Territories concerned;

7. Requests the specialized agencies and other organizations within the United Nations system, in consultation with the Organization of African Unity and the Special Committee, to take all necessary measures to ensure that the peoples of the colonial Territories in Africa are represented by their national liberation movements, in an appropriate capacity, when dealing with matters pertaining to those Territories;

8. Recommends that all Governments should intensify their efforts in the specialized agencies and other organizations within the United Nations system of which they are members to ensure the full and effective implementation of the Declaration and other relevant resolutions of the United Nations, and in that connexion should accord priority to the question of providing assistance, on an emergency basis, to peoples in the colonial Territories and to their national liberation movements;

9. Recommends that, with a view to facilitating the implementation of paragraph 8 above, the General Assembly should urge the executive heads of the

specialized agencies and other organizations within the United Nations system 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 the full implementation of the relevant United Nations decisions, in particular specific programmes of all possible assistance to the peoples in colonial Territories and their national liberation movements, together with a comprehensive analysis of the problems, if any, confronted by these 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 previous report in implementation of the relevant resolutions of the United Nations, 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-ninth session;

11. Draws the attention of the Economic and Social Council to the present resolution, as well as to the related discussions in the Special Committee and the relevant documentation on the item, particularly the reports of the Working Group on the Implementation by the Specialized Agencies and the International Institutions Associated with the United Nations of the Declaration on the Granting of Independence to Colonial Countries and Peoples and other Relevant Resolutions of the United Nations and the Special Mission of the Special Committee established at its 912th meeting; 14/

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;

13. Decides to maintain the Working Group for further consultations and contacts, as appropriate, with the organizations within the United Nations system;

14. Decides, subject to any directives the General Assembly might wish to give at its twenty-eighth session, to continue to examine the question and to report to the General Assembly at its twenty-ninth session.

14/ Ibid.

ANNEX I*

REPORT OF THE WORKING GROUP ON THE IMPLEMENTATION BY THE
SPECIALIZED AGENCIES AND THE INTERNATIONAL INSTITUTIONS
ASSOCIATED WITH THE UNITED NATIONS OF THE DECLARATION ON
THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND
PEOPLES AND OTHER RELEVANT RESOLUTIONS OF THE UNITED
NATIONS

Chairman: Mr. Riyadh AL-QAYSI (Iraq)

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APPENDIX

PRELIMINARY QUESTIONNAIRE PREPARED BY THE CHAIRMAN OF THE SPECIAL MISSION

* Previously issued under the symbol A/AC.109/L.897.

INTRODUCTION

1. At its 912th meeting, on 14 May 1973, the Special Committee adopted the first report of the Working Group (A/AC.109/L.866), which contained, inter alia, an account of the Working Group's consideration of matters relating to the organization of its work.

2. As reflected in the above-mentioned report, the Working Group held an extensive exchange of views with representatives of a number of specialized agencies and organizations within the United Nations system whose activities are directly related to the immediate needs of the colonial peoples concerned. During the exchange of views, the Working Group was particularly guided by the principal aims of the General Assembly in this regard as embodied in its relevant decisions, namely:

(a) Provision of assistance to refugees from the colonial Territories, including assistance to the Governments concerned in the preparation and execution of projects beneficial to those refugees, and introduction of the greatest possible measures of flexibility in the relevant procedures;

(b) Provision of assistance, with the active co-operation of the Organization of African Unity (OAU) and, through it, of the national liberation movements, to the peoples of Southern Rhodesia, Namibia and Territories under Portuguese administration, including in particular the populations in the liberated areas of those Territories;

(c) Discontinuance of all collaboration with, and the withholding of financial, economic, technical and other assistance from, the illegal régime in Southern Rhodesia and the Governments of Portugal and South Africa;

(d) Arrangements in consultation with OAU, to ensure the representation of the colonial Territories in Africa by the national liberation movements concerned, in an appropriate capacity, when matters pertaining to those Territories are dealt with.

3. The Working Group wishes to recall in this connexion that, on its recommendation, the Special Committee, at the latter's 912th meeting, established a Special Mission, consisting of Bulgaria, Iraq, Sweden and Tunisia, for the purpose of holding consultations with the executive heads of several organizations. Inasmuch as the consultations undertaken by the Special Mission in pursuance of that decision consisted in large measure of an extension of the above-mentioned exchange of views held by the Working Group, and as the members of the Special Mission are also members of the Working Group, the Special Mission, after consultations with the other two members of the Working Group, a/ and with the concurrence of the Chairman of the Special Committee, decided to submit its report to the Special Committee through the Working Group as an integral part of the latter's report to the Special Committee.

4. Accordingly, the observations of the Working Group on the consultations held at Headquarters are set out in section A and the report of the Special Mission, in section B below.

a/ India and the United Republic of Tanzania.

A. OBSERVATIONS OF THE WORKING GROUP ON PRELIMINARY CONSULTATIONS

5. During the consultations undertaken by the Working Group, representatives of the organizations concerned gave a brief account of the activities of their respective organizations in the field of decolonization. Although the information thus received is to a large extent reflected in the comprehensive report of the Secretary-General on the subject (A/8314 and Add.1-6) and in his subsequent supplementary reports (A/8647 and Add.1-2 and A/9051 and Add.1-3), these consultations revealed that some of the agencies had taken further measures to comply with the relevant resolutions of the United Nations.

6. Thus, the Working Group was informed that a team of experts from the World Health Organization (WHO) had recently visited Addis Ababa, Dar es Salaam and Lusaka to prepare programmes of assistance to the peoples concerned, in consultation with OAU, the Governments concerned and the national liberation movements. Likewise, the Food and Agriculture Organization of the United Nations (FAO), at the request of the Government of the United Republic of Tanzania, assisted in the preparation of an agricultural training programme to be established at an estimated cost of \$351,300 within the framework of the Mozambique Institute. The Institute is operated by the Frente de Libertação de Moçambique (FRELIMO) (see also A/9051, p. 7, paras. 10-11). As for the United Nations Educational, Scientific and Cultural Organization (UNESCO), in addition to its programmes of assistance initiated within the framework of the United Nations Development Programme (UNDP), it has continued its co-operation with individual Governments for the extension of assistance to the national liberation movements. The latter included a grant of \$700,000 from the Government of Sweden and a donation of 1 million exercise books and 50 fellowships for higher education offered by the Government of the Union of Soviet Socialist Republics (see also A/9051/Add.1).

7. Notwithstanding these developments, the Working Group notes with serious concern that the need for assistance to the national liberation movements, including the populations of liberated areas, remains extremely acute and grave and requires immediate and concerted action by the international community, preferably on a multidisciplinary basis. In this connexion, the representatives of the specialized agencies frequently referred in their consultations to a number of constraints, including lack of resources and the absence of necessary authorization from legislative organs concerned, which inhibited them from taking fuller and more effective action in accordance with the relevant United Nations resolutions. In the view of the Working Group, many of the considerations which had been put forward as constraints are far from being incapable of solution, given the necessary commitment on the part of the organizations concerned, as well as an understanding of the basic nature of the problems involved. Thus, the requirements for government sponsorship of projects do not necessarily prevent the agencies from working closely with OAU, which could in turn stimulate the Governments concerned to sponsor and submit such projects. As regards the counterpart contributions required of sponsoring Governments, the Working Group is aware that the United Nations Children's Fund (UNICEF), UNDP and others have already waived such requirements in given circumstances and that such a waiver could also be extended in connexion with the formulation of programmes beneficial

to colonial peoples. It is the view of the Working Group that, by introducing these and other measures of flexibility in the relevant procedures of the organizations concerned, it would be possible to increase considerably the flow of assistance so necessary at this juncture to the peoples concerned.

8. As regards the representation of the national liberation movements in the relevant proceedings of the organizations concerned, the Working Group notes with satisfaction the action recently taken by UNESCO and the International Labour Organisation (ILO) in that regard. At its session held in May 1973, the Executive Board of UNESCO decided to invite, in consultation with OAU, the representatives of the African liberation movements recognized by OAU to participate as observers in such deliberations of the Executive Board as might be of concern to them. Further, the Executive Board requested the Director-General to make every effort to expand UNESCO's assistance, particularly in the fields of education and culture, to the liberation movements recognized by OAU in the struggle against colonialism. Similarly, the Governing Body of the ILO, at its extraordinary session held in June, decided to invite representatives of the liberation movements concerned to participate in sessions of the International Labour Conference and the African Regional Conference of that organization.

9. The Working Group welcomes the positive steps taken by UNESCO and the ILO and hopes that other organizations will follow these outstanding examples. In the same context, in the view of the Working Group the discontinuance of collaboration with and withdrawal of any assistance from the colonial and racist régimes in Africa is a logical sequel to recognition by the United Nations of: (a) the legitimacy of the struggle for liberation being waged by the colonial peoples; (b) the urgent need for rendering assistance to those peoples; (c) the role being played by the national liberation movements in their struggle and reconstruction programmes in the liberated areas and their right to participate in the relevant proceedings of the United Nations bodies concerned and the United Nations system of organizations. In no other instance was this fact more clearly demonstrated than in 1971, when Portugal decided to withdraw from UNESCO in protest against the first programme of assistance (in the amount of \$40,000 formulated by that agency to aid the national liberation movements. The Working Group also commends the efforts being made by other agencies to seek practical means of excluding these régimes from participating in their meetings, as was the case with the recent decision of the Assembly of the International Civil Aviation Organization (ICAO).

10. The Working Group is most encouraged by an account given by the Assistant Secretary-General for Inter-Agency Affairs of an informal meeting between members of the Preparatory Committee of the Administrative Committee on Co-ordination (ACC) and representatives of the OAU General Secretariat, held at Geneva in March this year. The Working Group is particularly impressed, on the one hand, by the increasing awareness on the part of the organizations concerned of the need to maintain a close working relationship with OAU, and on the other, by the preparedness on the part of the OAU General Secretariat to give further assistance to the organizations concerned in eliminating obstacles to the preparation of the projects. The Working Group attaches vital importance to the role of OAU, particularly in helping sponsoring Governments to formulate assistance projects and in strengthening arrangements for co-ordination in order to make the most

efficient use of available resources. The Working Group believes that contact between the organizations concerned and OAU should be maintained on a regular basis. In this connexion, the Working Group is most appreciative of the continued efforts being made by the Assistant Secretary-General for Inter-Agency Affairs and his Office to assist in the implementation by the agencies of the relevant United Nations decisions.

11. The Working Group also enjoyed the benefit of the information received by the representative of India during his unofficial consultations with participants in the International Conference of Experts for the Support of Victims of Colonialism and Apartheid in Southern Africa, held at Oslo in April this year (see A/AC.131/L.9). These consultations, which were held with, among others, representatives of a number of specialized agencies and non-governmental organizations as well as the national liberation movements, once again underscore the urgency of the need to intensify international assistance to the peoples of the colonial Territories in southern Africa.

12. The Working Group also held consultations with representatives of the Zimbabwe African People's Union (ZAPU) and the Zimbabwe African National Union (ZANU), who were attending the relevant meetings of the Special Committee as observers, and was able to gain a deeper insight into the activities of those movements and their urgent need for international assistance.

B. REPORT OF THE SPECIAL MISSION ESTABLISHED BY THE SPECIAL COMMITTEE
AT ITS 912th MEETING

Introduction

13. At its 912th meeting, on 14 May 1973, the Special Committee, on the recommendation of the Working Group on the implementation by the specialized agencies and the international institutions associated with the United Nations of the Declaration on the Granting of Independence to Colonial Countries and Peoples and other relevant resolutions of the United Nations (A/AC.109/L.866), decided to dispatch a special mission, consisting of not more than four members, for the purpose, inter alia, of holding consultations with the executive heads of the following organizations at their respective headquarters:

International Labour Organisation (ILO)

Food and Agriculture Organization of the United Nations (FAO)

United Nations Educational, Scientific and Cultural Organization (UNESCO)

World Health Organization (WHO)

United Nations Children's Fund (UNICEF)

World Food Programme (WFP)

14. At the same meeting, the Special Committee, on the proposal of the Chairman, decided that the Special Mission should consist of Bulgaria, Iraq, Sweden and Tunisia. The membership of the Special Mission was as follows:

Bulgaria: Mr. Ivan G. Garvalov

Iraq: Mr. Riyadh Al-Qaysi (Chairman)

Sweden: Mr. Folke Löfgren

Tunisia: Mr. Abdelkrim Moussa

15. Bearing in mind the importance which the General Assembly attaches to the role of OAU in the implementation of General Assembly resolution 2980 (XXVII) of 14 December 1972 and other related decisions, and in conformity with the Special Committee's own decision to associate OAU closely with all stages of its work, the Special Mission, in consultation with the Chairman of the Special Committee and through him, invited the Administrative Secretary-General of OAU to make arrangements, as appropriate, for the representation of the OAU General Secretariat in the consultations envisaged. In response to this invitation, the OAU General Secretariat was represented by Mr. Ahmed Sidky, Assistant Executive Secretary of the OAU Co-ordinating Committee for the Liberation of Africa, and Mr. Samuel Alemayehu, Chief of Decolonization and Sanctions of the Political Department of OAU.

16. The Special Mission visited the headquarters of the organizations indicated, as follows:

ILO, Geneva: 4 June
WHO, Geneva: 5 June
FAO/WFP, Rome: 7 June
UNESCO, Paris: 8 June
UNICEF, New York: 12 June

17. During the consultations, the Special Mission took into account a questionnaire prepared by its Chairman as a basis for discussions with the executive heads of the organizations (see appendix below). An account of these consultations is set out below.

1. Consultations with the International Labour Organisation

18. The Special Mission held consultations with senior officials of the ILO on 4 June. The Assistant Director-General of the ILO for Relations and Conference explained that the meeting was being held at the request of the Special Mission, to enable it to hold more detailed discussions than would be possible in the course of the conversations to be held the following day with the Director-General, whose time was unfortunately limited, owing to the fact that he was involved in preparations for the opening of the International Labour Conference on 6 June. The Assistant Director-General emphasized the fact that the ILO attached great importance to the work of the Special Committee and expressed his pleasure at having the opportunity to exchange views with the Special Mission on the matter at hand.

19. The Chairman of the Special Mission proposed an examination of the questionnaire (see appendix below), commencing with the first part, before taking up questions of specific interest to the ILO.

20. Officials of the International Labour Office outlined their organization's general policy on the matter. A fair amount of background information had already been relayed to the Special Committee in the form of the ILO contribution to the comprehensive report by the Secretary-General on the implementation of the Declaration by the specialized agencies and other international institutions associated with the United Nations (see A/9051/Add.1). The ILO had always been concerned with the protection and advancement of the inhabitants of what had then been colonial or mandated Territories as far back as the time of the League of Nations and had adopted conventions for the purpose. Similar co-operation continued with the Trusteeship Council of the United Nations.

21. The first major development following the adoption by the General Assembly of the Declaration contained in resolution 1514 (XV) of 14 December 1960 was the adoption by the International Labour Conference on 28 June 1962 of a resolution concerning the activities of the ILO to contribute to the eradication of the adverse consequences of colonialism in the fields of conditions of work and standards of living of workers.

22. In November 1968, the Governing Body adopted a unanimous decision which constituted a comprehensive statement of the policy of the ILO. That decision, which condemned the subjection of peoples to alien subjugation, domination and exploitation, and stated the position of the ILO towards South Africa, Southern Rhodesia and Portugal, also specified the conditions under which the ILO could give assistance to people from Territories under colonial domination.

23. Following the adoption of General Assembly resolution 2795 (XXVI) on 10 December 1971, the International Labour Conference adopted, in 1972, a resolution concerning the policy of colonial oppression, racial discrimination and violation of trade union rights pursued by Portugal in Africa (see A/9051/Add.1).

24. These decisions were not always taken without difficulty. Although unanimity was reached in 1968, that was not always the case. The division of opinion which had arisen within the United Nations itself in connexion with the adoption of the relevant resolutions was reflected in the ILO. It should also be borne in mind that the ILO, though an intergovernmental organization, had a tripartite structure in which the employers' and workers' groups enjoyed an independent status. Generally accepted decisions on matters involving some controversy were reached in the ILO through a process of give and take which often required lengthy discussions and negotiations.

25. The Special Mission wished to know if it would be possible for the related declarations, resolutions and decisions of the International Labour Conference and the Governing Body to be embodied in a single policy statement, or in a comprehensive declaration on the subject of decolonization. In reply, the representatives of the ILO stated that earlier decisions, taken together, which already covered the matter, could be incorporated in a single statement. It was within the prerogative of the Governing Body and the Conference however to take the initiative in issuing such a comprehensive statement, or to request the Office to prepare a draft for their consideration.

26. The Special Mission wished to have more precise information on the meaning of paragraphs 4 and 5 of a letter from the ILO dated 21 March 1973 (see A/9051/Add.1). There appeared to be a difference between assistance to groups of refugees and assistance to individual refugees. The Special Mission wished to know why there was no measure of flexibility in regard to assistance to groups of refugees. According to the ILO, a distinction had to be made between assistance to refugees as groups and assistance to refugees as individuals. In the case of the former, the ILO had little possibility of providing assistance and had never been requested to provide assistance to groups of refugees from colonial Territories. Legal protection for refugees was a matter for the United Nations High Commissioner for Refugees (UNHCR). The more immediate needs of groups of refugees were for food, clothing, shelter, drugs and medical assistance. This was within the province of UNHCR, FAO, WFP and WHO. The ILO could only assist in the subsequent phase of resettlement and integration of refugees in the country of asylum. This, in turn, required government agreement and financing by UNDP, because UNDP would make available the funds which could not come from other sources except on government

request; in any event, resettlement and integration of refugees could not be carried out without the consent of the country of asylum, whose sovereignty would otherwise be infringed. In consequence, the ILO could not take any initiative in the matter. On the other hand, where assistance to individuals was concerned, there was no such constraint because, under the 1968 decision of the Governing Body, the ILO could grant assistance to individuals sponsored by UNHCR or OAU.

27. A limited number of fellowships had been granted to individuals in this manner and all but one of the applications falling within the competence of the ILO had been granted. The primary reason for the limited assistance so provided was not lack of funds: it would, of course, be impossible in the present financial difficulties faced by the ILO to provide a very large number of fellowships but, so far, it had been possible, albeit not without difficulties, to meet most requests.

28. The dearth of applications seemed ascribable to the fact that most of the refugees concerned appeared to prefer academic studies leading to professional careers rather than vocational training, which the ILO was best equipped to provide. In addition to vocational training, however, the ILO could also provide training in management and labour administration, in the latter case through the Centre regional africain d'administration du travail (CRADAT) in Yaoundé. As a result of arrangements made for the further implementation of the 1968 decision of the Governing Body, and of the 1972 Conference resolution (see paragraphs 22-23 above), a larger number of fellowships could now be made available, as OAU had been officially notified, both for training at the International Centre for Advanced Technical and Vocational Training in Turin and at other training institutions: the use of these fellowships was under discussion with OAU.

29. The Special Mission also wished to know if scholarships granted by the ILO to refugees from colonial Territories had been foreseen in the organization's regular budget and if intervention by UNDP occurred at other operational levels. The Mission also wished to know whether scholarships had been requested and, if so, whether they had been granted to individuals. The representatives of the ILO replied that scholarships had been granted from the regular budget and that UNDP was also involved, but for other operations. The ILO had already granted several scholarships to individuals, of whom two were members of the Pan African Women's Movement and two were members of the South West Africa People's Organization (SWAPO). Several refugees had already received training at the ILO Centre at Turin. The Assistant Secretary of OAU had been invited during the course of the current month to discuss methods of improving assistance to peoples from colonial Territories and to make greater use of the fellowships available.

30. With respect to the ILO's principal financing resources, ILO officials indicated that three sources of financing should be considered: the regular budget of the organization, the technical assistance component of which had been severely curtailed since the financial crisis in 1970; UNDP funds; and voluntary contributions from individual Governments, such as the "multi-bi" arrangements of the Swedish International Development Agency (SIDA), the Danish International Development Agency (DANIDA) and the Norwegian Agency for International Development (NORAD), which operated on a programme cycle like that of UNDP. Non-governmental organizations, while ready to help, were generally even poorer than intergovernmental organizations and could hardly provide significant financing.

31. Concerning assistance to liberation movements, ILO officials pointed out the universal vocation of the ILO under its Constitution and the Declaration of Philadelphia to improve the lot of working peoples the world over. It was recalled that the ILO had given assistance to countries in the pre-independence era and that it continued to give assistance to non-members.

32. In the case of funds provided by UNDP, recipients were required to be members of either the United Nations or one of its specialized agencies. The question was not a constitutional one, but one that related to the availability of financial resources, interagency co-ordination and finally to the political decisions of the policy-making organs of the organization. It was pointed out that the greater part of the ILO operational activities were financed by UNDP, and that, in the prevailing financial situation, credit available under the regular budget for operational activities, including fellowships was very limited.

33. Supposing that a certain Government were to earmark funds for the ILO to execute projects in liberated areas for humanitarian purposes, what would be the ILO reaction? The ILO legal adviser responded by saying that, in his opinion, there was no constitutional obstacle: all that was required was a decision by the political organ of the organization, which he could in no way anticipate.

34. The Special Mission drew particular attention to what it regarded as a contradiction between the 1968 decision of the Governing Body and paragraph 14 of the ILO reply to the comprehensive report of the Secretary-General (A/9051/Add.1) in which it was stated that "no direct material assistance can be provided for the benefit of the peoples of the Territories under consideration, in so far as they are under the control of the administering Powers, except at the request of or with the co-operation of, these Powers, which the November 1968 decision of the Governing Body and the earlier decision concerning Southern Rhodesia preclude". The Mission wished to know how the decision of the Governing Body to authorize assistance to individuals, with the sole requirement of sponsorship by UNHCR and OAU, could be reconciled with an implied requirement for the agreement of the colonial Power? The Mission also wished to know why only Southern Rhodesia was singled out in paragraph 14 to the exclusion of other Territories in Africa. Could the ILO not take the initiative in granting assistance to populations from the liberated areas, and were there any constitutional difficulties in that respect?

35. In response, the ILO officials observed that no ILO assistance had so far been furnished to liberated areas as such; however, some assistance in the form of fellowships had been given to persons sponsored by liberation movements. Although there did not appear to be a constitutional obstacle to undertake assistance projects in the liberated areas, the Governing Body would have to deal with the question on the political plane.

36. In explanation of the sentence in issue, the representatives of the ILO said that a distinction should be made between those areas of the Territories under the domination of Portugal, South Africa and Southern Rhodesia which were under the effective control of those Powers, and the areas which they did not in fact control, namely the liberated areas. The sentence under discussion merely meant that the ILO

could not provide assistance to the peoples living in areas, under the effective control of the Powers concerned, except at the request, or at least with the agreement of the Powers concerned. The 1968 decision of the Governing Body precluded any relations with Southern Rhodesia, and assistance to South Africa or Portugal would require the authorization of the Governing Body which, in the light of the relevant General Assembly decisions, was unlikely to be granted. The Governing Body could undoubtedly sanction a request from the Powers concerned in favour of the inhabitants of the areas of the Territories concerned, along the lines of the General Assembly resolutions, but it was improbable that any such requests would be forthcoming. Consequently, the ILO could offer no assistance to the inhabitants of those areas under the effective control of South Africa, Southern Rhodesia and Portugal. On the other hand, assistance to the peoples of the liberated areas was in no way precluded by the decisions of the Governing Body or by the sentence under discussion.

37. The ILO officials further observed that no expression of interest had been shown in activities such as vocational training, which the ILO was best able to provide. As to modalities of co-operation between the ILO and the national liberation movements, there were no arrangements of a formal character. There had been informal contacts, however, with SWAPO and the Front for the Liberation of Zimbabwe (FROLIZI), for purposes of exchange of information and award of scholarships, although the status of FROLIZI was unclear, given the stand taken by the Fourth Committee of the General Assembly concerning ZAPU and ZANU.

38. Following this exchange of views, the Special Mission expressed the hope that the meaning of paragraph 14 would be elucidated in the next contribution by the ILO to the Secretary-General's report. Furthermore, the Mission drew attention to paragraph 9 of resolution 2980 (XXVII) in which the Assembly recommended that the specialized agencies request their executive heads to formulate aid proposals to the liberation movements for sanction by their deliberative organs. The Mission wondered whether some action along these lines would be undertaken by the ILO.

39. In reply, the representatives of the ILO said that it was not for them to anticipate the decisions of the Governing Body. They acknowledged that the assistance given to persons from the liberation movements had hitherto been meagre, but this had been for reasons beyond the control of ILO, in particular, the lack of enthusiasm for ILO assistance. Nevertheless an effort was being made to increase the volume of assistance by making available a number of fellowships in vocational training and management development at the International Centre in Turin and in labour administration at CRADAT in Yaoundé. Discussions were under way concerning practical arrangements between the ILO and OAU.

40. The Special Mission wished to know what had been done towards permitting the participation of representatives of national liberation movements in the work of the ILO. In reply, the Assistant Director-General for Relations and Conference stated that the Governing Body was now seized with the matter and that negotiations were under way with OAU and the Conference of African Labour Ministers. A decision was imminent.

41. The Special Mission inquired about the status of the related revisions to article 35 of the ILO Constitution. According to the ILO legal adviser, the Conference had adopted three instruments of amendment in 1964, the first of which was related to the substitution of article 35. It had received 53 ratifications. The second amendment had related to the suspension from participation in the International Labour Conference of any member of the ILO which had been found by the United Nations to be flagrantly and persistently pursuing by its legislation a declared policy of racial discrimination such as apartheid. This amendment had received 38 ratifications. The third amendment would permit the expulsion from membership of the ILO of any member which the United Nations had expelled therefrom or the suspension of any member which the United Nations had suspended. That amendment had received 47 ratifications. For any of these amendments to enter into force, ratifications by two thirds of the member States (82) would be required, including ratifications by 5 of the 10 members of major industrial importance.

42. The Special Mission wished to know if there had been any developments in discussions between the ILO and OAU regarding the reintegration of trainees in their own Governments or other productive sectors in Africa. The representatives of the ILO confirmed that problems arose on this subject. When a trainee completed his training, he faced reintegration problems in Africa. At this stage, it was no longer the responsibility of the ILO, but the question should be raised with OAU. On a point of clarification, the OAU representative stated that his organization had always tried to discourage the ILO from granting assistance to individuals. The OAU would wish to receive experts in training centres in agreement with liberation movements.

43. Concerning co-operation with non-governmental organizations, the representatives of the ILO said that the organization maintained regular co-operation and exchange of information with several non-governmental organizations active in the field of human rights, such as the World Council of Churches (WCC). For general dissemination of its literature on the fight against apartheid and in defence of trade union and human rights in Territories under colonial domination, the ILO relied on employers' and workers' organizations the world over, in addition to its network of external offices and United Nations information centres. For dissemination in Territories still under colonial domination, the ILO relied on channels available to OAU. One of those publications, Civil Liberties and Trade Union Rights in Angola, Mozambique and Guinea (Bissau), had recently been issued in English, French, Portuguese and Swahili, and was being widely distributed through the above channels.

44. The meeting with the Director-General of the ILO took place between 9.30 a.m. and 10 a.m. on 5 June 1973. In welcoming the members of the Special Mission, the Director-General stated that for his organization, decolonization was not a philosophy that had been formulated in 1960, the year of the adoption of the Declaration. Through its activities for nearly half a century, the ILO had helped create global awareness of changing aspirations and the move towards national independence. At each successive stage, the ILO had come to grips with the practical problems of the moment, without losing sight of the fundamental objectives. The present phase of development of the question had therefore to be placed within the historical perspective of the ILO's consistent endeavours in this field, which had begun as early as 1919.

45. In Africa, the geo-political situation had greatly changed in the last 20 years. The situation was in a constant state of evolution and further changes could be expected in the future. The Director-General felt that he should draw the Special Mission's attention to the fact that, by virtue of its nature and functions, the ILO did not take specifically political initiatives by itself but invariably followed the lead of the General Assembly of the United Nations in such areas. The Director-General had just returned from Addis Ababa, where he had had the honour and privilege of addressing the Assembly of Heads of State and Government to mark the tenth anniversary of OAU.

46. The Special Mission thanked the Director-General for the opportunity of meeting with him, particularly at a busy time on the eve of the Annual Conference. For the Special Mission the philosophy and fundamental principles of decolonization remained strongly linked with the Declaration contained in resolution 1514 (XV). Although political and financial problems existed, the most important problem remaining was political. The ILO's involvement and initiatives in the process of decolonization was appreciated and rapid advance seemed possible. The main political problem at the present time was the association of national liberation movements with the work of the ILO. The Mission was aware that the appropriate organs of the ILO were seized of the problem and that further developments could be expected in that direction. The Mission referred to the last sentence of the statement made by the Director-General before the Assembly of Heads of State and Government in Addis Ababa b/ and said it coincided with the desire and hope of the Special Committee that freedom would soon become a reality everywhere on the African continent.

47. The Director-General said that the policy of the ILO was clear and consistent and attached as much importance to proceeding in an orderly way as to ensuring that orderly procedures led to positive results. It was neither tactical nor one of expediency. It was a fundamental philosophy consistent with the basic aims of the organization itself. He stated that the ILO would continue to remain in close touch with the work of the Special Committee both in New York and in Africa.

b/ "I am here to pledge you the full co-operation of the ILO in making a reality throughout Africa of freedom from man's inhumanity to man."

2. Consultations with the World Health Organization

48. The Special Mission was received by the Director-General of WHO on 5 June. The Director-General remarked that, depending on the situation, his organization had different approaches to the health of human beings. For refugees from colonial Territories or elsewhere, WHO acted through the intermediary of the Office of UNHCR. WHO was negotiating with OAU and Governments of host countries of liberation movements with the aim of granting assistance to populations from the liberated areas and of meeting the problems linked to the provision of such assistance. In particular, negotiations were being held with the Governments of the Republic of Guinea, the United Republic of Tanzania and the Republic of Zambia. The World Health Assembly had suspended certain rights of South Africa and Portugal, the latter in so far as its Territories in Africa were concerned (resolutions WHA17.50, WHA19.31 and WHA21.34).

49. Since the adoption of those resolutions, WHO had found itself in a position where it was very difficult to help in cases of outbreak of communicable diseases in southern Africa, a situation that the Director-General, as a medical doctor, regretted. The case of Southern Rhodesia was more complicated. WHO had contacts with this Territory as an associate member. Following the unilateral declaration of independence, the United Kingdom as administering Power had demanded that Southern Rhodesia's associate membership henceforward be considered as in suspense.

50. In 1969, for purposes of information, the Director-General had visited some of the Territories in Africa under Portuguese administration. No action had been taken concerning aid to the populations of those Territories.

51. In regard to countries practising a policy of racial discrimination, WHO would conform with the decision of the World Health Assembly which had adopted an amendment to its Constitution in 1965. The Assembly was awaiting the acceptance of two thirds of its membership before the amendment could enter into effect.

52. The Special Mission wished to know if a general policy concerning decolonization had been formulated by WHO, and whether the Director-General agreed with the general principle of decolonization. The Director-General declared that a general policy on decolonization had existed within the Organization since the adoption of resolution WHA14.58 in 1961. Since that time, 16 per cent of WHO's regular budget has been earmarked for assistance to countries in its African region in addition to UNDP resources. His organization's position on decolonization was rather strong although its resources were limited and the magnitude of the task exceeded the resources of the organization. Where colonial Territories were concerned, assistance continued to be rendered, for example, in the Trust Territory of the Pacific Islands and in the Americas, whereas in Africa, aid had been interrupted in all Territories under Portuguese administration following the position taken by the governing bodies of WHO. WHO had worked, for example, in Bahrein, Qatar and the British West Indies, before any of these countries had acceded to independence.

53. The Special Mission's question whether there were difficulties or obstacles encountered in the implementation of the Declaration contained in resolution 1514 (XV) elicited from the Director-General the observation that, in colonial

Territories in southern Africa, it had not been possible for WHO to ascertain directly the precise health situation and status of the public health services in the absence of the express invitation or consent of the administering Powers.

54. The Special Mission considered it essential at the outset to understand the exact position of WHO with respect to the question of decolonization, particularly in view of the fact that the Mission did not fully understand the difficulties to which the Director-General had referred as a corollary of the decisions of the World Health Assembly. In this respect, the Director-General remarked that he was, above all, a doctor of medicine. He did not view WHO's intervention in any role other than that of bringing aid to people, to individuals, in the final analysis. For example, last April a malaria outbreak had occurred in South Africa and the Director-General was unable to intervene owing to the decision of the World Health Assembly on South Africa. Many people had suffered, among them many Africans. The Director-General wished to draw attention to the fact that sick people could not assist the cause of decolonization: if they were isolated, the net losses would be to the populations of the colonial Territories.

55. The Special Mission remarked that it should always be possible for WHO to intervene on a strictly technical level; moreover, WHO could intervene through the liberation movements. The Director-General replied that, although he regretted it very much, the liberation movements did not control the areas where the epidemics had occurred and, as already stated, the organization was prepared to give assistance to liberation movements recognized by OAU on the request of a host Government.

56. The Special Mission pointed out that, included among its members was a delegate who had already visited the liberated areas of Guinea (Bissau) and Cape Verde. In the view of the Mission, WHO could and should furnish assistance to peoples in the colonial Territories. It would be possible for arrangements to be made to permit intervention. The Special Mission did not know how these questions had been discussed at the World Health Assembly. The Director-General was asked if he foresaw the inclusion in the agenda of the World Health Assembly of a specific question on assistance to the liberation movements. The Director-General remarked that the inscription of a specific item was not very difficult. He reiterated that political questions and decisions were barring the normal steps of WHO in the decolonization process. The Director-General went on to say that he personally would be ready to intervene in the liberated areas, if such a decision were taken by the World Health Assembly.

57. The representative of OAU noted that the political decision was made up of two components. The first concerned the populations in the colonial Territories and the second the liberation movements. Would it then be possible to clarify the position of WHO concerning assistance to populations in colonial Territories before taking up the granting of assistance to liberation movements? The Director-General returned to the decisions already taken by the World Health Assembly and their consequences. As another example, he cited an epidemic declared in the border area between Zambia and Southern Rhodesia. WHO had been unable to intervene in Southern Rhodesia.

58. The Special Mission pointed out that the Director-General could suggest to the World Health Assembly that it authorize intervention in the liberated zones of colonial Territories. The Director-General indicated that WHO was prepared to assist the population from the liberated areas and this situation was under consideration. WHO was in contact with the Governments of the Republic of Guinea, the United Republic of Tanzania and the Republic of Zambia and was awaiting a concrete request on the part of those Governments. The Zambian Government had requested that a mission be sent towards the end of June and the Government of the United Republic of Tanzania had stated that it would be ready to receive a WHO mission in July. Hence, a problem of co-ordination had arisen. Concerning direct assistance to the liberation movements, WHO was awaiting directives for which it required a resolution from the World Health Assembly. WHO could not take action on a resolution of the United Nations General Assembly; however, it could act if the Security Council took a decision on the matter. ---

59. The representative of OAU pointed out that the specialized agencies communicated directly with the Governments of host countries, while neglecting to contact OAU in its role of co-ordinator. If the agencies would agree to maintain contact on a continuing basis with OAU, the latter would then undertake negotiations concerning the venue of visiting missions in order to avoid delays and replies which might imply a lack of co-ordination. For example, it was known that there had been virtually no call for intervention by OAU in the political contacts between WHO, Governments of host countries and liberation movements, except for the clearing up of several executive details.

60. In reply, the Director-General declared that WHO had contacted the Governments of host countries at the request of OAU and the result of those undertakings indicated that one host Government had never intended to receive such a visit and another host Government had not been prepared to receive a visiting mission at that time.

61. The Director-General expressed his regrets to the representative of OAU that, under its general policy, his organization had been unable to accept an assistance project submitted by OAU concerning construction of a hospital for FRELIMO. The Director-General stressed the fact that the World Health Assembly would have to take a decision and hand down the necessary instructions concerning assistance to liberation movements before WHO could undertake direct negotiation with FRELIMO or any other group.

62. The Special Mission noted that, under its Constitution, WHO can provide assistance only at the request of Governments which could establish the necessary machinery for channelling aid to liberation movements. However, paragraph 4 of resolution 2980 (XXVII) was sufficiently precise concerning OAU's participation, together with liberation movements, in drawing up projects.

63. The representative of OAU noted that his organization had continued to bear in mind paragraph 4 of resolution 2980 (XXVII). He hoped for greater flexibility in the approach to the problem because the burden of preparing all the minute

details for the finalization of a project request would be too great for the liberation movements. The question of introducing greater flexibility in the related procedures had also been examined during the course of unofficial consultations held in March between the representatives of the OAU General Secretariat and the organizations concerned.

64. The Special Mission declared that it was disturbed by the fact that WHO did not feel bound by United Nations resolutions. It requested the opinion of the Director-General on paragraph 9 of resolution 2980 (XXVII). It also wished to be informed of the situation in Southern Rhodesia vis-à-vis WHO, whether that Territory enjoyed associate member status or had been suspended or expelled. The Director-General replied that Southern Rhodesia had been suspended at the request of the United Kingdom in its capacity as administering Power. Resolution 2980 (XXVII) had been submitted to the World Health Assembly in May; note had been taken of it, although no precise instructions had been issued to the Director-General. ...

65. The Special Mission wished to know if the Director-General would be prepared to initiate action within the context of paragraph 9 of resolution 2980 (XXVII) vis-à-vis the World Health Assembly. To this question, the Director-General stated that he did not have the authority to take such initiatives. He added that the Assembly should give him instructions. He acted only within the framework of his competence. He had taken the initiative in establishing contact with OAU before informing the governing bodies of WHO, an initiative which was later approved by those bodies.

66. The Director-General then added that Governments of host countries could request assistance for liberation movements. He assured the Special Mission that he would take the necessary initiatives where a purely technical question concerning health was involved.

67. The representative of OAU stated that the liberated areas were frequently bombed by the Portuguese who used defoliants and other chemical products to destroy crops and land and to spread disease amongst the populations of these areas. He wondered if WHO could provide assistance to those populations on a humanitarian basis through OAU or the host Governments. The Director-General referred to the decision of the World Health Assembly and stated that his organization was no longer effectively represented in the liberated areas, although it would be possible to act on the request of host Governments.

68. The representative of OAU wished to know if WHO had any machinery at its disposal which would permit intervention in the liberated areas exposed to the effects of defoliants. The Director-General replied that the preliminary steps required a request submitted by the Government of the host country.

69. The Special Mission wished to know what measures WHO would take to assist the populations of the liberated areas in the event of an urgent appeal by a host Government.

70. The Director-General stated that, initially, he would request emergency funds from his Executive Board. The request would be transmitted by cable to the Chairman and members of the Executive Board who would start the procedures for bringing assistance to the populations concerned. The representative of OAU felt that this question was most important because the dry season was approaching and it was during this time that the most atrocious bombardments took place.
71. The Special Mission wished to know the attitude of WHO if a host Government were to submit a request for assistance to a liberated area. The Director-General replied that WHO would be happy to intervene and to provide immediate assistance within the limits of the Territory of the host country at the latter's request.
72. The Special Mission wished to know the modalities of co-operation with UNHCR and the OAU Bureau for the Placement and Education of African Refugees, as well as the general policies of WHO in the sphere of assistance to refugees.
73. The Director-General emphasized the complete co-operation existing between his organization and UNHCR. Several meetings had been held to co-ordinate their activities. WHO offered assistance to refugees in the fields of education and health training, in co-operation with the OAU Bureau for the Placement and Education of African Refugees. His organization co-operated with UNICEF in providing assistance to refugees in the United Republic of Tanzania. Whenever that organization received a request for assistance, WHO was involved in the supply of services, technical assistance and scholarships, while UNICEF furnished medical supplies.
74. The Special Mission asked the Director-General if he could indicate any way in which the processing of requests for assistance to refugees could be accelerated. In reply, the Director-General stated that WHO collaborated with UNICEF and UNDP. If the internal structures of UNICEF permitted rapid progress, UNDP, by the nature of its organizational structure might have to obtain the approval of its Governing Council before a project could become operational.
75. The Special Mission noted that WHO had sent a mission to Africa and it wished to know if a report on the mission had been submitted to the Executive Board of WHO. The Director-General stated that the mission had taken place in 1971, and that a report had already been submitted to the Executive Board in January 1972. Moreover, OAU had been informed of the report at that time.
76. The Special Mission wished to know what measures had been taken by WHO to assure the participation of liberation movements in its work. It wished to know the modalities of the participation and what status liberation movements could have vis-à-vis WHO.
77. The Director-General mentioned that, so far, nothing had been done; it was incumbent on a Government to request the Executive Board of WHO to study the question and to submit a request thereon to the World Health Assembly. Moreover, the Constitution of WHO did not recognize the status of observers. The Director-General was unable to take any initiative in lieu of instructions from the World Health Assembly. The Executive Board of WHO and the World Health Assembly had had those questions before them and not a single Government had chosen to discuss them.

78. The Special Mission requested the Director-General to provide it with a copy of the amendments to its Constitution as well as the number of countries which had already ratified these amendments.

79. The representative of OAU wished to know if WHO could participate in a joint project for the liberation movements, and if so, what the procedure would be in such a case. He also wished to know whether OAU should take the initiative in a joint venture. The representative of OAU stressed the fact that liberation movements often felt that the tardiness of the specialized agencies at the operational level could encourage Governments to slow down or withdraw bilateral assistance.

80. The Director-General stated that WHO was prepared to co-operate with any specialized agency in the field of assistance to liberation movements.

3. Consultations with the Food and Agriculture Organization of the United Nations and the World Food Programme

81. The Special Mission met with senior officials of FAO and WFP on 7 June.

82. The representatives of FAO and WFP informed the Special Mission of the principal policies guiding their institutions in the struggle against the horrors of colonialism. Those policies had been kept in mind when FAO and WFP received various resolutions adopted by the United Nations General Assembly and the governing bodies of both organizations. Implementation of the policies took the form of granting assistance to refugees from colonial Territories without distinction and in accordance with the principles of the two organizations; aiding the populations of the liberated areas; co-operating in a positive manner with OAU; and co-operating with agencies within the United Nations system while respecting the principle of co-ordination and mutual consultation with ACC. FAO and WFP held a positive approach to the question of decolonization and utilized their resources to attain this common objective. The key to intervention by both organizations lay with their governing bodies. Both organizations co-operated only with Governments. Difficulties certainly did exist because neither organization could intervene except at the request of a Government. There were no links with the illegal régime in Southern Rhodesia. Furthermore, except for one instance concerning Cape Verde, in which the assistance asked for was not provided (see paragraph 83 below) no assistance had been requested by Portugal in recent years, thus obviating any intervention by either organization.

83. The Special Mission wished to know how the declared policies of FAO and WFP in favour of decolonization could be reconciled with their manifest policy of refraining from intervention except at the specific request of a Government, which in a colonial situation means an administering Power. The representatives of FAO and WFP declared that they had never granted assistance to those Territories. The policies of the two organizations were always guided by the interests of the peoples of the colonial Territories. For example, Portugal at one time had requested assistance for Cape Verde, and that request had been refused when a study

of the request indicated that the assistance would benefit the exploiters of the colonial Territory. If the indications had been otherwise, the assistance would have been granted.

84. An extensive assistance programme was under way in Botswana and Lesotho to assist refugees from southern Africa, particularly those coming from Namibia and South Africa. The activities of FAO and WFP were fully co-ordinated at all levels, particularly in the case of emergencies. No difficulties existed because neither organization differentiated among refugees. A technical assistance programme existed under the aegis of UNHCR. The only difficulty that might exist lay in the granting of scholarships, which were limited by financial budgetary restrictions. However, appeals could be made to the various United Nations programmes of assistance. Consultations had taken place on this subject and it was hoped that some solution would be found.

85. The Special Mission wished to know if FAO and WFP would accept requests for assistance presented by OAU on behalf of refugees from colonial Territories. The representatives of FAO and WFP indicated that such requests would be acceptable if, in conformity with their constitutions, they were sponsored by at least one Government.

86. The Special Mission wished to know if the constitutions of FAO and WFP permitted them to take action on such matters. The representatives of FAO and WFP indicated that at the present time no such means existed. An agreement of co-operation had been signed between their organizations and OAU. For WFP, the main difficulty was the transportation of food-stuffs destined for refugees. The host Governments had to pay a rather high counterpart contribution.

87. The representative of OAU wished to know if FAO and WFP had foreseen means of assisting civil victims of the colonial bombardments in southern Africa. Those victims fleeing the combat zones were not registered with UNHCR. The representatives of FAO and WFP stated that their organizations were not equipped for this type of assistance. Only the Governments accepting the refugees were able to intervene on their behalf.

88. The representatives of FAO and WFP affirmed their positive approach to the provisions of assistance to liberation movements in the colonial Territories. In their view, however, the questionnaire (see appendix below) appeared to deal more with the political side of the problem rather than the technical aspects. They wished to have further clarification from the Special Mission in this connexion.

89. The Chairman of the Special Mission explained in detail the political and juridical foundations of the concept of decolonization and the elements of the right of self-determination. The existence of self-determination as a juridical right could no longer be denied and, in the face of the well-established practice of the United Nations, States as well as specialized agencies should provide all possible moral and material assistance to the peoples struggling for self-determination and independence. The question therefore was what FAO and WFP could do in this respect.

90. In reply, the representatives of FAO and WFP stated that their organizations had encountered some difficulties in providing assistance for liberation movements owing to the following reasons: (a) both organizations acted only at the request of Governments; and (b) they normally did so on such matters through OAU, as foreseen in the relevant General Assembly resolutions. It would be difficult for FAO and WFP to provide assistance for the peoples living in the liberated areas before those regions were recognized as sovereign States. In order to contribute some assistance, their organizations were involved with the Mozambique Institute in the United Republic of Tanzania which provided training for members of liberation movements. This question had been discussed in March 1973 with representatives of OAU in Geneva, and it had also been the subject of the FAO/WFP Mission to OAU in 1971, and of the project formulation mission to the United Republic of Tanzania in early 1973.

91. The Special Mission noted, in regard to assistance to liberated areas, that FAO was participating with UNESCO and UNDP in a pilot project in the United Republic of Tanzania (see para. 6 above). To date, the estimated cost of this project was \$351,300. Counterpart contributions by OAU and the Government of Tanzania were estimated at \$230,000. The representatives were asked if they felt that the host Government was being penalized for establishing the institute inside its borders. In reply, the representatives of FAO and WFP stated that the counterpart contribution consisted of an estimated value of the land, buildings and services supplied by the Government of Tanzania.

92. The Special Mission asked whether FAO and WFP were in a position to provide direct technical assistance from their own sources. Representatives of FAO and WFP replied that all questions concerning technical assistance should be submitted to UNDP. Their organizations had some aid funds at their disposal but no funds for direct assistance to liberation movements.

93. The Special Mission stated that if political goodwill existed, it would be possible to help liberation movements. For example, it would be possible to establish emergency programmes and have food-stuffs taken into the liberated areas by voluntary brigades. FAO and WFP replied that they were unable to accede to this desire for constitutional reasons. Both organizations dealt only with Governments. The problem of indirect assistance to liberation movements could be explored by channelling it through Governments. It was impossible for their organizations to send volunteers into liberated areas for obvious reasons.

94. The Special Mission remarked that one of its members had seen such assistance being given in the liberated areas of Guinea (Bissau) and Cape Verde. The representatives were asked to be more precise concerning their constitutional difficulties, particularly with reference to paragraph 2 of resolution 2980 (XXVII) in which the specialized agencies were requested to extend assistance to the populations of the liberated areas. The representatives of FAO and WFP replied that their assistance programmes were governed by laws which prevented any intervention in the liberated areas. They acknowledged that there were certain juridical constraints, which could be changed by their governing bodies.

95. The representative of OAU emphasized that his organization not only co-ordinated the struggle for liberation but also followed closely the reconstruction and administration of liberated areas. He wished to know what the outcome would be if an African Government transferred assistance received from FAO and WFP to liberation movements for the use of the populations in the liberated areas. The representatives of FAO and WFP replied that the requesting Government should undertake to utilize the assistance for refugees within its territory. No rule existed to authorize such an operation because the Government in question had to justify the utilization of the assistance within its territory. FAO and WFP should be able to control its use.

96. Concerning the question of the relations of colonial Powers with FAO and WFP, it was stated that those organizations had never recognized Southern Rhodesia and had never had any contact with the illegal régime. South Africa was no longer a member of FAO and WFP had certain indirect contacts with that Government concerning transit and transport services.

97. The representative of OAU stated that occasionally liberation movements received financial assistance in local currency from an African Government. He wondered if it would be possible for a Government to use the services of FAO and WFP and the local currency to acquire food-stuffs for the use of liberation movements.

98. In reply, the representatives of FAO and WFP stated that their rules did not permit the sale of food-stuffs; however, they would be happy to make available their good offices to procure food-stuffs for the Government. The only reservation would entail acceptance of that currency in payment by the Government providing the food.

99. The Special Mission then met with the Director-General of FAO and the Executive Director of WFP. After having outlined the subjects covered with their senior officials, the Chairman, on behalf of the Mission, asked the Directors-General what initiatives they had taken to implement paragraph 9 of resolution 2980 (XXVII).

100. The Director-General of FAO stated that FAO and WFP had taken a certain number of steps, the effects of which had been felt in Africa. There had been contacts with OAU, visiting missions to the United Republic of Tanzania and Zambia and participation in a pilot project in Tanzania. FAO and its Conference had been seized with certain concrete proposals which would accelerate the process of assistance to liberation movements.

4. Consultations with the United Nations Educational, Scientific and Cultural Organization

101. The Special Mission visited the headquarters of UNESCO in Paris on 8 June 1973. The Mission was received by officials of the Bureau of Relations with Member States and International Organizations and Programmes and the Department of Human Rights as well as by the Director-General and the Assistant Director-General for Education.

102. The representative of UNESCO stated that his organization's position should be viewed within the context of UNESCO's intellectual functions and anti-discriminatory policies. Those policies were fully reflected in the various related decisions of the Executive Board or General Conference. The Director-General himself attached the utmost importance to the cause of decolonization. The question of assistance to liberation movements was a fundamental question in the acceleration of that cause. Provision had been made in UNESCO's regular budget for assistance to liberation movements. UNESCO, together with UNDP, was participating in assistance projects in the United Republic of Tanzania, Zambia and Guinea. It had appealed for voluntary contributions from Member States and in this context, had received contributions from the Scandinavian countries (Sweden, Denmark, Norway and Finland).

103. The Director-General stated that UNESCO's position was in perfect harmony with the position of the United Nations in the field of decolonization and human rights. The problem of assistance to liberation movements had been approached from UNESCO's ideological point, on the basis of universal respect for human rights.

104. The Special Mission wished to know if paragraph 9 of resolution 2980 (XXVII) could be considered as having been implemented by UNESCO. It also wished to know if UNESCO could take any action within the liberated areas.

105. The Director-General emphasized that, in his opinion, UNESCO had gone much further than the United Nations resolutions. He had sent his assistant to Addis Ababa and to Dar es Salaam. Concrete proposals were being implemented. UNESCO did not acknowledge political and legal limitations for its programmes and when difficulties were encountered, they were brought to the attention of the Executive Board. The impact of UNESCO's actions was felt in the liberated areas although it did not intervene directly therein. It was essential to maintain open channels of approach and much could be done, depending on the manner in which the problems were approached.

106. The Assistant Director-General declared that UNESCO carried out concrete assistance programmes for liberation movements, as well as for the people living in the liberated areas. Its assistance to liberation movements consisted of supplying scholastic materials, printing textbooks, sending experts to the field and granting scholarships. On 11 May 1973, pursuant to resolution 10.1, adopted by the General Conference at its seventeenth session, the UNESCO Executive Board decided to invite representatives of liberation movements recognized by OAU to participate as observers in such deliberations of the Executive Board as might be of concern to them. At the request of the Partido Africano da Independência da Guiné e Cabo Verde (PAIGC), UNESCO had just completed printing a series of textbooks destined for schools in the liberated areas of Guinea (Bissau), and Cape Verde.

5. Consultations with the United Nations Children's Fund

107. The Special Mission met with the Executive Director of UNICEF in New York on 18 June 1973.

108. The Executive Director explained that UNICEF was not a specialized agency but a subsidiary organ of the United Nations created by the General Assembly in 1946. As such, it enjoyed a degree of autonomy and had its own governing body, called the Executive Board, consisting of the representatives of 30 States elected by the Economic and Social Council for a term of three years, one third of whom were elected each year with the possibility of succession.

109. In accordance with General Assembly resolution 57 (I) establishing UNICEF, its assistance was to be provided on a strictly non-political basis, i.e., "on the basis of need without discrimination because of race, creed, nationality status or political belief". In accordance with the same resolution, the consent of the Government concerned was required before assistance could be provided, but formal requests from the Governments assisted were not specifically required. UNICEF might assist countries where natural or other disasters occurred but the bulk of its assistance, in accordance with the resolutions of the Executive Board, the Economic and Social Council and the General Assembly, was directed towards helping developing countries improve and expand their basic services for children in such fields as health, education and child nutrition. The normal procedure was to sign plans of operation with the Governments assisted.

110. To date, UNICEF had had relatively little direct contact with liberation movements because it could not take any action without agreement from the Government concerned. UNICEF's assistance to refugees, including those from liberation movements, was effected through the Governments of the host countries, in co-ordination with UNHCR. For example, in Senegal, UNICEF aided refugee children from Guinea (Bissau) by contributing to the equipment of schools, especially the Institut de l'Amitié, run by PAIGC in Ziguinchor. In the same town, UNICEF was also involved, with financial assistance from the Norwegian Government, in the equipment of a maternity hospital for refugees from Guinea (Bissau). In addition, it was providing, on request, reimbursable procurement of supplies and equipment for non-governmental organizations assisting children of the liberation movements.

111. Noting that UNICEF enjoyed a greater measure of procedural flexibility than most organizations within the United Nations system, the Special Mission inquired whether UNICEF envisaged granting direct assistance to liberation movements, assistance which would be destined for children in the liberated areas.

112. The Executive Director replied that UNICEF's assistance was only possible when accepted by a designated Government. Assistance to liberation movements posed technical and political problems. UNICEF had to ascertain that the region was controlled by the liberation movement and it had to have some means of determining whether assistance was genuinely needed and whether it would be used for the purposes intended. This could perhaps be carried out through host Governments and representatives of non-governmental organizations whose objectivity could be established.

113. The Special Mission wished to know what constitutional constraints, if any, had been encountered by UNICEF and what its procedures were in emergency cases.
114. The Executive Director recalled that although he had a certain latitude from the Executive Board in cases of emergency, essentially the Board had to approve all assistance. In the case of longer-term aid, this assistance was approved on the basis of recommendations submitted by the secretariat which, historically, had been approved because the secretariat operated within the policies established by the Board. The organization faced no major constraints with regard to assistance to refugees inasmuch as this was provided through, and with the agreement of, the host Governments concerned. UNICEF maintained relations with OAU, although no specific programmes had yet been set up for liberation movements.
115. The Special Mission wished to know what relations existed between UNICEF and the Governments of South Africa, Portugal and the illegal régime in Southern Rhodesia. The Executive Director affirmed that his organization maintained no contact with those Governments, in view of the relevant resolutions of the General Assembly. He acknowledged, however, that, without solicitation, an annual contribution was received from South Africa which was, in effect, a contribution in kind involving the delivery of some supplies and equipment to UNICEF-assisted countries from South Africa.
116. In reply to a query by the Special Mission concerning the financial resources of UNICEF, the Executive Director explained that all contributions to UNICEF were voluntary and that, typically, some 75 per cent of its revenue came from Governments and 25 per cent from private sources.
117. The Special Mission wished to know what initiatives had been taken concerning the implementation of paragraphs 4 and 9 of resolution 2980 (XXVII).
118. The Executive Director stated that the text of the resolution had been submitted to the Executive Board and he had promised to submit a new report on the progress of the implementation of paragraph 9. Concerning the participation of liberation movements in the work of the Executive Board, it would remain for that body to take a decision when it judged the time opportune. The Executive Director felt it would be difficult for him to make a statement at this stage. Non-governmental organizations participated in the Executive Board's work as observers. The Executive Director did not know whether this precedent could be followed.
119. The Special Mission asked the Executive Director how UNICEF evaluated and estimated children's requirements in order to grant the necessary assistance.
120. The Executive Director explained that UNICEF was essentially a field-oriented organization in the sense that the bulk of its staff was located in some 40 offices in developing countries. Those officials maintained contact with the Governments and countries in which they resided and with those neighbouring countries to which they were accredited. In the case of Africa south of the Sahara, the organization had three regional offices: Abidjan for West and Central Africa; Lagos for Ghana and Nigeria; and Nairobi for East Africa. It also

had smaller offices at Brazzaville, Lusaka, Kampala, Dakar, and Addis Ababa, UNICEF officials prepared recommendations for assistance to the countries with which they were concerned for review by New York headquarters and ultimate submission to the Executive Board for approval. UNICEF assistance to various countries was not allocated in accordance with formally approved indicative planning figures, as in the case of UNDP, but on the basis of broad criteria approved by the Executive Board which included such factors as basic need, child population and gross national product on a per capita basis, as well as the readiness of the Governments assisted to invest an adequate proportion of their national resources in programmes for children, usually in accordance with their national development plans.

APPENDIX

PRELIMINARY QUESTIONNAIRE PREPARED BY THE CHAIRMAN OF THE SPECIAL MISSION

I. GENERAL QUESTIONS

A. Process of decolonization

1. What efforts has your organization made in the struggle against colonialism?
2. Would it be possible, within the framework of the resolutions adopted by the United Nations, to formulate a general policy for your organization on the question of decolonization?
3. What, if any, are the difficulties faced by your organization in this respect?

B. Assistance to refugees

1. What form of assistance could be envisaged by your organization to refugees from colonial Territories?
2. Has your organization provided any such assistance?
3. What in fact are the modalities of providing such assistance?
4. Are there any impediments (financial, constitutional, administrative, technical or otherwise) in this regard?
5. Is direct assistance possible? If not, why not? What, in your opinion, are the modes for realizing such assistance in so far as your organization is concerned?

C. Assistance to national liberation movements

1. What forms of assistance could be envisaged by your organization to national liberation movements and people living in the liberated areas? What machinery could be utilized for effecting such assistance?
2. What assistance has your organization provided to national liberation movements or people living in liberated areas?
3. What are the modalities of co-operation between your organization and national liberation movements?

4. What direct contact does your organization have with national liberation movements?
5. Does the constitution of your organization prevent granting direct assistance to liberation movements and people living in the liberated areas? If so, what efforts are being made to: (a) effect constitutional changes; and (b) grant assistance while remaining within the framework of your organization's constitution?
6. Apart from the constitutional impediments, are there any other impediments (e.g., financial, administrative, technical, etc.) which hinder a speedy process of assistance in this respect?
7. To what extent do representatives of national liberation movements participate in the work of your organization? If not, what specific measures have been taken to ensure this representation? If no such measures have been undertaken, why not?

D. Co-operation with the Organization of African Unity (OAU)

1. ~~What are the modalities of co-operation between your organization and OAU?~~

E. Co-operation with non-governmental organizations

1. In general, what degree of co-operation exists between your organization and non-governmental organizations concerned with decolonization?
2. In particular, what degree of co-operation exists between your organization and non-governmental organizations operating within liberated zones?

F. Collaboration with colonial and racist régimes in southern Africa

1. What measures have been taken by your organization to cease all collaboration with the illegal racist minority régime in Southern Rhodesia?
2. What relationship, if any, exists between your organization and:
 - (a) the Government of Portugal?
 - (b) the Government of South Africa?

II. INTERNATIONAL LABOUR ORGANISATION (ILO)

1. The ILO has already granted assistance to the South West Africa People's Organization (SWAPO) by granting scholarships to two Namibians. It has also informed OAU of the possibility of granting scholarships for

professional training at its centres. What developments, if any, have taken place in this respect?

2. Have there been any developments in relation to the discussions between the ILO and OAU on the reintegration of trainees in their own Governments or other productive sectors in Africa?
3. With respect to the examination by the Governing Body of the ILO at its February/March 1973 session, of the question of participation of liberation movements in the activities of the ILO:
 - (a) What information could be supplied on this examination?
 - (b) Who are the members of the tripartite delegation of six members?
 - (c) What was the outcome of the consultations held with OAU and the delegation on this question?
4. Why has the representation of liberation movements in the work of the ILO not yet been fully defined? What are the confines of the special status granted to them by the Governing Body of the ILO, and how was that status negotiated with OAU?

III. WORLD HEALTH ORGANIZATION (WHO)

1. What was the outcome of the mission of WHO to Africa?
2. Has any action been taken on the report by the Executive Board or by the World Health Assembly in May?
3. Why can't WHO accept requests for assistance from national liberation movements directly channelled through an international organization like OAU? What are the constitutional difficulties in this connexion? If there are constitutional impediments, what modes could be envisaged along the lines indicated in question C.5 above?
4. Why has there been no contact with the Partido Africano da Independência da Guiné e Cabo Verde (PAIGC) and why has there been a lack of assistance to the Frente de Libertação de Moçambique (FRELIMO)?
5. What are the ways and means for speedy formulation and execution of assistance projects?
6. In the execution of assistance projects, how does WHO operate with the United Nations Children's Fund (UNICEF) in this regard?
7. Why is it difficult for WHO to lend assistance to the people of liberated areas? Have any ways and means been envisaged to overcome the difficulties? If so, what are they?

8. What is the amendment to the Constitution of WHO? As of now, what is its status?
9. What are the modalities of co-operation with the Office of the United Nations High Commissioner for Refugees (UNHCR) and the OAU Bureau for the Placement and Education of African Refugees in the sphere of assistance to refugees?

IV. FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO) AND THE WORLD FOOD PROGRAMME (WFP)

1. What is the explanation for the abnormal nature of the counterpart contribution in the agricultural training unit within the framework of the Mozambique Institute. (Estimated cost is \$351,300; counterpart contribution estimated at \$230,000.)
2. What are the constitutional provisions which prevent FAO from initiating contacts with the populations of liberated areas? Would it not be possible to organize an assistance programme, e.g., by sending fertilizers and seeds?
3. Has the report of the FAO mission to Africa been published?
4. Assistance appears to have been offered so far to refugees. What measures could be undertaken to give direct assistance to liberation movements?

V. UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO)

1. Has the Executive Board taken any decision with respect to the means of participation of liberation movements in the work of the Organization?
2. Isn't it possible to initiate educational missions within liberated areas?
3. Why has no initiative been taken by the Secretariat of UNESCO on the question of direct assistance to liberation movements?

ANNEX II*

REPORT BY THE VICE-CHAIRMAN

1. At its fifty-third session, the Economic and Social Council, by adopting resolution 1720 (LIII) of 28 July 1972, endorsed the observations and suggestions contained in the report of its President on the item (E/5187). One of these suggestions was to the effect that, guided by such decisions as might be taken by the Council, 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 the General Assembly at its twenty-seventh session, the President of the Council and the Chairman of the Special Committee should maintain contact with each other on the question.
2. At its 886th meeting, on 23 August 1972, the Special Committee adopted a resolution on the item, by paragraph 12 of which it requested its Chairman to continue his consultations on the item with the President of the Council. a/
3. At its twenty-seventh session, the General Assembly adopted resolution 2980 (XXVII) of 14 December 1972, in paragraph 10 of which it requested the 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.
4. At its 1859th meeting, on 4 July 1973, the Economic and Social Council, on the recommendation of its Bureau, decided, bearing in mind resolution 1621 (LI), paragraph 4, which provides that pending the enlargement of the membership of the Council, all substantive items should be allocated to the sessional committees, "to authorize the Chairman of the Co-ordination Committee, to which item 24 is allocated, to work out arrangements for the consultations envisaged in General Assembly resolution 2980 (XXVII) and prepare the report called for in that resolution for the Council's approval. At the same meeting, the Council, on the recommendation of its Bureau (E/L.1550/Rev.1), decided that the item should be taken up between 30 July and 3 August.
5. On 12 July 1973, the Chairman of the Special Committee informed the President of the Council that, owing to the scheduled resumption of the Committee's plenary meetings in late July, it would not be possible for him to be present at the meetings of the Council during the above-mentioned period and that accordingly the Special Committee had agreed to request its Vice-Chairman, with

* Previously issued under the symbol A/AC.109/L.894.

a/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1, chap. VII, para. 16.

the agreement of the President of the Council, to represent the Committee Chairman for the purpose of the consultations.

6. In the light of the foregoing, the Chairman of the Co-ordination Committee and the Vice-Chairman of the Special Committee held consultations on the question on 25 July 1973.

7. The Vice-Chairman of the Special Committee informed the Chairman of the Co-ordination Committee that the Special Committee had established at the outset of its current session a working group to follow the implementation of General Assembly resolution 2980 (XXVII) and other related United Nations resolutions. On the recommendation of that group, the Special Committee had dispatched in June a special mission for the purpose of holding consultations with the executive heads of certain specialized agencies at their respective headquarters. The Special Committee expected to consider the item in August when the reports of the mission and the working group became available. The Chairman of the Co-ordination Committee expressed the hope that the expanded activities of the Special Committee as outlined by its Vice-Chairman would contribute further to the full and expeditious implementation by the organizations concerned of the various United Nations decisions and that, in particular, the working group would provide an opportunity for a constructive dialogue with the organizations concerned directed, inter alia, towards the elimination of any constraints which might be inhibiting progress, particularly as regards assistance to colonial peoples not falling within the mandate of the United Nations High Commissioner for Refugees (UNHCR), as well as the populations of the liberated areas of the Territories concerned and their national liberation movements.

8. The Chairman of the Co-ordination Committee informed the Vice-Chairman of the Special Committee that in February 1973, the Committee on Non-Governmental Organizations had, under the terms of Council resolution 1651 (LI), given further consideration to the item relating to the implementation by non-governmental organizations of the Declaration on the Granting of Independence to Colonial Countries and Peoples. Subsequently, the Council, at its fifty-fourth session adopted, on the basis of the report of the Committee (E/5257), resolution 1740 (LIV) of 4 May 1973, in which, inter alia, it requested the Committee to continue to explore ways of engaging these organizations actively in the implementation of the Declaration. The Chairman of the Co-ordination Committee also informed the Vice-Chairman of the Special Committee that the Administrative Committee on Co-ordination (ACC) had continued its consideration of the question during the period under review and that, as reflected in its latest report to the Council (E/5289 (part I), para. 53), informal consultations between representatives of the organizations within the United Nations system and representatives of the General Secretariat of the Organization of African Unity (OAU), including its Assistant Secretary-General and the Executive Secretary of the OAU Co-ordinating Committee for the Liberation of Africa, had taken place in October 1972 and March 1973, with a view to establishing arrangements for closer co-operation on implementation of the various resolutions on decolonization by the organizations concerned. The Vice-Chairman of the Special Committee recalled that the Chairman of the Special Committee had taken an active part in the work

of the Committee on Non-Governmental Organizations and that, as a related development, the Special Committee had sent its delegation in March of this year to consult with a number of concerned organizations at their headquarters with a view to seeking their co-operation in the implementation of the relevant United Nations decisions. He expressed the hope that the Committee on Non-Governmental Organizations would take the report of the Committee's delegation (A/9023 (Part II), chap. II, annex II) fully into account in its consideration of the related item. He also expressed satisfaction at the increased level of collaboration between the organizations concerned and the OAU General Secretariat and hoped that consultations would be continued in the future on a regular basis, as appropriate. The Special Committee considered it essential to secure the close co-operation of OAU in the attainment of the objectives of the organization in this regard. It was for that reason that the Committee had decided to associate OAU closely in the work of the working group and the special mission referred to in paragraph 7 above.

9. It was noted that since the consultations held in June 1972 between the President of the Economic and Social Council and the Chairman of the Special Committee, progress had been maintained in the field of refugee assistance through UNHCR, which is assisting some 550,000 refugees in close co-operation with several agencies and organizations and with programmes of the United Nations system, as well as with the OAU Bureau for the Placement and Education of African Refugees. While noting that several agencies had introduced greater flexibility in that regard, the Chairman of the Co-ordination Committee and the Vice-Chairman of the Special Committee shared the views expressed by ACC that the flow of assistance to refugees could be further expanded if, in active co-operation with OAU, the Governments of the countries of residence were to assign priority to projects carried out in co-operation with the organizations of the United Nations system which would be beneficial to the refugees and if the Governments could grant all refugees the legal status provided under the Convention relating to the status of refugees of 28 July 1951, the Protocol relating to the status of refugees of 31 January 1967 and the OAU Convention governing specific aspects of the problem of refugees in Africa (1969).

10. It was also noted that the question of assistance to colonial peoples who did not fall within the mandate of UNHCR, in particular the populations in the liberated areas and their national liberation movements, had continued to engage the attention of agencies concerned, especially in the field of education and training. For example, the General Conference of United Nations Educational, Scientific and Cultural Organization (UNESCO), at its seventeenth session, had called for further intensification of activity by UNESCO in this regard, since the initiation in 1972 of the programme of assistance, totalling \$353,600 within the framework of the United Nations Development Programme (UNDP). Furthermore, the Executive Board of UNESCO, during its session held in May of this year, had requested the Director-General to make every effort to expand UNESCO's assistance to the liberation movements recognized by OAU in their struggle against colonialism. Likewise, the Food and Agriculture Organization of the United Nations (FAO) had worked out, in consultation with OAU, the Government of the United Republic of Tanzania and the Frente de Libertação de Moçambique (FRELIMO), a project, at an

estimated cost of \$350,000, for strengthening the agricultural component of the training programme at the Mozambique Institute at Bagamoyo, United Republic of Tanzania. Other agencies had also held consultations with OAU and the host governments concerned in developing practical programmes of assistance for the colonial peoples and their national liberation movements. Although the Chairman of the Co-ordination Committee and the Vice-Chairman of the Special Committee considered that the initiatives taken by these agencies were to be encouraged as a modest beginning, they both felt that the programmes of assistance were far from adequate to meet the critical and urgent needs of the populations of the liberated areas and their national liberation movements. They believed that if these needs were to be effectively met - and indeed they should be met without any further delay - such assistance programmes should be co-ordinated at all levels in order to ensure the maximum utilization of the existing resources. At the same time, it was essential that all Governments should intensify their efforts in the specialized agencies and other organizations within the United Nations system of which they are members to ensure the full and effective implementation of the relevant United Nations decisions; in particular by taking steps with a view to making additional resources available on a priority basis for the desired programmes of assistance to the peoples concerned. They also considered that, inasmuch as it was essential at present to receive a request from a Government before a project could be carried out, OAU could continue to play an important role in that regard by stimulating the interest of the Governments in sponsoring appropriate projects beneficial to the peoples concerned and the national liberation movements. It would also be helpful if OAU could consult the International Bank for Reconstruction and Development (IBRD) on possible forms of support over and above its present lending operations, which the Bank might be able to render to the Governments concerned for the purpose of assisting these peoples. Further, they considered that the formulation of the desired programmes of assistance within the UNDP framework would be greatly expedited if UNDP would assume the financial responsibility for the counterpart obligations normally required of the sponsoring Governments in respect of projects beneficial to the peoples concerned. It was therefore desirable that the Governing Council of the UNDP should address itself to this question. Likewise, they expressed the hope that the negotiations between OAU and UNDP on the draft agreement for mutual co-operation (DP/L.214) would soon be brought to a mutually satisfactory conclusion, bearing in mind that the possibilities of additional assistance, both in the financing of projects and in the identification of needs, the formulation of the necessary governmental requests could thereby be increased.

11. The Chairman of the Co-ordination Committee and the Vice-Chairman of the Special Committee noted that several agencies had taken further steps to withhold financial, economic, technical and other assistance from the Governments of Portugal and South Africa and the illegal racist minority régime in Southern Rhodesia and to discontinue collaboration with them until they renounced their present policies. It was noted for example that, at its seventeenth session, the UNESCO General Conference had reaffirmed its previous decision not to accord any assistance to those régimes and not to invite them to participate in any UNESCO activity until such time as they desisted from their policy of colonial oppression and racial discrimination. The Assembly of the International Civil Aviation

Organization (ICAO), at its nineteenth extraordinary session, had also resolved that so long as the Government of Portugal refused to implement the Declaration on the Granting of Independence to Colonial Countries and Peoples and other related resolutions, Portugal should not be invited to attend any meetings convened by ICAO, except as provided in the Convention. By the same decision, no ICAO documents or communications would be furnished to Portugal except in cases where the Convention specifically so provided. The Chairman of the Co-ordination Committee and the Vice-Chairman of the Special Committee believed that the immediate withdrawal of assistance from, and the cessation of collaboration with, those régimes represented a logical sequel to the recognition by the United Nations of the legitimacy of the struggle for liberation being waged by the colonial peoples and considered therefore that such assistance and collaboration would have the effect of aiding and abetting the colonialist policies of those régimes. The Vice-Chairman of the Special Committee recalled, in the same context, that the position of the International Labour Organisation (ILO) concerning the Application of the Indigenous and Tribal Populations Convention, which the Chairman of the Special Committee and the President of the Council regarded as requiring clarification (E/5187, para. 10), still required clarification. As he understood it, the ILO Committee of Experts on the Application of Conventions and Recommendations continued to treat the Territories under Portuguese domination as integral parts of Portugal, as the Convention under reference 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 hope was expressed that appropriate steps be taken forthwith by the agencies concerned, including the ILO, to refrain from any action which might imply recognition of the legitimacy of these régimes' colonial domination of the Territories.

12. With respect to the implementation of paragraph 7 of resolution 2980 (XXVII) concerning the representation of the colonial Territories in Africa by their national liberation movements, the Chairman of the Co-ordination Committee and the Vice-Chairman of the Special Committee noted with satisfaction the concrete steps taken by UNESCO and the ILO in that regard. They recalled that, in November 1972, the UNESCO General Conference had decided to associate the liberation movements concerned with its activities and that, in May 1973, its Executive Board had decided to invite representatives of the liberation movements recognized by OAU to participate as observers in such deliberations of the Executive Board as might be of concern to them. The ILO Governing Body in February 1973 had set up a representative tripartite delegation of six of its members, charged with the responsibility of discussing with the Administrative Secretary-General of OAU at Addis Ababa ways in which the ILO could best implement those provisions of the above-mentioned General Assembly resolution. At its extraordinary session in June 1973, the ILO Governing Body had decided to invite representatives of the liberation movements of Angola, Guinea (Bissau) and Cape Verde and Mozambique, to participate in sessions of the International Labour Conference and the African regional conferences of that Organization. In the light of these developments and inasmuch as the United Nations bodies which had so far taken action in this regard (i.e., the Security Council, the Fourth Committee of the General Assembly, 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 the Economic Commission for Africa) had proceeded in a pragmatic fashion within the general framework of existing procedural and constitutional arrangements, the Chairman of the Co-ordination Committee and the Vice-Chairman of the Special Committee considered that, pending such time as the concerned governing agencies and legislative organs could examine the need to amend their relevant instruments, recourse should be had to the adaptation and extension as necessary of present practices and procedural arrangements.

13. Bearing in mind the need to keep the matters raised above under review with a view to the full and speedy implementation of General Assembly resolution 2980 (XXVII) and other relevant United Nations resolutions, the Chairman of the Co-ordination Committee and the Vice-Chairman of the Special Committee agreed that it was desirable for the Economic and Social Council and its subsidiary bodies, as well as the Special Committee, to continue to give consideration to the item at their future sessions. In conclusion, they concurred that, subject to any directive which the General Assembly might give at its twenty-eighth session and guided by such decisions as might be taken by the Council and the Special Committee, the presiding officers of the two bodies should maintain contact with each other on the question on a continuous basis.

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